



**ESPO MANAGEMENT COMMITTEE – 27 SEPTEMBER 2012**

**AGENDA ITEM NO. 5**

**STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE  
STATEMENT 2011/12.**

**JOINT REPORT OF THE INTERIM DIRECTOR AND CONSORTIUM  
SECRETARY**

**Purpose of Report**

1. The purpose of this report is to present the Statement of Accounts (attached as Appendix A) and Annual Governance Statement (attached as Appendix B) for the financial year 2011/12.

**Background**

2. The Statement of Accounts for 2011/12 is prepared under the IFRS based Code of Practice on Local Authority Accounting, consistent with the prior year, when these requirements were introduced. The major changes in regulations that will affect ESPO this year involve some additional disclosure requirements relating to severance packages, of which there were none in 2010/11 or 2011/12 (note 24 to the accounts refers).

**Draft Statement of Accounts 2011/12**

3. The Draft Statement of Accounts and Annual Governance Statement for 2011/12 are attached as Appendix A.
4. The Draft Statement of Accounts were distributed to members on 9<sup>th</sup> July 2012 in accordance with the minutes of the Management Committee meeting held on 25<sup>th</sup> June 2012.
5. PriceWaterhouseCoopers (PWC) commenced the final audit of the accounts on 6<sup>th</sup> August 2012.
6. Formal approval of the Draft Statement of Accounts and Annual Governance Statement for 2011/12 is required from the Management Committee on 27<sup>th</sup> September 2012.

## **Key Points**

7. **Value of Land and Buildings:-** The Grove Park premises were revalued at £10m (2010/11 - £9.5m) in accordance with professional guidelines. The outstanding long term loan now stands at £9.0m (2010/11 £9.5m).
8. **Cash at Bank:-** Total cash balances were £7.23m (2010/11 £4.98m) an increase of 44.9%. The total dividend declared but not yet paid stands at £3.49m (2010/11 £1.76m).
9. **Net Assets:-** Total net assets grew to £8.5m from £6.8m in the prior year. This is principally due to the surplus on provision of services of £1.1m, which is after dividends and interest and in addition the value of the land and buildings has increased by £0.6m.
10. **Post Balance Sheet Events:-** The key post balance sheet events being the resolution of the outstanding legal claim and the settlement of the bonus are reflected in the notes to the statement of accounts. Both issues were resolved in line with the provisions set aside.

## **Consideration by the Finance Subcommittee**

11. At its meeting on 22 August 2012 the Finance Subcommittee considered the Draft Statement of Accounts 2011/12, this included a brief oral update on the work undertaken by PwC by 22 August (to which note (ii) below refers). Below is an extract of the points raised at the meeting:
  - (i) Officers were complemented on the presentation of the report which was both detailed and understandable;
  - (ii) It was noted that the Servicing Authority's Internal Audit Service had identified the same minor control measure issues as the external auditors;
  - (iii) The increase in ESPO's unusable reserves was largely a result of the revaluation of ESPO's Grove Park building to £10m and other funds put aside for investment in vehicles, buildings and fixtures;
  - (iv) ESPO regularly held amounts on behalf of the Pro5 group; this resulted in an increase in amounts for Short Term Creditors;
  - (v) A short term increase in Short Term Borrowing was as a result of high billing in March; this had returned to normal levels in May.

## **Resources Implications**

12. None

### **Recommendation**

13. The Management Committee is asked to approve the Draft Statement of Accounts and the Annual Governance Statement for 2011/12.

### **Equal Opportunities Implications**

14. None.

### **Background Papers**

15. None.

### **Officer to Contact**

Mr D Summersgill – Interim Director (Tel: 0116 265 7930)

Mr B Roberts – Treasurer to the Consortium (Tel: 0116 305 7831)

### **Appendices**

Appendix A - Draft Annual Statement of Accounts

Appendix B - Annual Governance Statement