

**TYNE AND WEAR ECONOMIC DEVELOPMENT JOINT COMMITTEE -  
25th June 2009**

**Annual Return and Accounts for 2008/2009 (Subject to Audit)**

**Report of the Treasurer**

**1. PURPOSE OF REPORT**

- 1.1 To provide an Annual Return and Accounts for 2008/2009, for approval by the Joint Committee.
- 1.2 As the Joint Committee is defined in the Accounts and Audit Regulations as a smaller relevant body it is as such exempt from preparing a Statement of Accounts under the Statement of Recommended Practice (SORP). It is, however, required to produce an Annual Return prepared in accordance with proper practices in relation to the accounts. This means that the provisions of the 'Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice 2008' published by the Chartered Institute of Public Finance and Accountancy (CIPFA) will be relevant, to the extent that they are not overridden or made redundant by statutory requirements.

**2 DESCRIPTION OF THE DECISION**

Members are recommended to:

Approve the Annual Return (Subject to Audit) and the Accounts for the financial year ended 31<sup>st</sup> March 2009.

**3 BACKGROUND**

- 3.1 Under the Accounts and Audit Regulations 2003 the Government required local authorities to produce their Statement of Accounts and/or Annual Return earlier each year from 2003/2004. From 2005/2006 onwards the Statement of Accounts/Annual Return has been required to be produced by 30<sup>th</sup> June.
- 3.2 Since 2005/2006 the Joint Committee has been categorised as a smaller relevant body for audit purposes because its gross income and its gross expenditure levels are below £1 million for the financial year in question (i.e. 2008/2009) as well as for either of the two immediately preceding years (i.e. 2006/2007 and 2007/2008).
- 3.3 Smaller relevant bodies in England must still have their accounts approved by 30<sup>th</sup> June but for audit purposes, they must also complete an Annual Return summarising their annual activities at the completion of each financial year in accordance with the Accounts and Audit Regulations 2003 as amended. Members remain responsible for

ensuring that financial management is adequate and effective and that the body has a sound system of internal controls and that effective governance arrangements are in place.

- 3.4 The Annual Return (Appendix 1) reflects the Accounts as presented to Committee and is divided into several sections. These include:

Section 1 requires sign off by the Chairman to confirm the accounts have been approved subject to audit by the Joint Committee.

Section 2 requires sign off by both the Chairman and Clerk to the Joint Committee to acknowledge that the governance requirements have been properly followed and reported.

Section 3 is the external auditor's certificate and opinion, and

Section 4 relates to work completed by the internal audit service, which has already been carried out.

- 3.5 The Accounts and Audit Regulations 2003 (Amendment) (2006) were introduced with effect from 1<sup>st</sup> April 2006 and this brings with it two new requirements to those charged with governance. These have been added to the form in Section 2. This means that the Joint Committee is required to review both the effectiveness of internal audit and must review the system of internal control now included as part of the Statement Reporting Reviews and Internal Control and Internal Financial Controls (previously known as the Annual Governance Statement). There are, as a consequence of these requirements, two separate reports on this agenda dealing with each area in turn.

#### 4. REASONS FOR DECISION

- 4.1 The Audit Commission was replaced by BDO Stoy Haward LLP (Chartered Accountants) from 1<sup>st</sup> April 2007, as the Joint Committee's external auditors, and they are required to agree a date for the commencement of their audit of the Statement of Accounts which they must complete by 30th December each year in accordance with the smaller relevant bodies regulations.
- 4.2 The Auditors can only commence the audit once the Joint Committee has formally approved the Annual Return based on its Accounts (Subject to Audit) and the appropriate statutory notice of inspection of the accounts has been given to the residents of Tyne and Wear.
- 4.3 The Statutory Notice of the audit of the accounts consists of two requirements: the first requirement is that a Notice must be advertised in an appropriate form 14 days before the period of inspection is to commence; the second requirement is that the period of inspection must span 20 working days as set out in the published Notice. During the inspection period the residents of Tyne and Wear have the right to



inspect the accounts and financial records of the Joint Committee, and can raise issues with the auditor if they so wish. The audit date is then established by the auditor following the end of the period of inspection and it is on this date that the residents of Tyne and Wear can raise any objections to the accounts with the auditors.

