

FAREHAM

BOROUGH COUNCIL

Report to Audit and Governance Committee

Date **22 September 2014**

Report of: **Director of Finance and Resources**

Subject: **STATEMENT OF ACCOUNTS 2013/14**

SUMMARY

Local Authorities have a duty to prepare and publish an annual Statement of Accounts in accordance with regulations issued by the Secretary of State. Members are requested to formally approve the annual Statement of Accounts for 2013/14 that is attached to this report.

RECOMMENDATION

That the Statement of Accounts for 2013/14, attached as Appendix A, be approved and published by 30 September 2014.

INTRODUCTION

1. English local authorities are required to prepare a Statement of Accounts by Accounts and Audit Regulations 2011 issued under Section 27 of the Audit Commission Act 1998.
2. Section 66(4) of the Local Government and Housing Act 1989 requires local authorities to adopt proper accounting practices in the preparation and publication of the Statement of Accounts. In order to ensure that local authorities adopt a consistent approach to the preparation of Statements of Accounts, the Chartered Institute of Public Finance and Accountancy (CIPFA) has issued the Code of Practice on Local Authority Accounting 2012. These documents are applicable to the accounts for financial years commencing on or after 1 April 2012.

THE PURPOSE OF THE STATEMENT OF ACCOUNTS

3. The Code is based on approved accounting standards so that an authority's accounts present a "true and fair view" of the financial position and transactions of the authority. It has been prepared on the basis that the purpose of a local authority's published Statement of Accounts is to give electors, members and other interested parties clear information about the authority's finances.
4. Statements of Accounts should reflect a common pattern of presentation, although this does not require them to be in an identical format. One of the main aims of the Code is to narrow the areas of difference and the variety in accounting treatment and thereby to enhance the usefulness of published statements.
5. Interpretation and explanation of the accounts is extremely important and, wherever possible, statements should be written in plain English and technical terms or jargon should be used only sparingly. To facilitate this, the final section of the document is a glossary of terms.

THE CONTENT OF THE STATEMENT OF ACCOUNTS

6. The following paragraphs give a brief outline of the various sections included within the Statement of Accounts.

The Explanatory Foreword

7. This provides a concise explanation in overall terms of the significant aspects of Fareham's overall financial position and assists in the interpretation of the accounting statements. The tables set out in this section of the report include both General Fund and Housing Revenue Account (HRA) revenue expenditure and also capital expenditure that has been financed from reserves and balances.

Statement of Responsibility for the Statement of Accounts

8. This sets out the authority's responsibilities in relation to the accounts together with the legal and professional responsibilities of the chief financial officer.

Confirmation of Approval by Members

9. This section carries the signature of the Chairman of the Audit and Governance Committee to confirm the details of the approval of the Statement of Accounts by the

Audit and Governance Committee.

The Accounting Statements

10. The following core accounting statements are included:

Comprehensive Income and Expenditure Statement - this statement includes information covering revenue income and expenditure on all services including the HRA.

Balance Sheet - this statement includes information in respect of the Council's assets and liabilities and shows the total net worth of the Council.

Movement in Reserves Statement - this statement shows the movement in year on the different reserves held by the Council.

Cash Flow Statement - this statement summarises the inflows and outflows of cash arising from transactions with third parties.

Notes to the Core Financial Statements - this section includes the accounting policies and explanatory information relating to the core statements.

11. The following supplementary statements are also included:

- HRA Income and Expenditure Account
- Statement of Movement on the HRA Balance
- Collection Fund

12. Each supplementary statement is immediately followed by a section of comprehensive notes that give further detail about that supplementary statement.

GLOSSARY

13. This section of the Statement of Accounts sets out a detailed explanation of the various accounting terms that are used in the document.

AUDITOR'S REPORT

14. After the audit of the Statement of Accounts has been completed the certificate issued by the external auditors will be included within the final document.

RISK ASSESSMENT

15. There are no significant risk considerations in relation to this report.

CONCLUSION

16. Members are asked to formally approve the Statement of Accounts for 2013/14.

Background Papers: None

Reference Papers: Code of Practice on Local Authority Accounting 2013

Appendix A: [Statement of Accounts 2013/14](#)

Enquiries:

For further information on this report please contact Caroline Hancock. (Ext 4589)