

WEST MERCIA SUPPLIES JOINT COMMITTEE 24th June 2013

Financial Results 2012/2013 and Statutory Statement of Accounts 2012/13

Report of the Treasurer

Purpose

1. The purpose of this report is:
 - a) to consider the trading results for the year 2012/13 as reflected in the Statement of Accounts attached (Appendix 1);
 - b) to note and comment on the Statement of Accounts to the year ended 31 March 2013 for formal approval by the Joint Committee by 30 September 2013 in accordance with statutory obligations;
 - c) to approve the Annual Governance Statement for the year ended 31 March 2013 (Appendix 2); and
 - d) to note that the Treasurer will submit a Letter of Representation to the District Auditor in due course.

Trading Results 2011/12

2. The Statement of Accounts for the year ended 31 March 2013 is attached. The Statement has been produced in compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 as far as it is practicable and applicable for WMS-JC.
3. The Statement of Accounts includes transactions relating to the sale of the Stationery Division. As part of the sales agreement the non-current assets of WMS transferred, these consisting of the Land & Buildings (which comprised the WMS warehouse/office buildings) and the plant and equipment, including vehicles of WMS. The four Member Authorities have agreed the income from the sale, both capital (from sale of non-current assets) and revenue, will be transferred to them on an equal four way split. .
4. The Comprehensive Income and Expenditure Statement shows a gross profit and other income of £2.794 million from continuing operations. Against this are set expenses of £0.712 million, pension adjustment of £0.164 million and adjustment for discontinued service of £7.275 million resulting in a net operating loss of £5.357 million.
5. Members will wish to note that Operating Expenses include the value of Profit Related Pay (PRP) to which staff are entitled (£0. 045 million).

6. The Movement of Reserves Statement shows a General Fund balance of £4.546 million brought forward from 2011/12 to which is added the net surplus on the Comprehensive Income and Expenditure Statement for 2012/13. A number of adjustments are made to the account as follows:
- a) Adjustments netting £0.585 million in respect of pension fund contributions;
 - b) Capital expenditure of £0.030 million financed from reserves; and
 - c) The reversal of depreciation and impairment charged through the Income and Expenditure account of £0.035 million.
 - d) Adjustments netting £2.873 million in respect of sales of the stationery division asset amounts held in the Capital Adjustment Account

The Statement shows a closing balance of £2.231 million.

Approval of Statement of Accounts

7. The Accounts and Audit Regulations 2011 require that the Statement of Accounts be signed and dated by the Treasurer to the Joint Committee and certified that it represents a true and fair view of the financial position of the Committee by 30 June 2013.
8. The Accounts and Audit Regulations also require the Statement of Accounts to be considered and then approved by formal resolution of the Joint Committee by 30 September 2013.
9. Following approval there is a requirement that the Statement shall be signed and dated by the person presiding at the committee at which that approval was given.
10. The intention behind the requirement is that the Chair's signature should formally represent the completion of the Joint Committee's approval process of the accounts. It does not relate to the role of the responsible financial officer in certifying that the Statement is a proper reflection of Joint Committee's financial position.
11. The Joint Committee is invited to review the Statement of Accounts for final approval by the Joint Committee in September 2013.
12. District Audit will require written representations that management acknowledges its responsibility for the true and fair presentation of the financial statements in accordance with the applicable financial reporting framework. This will be provided in the Letter of Representation, which the Treasurer will submit shortly before the auditor gives his audit opinion by 30 September 2013.

Audit Considerations

13. The District Auditors will be commencing the Audit of the financial statements in July 2013.

Recommendation

14. The Treasurer recommends that:
 - a) The Joint Committee note and comment on the Statement of Accounts for the financial year ended 31 March 2013
 - b) The Joint Committee note and comment on the Annual Governance Statement