

<b>Committee:</b> Audit and Risk Management Finance Committee	<b>Date:</b> 3 November 2015 17 November 2015
<b>Subject:</b> Decisions taken under Delegated Authority or Urgency Procedures - Audited 2014/15 City Fund and Pension Fund Financial Statements	Public
<b>Report of:</b> Town Clerk	For Information

### **Summary**

This report advises Members of action taken by the Town Clerk since the last meeting of the Committee, in consultation with the Chairman and Deputy Chairman, and in accordance with Standing Order Nos. 41(a) and 41(b).

### **Recommendation**

The Committee is recommended to note the report.

### **SUBJECT: Audited 2014/15 City Fund and Pension Fund Financial Statements – Delegated Decision**

#### **Background**

At their meetings on 20<sup>th</sup> and 21<sup>st</sup> July 2015, the Audit and Risk Management and Finance Committees considered the Audited 2014/15 City Fund and Pension Fund Financial Statements.

At these meetings, Members were advised that there was one significant outstanding issue with the accounts, relating to the accounting treatment for the proceeds from long leasehold disposals. The Chamberlain advised Members that the Corporation currently considered all income from these transactions as capital receipts, but the auditors had advised that they believed that an element of these transactions was a lease of land and therefore this element of the receipt should be treated as deferred income. This would then be released as revenue on an annual basis over the lengths of the leases.

At the time of the above meetings in July 2015, discussions regarding the accounting treatment for such long leasehold disposals were continuing with the auditors. Therefore, the Audit Committee and Finance Committee delegated authority to the Town Clerk, in consultation with the Chairman and Deputy Chairman, approval of any material changes to the financial statements required before the signing of the audit opinion by Deloitte and approving the City Fund and Pension Funds Financial Statements for the year ended 31 March 2015.

## **Summary of adjustments**

Agreement has now been reached with the auditors regarding the accounting treatment for long leasehold disposals. As indicated at the above Committees, an element of these transactions will need to be treated as a lease of land, and therefore as deferred income.

£136m total premiums were received in 2014/15 and, of this, £72.5m has been apportioned as a lease of land. In addition, £25.2m in premiums from transactions in 2012/13 and 2013/14 has been reclassified as relating to land. This has resulted in £97.7m being reclassified from usable reserves to unusable reserves.

There has also been a £4.5m increase in the City Fund net assets as a result of a reduction in the provision for successful rating appeals. There have also been various other small adjustments to the financial statements, taking the total increase in City Fund net assets to £5.4m. City Fund net assets now total £1,181m.

## **Implications**

The Corporation has received the cash for the transactions which have been adjusted. The change is in respect of how this is treated within the accounts. These premiums will be available to use for the Corporation's £200m contribution towards Crossrail. However, there will be a charge of around £500,000 per year to the revenue account going forward, to account for these funds.

## **ACTION TAKEN:**

The Town Clerk, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee recommended that the Finance Committee:-

- a) approved the material changes to the financial statements required before the signing of the audit opinion by Deloitte; and
- b) approved the City Fund and Pension Funds Financial Statements for the year ended 31 March 2015.

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