



## TODMORDEN TOWN COUNCIL

### REPORT TO THE GENERAL PURPOSES COMMITTEE

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| <b>REPORT AUTHOR</b> | <b>Colin Hill – Town Clerk and Responsible Financial Officer</b> |
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| <b>Date</b>          | <b>12<sup>th</sup> February 2020</b>                             |
| <b>SUBJECT</b>       | <b>Year End Accounts Close Down</b>                              |

#### PURPOSE:

1. To inform Members of the proposed year end accounts closing procedure, as indicated in Appendix 1, and to note that this is a very tight timetable.
2. To inform members that year-end adjustments will cover:
  - Creditor and debtor adjustments
  - Accruals and any prepayments
  - Journal adjustments
3. To ask Members to note that this will more accurately reflect the Council's physical year end cash balances for future use.

#### RECOMMENDATIONS

4. That Members note the proposed year-end procedures.
5. That once year-end figures have been determined, any potential request for carry over of uncommitted expenditure should pending formal closure, be formally considered at the next meeting of this Committee.
6. That a report be brought to the May/June meeting outlining key movements during the year.

#### REASONS FOR RECOMMENDATION

7. To provide a structured approach to year end close down procedures.
8. To provide the opportunity for Members to consider a carry-over of underspent budget from 2019/20, taking account of the overall budget requirement for 2020/21, and the approved

level of Earmarked Reserves and General reserves as at 31<sup>st</sup> March 2020 after the end of year accounting adjustments have been made.

## **SUMMARY OF KEY POINTS**

9. To ensure that all aspects are considered, a formal procedure is required to ensure that all of the necessary pre-end of year work is carried out to ensure a smooth transition into the new financial year, thereby enabling early production of figures for Members to consider.
10. Accounting principles of conservatism are applied in relation to:
  - Income received already relating to the next financial year are not accounted for until the purpose has been fulfilled, for example the need to return income if events were cancelled.
  - Expenditure made already for future purposes will still have been made even if for example, a future event was cancelled.
11. The proposed timetable is tight, but it is important that we have a clear understanding of our year-end position at the earliest opportunity.
12. We are not in control of when the internal and external auditors produce their report but will press for early production.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

13. The cash balances held as at 31<sup>st</sup> March 2020 may not be the same as the true position, reflecting the fact that we will have income and expenditure that will need to be posted into the correct financial years.
14. A cash reconciliation will be provided for Members to satisfy themselves of the accuracy of these figures and for the Chairman of the Council to sign off the Annual Governance Statement as usual.
15. A revised budget, taking into account year end movements and up to date forecasts, will be provided for Members to consider.

## **POLICY IMPLICATIONS:**

16. The Council is required to submit an annual return of its financial affairs.

## **DETAILS OF CONSULTATION:**

17. None

## **BACKGROUND PAPERS**

Appendix 1. Year End Accounts Timetable

FURTHER INFORMATION PLEASE CONTACT: Colin Hill