

SUBJECT: STATEMENT OF ACCOUNTS 2019/20

REPORT BY: CHIEF FINANCE OFFICER

LEAD OFFICER: COLLEEN WARREN, FINANCIAL SERVICES MANAGER

1. Purpose of Report

- 1.1 To present, for information, the final Statement of Accounts for the financial year ended 31st March 2020, following completion of the audit opinion.

2. Background

- 2.1 The Statement of Accounts (SOA) for 2019/20 provide a comprehensive picture of the Council's financial circumstances and are compiled to demonstrate probity and stewardship of public funds.
- 2.2 The Council is statutorily required to publish its Statement of Accounts for 2019/20 with an audit opinion and certificate by no later than 31st July 2020. Following the COVID-19 pandemic the statutory dates were amended with publication of the accounts required by 31st August and an audit opinion and certificate required by 30th November 2020.
- 2.3 Audit Committee were presented with the Statement of Accounts on 17th November 2020, at that time the conclusion of the external audit was still awaited. It was agreed that the Audit Committee would delegate any further changes to the Statement of Accounts, arising from the conclusion of the external audit, to the Chief Finance Officer who will report any such changes to the Chair of Audit Committee.
- 2.4 During the completion of the external audit there were a number of minor presentational amendments to the Statement of Accounts and one material amendment. This was reported to the Chair of the Audit Committee on 25th March 2021 and for completeness is now reported to the Audit Committee.

4. Amendments to the Statement of Accounts 2019/20

- 4.1 During the conclusion of the external audit a review of the council's arrangements for its heritage assets revealed that, under IFRC 4, one of them, a Stradivarius violin referred to in note 15 of the accounts, should not be treated as an asset on the council's balance sheet. The Council have ownership of the violin but it is under a loan agreement to the Halle Orchestra. Historically the violin has been shown as an asset on the Council's balance sheet but on the basis that under the terms of the loan agreement, the violin must be available to play for the leader of the Halle Orchestra, so that substantially all of the risks and rewards of ownership (ie. Insurance for the instrument) have substantively passed to the

orchestra, it was determined that the violin should not be held at its insurance value on the Council's balance sheet. There is a material impact on the net assets and total reserves of the council and restatement affects notes 15 and 26 to the Accounts.

4.2 As this is a significant sum (>£2m) and the treatment had not been applied in previous years a prior period adjustment was required to reflect the change in previous year's balance sheet. The value of the asset at £3.185m was written out of heritage assets with a corresponding decrease in the Revaluation Reserve. This has been reflected in a restated 2017/18 (third) balance sheet, opening unusable reserves balances in the Movement in Reserves and within notes 15 and 26 of the accounts.

4.3 The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires that an authority must present a balance sheet at the beginning of the preceding period when it makes a material retrospective restatement. Opening balances for unusable reserves have been restated for the 2017/18 balance sheet. The table below shows the effect of the entries restated in the 2017/18 balance sheet:

	2017/18		
	Original	Restated	Restatement Amount
	£'000	£'000	£'000
Heritage Assets	6,091	2,906	(3,185)
Revaluation Reserve	(20,604)	(17,419)	3,185

4.4 The table below shows the effect of the entries restated in the 2018/19 balance sheet:

	2018/19		
	Original	Restated	Restatement Amount
	£'000	£'000	£'000
Heritage Assets	6,092	2,907	(3,185)
Revaluation Reserve	(30,795)	(27,610)	3,185

4.5 This material change does not have an impact on the Council's revenue position and is only a change to items on the balance sheet.

5. Strategic Priorities

5.1 The Council's Statement of Accounts are a financial summary of the Council's activities in support of its Vision 2020 and Strategic Priorities during the financial year 2019/20.

5.2 Communication - The final Statement of Accounts is available on the Council's website along with a Statement of Accounts.

6. Organisational Impacts

6.1 Finance - The financial implications are contained throughout this report.

6.2 Legal - In accordance with the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 the Statement of Accounts for 2019/20 had to be approved and published by the Council, together with the audit opinion and certificate, by the 30th November 2020. As the External Auditor was unable to complete their audit work by this date and issue their audit opinion. In accordance with Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015:

2) Where an audit of accounts has not been concluded before the date specified in paragraph (1) an authority must—

(a) publish (which must include publication on the authority's website) as soon as reasonably practicable on or after that date a notice stating that it has not been able to publish the statement of accounts and its reasons for this”

Such a notice was published by the Council on the 27th November. On receipt of the final audit opinion, the Council's website has now been updated with the final audited accounts including the issued audit opinion.

6.3 Equality, Diversity and Human Rights

There are no equality, diversity or human rights issues arising as a result of this report.

7. Risk Implications

7.1 There are no direct risk implications arising as a result of this report.

8. Recommendation

8.1 The Audit Committee are asked to note the final, audited, Statement of Accounts 2019/20.

Key Decision	No
Key Decision Reference No.	N/A
Do the Exempt Information Categories Apply	No
Call in and Urgency: Is	No

the decision one to which
Rule 15 of the Scrutiny
Procedure Rules apply?

**Does the report contain
Appendices?**

Yes

**List of Background
Papers:**

Statement of Accounts 2019/20 – Audit Committee 17th
November 2021

Lead Officer:

Colleen Warren, Financial Services Manager
Telephone 873361