

Audit Committee

30 September 2019



Report of: Director of Finance

Title: Statement of Accounts Year Ended 31 March 2019

Ward: City Wide

Officer Presenting Report: Denise Murray

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Recommendation

The Audit Committee note the progress towards the conclusion of the audit.

Summary

This report should be considered alongside the final ISA260 report being presented by the Council's external auditor.

The Statement of Accounts sets out the Council's financial position as at the 31 March 2019 along with a summary of its income and expenditure for the year to 31 March 2019. The financial statements are the main method of demonstrating financial accountability and stewardship.

The External Auditors, Grant Thornton, are currently in the final stages of the audit. This report details any changes made to the Statement of Accounts since the previous draft was published on 31 July, along with an outline of any outstanding issues currently under review with the auditors.

Policy

None affected by this report.

Consultation

1. **Internal**
Executive Members and senior management
2. **External**
The draft accounts were available for public inspection.

Background and Context

1. Audit Committee last considered the draft accounts at its meeting of 29 July 2019. These are available at [Draft Statement of Accounts 31 March 2019](#). There have been a number of minor corrections and technical adjustments made to the Statement since its last publication and these are detailed in paragraph 4 below. There remain a small number of issues under final review with Grant Thornton. These are also detailed in paragraph 6 below.
2. The Council's Statement of Accounts has been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) which is based on International Reporting Standards (IFRS). This is necessary to ensure that accounts of all Government funded bodies provide comparable and consistent information.
3. Consequently the accounts are a complex and technical document. The Narrative Report at pages 7 to 21 of the Statement aims to provide a general guide to the items of interest and highlight some of the more significant matters that have determined the position for the financial year ending 31 March 2019.
4. The Audit has identified a number of changes to the draft accounts previously circulated. These include a number of minor corrections and updates to some of the disclosure notes. Other updates include,
 - a. A reclassification of the £22m Preference Shares purchased from Bristol Holding Company. These were previously classified on the Council's balance sheet as equity but have now been reclassified more appropriately as debt.
 - b. Following the Court of Appeal ruling in the McCloud case, concerning transitional protection arrangements in a number of public service pension

schemes, the Council's Actuary has assessed the potential impact on the Council and provided revised calculations to be used in the accounts. The overall effect is to increase the pension liability by approximately £32m. This was previously shown in the Statement as a contingent liability. This note has been removed.

- c. We have added additional clarification to the PPE note 19 so that £35.2m reversal of accumulated depreciation is shown against the line 'Depreciation written out to Revaluation Reserve/Surplus/Deficit on the provision of Services'.
 - d. The Group Accounts have been revised for both all the adjustments made to the Council's single entity accounts along with any other minor amendments resulting from the publication of the Companies audited accounts.
5. These have been agreed with the Auditor and these have been incorporated into the revised Statement of Accounts (to follow)
6. With regards the current position of the audit. There are a number of outstanding issues the Council are working with Grant Thornton to resolve.
- a. The Council currently discloses the Parent Company Guarantees granted to Bristol Energy as a contingent liability (note 38). Grant Thornton are currently reviewing the appropriateness of this disclosure.
 - b. The Council's housing stock (PPE note 19) is valued using the most up to date indices available at year-end. As these are issued on a quarterly basis the March indices would not have been available for the draft accounts. As these have now been published an assessment is underway to determine whether their application would have a material impact on the accounts.
 - c. Other long term liabilities (note 29) in respect of Hengrove Phase 2 £8.5m. The Council is currently examining repayment terms to determine whether this should be reclassified as a short term creditor.
7. Subject to a satisfactory resolution to the issues above, Grant Thornton, are proposing to issue an unqualified audit opinion on the Council's financial statements. Prior to approving the accounts the Auditor requires that the Audit Committee considers the matters raised in the Annual Governance Statement for 2018/19.

8. Attached at Appendix 2 is the Letter of Representation (to follow). This is provided by the Council in connection with the audit of the financial statements for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and applicable law.

Other Options Considered

Not applicable

Risk Assessment

The Statutory Accounts need to be formally published as soon as practicable. This report, together with the Annual Governance Statement, forms part of the assurance process.

Public Sector Equality Duties

None necessary for this report

Legal and Resource Implications

Legal

None arising from this report

Financial

None arising from this report.

Land

Not applicable

Personnel

Not Applicable

Appendices:

Appendix 1 Statement of Accounts 2018/19 (to follow)

Appendix 2 Letter of Representation (to follow)

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Final Accounts working papers held in Corporate Finance