



**ESPO MANAGEMENT COMMITTEE – 26 SEPTEMBER 2013**

**STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE  
STATEMENT 2012/13**

**JOINT REPORT OF THE DIRECTOR AND CONSORTIUM TREASURER**

**Purpose of Report**

1. This report sets out the Statement of Accounts and Annual Governance Statement for the financial year 2012/13.

**Background**

2. The Statement of Accounts for 2012/13 is prepared under the IFRS based code of practice on local authority accounting, consistent with the prior year. There have been no major changes in financial regulations that will affect ESPO this year. The following changes have not yet been implemented:
  - IAS 19 Employee Benefits (amended). This is applicable to accounting periods starting on or after 1 January 2013. The key change affecting local government pension scheme employers relates to the expected return on assets.
  - IAS 1 Presentation of Financial Statements (amended). The changes are presentational only and will not impact on any of the reported amounts in the Comprehensive Income and Expenditure Statement.

**Draft Statement of Accounts and Annual Governance Statement  
2012/13**

3. The Draft Statement of Accounts and Annual Governance Statement for 2012/13 are attached as Appendix 1.
4. The Draft Statement of Accounts were distributed to members on 1<sup>st</sup> August 2013 in accordance with the minutes of the Management Committee meeting held on 27<sup>th</sup> June 2013. The Draft Annual Governance Statement was considered by the Management Committee at this meeting.
5. PriceWaterhouseCoopers (PWC) commenced final audit of the accounts on 5<sup>th</sup> August 2013.
6. Formal approval of the accounts is required from the Management Committee before the end of September 2013.

### **Key Points**

- i. **Value of Land and Buildings:-** The Grove Park premises were re-valued at £10m (2011/12 - £10m) in accordance with professional guidelines. The outstanding long term loan now stands at £8.5m (2010/11 £9.0m).
- ii. **Cash at Bank:-** Total cash balances were £9.22m (2011/12 £7.23m) an increase of 27.5%. The total dividend declared but not yet paid stands at £1.53m (2011/12 £3.49m).
- iii. **Net Assets:-** Total net assets grew to £9.6m from £8.5m in the prior year. This is principally due to the surplus on provision of services of £1.1m.
- iv. **Post Balance Sheet Events:-** None

### **Consideration by the Finance and Audit Subcommittee**

- 7. At its meeting on 3 September 2013 the Finance and Audit Subcommittee considered the Draft Statement of Accounts 2012/13, this included a brief oral update on the work undertaken by PwC by 3 September. Below is an extract of the points raised at the meeting:
  - (i) Members requested to be updated regularly on the numbers of new customers using ESPO. It was suggested that this information could be provided on the Balance Scorecard;
  - (ii) The number of short term debtors had reduced. This was the result of efforts by ESPO to increase its cash balances;
  - (iii) Very few suppliers with which ESPO worked became insolvent; however, in such circumstances ESPO might develop payment plans to enable suppliers to make rebate repayments; this approach was considered preferable to, for example, seeking repayment through legal action;
  - (iv) ESPO members of staff operated under the terms and conditions of the Servicing Authority and as such did not receive any discretionary awards on retirement;
  - (v) ESPO monitored the number of schools which remained customers following transition to academy status;
  - (vi) The Subcommittee was reassured that actions in relation to identified areas for improvement within the Annual Governance Statement were underway or had already been completed;
  - (vii) Members commented that it would be helpful for progress with regard to ESPOs succession planning for the senior management team to be reported to the Management Committee;

- (viii) ESPO received a low number of Freedom of Information requests;
  - (ix) The Subcommittee noted that interviews by the external auditors with re-elected members and surveys of staff to evaluate knowledge of department and corporate principles, plans and policies had not been undertaken; as had been reported within Annual Governance Statement. The document would be updated to reflect this prior to its final consideration by the Management Committee.
8. The Subcommittee thanked the Director for the work he and his staff had undertaken to prepare the Statement of Accounts and Annual Governance Statement.

### **Resources Implications**

9. None

### **Recommendation**

10. The Management Committee is asked to approve the Draft Statement of Accounts and the Annual Governance Statement for 2012/13.

### **Equal Opportunities Implications**

11. None

### **Background Papers**

12. None

### **Officer to Contact**

Mr B Roberts – Consortium Treasurer (Tel: 0116 305 7831)  
Mr J Doherty – Director of ESPO (Tel: 0116 265 7930)

### **Appendices**

Appendix A - Draft Annual Statement of Accounts  
Appendix B - Annual Governance Statement

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