# Ref: GJF/2018/06/23

# GJF Logo

# Board Meeting: 21 June 2018

# 

**Subject:** Draft Annual Report and Accounts

**Recommendation:** Members are asked to discuss and approve the draft Annual Report and Accounts.

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#### Introduction

The attached draft Annual Report and Accounts have been prepared in accordance with guidance issued from the Scottish Government Health and Social Care Directorate (SGHSCD), International Financial Reporting Standards, the Financial Reporting Manual (FReM) and have been subject to audit by Scott-Moncrieff. The amendments to the accounts are included at section 3. The attached may be subject to minor changes prior to submission to the Board.

The Governance Statement and Accounting Policies were approved at previous committee meetings prior to their inclusion in the accounts. It should be noted that minor wording changes have been made to both documents since approval; there is no impact on the accounts.

The most significant change to the accounts this year is the consolidation of endowments into the Board accounts. The consolidation of endowments has proved to involve more work in the current year than anticipated as there has been the required to restate prior year opening balances in a number of notes to enable the consolidation to be undertaken, this reflects the ‘first year’ of this exercise and will be less time consuming in future years. As in previous years a lessons learnt will also be undertaken following approval of the accounts.

The draft accounts were approved by the Audit and Risk committee on 12 June 2018.

The consolidated accounts are now presented to the Board for approval.

#### 2017/18 Annual Accounts Project

The template for accounts and SFRs which are used to prepare the accounts have been reviewed by the Annual Accounts Project Group in order to improve clarity for the user of the accounts, ensure compliance with the FReM and International Financial Reporting Standards (IFRS), reduce duplication and unnecessary data collection, and align reporting with Boards’ Chart of Accounts.

The changes to the template for accounts and SFRs principally affect the Statement of Consolidated Net Expenditure (SoCNE), and the accompanying income and expenditure notes (Note 3 and 4). Guidance for compiling the new format SoCNE and notes were issued as part of the accounts manual. This includes the disclosure required to explain the changes in presentation note 17.

#### Amendments to Accounts

Following changes issued via the Financial Reporting Manual (FReM) a number of amendments primarily to the presentation of the accounts have been made to theses accounts, the amendments are also consistent with guidance issued regarding format of accounts. The revisions to disclosures are consistent with the guidance above and additional guidance from HM Treasury regarding updates to accounting standards, these are detailed below:

**Changes to presentation**:

* The Consolidation of the Charity (Endowment) accounts with the Board accounts to provide an overview of the total accounts position of the Board. Associated primary statements and notes have been amended to reflect this.
* The Balance Sheet has been renamed to the Comprehensive Statement of Financial Position.
* Change in presentation of SoCNE.

**Changes to Disclosures**

A number of areas that were included in the financial statements previously are now included in the Accountability Report, mainly related to remuneration and staff costs.

In addition a number of disclosure notes have now been renamed or revised and therefore a separate paper will be given to members detailing the changes in the accounts. This is included at Appendix one.

#### Year End Position

As detailed in the attached accounts, the out-turn for the year is as follows, it should be noted that as per the manual this out-turn only relates to the out-turn against Government Funding:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Limit as set by SGHSCD** | **Actual Outturn** | **Variance (Over)/**  **Under** |
|  |  | **£’000** | **£’000** | **£’000** |
|  |  | (1) | (2) | (3) |
| 1 | Revenue Resource limit - core | 66,175 | 66,171 | 4 |
|  | Revenue Resource limit – non-core | 7,199 | 7,199 | - |
|  | Details of this are found in the Consolidated Statement of comprehensive net expenditure and summary of resource out-turn on page 37-38. | | | |
|  |  |  |  |  |
| 2 | Capital Resource Limit - core | 7,436 | 7,436 | - |
|  | Details of this are found at Note 7d, analysis of capital expenditure on page 59 | | | |
|  |  |  |  |  |
| 3 | Cash Requirement | 70,572 | 70,572 | - |
|  | Details of this are found in the Consolidated note of Cash Flows on page 40. | | | |

#### Conclusion

Members are asked to approve the draft Annual Report and Accounts.

## Julie Carter

**Director of Finance**

**13 June 2018**

**(Lily Bryson, Assistant Director of Finance – Governance and Financial Accounting)**

**Appendix 1 – Accounts Note reconciliation to prior year**

See Excel document