



<u>Committee and date</u>
Council 26 July 2018

FINAL STATEMENT OF ACCOUNTS 2017/18 - ADDENDUM

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1. Summary

- 1.1 As detailed in the summary paragraph of the Final Statement of Accounts 2017/18 report, Grant Thornton produce an Audit Findings Report (AFR) at the conclusion of their audit, provided as Appendix 3 to the report. The AFR was made available, and circulated to Members, on 19 July 2018.
- 1.2 The draft Statement of Accounts, as at 31 May 2018, was considered and reviewed by the Audit Committee on 28 June 2018. On 24 July, Audit Committee undertook a further review of the accounts and Grant Thornton presented the AFR to the Committee, identifying any key issues and taking questions.
- 1.3 As a result of the final conclusions reached by Grant Thornton, and in agreement with the Council, a small number of changes to the draft Statement of Accounts (issued with Council papers on 18 July 2018) have been made.
- 1.4 Rather than issue a complete statement, the Chair of the Audit Committee has agreed instead, due to time pressures and to keep printing costs to a minimum, for this Addendum Report to be produced. As a result, a summary of the changes and references to the statement are included below. The final copy of the Statement of Accounts appearing on the Council Website on 31 July 2018 will reflect all these changes, following Council approval of the accounts on 26 July 2018. Any further changes identified prior to the 31 July will be agreed between Grant Thornton and the Head of Finance, Governance and Assurance and amended in the final published copy of the Statement of Accounts.
- 1.5 It will be necessary to adopt this approach in future years due to the implementation of faster closedown and the fact that the statutory date for the audited Statement of Accounts has shifted to 31 July, yet Council meets earlier than this date to sign the accounts off.

2. Recommendations

It is recommended that Members:

- A. Note the changes to the 2017/18 Statement of Accounts.

REPORT

3. Amendments made to the 2017/18 Statement of Accounts

- 3.1 The changes made to the Statement of Accounts are summarised in Table 1 with further details of the amendments provided in Section 3.2.

Table 1 : Amendments to Statement of Accounts

Amendment Reference	Amendment Made
A	Updated capital expenditure chart in Narrative Report
B	Change to Accounting Policy
C	Change to Accounting Policy
D	Change to Accounting Policy
E	Further Disclosure in Note 2
F	New Critical Judgment relating to Shopping Centre
G	Further Disclosures in Note 40 in relation to Group Accounts
H	Removed information from the Group Accounts Introduction
I	Inclusion of further details for 2016/17 comparators for the Group Income and Expenditure, Balance Sheet and Cashflow statements
J	New Accounting Policies section for Group Accounts
K	Change to Group Accounts Note
L	New Property, Plant and Equipment note for Group Accounts

- 3.2 The below amendments have been made to the Statement of Accounts.

Amendment A - Page 7* – Narrative Report

The capital expenditure chart in the Narrative Report has been updated to include Housing Revenue Account expenditure.

* Page Numbers referenced relate to the Appendix 1 Statement of Accounts

Amendment B - Page 31 – 1.16. Leases

The following sentence has been added into the accounting policy for Leases.

Leased land and buildings are assessed as to whether they are operating or finance leases.

Amendment C - Page 35 – 1.24. Group Accounts

The following amendment has been made to the Group Accounts Accounting Policy.

Original Statement:

Subsidiaries and joint ventures have been consolidated within the Council's accounts on a cost basis, and accounting policies have been aligned between the Council and the companies consolidated in the Group.

Revised Statement:

*Subsidiaries and joint ventures have been consolidated within the Council's accounts on a cost basis **or market value for property, plant and equipment**. Accounting policies have been aligned between the Council and the companies consolidated in the Group.*

Amendment D - Page 41 - 1.33. Unquoted Equity Investments

The following sentence has been added into the accounting policy for Unquoted Equity Investments.

The asset has been held on the Balance Sheet at historic cost.

Amendment E - Page 42 - 2. Accounting Standards that have been issued but have not yet been adopted

Additional narrative has been included within the Accounting Standards section.

Original Statement:

The impact of these amendments will be assessed during 2018/19

Revised Statement:

The classification of financial assets will be reviewed in line with IFRS 9 which could impact the valuation of investments and debtors. It is not practicable to estimate the impact for the 2017/18 accounts and this will be assessed during 2018/19.

Amendment F - Page 42 - 3. Critical Judgements in applying Accounting Policies

The below statement has been included within Critical Judgements.

The Council has taken a judgement on the control of the Jersey Property Unit Trusts and has determined that through the Council's power as a unit holder the Council has the rights to variable returns and has the ability to affect those returns. We have therefore accounted for the Council's 99% share in the Jersey Property Unit Trust as an investment.

Amendment G - Page 95 - 40. Related Parties

The below disclosures have been added into note 40.

During 2017/18 expenditure of £15.223m and income of £1.354m was incurred between Shropshire Council and Shropshire Towns & Rural Housing Limited. There was a creditor balance of £0.108m and a debtor balance of £0.534m as at 31st March 2018.

Expenditure of £0.001m and income of £0.002m was incurred between Shropshire Council and IP&E Ltd during 2017/18. There were no creditor or debtor balances as at 31st March 2018.

In 2017/18 Shropshire Council provided a loan of £0.527m to SSC No1. Ltd in relation to the investment in the Shopping Centre.

During 2017/18 Shropshire Council paid West Mercia Energy £3.976m and received a distribution of £0.281m.

Shropshire Council have accounted for expenditure of £0.653m and income of £0.997m in relation to the Jersey Property Unit Trusts.

Amendment H - Page 100 – 102 - Section 6 – Group Accounts

The introduction has been updated and details of the consolidation basis has been removed and included within a new accounting policies section.

Amendment I - Page 103, 107 and 108 - Section 6 – Group Accounts

The Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cashflow Statement have been updated to show the breakdown of the prior year comparators. This now includes details of the Shropshire Council single entity figures and group adjustments as well as the total for the group.

Amendment J - Page 109 - Notes to Group Accounts

A new Accounting Policies section has been added to include group accounting policies as detailed below.

- *G1.1 General*
- *G1.2 Reason for Consolidation*
- *G1.3 Basis for Consolidation*
- *G1.4 Non-Current Assets – Property, Plant and Equipment*

Amendment K - Page 109 - G5. Consolidation of Jersey Property Unit Trust

The word expenditure has been replaced with income in the below statement.
*The operating income (£0.997m) and expenditure (£0.653m) of the Jersey Property Unit Trust, giving a net **income** of £0.344m has been included within Place and Enterprise in the Net Cost of Services.*

Amendment L - Page 110 - G8. Property, Plant & Equipment in Group Balance Sheet

An additional note in relation to Property, Plant and Equipment has been included within the Notes to the Group Accounts.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Annual Statement of Accounts 2017/18. Audit Committee 28 June 2018

CIPFA's Code of Practice (Code) on Local Authority Accounting

CIPFA/SOLACE guidance on the Annual Governance Statement

Revenue and Capital Budget 2017/18

Cabinet Member (Portfolio Holder)

All

Local Member

All

Appendices