- 4.4 This date has been appointed by the Auditors as 31st July 2009 and Appendix 2 sets out for members information, the timetable applicable for the 2008/2009 Annual Return.

## Appendix 2

### Timetable for the Audit of the Annual Return and Accounts for 2008/2009

Approval of the Annual Return and Accounts (Subject to Audit) – before 30th June statutory deadline.	25th June 2009
Notice of Audit of Accounts to be placed in a public place (or newspaper), 14 days prior to the inspection period commencing.	15 <sup>th</sup> June 2009 to 28 <sup>th</sup> June 2009
Inspection Period (20 working days).	29 <sup>th</sup> June 2009 to 24 <sup>th</sup> July 2009
Date for exercise of Public Rights - as notified by the Auditors	31 <sup>st</sup> July 2009
Approval of the Audited Statement of Accounts.	Before 30 <sup>th</sup> September 2009

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**Tyne and Wear**  
**Economic Development**  
**Joint Committee**

**Annual Return 2008/2009**  
**(Subject to Audit)**

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## Introduction

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Tyne and Wear Economic Development Joint Committee is operated on the basis of a Joint Committee of Local Authorities. Primarily funded through contributions from Tyne and Wear Development Company which is a controlled local authority company jointly owned by the Councils of Tyne and Wear. These include Sunderland City, The City of Newcastle-upon-Tyne, Gateshead, North Tyneside and South Tyneside Councils.

I am pleased to present the Annual Return for the year 2008/2009. A published and audited Annual Return (accounts) is at the heart of ensuring proper accountability for the use of local taxpayers money. The members of the Joint Committee recognise, however, that the accounts of the Joint Committee can only tell part of the story. The Joint Committee also needs to demonstrate that it is aiming to operate to the highest standard of conduct and has a robust system of internal control in place.

The Joint Committee and its constituent local authority members agreed to the constitution of the Joint Committee upon its inception on 31st March 1999. This document sets out the objectives and regulations of the Joint Committee. Included in this agreement, were the appointments of the Chief Executive and City Treasurer of Sunderland City Council to act as Secretary and Treasurer to the Joint Committee, respectively. In this respect the Joint Committee has adopted the procedures operated by Sunderland City Council which includes a code of conduct for its members, a scheme of delegation and financial and contract procedure rules. Where further developments are required, the Joint Committee will take appropriate action.

Elsewhere within the Annual Return an Annual Governance Statement has been included to comply with the Accounts and Audit Regulations 2003. This requirement came into effect for 2007/2008 and further widened the scope of the previously required Statement of Internal Control. This Statement now relates to the whole system of internal controls, both financial and non-financial, and confirms that there is a sound system of internal control in place. The Joint Committee will continue to ensure action is taken when necessary to maintain and develop the system of internal control in the future.

P Watson

Chairman of the Joint Committee

Date: 25th June 2009

## Certification of the Annual Return

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As chairman of the Joint Committee held on 25th June 2009, I hereby acknowledge receipt of the Audited Annual Return for 2008/2009 by this Committee, in accordance with the Accounts and Audit Regulations 2003 Regulation 7(1), and confirm that the Annual Return was approved at the Joint Committee of 25th June 2009 in accordance with sub-paragraph 10 (3) (a) with regard to the aforementioned Regulations.

P Watson

Chairman of the Joint Committee

Date: 25th June 2009

# Membership of the Joint Committee

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The members, from each constituent authority, of the Joint Committee for the year 2008/2009 were as follows:

## Sunderland City Council

Councillor R Symonds (Chairman) - resigned 27<sup>th</sup> June 2008

Councillor P Watson (Chairman) - appointed 27<sup>th</sup> June 2008

Councillor F Anderson - appointed 27<sup>th</sup> June 2008

Substitutes: Councillor P Gibson  
Councillor D Allan

## Gateshead Council

Councillor M F Henry (Vice Chairman)

