Shropshire Council

Committee and date	Item
Audit Committee 20 July 2022	 Public

Second line assurance: Approval of the Council's Draft Statement of Accounts 2021/22

Responsible Officer James Walton
Email: james.walton@shropshire.gov.uk Tel: (01743) 258915

1. Synopsis

The Council has prepared the Draft (Pre-Audit) Statement of Accounts for 2021/22. This report sets out the timeline for completing the accounts and the key changes in the accounts from the previous year.

2. Executive Summary

2.1 The timetable for producing the 2021/22 Statement of Accounts has been amended. The table below summarises the key deadlines :

Task	Responsible Organisation	Deadline
Bulletin on closure of the 2021/22 accounts.	CIPFA	28 Apr 2022 (Complete)
Publish amendments to Code relating to infrastructure assets	CIPFA	24th Jun 2022 (Outstanding)
Produce and approve Draft Accounts	Local Authority	31st Jul 2022 Complete (20th Jul 2022)
External Audit	External Audit (Grant Thornton)	18th Jul – 30 Sep 2022 (In progress)
Approve and Publish Audited Accounts	External Audit / Local Authority	30th Nov 2022 (Not yet due)

2.2 The Draft Statement of Accounts for 2021/22 is appended to this report. This report provides an overview of the Accounts and provides details of the reasons for the most significant changes between the 2020/21 Accounts and the 2021/22 Accounts.

2.3 The Statement of Accounts is derived from the same year end position as informed the outturn report for performance against budget, albeit that the two are prepared according to different rules. The final outturn positions are as follows:

- Revenue: an overspend of £2.505m on a gross budget of £554.318m (0.45%).
- Capital: spend of £82.327m, which is 98.5% of the revised budget.
- Earmarked Reserves and Provisions have decreased by £8.152m.
- General fund balance has decreased by £2.545m.
- Delegated Schools' balances have increased by £2.196m.

Full details of the revenue and capital outturn position and the reserves, provisions and balances held by the authority are set out in a separate report on this agenda.

The ability of the authority to generate the accounts in line with requirements is a key indicator of the ability of the authority to manage its finances effectively. The preparation of the draft accounts ahead of the required deadline indicates that the Council is managing the finances well.

3. Recommendations

3.1 Members are asked to receive and comment on the 2021/22 Draft Statement of Accounts.

REPORT

4. Risk Assessment and Opportunities Appraisal

4.1 Details of the potential risks affecting the balances and financial health of the Council are detailed within the report. The ability to prepare the authority's accounts to a high standard, within the required timeframe, is a key indicator of the overall financial health of the authority. It indicates that we have a clear understanding of our finances.

5. Financial Implications

5.1 This report sets out the income, expenditure, assets, liabilities and reserves of the council, and the comparative positions for the previous year.

6. Climate Change Appraisal

6.1 Nil; this report does not directly make decisions on factors related to climate change.

7. Background

7.1 The external audit by Grant Thornton began on 18th July 2022 and is required to be complete in late September. Once agreed with the auditor, the Accounts will be published and a final version brought back to Audit Committee for approval.

8. Statement of Accounts

8.1 The format of the Statement of Accounts is governed by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code") issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The purpose of the accounts is to give electors, those subject to locally levied taxes and charges, Members of the Authority, employees and other interested parties clear information about the Authority's finances.

8.2 Bearing in mind the complexity of the accounts, the Code requires:
- All Statements of Accounts to use reflect a common format.
- Interpretation and explanation to be provided.
- The Accounts and notes to be written in plain language.

8.2 The Code is updated each year to reflect the latest accounting standards. It was due to include the new requirements of IFRS 16 (Leases) but this has been deferred to 2022/23.

8.3 During the last audit round, a challenge was raised over treatment of infrastructure assets in local authority accounts. A national task and finish group has been established to address how infrastructure assets (usually highways) are derecognised from accounts following replacement expenditure. The conclusions of the group have not yet been published.

8.4 The authority's accounts comprise various statements which are explained below. They are prepared in accordance with the Accounts and Audit Regulations 2015 and the 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom.

8.4.1 **Narrative Report** – gives a commentary on the authority's financial position for 2021/22 and details of its performance during the year.

