



Public Document Pack

Cambridge City Council

CIVIC AFFAIRS

To: Councillors Boyce (Chair), Rosenstiel (Vice-Chair), Brierley, Marchant-Daisley, Herbert and Stuart

Date: Wednesday, 29 June 2011

Time: 6.30 pm

Venue: Committee Room 1 & 2 - Guildhall

9 **2010-11 STATEMENT OF ACCOUNTS.** *(Pages 1 - 20)*

Cambridge City Council: Review of financial statements 2010/11



By the end of the session you will have an understanding of:

- The member role
- Accounting framework, form and content of local authority accounts
- What to look for

The Member role



Accounts and Audit (England)

Regulations 2011

Regarding financial statements:

- Requirement for the body to prepare financial statements in accordance with Regulation 7 and incorporate an Annual Governance Statement
- **Consider, approve and sign**
- Arrange public inspection
- Arrange publication

Audit Commission Act 1998

The Audit Commission Code of Audit Practice requires the auditor to:

- Be satisfied that the accounts comply with statutory requirements
- Be satisfied that proper practices have been observed in compiling the accounts
- Express an opinion on the statement of accounts

Factors to consider

- Materiality
- Consistent with knowledge
- Transparency
- Variance explanation



Accounting framework, form and content of local authority accounts



Accounting framework

Key elements of the accounting framework are:

- International Financial Reporting Standards (IFRS)
- Code of practice on local authority accounting in the United Kingdom 2010/11

Accounting framework

Key IFRS accounting issues for 2010/11

- Employee benefits
- Leases
- Componentisation

Restatement of prior year figures

Revised presentation of accounts

Structure of local authority accounts

- **Explanatory foreword**
- **Statement of responsibilities**
- **Annual governance statement**
- **Movement in reserves statement**
- **Comprehensive income and expenditure statement**



Structure of local authority accounts

- **Balance sheet**
- **Cash flow statement**
- **Notes to the accounts**
- **HRA income and expenditure statement**
- **Movement on the HRA statement**

What to look for



Explanatory foreword

An easily understandable guide to the significant matters reported in the accounts.

- Consistent with statements
- Consistent with your knowledge
- Transparent

Movement in reserves statement

- Detailed comparators
- Other comprehensive income and expenditure
- Adjustments between accounting basis and funding basis under Regulations
- Transfers to/from earmarked reserves

Comprehensive income and expenditure statement

Shows the economic cost of providing services under accounting rules rather than amount to be funded from taxation.

Taxation levels take account of Regulations.

Balance sheet

Shows the value of the assets and liabilities recognised by the Authority at 31 March

Reserves are split between usable and unusable

Notes to the accounts

- Accounting policies
- Consolidated
- Single referencing
- Greatly increased under IFRS
- Enlarge on amounts in statements

Round up and close



Hopefully you now have an understanding of:

- The member role
- Accounting framework, form and structure of local authority accounts
- What to look for

This page is intentionally left blank