Councillor J I Mearns

Substitutes: Councillor M Gannon  
Councillor B Goldsworthy

## City of Newcastle Upon Tyne Council

Councillor J Shipley

Councillor M Cookson - resigned 27<sup>th</sup> June 2008

Councillor B Shepard - appointed 27<sup>th</sup> June 2008

Substitutes: Councillor R Armstrong  
Councillor D Faulkner

## North Tyneside Borough Council

Councillor J M Allan

Mr J Harrison (Mayor)

Substitutes: Councillor B Burdis  
Councillor M A Green

## South Tyneside Borough Council

Councillor P Waggott - resigned 27<sup>th</sup> June 2008

Councillor I Malcolm

Councillor A Kerr - appointed 27<sup>th</sup> June 2008

Substitutes: Councillor H E McAtominey  
Councillor J Foreman - resigned 27<sup>th</sup> June 2008  
Councillor E Malcolm - appointed 27<sup>th</sup> June 2008



## Foreword by the Treasurer

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The Joint Committee is defined in the Accounts and Audit Regulations as a smaller relevant body and as such is exempt from preparing a Statement of Accounts under the SORP. It is, however, required to produce an Annual Return prepared in accordance with proper practices in relation to accounts. This means that the provisions of the 'Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice 2008' published by the Chartered Institute of Public Finance and Accountancy (CIPFA) will be relevant, to the extent that they are not overridden or made redundant by statutory requirements.

The Annual Return of the Joint Committee for the financial year 2008/2009 is shown in the following pages and contains the following financial statements that are required to be prepared under the Code of Practice:

### Statement of Responsibilities for the Annual Return

This discloses the respective responsibilities of the Joint Committee and the Treasurer.

### Statement of Accounting Policies

This discloses the accounting policies that are significant to the understanding of the Annual Return.

### Annual Governance Statement

This statement sets out the principal arrangements that are in place to ensure a sound system of internal control is maintained.

### Income and Expenditure Account

This statement brings together expenditure and income relating to all of the Joint Committee's functions.

### Balance Sheet

This shows the balances and reserves available to the Joint Committee, its long-term indebtedness, the fixed and net current assets employed by it, and information on the fixed assets held.

### Cash Flow Statement

This summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

### Statement of Total Recognised Gains and Losses

This brings together all the recognised gains and losses of the Joint Committee during the period, and identifies those, which have and have not been recognised in the Consolidated Revenue Account.

# Foreword by the Treasurer

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## Summary

The constitution of the Joint Committee was agreed and signed by all of its members who represent the District Councils of the Tyne and Wear area. The Committee has operated successfully during the year, in order to both promote and achieve the aims and objectives of the Joint Committee with a view to securing best use of resources and ensuring sound systems of internal control.

The Tyne and Wear Economic Development Joint Committee currently receives financial support from the Tyne and Wear Development Company Limited (TWDCo). The board of TWDCo may transfer any amount that exceeds £250,000 in its net asset worth, calculated in its final audited group accounts, to the Joint Committee. This is, however, dependent on the results of the TWDCo group of companies and a contribution cannot be guaranteed in any specific year.

At the March 2009 meeting of the Joint Committee it was agreed to further extend the life of the Joint Committee for another 5 year period (March 2014). This recognises that the current arrangements have proved highly effective in fulfilling the aim of promoting the economic development interests of the participating district councils. To date the participating authorities have also had the option, under the Agreement, to withdraw from the arrangements by giving twelve months notice. This option is designed to both allow a member authority to withdraw for its own reasons, and for the service to be 'managed down' should the assets available prove insufficient to maintain a viable service. The success of the service to date means that this situation has not yet arisen.

During the year the Income and Expenditure Account shows a deficit for the year of £70,698 and this reflects that expenditure but particularly grant and loan payments have exceeded income which is mainly received from interest on investments and loan repayments made during the year. Of particular note within the accounts is that reserves stand at £1,845,905 at the year end after taking into account the awarding of grants and loans of £144,080 in 2008/2009 which has already been included in the reported deficit position. The reserves held by the Joint Committee are used to meet both the running costs of the Joint Committee and for use in promoting economic activity within Tyne and Wear.

