

Three Rivers District Council

Audit Committee 24 July 2018

Statement of Accounts 2017/18 addendum – Major Changes

1 Introduction

This note is to identify and provide an update on items that have led to major (material) changes to the accounts between the draft being put on to our website on 31 May 2018 and this meeting.

2 Major Changes

There are two sets of major changes to the accounts for 2017/18. These are:

(i) Pension Accounts

A key part of the pension accounts is the value of the funds held at the end of the financial year, as this can be compared to the estimated liabilities of the fund in order to determine whether there is a deficit or surplus.

In previous years the method of calculating the value of funds was based on figures at the end of January, as being an adequate indicator of the viability of the Pension Fund. In 2018, the equities market picked up to such an extent that the difference between the end of January and end of March was £1.4m, which is a 'material' sum.

Our external auditors therefore asked that the actuaries provide an updated set of figures to end March, and that this be passed on to all Hertfordshire Councils audited by themselves to be included in revised Statement of Accounts. This exercise was undertaken and the resulting changes are included in the recently circulated Statement of Accounts.

(ii) South Oxhey Developments

The audit of entries relating to South Oxhey led to changes in the accounting treatment. The point of principle that underpins the changes is recognition of the receipt stream as a revenue rather than a capital income stream.

The overview impact on the Balance Sheet of these changes is provided in the following page

Martin Henwood
Interim Head of Finance (Shared Service)

BALANCE SHEET

31 March 2017		Note	Draft		adjustments	Revised	
			31 March 2018			31 March 2018	
£000	£000		£000	£000	£000	£000	£000
	Property, Plant and Equipment:						
51,651	Land and Buildings	18	52,519			52,519	
5,754	Vehicles, Plant and Equipment	18	5,321			5,321	
707	Infrastructure Assets	18	502			502	
195	Community Assets	18	201			201	
5,764	Assets under Construction	18	0			0	
206	Heritage Assets	19	206			206	
8,805	Investment Properties	20	3,369			3,369	
1,595	Long Term Debtors	22	20,681			20,681	
74,677	Long Term Assets			82,799		82,799	
103	Assets Held For Sale	23	103			103	
27	Inventories	24	13,179		4,945	18,124	
8,681	Short Term Debtors	25	5,317			5,317	
20,037	Short Term Investments	36	8,009			8,009	
1,648	Cash and Cash Equivalents	26	13,588			13,588	
30,496	Current Assets			40,196		45,141	
(7,598)	Short Term Creditors	28	(11,368)			(11,368)	
0	Short Term Borrowing	26	0			0	
(7,598)	Current Liabilities			(11,368)		(11,368)	
(1,141)	Long-term Creditors	29	(1,055)			(1,055)	
0	Deferred Revenue Receipt	30	0		(18,089)	(18,089)	
(977)	Provisions	31	(1,691)			(1,691)	
(23,829)	Liability related to Defined Benefit Pension Scheme	32	(23,135)		1,411	(21,724)	
(25,947)	Long Term Liabilities			(25,881)		(42,559)	
71,628	Net Assets			85,746		74,013	
(4,094)	General Fund Balance	34d	(4,343)			(4,342)	
(2,658)	Capital Receipts Reserve	34b	(5,251)			(5,252)	
(2,019)	Capital Grants Unapplied	33e	(2,168)			(2,168)	
(15,732)	Earmarked Reserves	34c	(12,994)			(12,994)	
(24,503)	Usable Reserves			(24,756)		(24,756)	
(37,983)	Capital Adjustment Account	35b	(32,526)		(4,945)	(37,471)	
(1,466)	Deferred Capital Receipts	35c	(19,553)		18,089	(1,464)	
3,726	Collection Fund Adjustment Account	35d	(1,046)			(1,046)	
(35,331)	Revaluation Reserve	35e	(31,062)			(31,062)	
100	Accumulated Absences Reserve	35f	62			62	
23,829	Pensions Reserve	34g	23,135		(1,411)	21,724	
(47,125)	Unusable Reserves			(60,990)		(49,257)	
(71,628)	Total Reserves			(85,746)		(74,013)	

MAJOR CHANGES BETWEEN DRAFT AND REVISED STATEMENT OF ACCOUNTS

24 Inventories		
Treat all South Oxhey as inventories		4,945
30 Deferred Revenue Receipt		
Treat all South Oxhey income as a deferred revenue receipt		(18,089)
32 Liability related to Defined Benefit Pension Scheme		
Reduce deficit to reflect use of actual 31 March valuation		1,411
35b Capital Adjustment Account		
Adjustment to reflect revised treatment of South Oxhey		(4,945)
35c Deferred capital receipt		
Treat South Oxhey income as revenue and not capital receipts		18,089
34g Pensions Reserve		
Reduce deficit in Reserve to reflect use of actual 31 March valuation		(1,411)