8.4.2 **The Statement of Responsibilities** – details the responsibilities of the authority and the Section 151 Officer concerning the authority's financial affairs and the actual Statement of Accounts.

8.4.3 **The Audit Opinion and Certificate** – is provided by the External Auditor at the end of the audit.

8.4.4 **The Core Financial Statements,** which comprises:

The Movement in Reserves Statement – this shows the movement of all reserves held by the authority during the year, analysed into 'usable reserves', and others.

The Comprehensive Income and Expenditure Statement – this brings together all the resources that the Council has generated, consumed, or set aside in providing services during the year. The 2021/22 Comprehensive Income and Expenditure Statement shows a surplus for the year of £99.642m. This includes a number of significant accounting adjustments relating to, for example, pensions costs and use of assets. The movement on the General Fund Balance was a decrease of £2.545m, which was used to fund the year end overspend on the revenue budget.

The Balance Sheet – this shows the balances and reserves at the authority's disposal, its long term liabilities and the fixed and net current assets employed in its operations. As at the 31 March 2022, the authority's total equity amounts to £166.221m, an increase of £99.642m (from the CIES), which is analysed in the Movement in Reserves Statement. Assets have increased as a result of revaluation an increase in the number of capital schemes being categorised as an 'Under Construction' in 2021/22.

The Cash Flow Statement - this summarises the authority's inflows and outflows of cash and cash equivalents arising from transactions with third parties for revenue and capital purposes.

8.4.5 **The Notes to the Core Financial Statements -** provide and the Council's accounting policies and supporting information on the Financial Statements.

8.4.6 **The Group Accounts** – are prepared to account show the Council's share wider operations including; Shropshire Towns & Rural Housing, West Mercia Energy, West Mercia Supplies Pension, SSC No.1 Limited and Cornovii Developments Limited.

8.4.7 **The Housing Revenue Account (HRA)** – this shows the income and expenditure relating to local authority housing provision and the movement on the account balance for the year.

8.4.8 **The Collection Fund Account** – this shows the collection of non-domestic rates and council tax and the distribution of those funds to preceptors and to the General Fund.

8.4.9 **The Pension Fund Accounts** – the Shropshire County Pension Fund is administered by this Authority, separate from the Authority's own finances. The statement and supporting notes summarise the financial position of the Fund, including all income and expenditure for 2021/22 and its assets and liabilities as at 31 March 2022.

9 Accounting Policies

9.1 The accounting policies that the Council are detailed in Note 1 to the Core Financial Statements. The Council has not adopted any new accounting standards or amendments with the exception of a small clarification to the accounting policy relating to Cash and Cash Equivalents, setting out the difference between the two:

> *"Cash equivalents are short term, highly liquid investments, normally with a maturity of 90 days or less from the date of investment, that are readily convertible to known amounts of cash."*

10 Analytical Review

10.1 An analytical review has been carried out on each element of the Draft Statement of Accounts and is attached as appendix 2.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) CIPFA's Code of Practice (Code) on Local Authority Accounting CIPFA/SOLACE guidance on the Annual Governance Statement Revenue and Capital Budget 2021/22
Cabinet Member (Portfolio Holder) Brian Williams, Chair of Audit Committee
Local Member All

Appendices

1. Draft Statement of Accounts 2021/22 (Unaudited)
2. Analytical Review of Statement of Accounts

Analytical Review of Shropshire Council's Statement of Accounts for 2021/22

The analytical review for 2021/22 highlighted a number of areas where there were material changes (Variances over £8m or over 10%), the most significant are detailed below along with an explanation of why these changes have occurred.

In summary, there are two key areas of changes, which affect a range of different aspects of the accounts. Both areas are fundamentally driven by the change from the urgent response phase of the pandemic to the current position of living with the virus. The two areas of changes are:
- Changes between 2021/22 and the previous year (2020/21) relating to direct expenditure on the pandemic response.
- Changes in that period to the valuation of different asset classes as a result of the move out of the response phase of the pandemic during which asset values were reduced and the subsequent recovery of market prices in a number of areas, which affects asset valuations as a result.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Health and Wellbeing**

	2021/22	2020/21	Increase (Value)	Increase
	£000	£000	£000	%
Expenditure	18,162	14,953	3,209	21
Income	(23,768)	(18,162)	(7,834)	49

Income within Health & Wellbeing has increased by £7.834m mainly due to the release of the Contained Outbreak Management Fund grant relating to COVID 19. This grant in 2020/21 had specific conditions relating to it and so any unspent balance could be held as a creditor on the balance sheet. However in 2021/22 the grant no longer has these specific conditions and so has had to be released fully in the year.

