



Report to:	Council
Date of Meeting:	28 September 2006
Report from:	Director of Resources
Title of Report:	2005/06 Statement of Accounts
Agenda Item Number:	14

1. PURPOSE AND SUMMARY

- 1.1 The Council considered and approved the 2005/06 Statement of Accounts, subject to audit, at its meeting on 29 June 2006. The audit of the accounts has now been completed.
- 1.2 The amended accounts, following the audit, require member approval before they can be signed off by the auditors. The deadline for the signing off of the 2005/06 accounts is 30 September 2006.

2. CONSULTATION

- 2.1 Corporate Management Team has been consulted on the report.

3. CORPORATE PLAN AND PRIORITIES

- 3.1 The report is wholly concerned with finance, which provides the means by which the Council achieves its corporate priorities.

4. IMPLICATIONS

4.1 Financial

These are detailed throughout the Statement of Accounts.

5. AMENDMENTS TO THE STATEMENT OF ACCOUNTS

- 5.1 A revised Statement of Accounts is appended to this covering report.

5.2 There have been some technical amendments to the accounts but these do not have any material impact on the accounts. It is worth noting, however, that the consolidated Revenue Account has been amended to remove the heading Miscellaneous from the Net Cost of Services. Previously some £2m of Gross Expenditure and £1.3m of Gross Income was included under this heading. These amounts have now been reclassified to satisfy the requirements of the Best Value Accounting Code of Practice. It must be stressed that this has no effect on the expenditure and income, it is simply an issue of presentation.

5.3 More significantly, there has, been a change in the treatment of the equal pay compensation payments. In the draft Statement of Accounts which was considered by Council on 29 June, reference to these payments was made in note 6.13 to the balance sheet 'contingent liabilities' where the note stated:

"Compensation payments have been agreed to settle potential equal pay claims. These were approved by Council in December 2005 but were not paid until 2006/07; the total amount is just over £80,000."

During the audit of the accounts, the auditors have advised that these payments should be treated as an accrual in the accounts rather than a contingent liability.

This has the effect of charging the payment to the 2005/06 accounts despite the fact that the payments were not going to be incurred until 2006/07.

Effectively, this has increased the 2005/06 expenditure, meaning that the call on the General Fund balance has increased and the contribution to the HRA balance has decreased.

The costs of the equal pay settlements were split between the General Fund and the HRA. (£45,000 and £36,000 respectively).

Resources had been earmarked in 2006/07 to fund the cost of the equal pay settlements; these resources will be transferred to balances instead - effectively reinstating the balances used to account for the equal pay costs in 2005/06.

5.4 The £45,000 allocated to the General Fund has been charged to 'Corporate Functions' and the £36,000 allocated to the HRA has been charged to 'Management'.

These are summarised in sections 1.2 and 1.3 of the explanatory forward in the Statement of Accounts.

The effect of the changes of the general fund reserve and the HRA reserve is summarised in section 1.9 of the explanatory forward.

5.5 The Valuation Office is currently undertaking a revaluation of the non-housing assets. The outcome of the valuation will be incorporated in the balance sheet, and an updated copy of this will be circulated at the meeting.

6. RECOMMENDATIONS

- 6.1 It is recommended that Members approve the 2005/06 Statement of Accounts following audit.

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Version 1.0

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