K Beardmore, CPFA  
Treasurer to the Joint Committee

Date: xx June 2009



# Statement of Responsibilities

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## The Joint Committee's Responsibilities

The Joint Committee is required:

1. to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Joint Committee, that officer is the Treasurer who is also the City Treasurer of the Lead Authority (Sunderland City Council).
2. To manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.

## The Treasurer's Responsibility to the Joint Committee

The Treasurer is responsible for the preparation of the Joint Committee's Annual Return which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('The Code'), is required to present fairly the financial position of the Joint Committee at the accounting date and its income and expenditure for the year ended 31 March 2009.

In preparing this Annual Return, the Treasurer has:

1. Selected suitable accounting policies and then applied them consistently;
2. Made judgements and estimates that were reasonable and prudent;
3. Complied with the Code, except where disclosed.

The Treasurer has also:

1. Kept proper accounting records which were up to date;
2. Taken reasonable steps for the prevention and detection of fraud and other irregularities.



# Statement of Accounting Policies

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## General Principles

The Accounts have been prepared in accordance with the principles of the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) 2008 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). They conform with the requirements of the Statement of Recommended Practice as required for smaller bodies except where disclosed in the following notes.

## Debtors and Creditors

Revenue transactions are recorded on a system of receipts and payments during the year. At the end of the year payments are converted to expenditure by including relevant items paid within the first two weeks of the following year, together with any known outstanding items. The treatment of expenditure and income, which relates to periods which span the 31st March year end, requires further explanation.

### Payments relating to the accounting year but paid after 31st March

In these cases the charges made in the financial year reflect the true and full cost of operating expenses for the Joint Committee applicable in the financial year.

## Debtors

Recovery of sums due to the Joint Committee is recorded in the revenue account as cash is received. The debtors in the balance sheet represent sums due to the Joint Committee which had not been paid by the year end, but are regarded as collectable.

## Cost of Support Services

Support services are provided to the Joint Committee by Sunderland City Council.

## Provisions

Provisions are amounts set aside to meet specific future expenditure, the amount and timing of which cannot yet be accurately determined. At 31st March 2009 provision was made for expenditure relating to the external audit.

## Internal Interest

Internal Interest is credited to the revenue account based on the level of fund balances. The amounts are calculated using 7-day money market rates.

## External Interest

External Interest is credited to the revenue account based on the level of fund balances held and in the accounts of the period to which they relate.

# Statement of Accounting Policies

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## VAT

The Joint Committee can recover VAT as it is a recognised local authority joint committee in accordance with the VAT Act 1994 Section 33. The revenue account as such is prepared net of the VAT recoverable.

## Reserves

Reserves include earmarked reserves set aside for the specific purpose of promoting economic development of the Tyne and Wear area in accordance with the constitution of the Joint Committee and also includes balances which represent resources set aside for purposes such as a general contingency and cash flow management.

## Investments

Investments are held both with Sunderland City Council as short term investments and also with external financial institutions and are shown in the balance sheet at cost. Provision for losses in value are made where appropriate in accordance with the SORP. No such provisions have been considered necessary at this time.

## FRS17 (Accounting for Pension costs)

The Joint Committee does not employ any staff and as such the requirements of FRS17 do not apply.

## Group Accounts

The Joint Committee has no financial relationships with any related companies, joint ventures or joint arrangements, consequently, the requirement to produce group accounts does not apply.

## Adoption of FRS25, FRS26 and FRS29 (Financial Instruments)

The SORP changes applicable from 1<sup>st</sup> April 2007 do not apply to smaller bodies and as such are not reflected in these accounts.

## Loans made and loan repayments

These transactions are included in the Income and Expenditure Account and all loans made and repayments received are accrued into the appropriate financial year they relate.