The increase in expenditure is due to an increase in expenditure relating to Contained Outbreak Management Fund of £4.581m.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Local Authority Housing**

	2021/22	2020/21	Decrease (Value)	Increase
	£000	£000	£000	%
Expenditure	(5,001)	8,521	(13,522)	(159)

A £19.5m revaluation increase was recognised in revenue as a result of the increase in the valuation of the HRA dwellings stock following their annual valuation review, this was credited to revenue as losses have been recognised here in previous years. This reflects the growth currently being experienced in the residential property market. The Valuer noted that house price increases have been so significant in the last 12 months that this seems to have filtered right down to flats (represent around a fifth of HRA stock), which showed little or no increase in 2020/21.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – People**

	2021/22	2020/21	Increase (Value)	Increase
	£000	£000	£000	%
Expenditure	390,472	363,452	27,020	7
Income	(196,221)	(175,737)	(20,484)	12

Expenditure has increased in People due to increases in care packages and placements within Adult Social Care of £8.540m, and Children's Social Care and Safeguarding of £9.884m. Also the level of Dedicated Schools Grant increased by £5.841 which would have been passported and spent within schools.

Income relating to care received has increased by £4.576m within Adult Social Care and additional grants (£2.372m) within this service were also received. The increase in Dedicated Schools Grant will also have contributed to the increase in income in the People Directorate.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Place**

	2021/22	2020/21	(Decrease) (Value)	(Decrease)
	£000	£000	£000	%
Expenditure	148,396	302,425	(154,029)	(51)
Income	(48,361)	(41,674)	6,687	16

Expenditure within Place has decreased by £153.097m. In 2020/21 depreciation relating to Highways infrastructure totalling £160.966m was included, the corresponding figure for 2021/22 is £25.185m. The figure in 2020/21 included the recalculation of depreciation for prior years. Revaluation of properties moved from a loss of £25.206m in 2020/21 to a gain of £0.723m in 2021/22.

Income within Place has increased by £7.619m. As a result of the covid-19 pandemic income received fell in areas like car parks, culture and leisure in 2020/21. Income increased in relation to Theatre Services by £3.188m once this service was allowed to re-open following the restrictions. There has also been an increase in parking and transport income of £1.753m .

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Corporate**

	2021/22	2020/21	Decrease/ Increase (Value)	(Decrease)/ Increase
	£000	£000	£000	%
Expenditure	26,082	38,197	(12,115)	(32)

Expenditure within corporate services has reduced in 2021/22 as a result of a reduction in expenditure relating to covid-19 grant schemes. There was a corresponding reduction in income in these areas. There was also a reduction in Non Distributable costs due to a reduction in past service costs for pensions from £1.194m in 2020/21 to £0.055m in 2021/22.

- **Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure**

2021/22	2020/21	Decrease (Value)	Increase
£000	**£000**	**£000**	**(%)**
31,927	43,629	(11,702)	(27)

The movement in valuation of Investment Properties, swung from a £0.172 loss in 2020/21 to a £3.184m gain in 2021/22. This relates to specific movements in the value of assets in this category, reflecting the assets at the balance sheet date and their valuation. This is the net position, there were losses as well as gains experienced at the individual asset level. The most significant increases were in relation to land assets, reflecting residential values and latest planning assumptions, in particular the Land at Emstry and the Oxon Estate. The most significant decrease was the Former Morrison's Supermarket Site, Oswestry; Morrisons have vacated the property and it now sits vacant which has dramatically impacted value, the Valuer has adopted a residential development value.

In addition the income from investment properties has increased by £2.195m due to income received in relation to the buyout of a lease. The net position on Traded Services has decreased during the year by £4.593m. Expenditure had increased in 2020/21 mainly as a result of higher capital charges including revaluation losses.

