

# Audit Committee – Supplementary agenda No.2

A meeting of the Audit Committee will be held on:

**Date:** 28 July 2021

**Time:** 7.00pm

**Venue:** Civic Suite - Level 2, Gun Wharf, Dock Road, Chatham ME4 4TR

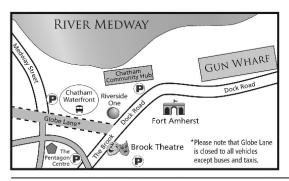
# **Items**

6. Statement of Accounts 2019/20 and Audit Findings Report (Pages 2019/20 3 - 6)

Addendum report No.2 is enclosed.

For further information please contact Wayne Hemingway, Head of Democratic Services on Telephone: 01634 332509 or Email: democratic.services@medway.gov.uk

Date: 28 July 2021



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#### **AUDIT COMMITTEE**

#### 28 JULY 2021

# STATEMENT OF ACCOUNTS 2019/20 AND AUDIT FINDINGS REPORT 2019/20 – ADDENDUM REPORT NO.2

Report from: Phil Watts, Chief Finance Officer

Author: Katey Durkin, Head of Finance Strategy

#### Summary

This addendum report sets out the following information:

Statement of Accounts 2019/20 (Appendix 1) – adjustments to the Balance Sheet (page 88 of the main agenda refers).

There are two further sets of adjustments required to the Balance Sheet as follows:

Short Term Borrowing, shown as (33,730) should be (36,250), a change of (2,520) Long Term Borrowing, shown as (265,192) should be (262,672), a change of 2,520

The above was a change from LT to ST borrowing agreed with Grant Thornton was omitted in error from the version supplied to this Committee. Whilst this error impacts upon both the short and long term liabilities balances, the total net assets are not affected.

Short Term Provisions, shown as (2,722) should be (2,542), a change of 180 Long Term Provisions, shown as (6,777) should be (6,957), a change of (180)

The above changes related to a switch from ST to LT Provisions relating to NDR appeals provisions agreed with GT. Although the balance sheet provided at Appendix 1 was adjusted, two figures were transposed, leaving the difference above. Whilst this error impacts upon the values in both the short term and long term provisions, the total net assets are unchanged.

The adjusted balance sheet is shown at Appendix 1 to this addendum report.

#### 1. Revised recommendations

1.1. The Committee is recommended to note the issues raised and judgements made by the Auditor as presented at Appendix 2 to the report.

- 1.2. The Committee is recommended to approve the Statement of Accounts 2019/20 at Appendix 1 to the report, as amended by the revised balance sheet (page 88 of the main agenda), set out at Appendix 1 to Addendum Report No.2.
- 1.3. The Committee is asked to agree the Management Representations letter, as set out in Appendix E to the Audit Findings Report (Addendum Report).

#### Lead officer contact

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### Appendices

Appendix 1 – Statement of Accounts 2019/20 – Revised Balance Sheet

## **Balance Sheet**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

The unaudited accounts were issued on 25 August 2020 and the audited accounts were authorised for issue on 28 July 2021.

|                                       |                                      | 1       |                           |
|---------------------------------------|--------------------------------------|---------|---------------------------|
| 31 March<br>2019<br>£'000             | Balance Sheet Summary                | Notes   | 31 March<br>2020<br>£'000 |
|                                       | Property Plant & Equipment           | 21      | 690,087                   |
| 17,436                                | Heritage Assets                      | 22      | 17,859                    |
|                                       | Investment Property                  | 24      | 16,769                    |
|                                       | Intangible Assets                    |         | 1,082                     |
|                                       | Long Term Investments                | 26      | 21,979                    |
| 1,033                                 | Long Term Debtors                    | 30      | 2,406                     |
| 749,150                               | Long Term Assets                     |         | 750,182                   |
| 0                                     | Assets Held for Sale <1 Year         | 25      | 32,779                    |
|                                       | Inventories                          |         | 88                        |
| 17,076                                | Short Term Investments               | 26      | 6,969                     |
| 75,546                                | Short Term Debtors                   | 30      | 70,997                    |
| 3,764                                 | Cash and Cash Equivalents            | 31      | 40,534                    |
| 96,469                                | Current Assets                       |         | 151,367                   |
| 0                                     | Cash and Cash Equivalents            | 31      | (1,852)                   |
| 0                                     | Grants Receipts in Advance - Revenue | 17      | (5,762)                   |
|                                       | Short Term Borrowing                 | 26      | (36,250)                  |
| (41,363)                              | Short Term Creditors                 | 32      | (56,983)                  |
| (21)                                  | Finance Leases < 1 Year              | 29      | (17)                      |
| (5,393)                               | Provisions (Short Term)              | 33      | (2,542)                   |
| (88,434)                              | Current Liabilities                  |         | (103,406)                 |
| (33,244)                              | Long Term Creditors                  | 32      | (31,852)                  |
| (10,509)                              | Provisions (Long Term)               | 33      | (6,957)                   |
| (211,861)                             | Long Term Borrowing                  | 26      | (262,672)                 |
| (261,345)                             | Other Long Term Liabilities          | 29,36   | (267,045)                 |
| (978)                                 | Grants Receipts in Advance - Capital | 17      | (2,207)                   |
| (517,937)                             | Long Term Liabilities                |         | (570,734)                 |
| 239,248                               | Net Assets                           |         | 227,410                   |
| (40,532)                              | Usable Reserves                      | MiRS,20 | (57,084)                  |
| \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ |                                      | 35      | (170,325)                 |
| (239,248)                             | Total Reserves                       |         | (227,410)                 |

Appendix 1



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