# Statement Reporting Reviews on Internal Control and Internal Financial Controls

1. This statement is given in respect of the Annual Return 2008/2009 for the Tyne and Wear Economic Development Joint Committee. We acknowledge our responsibilities for ensuring that an effective system of internal control is maintained and operated in connection with the resources concerned.
2. The system of internal control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
3. The system of internal control is based on a framework of regular management information, financial procedure rules, procedure manuals covering financial and administrative matters (including segregation of duties), management supervision, and a system of delegation and accountability and an annually reviewed Risk Assessment. The system includes:
  - A clear delegation scheme;
  - Comprehensive budgeting systems;
  - A robust system of budgetary control including formal reports at every meeting of the Joint Committee and an annual financial report which indicates financial performance against the budgets and commitments;
  - The preparation of regular financial reports for the Joint Committee which indicate actual expenditure against commitments and forecasts;
  - Clearly defined grant expenditure guidelines;
  - Use of appropriate project management disciplines;
  - An annually reviewed Risk Assessment.
4. In order to ensure an independent review of the adequacy, or otherwise, of the systems of internal control, Sunderland City Council maintains an adequate and effective internal audit which, provides internal audit services to the Joint Committee. The Internal Audit Division has been certified as meeting ISO 9002 standards and fully complies with relevant professional standards.

The work of Internal Audit is based upon its three year Strategic Audit Plan which covers all areas of activity and the associated risks and is updated to reflect new initiatives, risk areas and legislation. The annual audit plan is drawn up from the Strategic Audit Plan and resources are allocated to reflect the level of assessed risk of each area.

The Head of Internal Audit reports the findings of audits to the Manager of the Joint Committee and if appropriate to the Treasurer, and action is agreed to address these findings as necessary.

5. The review of the effectiveness of the system of internal control is informed by:
  - The work of the Manager and the Joint Committee;
  - The annual risk assessment as reported;
  - The work of the Internal Audit Division as described above; and
  - The external auditors in their annual audit letter, opinion on the accounts and other reports



# Statement Reporting Reviews on Internal Control and Internal Financial Controls

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6. Whilst the Internal Audit Section has concluded that, work performed in relation to the Joint Committee has not raised any issues of concern in relation to internal control, the internal control system can always be improved. We will ensure that any recommendations for improvement arising from findings from internal audit reports to the control system are implemented.

K Beardmore, CPFA  
Treasurer

P Buie  
Manager

D Smith  
Secretary

P Watson  
Chairman

Dated: 25th June 2009

# Annual Return - Accounting Statements

## Income and Expenditure Account for the Year Ended 31 March 2009

	Notes	2008/2009		2007/2008	
		£	£	£	£
<b>Income</b>					
Contributions from TWDCo	1	0		0	
Interest received		66,814		95,879	
Grant funding and loan repayments		<u>35,695</u>	102,509	<u>70,293</u>	166,172
<b>Expenditure</b>					
Running expenses	2b	29,127		28,816	
Grant and Loan payments and write offs	3	<u>144,080</u>	173,207	<u>88,855</u>	117,671
Net surplus/(deficit) for year before appropriations			(70,698)		48,501
Less Appropriations:					
Transfer to earmarked reserves			70,698		(48,501)
Net surplus/(deficit) for the year			<u>0</u>		<u>0</u>

## Statement of Total Recognised Gains and Losses for the Year Ended 31 March 2009

	2008/2009	2007/2008
	£	£
Surplus/(deficit) for the year on the Income and Expenditure Account	(70,698)	48,501
Surplus arising on revaluation of fixed assets	0	0
Actuarial gains/(losses) on pension fund assets and liabilities	0	0
<b>Total recognised gains/(losses) for the year</b>	<u>(70,698)</u>	<u>48,501</u>

# Annual Return - Accounting Statements

## Balance Sheet as at 31 March 2009

	Notes	2008/2009		2007/2008	
		£	£	£	£
Fixed assets			0		0
Long term debtors (loans outstanding)			0		0
Total long term assets			0		0
<b>Current assets</b>					
Debtors	7	76,916		148,400	
Cash at bank		14,977		1,126	
Investments - short term	8	1,793,000		1,803,000	
Total current assets		1,884,893		1,952,526	
<b>Current liabilities</b>					
Creditors		37,145		33,479	
Provisions		1,843		2,444	
Total current liabilities		38,988		35,923	
Net current assets/(liabilities)			1,845,905		1,916,603
Total assets less liabilities			1,845,905		1,916,603
<b>General reserves</b>					
General reserves brought forward		1,916,603		1,868,102	
Revenue account surplus/(deficit)		(70,698)	1,845,905	48,501	1,916,603
Total equity			1,845,905		1,916,603



# Annual Return - Accounting Statements

## Cash Flow Statement for the Year Ended 31 March 2009

This statement summarises the flow of cash from revenue and capital transactions with third parties.