- **Comprehensive Income and Expenditure Statement – Surplus or Deficit on Revaluation of Property, Plant and Equipment Assets**

2021/22	2020/21	Decrease (Value)	Increase
£000	**£000**	**£000**	**(%)**
(32,260)	124,069	(156,329)	(126)

This figure is the value of upward or downward revaluations that are debited/credited directly to the Revaluation Reserve, rather than to service revenue accounts, this can only be done where there is a balance on the revaluation reserve for the asset. In 2020/21 this was a loss of £124.069m and for 2021/22 a gain of £32.260m. The loss in 2020/21 was due to a significant increase in assets on which a revaluation loss was recognised.

In 2020/21 there was a change in valuation approach, with all valuations undertaken by external Valuers. The external Valuers adopted a different valuation approach to that the Council's Valuers took previously, adopting differing assumptions in the valuation approach. In a number of instances, valuation variances can be explained by market movements, interpretation and application of comparable evidence and baseline data being provided.

In 2021/22 the same External Valuers have again undertaken the Council's valuations, with all valuations updated to the balance sheet date and assessed on the same basis as the 2021/22 valuations. The increase in 2021/22 valuations, reflect the current market conditions in 2021/22, current build costs (DRC valuations) and the latest property information provided to the Valuers.

- **Comprehensive Income and Expenditure Statement, Remeasurement of the Net Defined Benefit Liability**

2021/22	2020/21	Decrease (Value)	Increase
£000	**£000**	**£000**	**(%)**
(55,132)	22,416	(77,548)	(346)

The movement in the remeasurement of the net defined benefit liability is due to movements in a number of figures affecting the pension assets and liabilities. The liability element has moved from a net loss of £170.311m in 2020/21 to a net gain of £5.435m due to an increase in the discount rate and a change in demographic assumptions. The gain on the assets element has reduced from a gain of £147.895m in 2020/21 to a gain of £49.697m due to positive returns on investments.

- **Balance Sheet Non-Current Assets – Property, Plant and Equipment**

2021/22	2020/21	Increase (Value)	Increase
£000	**£000**	**£000**	**(%)**
906,149	847,637	58,512	7

This reflects the overall movement in property, plant and equipment. The movement consists of additions, disposals, revaluations (upwards and downwards), depreciation charges and impairments. The main reason for the increase is a revaluation increase in both Council Dwellings and Other Land and Buildings. These revaluation increases reflect the growth in residential properties and build costs. Another significant proportion of the increase relates to Assets under construction, which includes a number of large scale capital schemes which are delivered across a number of financial years. This includes the Bishops Castle Business Park, Oswestry Innovation Park, North West Relief Road, Pride Hill/Riverside redevelopment and the HRA new build programme.

Balance Sheet Long Term Assets – Long Term Investment

2021/22	2020/21	Decrease (Value)	Decrease
£000	**£000**	**£000**	**(%)**
970	400	(19,806)	(98)

The value of long term investments have increased due to the increase in the equity investment in Cornovii Developments Limited in exchange for land that has transferred to the company.

- **Balance Sheet Long Term Assets – Long Term Debtors**

2021/22	2020/21	Decrease (Value)	Decrease
£000	**£000**	**£000**	**(%)**
17,166	22,628	(5,462)	(24)

The value of long term debtors has decreased by £5.462m. This is mainly due to a transfer between long term and short term debtors of £4.781m relating to repayments due within the next 12 months.

- **Balance Sheet Current Assets – Current Held for Sale Investment Properties**

2021/22	2020/21	Increase (Value)	Increase
£000	**£000**	**£000**	**(%)**
570	250	320	128

In 2020/21 one Investment Property (Crowmoor House) was accounted for under the category of Current Held for Sale Investment Properties based on the agreement in place to sell the site to Cornovii Developments Limited which was completed in 2021/22. In 2021/22 the Alveley Industrial Estate Ground Leases asset has transferred into this category, based on the agreement in place to sell the Alveley Industrial Estate.

