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**REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 3 NOVEMBER 2023**

**SUBJECT: AUDITED ANNUAL ACCOUNTS FOR YEAR ENDING 31 MARCH 2023**

**BY: TREASURER TO THE BOARD**

**1. REASON FOR REPORT**

- 1.1 To submit the audited Annual Accounts for the financial year ending 31 March 2023 to the Board for consideration and approval.

**2 RECOMMENDATION**

**2.1 It is recommended that the Board:**

**(a) approves that the Annual Accounts are signed, having regard to the Annual Report from the External Auditor considered earlier at this meeting;**

**(b) notes the variance of £347,000 for 2022/23; and**

**(c) if the Annual Accounts are approved for signing, agrees that £278,000 is returned to constituent authorities leaving a balance on the General Fund of £224,000, and an earmarked reserve for Non Domestic Rates Reform of £472,000.**

**(d) approves the Letter of Representation**

**3. BACKGROUND**

3.1 Joint Boards are required to account for their activities to the communities that they serve and to have the financial effect of those activities audited by External Auditors.

3.2 In accordance with the Local Authority Accounts (Scotland) Regulations 2014, it is a statutory requirement that the Board meets to consider and approve for

signature the audited Annual Accounts and, following the signing of the Annual Accounts, provides appropriately signed statements to the External Auditor, Grant Thornton.

- 3.3 A copy of the audited Annual Accounts for 2022/23 are appended to this report as **APPENDIX 1**. There have been presentational amendments in the accounts which do not affect the amount which falls due to be returned to the constituent authorities. An adjustment was made to the value of the pension asset following an additional assessment made by the Pension Fund actuaries, after the unaudited accounts had been prepared. This unusual situation was caused by increased interest rates and also due to an increase in the expectations of the future level of return on investments held by the North East Scotland Pension Fund. However, under International Financial Reporting Standards (IFRS), the Board is limited as to how much of a surplus can be recognised as an asset. The Board engaged with its actuaries to apply the asset ceiling test to determine the level of asset to be recognised. The revised figures are incorporated in the audited accounts. This adjustment impacted the Comprehensive Income and Expenditure Statement (CIES) and Movement in Reserves Statement (MIRS) by decreasing the remeasurement of the net defined liability from £11,159,000 to £913,000 and to decrease the net asset position and pension reserve from £10,246,000 to £nil.
- 3.4 The Auditor’s draft Report to the Board and the Controller of Audit is the subject of a separate report to this meeting. The report confirms that there are no unadjusted misstatements in the accounts to report to those charged with governance. The Independent Auditor’s report gives an unqualified opinion, which means that the financial statements give a true and fair view of the Board’s financial position for 2022/23.
- 3.5 With a total underspend of £494,000, there was no requirement to utilise the budgeted £147,000 from reserves thus giving an overall surplus of £347,000. Of this total, £64,000 was transferred to the NDR Reserve for future commitments, while £5,000 was transferred out of the General Fund Reserve to bring the balance back to the maximum permitted under the Board’s Reserves Policy. The remaining balance of £278,000 is available to return to the constituent authorities.
- 3.6 The surplus to be returned to the constituent authorities is in proportion to the percentage of requisitions for 2022/23 and is as follows:

<b>2022/23 Proposed Surplus Refund to Authorities</b>		
	%	£
Aberdeen City Council	38.78	107,796
Aberdeenshire Council	44.79	124,508
Moray Council	16.44	45,696
<b>Total</b>	<b>100.00</b>	<b>278,000</b>

#### **4 LETTER OF REPRESENTATION**

- 4.1 As part of the completion of the audit, the auditors seek written representations from the Board on aspects of the annual accounts, including the judgements and estimates made. A copy of the Letter of Representation is appended to this report as **APPENDIX 2**.

#### **5 CONCLUSION**

- 5.1 The Board generated a surplus of £347,000 in 2022/23. If the Annual Accounts are approved, £278,000 will be returned to constituent authorities leaving a balance on the General Fund of £224,000 and the earmarked NDR Reform Reserve of £472,000.

Author of Report:	Susan Alexander, Accountant
Background papers:	Held within Accountancy Section, Moray Council
Date:	27 October 2023