	Notes	2008/2009		2007/2008	
		£	£	£	£
<b>Revenue Activities</b>					
Cash outflows					
Operating costs		(27,493)		(75,212)	
Grants to organisations		(144,080)		(88,856)	
		<u>(171,573)</u>		<u>(164,068)</u>	
Cash inflows					
Other revenue cash income		<u>67,960</u>	(103,613)	<u>70,293</u>	(93,775)
<b>Returns on investments</b>					
Cash inflows					
Interest received			<u>107,464</u>		<u>88,805</u>
Net cash inflow/(outflow) from revenue activities	11		3,851		(4,969)
<b>Capital activities</b>					
Cash inflows					
		0		0	
Cash outflows					
		0		0	
			<u>0</u>		<u>0</u>
Net cash inflow/(outflow) before financing			3,851		(4,969)
<b>Management of liquid resources</b>					
Net (increase)/decrease in short term deposits	13		10,000		(98,000)
Increase/(decrease) in cash	12		<u>13,851</u>		<u>(102,969)</u>

# Notes to the Accounting Statements

## Notes to the Income and Expenditure Account

### 1. Contributions from Tyne and Wear Economic Development Company

	2008/2009 £	2007/2008 £
Payment on account	0	0
	<u>0</u>	<u>0</u>

The precise amount to be paid by the Tyne and Wear Economic Development Company for 2008/2009 will not be available until the final accounts have been completed, however, no transfer is anticipated for 2008/2009.

### 2. Running Costs

- a) An application to H M Revenue and Customs to recover all of the VAT incurred by the Joint Committee was successful in 2002/2003, and the accounts prepared up to 2008/2009 showed the VAT recoverable separately as income in the Income and Expenditure Account. The amounts of VAT recoverable in each year's accounts are as follows:

	2008/2009 £	2007/2008 £
Recoverable VAT	12,085	10,653
	<u>12,085</u>	<u>10,653</u>

- b) Running costs are categorised as Supplies and Services under the CIPFA Best Value Accounting Code of Practice. An external audit recommendation states running costs should be shown net of VAT. The accounts, have, since 2004/2005, reflected this accounting treatment.

# Notes to the Accounting Statements

## 3. Grant and Loan Payments and Write Offs

	2008/2009 £	2007/2008 £
TWDCo - Main Company grant commitments	0	0
Economic Development Grants in:		
Gateshead	3,166	20,000
Newcastle	3,166	50,000
North Tyneside	6,416	18,855
South Tyneside	128,166	0
Sunderland	3,166	0
	144,080	88,855

The above figures includes grant and loan payments as agreed by the Joint Committee and include those grants originally transferred from Tyne and Wear Development Company Ltd. The Joint Committee has to agree and approve all additional schemes during the year and it also approves any loan arrangements, it considers are suitable, in each circumstance, in order to ensure the key objectives of this expenditure meets the aims of the Joint Committee. The above grant and loan payments met the aims and objectives of the Committee.

## 4. Audit Costs

In 2008/2009 the Tyne and Wear Economic Development Joint Committee incurred the following fees relating to external audit and inspection, which are also included in running costs shown in the Income and Expenditure Account.

	2008/2009 £	Restated 2007/2008 £
Fees payable to the External Auditors	550	600
	550	600

## 5. Publicity

Section 5(i) of the Local Government Act 1986, requires local authorities to keep an account of their expenditure on publicity. The Joint Committee has had no such expenditure during the financial years set out below:

	2008/2009 £	2007/2008 £
Publicity	0	0
	0	0



# Notes to the Accounting Statements

## 6. Members Allowances and Officers Emoluments

The Joint Committee does not employ any staff and therefore has no employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000.