- **Balance Sheet Current Assets – Current Assets Held for Sale**

2021/22	2020/21	Increase (Value)	Increase
£000	**£000**	**£000**	**(%)**
3,866	767	3,099	404

The balance sheet value of assets in this classification reflects the position the Council are at with regards to disposing of assets and whether they meet the criteria to be classified as Asset Held for Sale at the balance sheet date. At the 2020/21 Balance Sheet date the properties in this category included Former Ifton Heath Primary School (completed 2021/22), Former St Marys CE Primary School, Meole Brace Golf Course - Pitch & Putt Land and HRA shared ownership properties (completed 2021/22). In 2021/22 there have been a number of properties that now fall into this category, The Willows (former school caretakers bungalow at Mary Webb School), Severn Valley Workshops, four Smallholdings, The Aspire Centre and further HRA Shared Ownership Properties.

- **Balance Sheet Current Assets – Short Term Debtors**

2021/22	2020/21	Decrease (Value)	Decrease
£000	**£000**	**£000**	**(%)**
82,430	99,834	(17,404)	(17)

Short term debtors have decreased by £17.404m in 2021/22. There are a number of factors that make up this difference:

i. There is a decrease in grant debtors of £4.857m. In 2020/21 there was in an increase in grants that had been released but were yet to be received as at 31st March 2021. A number of these balances related to Covid-19 grants of £1.567m and the funding was received in 2021/22. The value of Housing Benefits due to be received reduced by £0.861k and £2.643m in relation to capital projects. In 2020/21 there were a number of projects which spent significantly at the end of the financial year with the funding due to be received in 2021/22.

ii. Debtors in relation to Business Rates due from preceptors has reduced from £14.704m to £5.162m. The value of expanded reliefs awarded by Central Government in relation to the covid-19 pandemic reduced in 2021/22 and there was also a reduction in the level of the appeals provision. This resulted in a reduction in the deficit on the Collection Fund and the amount allocated to the major preceptors.

iii. There was an decrease in payments in advance in 2021/22 of £3.006m. This is mainly due to a payments to Nurseries for the summer term which were paid in March 2021 in the previous year and therefore were accounted for as a payment in advance. The equivalent payments were made in April 2022.

- **Balance Sheet Current Assets – Short Term Investments**

2021/22	2020/21	Increase (Value)	Increase
£000	**£000**	**£000**	**(%)**
119,000	70,000	49,000	70

- **Balance Sheet Current Assets – Cash & Cash Equivalents**

2021/22	2020/21	Decrease (Value)	Decrease
£000	**£000**	**£000**	**(%)**
45,302	78,438	(33,136)	(42)

- **Balance Sheet Current Liabilities – Bank Overdraft**

2021/22	2020/21	Increase (Value)	Increase
£000	**£000**	**£000**	**(%)**
(17,714)	(14,902)	(2,812)	(19)

The net increase in short term investments, cash and cash equivalents and the bank overdraft needs to be considered together to explain the true difference in cash balance during the two years.

There are four elements that detail the difference in cash balances:
i. Movement in General Fund Balance (increase in cash)
ii. Revenue and Capital Grants received (increase in cash)
iii. Movement in debtors/creditors (reduction in cash)
iv. New loans provided/repaid (reduction in cash

i. There was a £2.545m decrease in the General Fund Balance in 2021/22 which reflects the overspend position in the revenue budget.

ii. The Council received a number of capital grants in 2021/22 which can be carried forward to be spent in 2022/23 or repaid to government which are accounted for within the cash balance. The net movement on capital and revenue grants received in advance was an increase of £3.126m

iii. Debtors have decreased by £22.867m during 2021/22 thereby decreasing the amount of money owed to the authority and increasing the potential cash balance held.

iv. Cash will also have reduced due to the repayment of borrowing that the Council has undertaken of £12.000m.

- **Balance Sheet Current Liabilities – Short Term Borrowing**

2021/22	2020/21	Decrease (Value)	Decrease
£000	**£000**	**£000**	**(%)**
(1,858)	(13,893)	12,035	87

Short term borrowing has decreased due to the repayment of loans totalling £12m which were planned to be repaid.

- **Balance Sheet Current Liabilities – Grants Receipts In Advance – Revenue**

2021/22	2020/21	Decrease (Value)	Decrease
£000	**£000**	**£000**	**(%)**
(6,030)	(15,443)	(9,413)	61

The reduction relates to the release of Contained Outbreak Managed Fund of £6.844m as conditions on the use of the grant were no longer in place for 2021/22. Also a balance brought forward of Additional Restrictions Grant and Local Restrictions Support Grant relating to Covid-19 of £3.814m was paid out to businesses during the course of the year.

