

**ANNUAL ACCOUNTS 2007/08 – FINANCIAL STATEMENTS**

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**1 INTRODUCTION**

- 1.1 This report advises the Audit Committee on the plans in place for financial year end 31 March 2008 and the preparation of the Council's Financial Statements for 2007-08.

**2 RECOMMENDATIONS**

- 2.1 To note that plans are in place to prepare the Council's annual accounts, consistent with the Accounting Code of Practice and submit them to Council prior to 30 June 2008 in line with the Scottish Government's requirements.

**3 DETAIL**

- 3.1 "An Audit Committees – Practical Guidance for Local Authorities" has been issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). This suggests that Audit Committees should have an overview of the plans made for preparation of the council's annual accounts.
- 3.2 A set of instructions for the end of the financial year have been drafted. These cover year-end close down of the council's financial systems and the preparation of a set of accounts in line with professional and legislative requirements.
- 3.3 The project plan included with the instructions is detailed and includes the following milestones:
- Capital expenditure, capital charges and treasury management revenue accounts completed by 30 April.
  - Revenue expenditure, creditors, debtors, accruals and prepayments completed by 30 April.
  - Council Tax and NDR entries completed by 14 May
  - Review and adjustments to ledger and central department cost allocations completed by 19 May.
  - Preparation of unaudited single entity financial statements including report by Head of Strategic Finance by 13 June.
  - Unaudited single entity financial statements considered by a meeting of the Full Council on 26 June. If the Group Accounts are ready by the Full Council Meeting they will also be considered by Members at this point in time.

- Submission of Unaudited Financial Statements to Accounts Commission by the statutory deadline of 30 June 2008.
- 3.4 The plans are in line with previous years. Previously external Audit has been satisfied with the quality of working papers and general arrangements for preparation of the financial statements. The plan should result in Financial Statements prepared by the required deadline of 30 June 2008 and with supporting documentation of a standard to enable completion of the audit by the required deadline of 30 September 2008.
- 3.5 This year there are further technical changes in the preparation of the Financial Statements arising from the 2007 Statement of Recommended Accounting Practice (2007 SORP). The two main areas of change are the introduction of a new revaluation reserve and accounting for the revaluation of fixed assets and also the accounting treatment for financial instruments. These changes are the last big changes to bring the preparation of local authority accounts in line with UK GAAP (Generally Accepted Accounting Practice). The challenge for future year's financial statements will be the full implementation of International Financial Reporting Standards (IFRS) into the public sector.
- 3.5 Copies of both sets of instructions / timetables are available from Head of Strategic Finance if required.

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