Any relevant Members Allowances are met by the constituent authorities and therefore no Councillors Allowances are included in the Annual Return of the Joint Committee.

## Notes to the Balance Sheet

### 7. Debtors

Debtors include the following main items:

	As at 31 March 2009 £	As at 31 March 2008 £
Loan repayments	39,377	70,293
Interest on investments	25,454	67,454
H M Revenue and Customs	12,085	10,653
	<u>76,916</u>	<u>148,400</u>

### 8. Investments

Investment funds are held with the following organisations:

	As at 31 March 2009 £	As at 31 March 2008 £
Sunderland Council (temporary loan basis)	1,093,000	1,103,000
Abbey National Reserve Account	700,000	700,000
	<u>1,793,000</u>	<u>1,803,000</u>

### 9. Expenditure Commitments

At 31 March 2008 the Joint Committee had expenditure commitments authorised and approved by members of the Committee of £850,158 in respect of grants payable to companies located in, or who may possibly locate in, the region. Because of the uncertain nature of these commitments and the fact certain criteria have to be met before the grants can be awarded (and it is also possible the grant may never be paid), transactions are not considered to be provisions under the Statement of Accounting Practice.

### 10. Related Party Transactions

The Joint Committee members are representatives of the councils of Sunderland City and City of Newcastle upon Tyne, and the Borough Councils of Gateshead, North Tyneside and South Tyneside. There are no other related party transactions to be disclosed.

# Notes to the Accounting Statements

## Notes to the Cash Flow Statement

### 11. Revenue Activities

The net cash flow can be reconciled to the Income and Expenditure Account as follows:

	Year Ended 31 March 2008 £	Year Ended 31 March 2008 £
Surplus/(deficit) per Income and Expenditure Account	(70,698)	48,501
Non cash transactions		
(Increase)/decrease in debtors - revenue	71,484	(53,191)
Increase/(decrease) in creditors/provisions	3,063	(280)
Transfer of loans to revenue grants in year	0	0
	3,851	(4,969)

### 12. Increase/(Decrease) in Cash During 2007/2008

	Year Ended 31/03/09 £	Year Ended 31/03/08 £	Movement 2008/2009 £	Movement 2007/2008 £
Cash	14,977	1,126	13,851	(102,969)

### 13. Increase/(Decrease) in Liquid Resources

	Year Ended 31/03/09 £	Year Ended 31/03/08 £	Movement 2008/2009 £	Movement 2007/2008 £
Short term deposits/investments	1,793,000	1,803,000	(10,000)	98,000

### Memorandum Item - Note of Loans Outstanding

The table on the next page gives details of all loans made and the position as at 31st March 2009. The loans are interest free, although each district administering the loans can charge an administration fee to cover their costs involved.

The loans made and the loan repayments received are accounted for in the Income and Expenditure account on an accrued basis in line with the accounting policy adopted.

The amounts included in the table are consistent with the commitments as reported to the Joint Committee throughout the past year.

# Notes to the Accounting Statements

## Schedule of Loans Outstanding as at 31<sup>st</sup> March 2009

Organisation/ Company	Amount of Loan Approved £	Date Approved	Agreed Terms	District Council Admin Fee %	Balance at 31 March 2009 £	Balance at 31 March 2008 £
Newcastle Company P	20,000	09/01/03	Repayments to commence 09/07/03 over 2 years. Now revised agreement, payments to commence 01/05/04.	2.5	1,708	0
Company TH	30,000	22/06/06	Repayments to commence 13/08/08 over 2 years	2.5	25,098	30,000
Company T	15,000	16/11/06	Repayments to commence 27/11/07 over 2 years.	2.5	5,468	12,440
Company PM	10,000	16/11/06	Repayments to commence 19/01/08 over 2 years.	2.5	4,067	8,719
Company H	10,000	16/11/06	Repayments to commence 12/04/08 over 2 years.	2.5	5,098	10,000
Sunderland Company CS	100,000	11/11/04	Repayments to commence 01/10/04 over 4 years.	5.1	0	13,641
South Tyneside Company NLG Ltd	125,000	13/11/08	Repayments are to commence in June 2009 over 2 years	8.8	125,000	0
	<u>310,000</u>				<u>166,439</u>	<u>74,800</u>



## Small bodies in England Annual return for the year ended 31 March 2009

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Small relevant bodies in England with an annual turnover of £1 million or less must complete an annual return summarising their annual activities at the end of each financial year.

