

FSM/08/2005

KENNET DISTRICT COUNCIL

RESOURCES EXECUTIVE COMMITTEE
to be held on 26th July 2005

Report by Andrew Hart, Financial Services Manager

STATEMENT OF ACCOUNTS 2004/2005

1. Purpose of Report

The purpose of this report is to recommend the formal adoption of the Council's Statement of Accounts for the financial year 2004/2005 attached at Appendix A.

2. Financial and Staffing Implications

There are no financial or staffing implications arising from this agenda item.

3. Introduction

The Accounts and Audit Regulations 2003 require the accounts relating the financial year 2004/2005 to be adopted by the Council or the appropriate main committee by 31st July 2005. Members will recall that the deadline for the approval of the accounts is slowly being brought forward as a result of the 2003 Regulations, and the 2005/06 accounts will need to be approved by 30th June 2006

There is a requirement for the Chairman to sign the Accounts to confirm that they were approved by the appropriate committee and before the deadline of 31st July 2005.

The main purpose of a local authority's published statement of accounts is to provide all stakeholders, including electors, council tax payers, members, employees and other interested parties clear information about the authority's financial position.

4. Financial Statements

The accounts attached are set out to comply with the requirements of Regulation 7 (1) of The Accounts and Audit Regulations 2003 and contain the following sections:

Statement of Accounts - Explanatory Forward
Statement of Accounting Policies
Consolidated Revenue Account
Consolidated Balance Sheet
Collection Fund Account
Cash Flow Statement
Statement of Movements in Reserves
Statement of Responsibilities
Statement of Internal Control

The accounts have not yet been audited by the Council's external auditor. Once the audit has been completed the accounts will not be re-presented to the Resources Committee unless there are material adjustments. The accounts are published on the Council's website.

4.1 Consolidated Revenue Account

The Consolidated Revenue Account reports for the year what the authority services cost and where the money came from to pay for those services. The revenue account is also referred to as the General Fund.

The actual net revenue expenditure was £7,887,362 for the year compared to the budget of £7,892,780. This shows that the overall position was much the same as that estimated when the budgets were prepared. The slight underspend has been added to the General Fund balance carried forward.

4.2 Consolidated Balance Sheet

The Consolidated Balance Sheet summarises the financial position of the authority at the year-end. It shows what assets the authority owns, what it owes and is owed, and what resources are available to the authority in future years. Members will note that as at the end of March 2005 general fund reserves amounted to £863,962, with further earmarked revenue reserves of £3,223,457. This represents an increase on the previous year. The level of reserves remains robust.

Significant changes to the balance from the previous year include:

- a. The overall value of fixed assets has increased by £4.8 million. This increase is primarily due a revaluation exercise of the Councils land and property assets, an exercise which is undertaken every five years.
- b. The reduction in the creditors and debtors figure relates to a £6.3 million payment made to the county pension fund at the end of 2003/2004.
- c. The net pension liability has increased from £5.6 million at the end of 2003/2004 to £12.5 million at the end of 2004/2005 following actuarial valuation. The authority faces a stepped increase in its pension

contributions from revenue to recover this amount but it is maintaining the required employers' contributions as assessed by the actuary and Wiltshire County Council Pension Fund.

- d. Members will note that usable capital receipts have increased by some £27.7 million. This is due to a change in capital financing regulations which has allowed set-aside capital receipts (Provision for Credit Liabilities) to become useable. In reality, as the authority is debt free, it was able to spend PCL in any case so the change is purely academic.

4.3 Collection Fund Account

As Kennet is a 'billing authority' for council tax purposes, it is required to keep a separate account of all council tax and business rates (NNDR) received and paid. Any surplus or deficit at the year-end is shared between the major precepting authorities as it reflects the actual position for council tax collection. The position at the year end was better than expected reflected by a £499,933 balance.

5. Recommendations

It is recommended that :

(1) The Council's Statement of Accounts for the financial year 2004/2005 be formally adopted in accordance with the Accounts and Audit Regulations 2003.

and ;

(2) The Chairman signs the Accounts as appropriate in accordance with the Accounts and Audit Regulations 2003.