- **Balance Sheet Current Liabilities – Grants Receipts In Advance - Capital**

2021/22	2020/21	Increase (Value)	Increase
£000	**£000**	**£000**	**(%)**
(18,645)	(11,773)	(6,872)	58

The increase in capital grant receipts in advance relates to £4.877m of grants from the Department for Transport, for Challenge Fund, Highways and Emergency Active Travel which will be spent in 2021/22 as part of the Capital programme. A further £1.174m related to grants from the Department of Education for Schools 2019/20 for Schools Rural Gigabit Connectivity Programme and Condition Capital Grant, which will be spent in 2021/22 as part of the Council's Capital Programme.

- **Balance Sheet Long Term Liabilities – Pensions Liability**

2021/22	2020/21	Decrease (Value)	Decrease
£000	**£000**	**£000**	**(%)**
(507,361)	(531,883)	24,522	5

The deficit on the Pensions Reserve has decreased by £24.522m in 2021/22. This is due to an increase in pension assets due to generally positive investment returns. The increase in pension assets has been partially offset by an increase in pension liabilities. The discount rate has increased by 0.7% and the CPI inflation assumption has increased by 0.7%, the combined effect of this is an increase in the pension liabilities. An increase in pension assets due to generally positive investment returns has reduced the impact of the increase in liabilities on the net liability.

- **Balance Sheet Long Term Liabilities – Provision**

2021/22	2020/21	Decrease (Value)	Decrease
£000	**£000**	**£000**	**(%)**
(4,889)	(8,673)	3,784	44

Provisions has decreased mainly due to a reduction in the NNDR Appeals provision. A number of appeals were settled in 2021/22 (£2.170m) and a review of the remaining outstanding appeals resulted in a reduction in the provision required to cover the potential impact of any losses from those appeals (£1.614m).

- **Balance Sheet Financing – Unusable Reserves**

2021/22	2020/21	Decrease (Value)	Decrease
£000	**£000**	**£000**	**(%)**
(531)	(103,548)	103,017	99

The decrease in Unusable Reserves is due to changes in the Revaluation Reserve, Capital Adjustment Account, Pensions Reserve and Collection Fund Adjustment Account.

The Revaluation Reserve increased by £25.375m (23%) in 2021/22 which reflects the movement in asset values and disposals. The area of significant movement in 2021/22 was on the revaluation of Property, Plant and Equipment assets. Reflecting the general increase in asset values and where there has been no previous revaluation loss charged to revenue, the gain is charged to the revaluation reserve.

The Capital Adjustment Account increased by £36.111m (10%) in 2021/22, and the movement reflects the movement in asset values, disposals and capital expenditure financing in 2021/22. This reflects the movement in asset valuations in 2021/22 and the funding applied to finance new capital expenditure, the most significant being capital grants and contributions (£57.236m).

The deficit on the Collection Fund Adjustment Account has reduced from £20.227m at the end of 2020/21 to £7.051m at the end of 2021/22. The deficit position in 2020/21 was mainly due to the additional reliefs awarded to businesses by government in response to the covid-19 pandemic. This resulted in lower business rates for collection resulting in a deficit on the Collection Fund. Reliefs continued to be awarded in 2021/22 but at a lower value. A reduction in the appeals provision also reduced the deficit position on the Business Rates Collection Fund. The deficit on the Collection Fund will be partially offset by the receipt of s31 grants for the additional reliefs.

The deficit on the Pensions Reserve has decreased by £27.409m in 2021/22. This is due to an increase in pension assets due to generally positive investment returns. The increase in pension assets has been partially offset by an increase in pension liabilities. The discount rate has increased by 0.7% and the CPI inflation assumption has increased by 0.7%, the combined effect of this is an increase in the pension liabilities. An increase in pension assets due to generally positive investment returns has reduced the impact of the increase in liabilities on the net liability.

The analytical review will be part of the papers to be considered by the external auditors during the annual audit and will be used in forming their opinion on the Statement of Accounts that will be reported in the Audit Opinion and Certificate.