The annual return on the following pages is made up of four sections:

- **Sections 1 and 2** are to be completed by the person nominated by the body.
- **Section 3** will be completed by the external auditor.
- **Section 4** is to be completed by the body's internal audit provider.

The body must ensure this annual return is approved no later than 30 June 2009.

Please complete all sections highlighted in red. Do **not** leave any red box blank. Incomplete or incorrect returns may require additional external audit work and incur additional costs.

Please send the annual return, together with any additional information requested, to your appointed external auditor.

If required, your auditor will identify and ask for any documents needed for audit. Unless requested, please do **not** send any original financial records to the external auditor.

Audited and certified annual returns will be returned to the body for publication or public display of sections 1, 2 and 3.

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

It should not be necessary for bodies to contact the external auditor or the Audit Commission directly for guidance.

More guidance on completing this annual return is available in the Practitioners' Guides for either local councils or internal drainage boards. These publications may be downloaded from the National Association of Local Councils (NALC) or Society of Local Council Clerks (SLCC) websites ([www.nalc.gov.uk](http://www.nalc.gov.uk) or [www.slcc.co.uk](http://www.slcc.co.uk)) or from the members area of the Association of Drainage Authorities website ([www.ada.org.uk](http://www.ada.org.uk)).

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## Section 1 – Statement of accounts for:

**TYNE AND WEAR ECONOMIC DEVELOPMENT JOINT COMMITTEE**

In completing the boxes below please explain any significant variances on a separate sheet and send this to the external auditor together with a copy of your bank reconciliation as at 31 March 2009.

	Year ending		Notes and guidance
	31 March 2008 £	31 March 2009 £	
1 Balances brought forward	1,808,102	1,916,603	Total balances and reserves at the beginning of the year as recorded in the body's financial records. Value must agree to Box 7 of previous year.
2 (+) Income from taxation and/or levy	NIL	NIL	Total amount of tax and/or levy received in the year including funding from a sponsoring body.
3 (+) Total other receipts	166,172	102,559	Total receipts or income as recorded in the cashbook less income from taxation and/or levy (line 2). Include any grants received here.
4 (-) Staff costs	NIL	NIL	Total expenditure or payments made to and on behalf of all body employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5 (-) Loan interest/capital repayments	NIL	NIL	Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any).
6 (-) Total other payments	17,071	133,007	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7 (=) Balances carried forward	1,916,603	1,845,905	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6)
8 Total cash and short term investments	1,804,115	1,807,977	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – to agree with bank reconciliation.
9 Total fixed assets and long term assets	74,800	104,339	The recorded book value at 31 March of all fixed assets owned by the body and any other long term assets e.g. loans to third parties and any long-term investments.
10 Total borrowings	NIL	NIL	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that the statement of accounts contained in this annual return presents fairly the financial position of the body and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2009.

Signed by Responsible Financial Officer:

\_\_\_\_\_

Date: 20/06/2009

I confirm that these accounts were approved by the body and recorded as minute reference:

ITEM \_\_\_\_\_

Date: 25/06/2009

Signed by Chair of meeting approving this statement of accounts:

\_\_\_\_\_

Date: 25/06/2009



## Section 2 – Annual governance statement

We acknowledge as the members of TYNE AND WEAR ECONOMIC DEVELOPMENT JOINT COMMITTEE our responsibility for ensuring that there is a sound system of internal control, including the preparation of the statement of accounts. We confirm, to the best of our knowledge and belief, with respect to the body's statement of accounts for the year ended 31 March 2009, that:

	Agreed – Yes or No*	'Yes' means that the body:
1 we have approved the statement of accounts which has been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	YES	prepared its statement of accounts in the way prescribed by law.
2 we have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	YES	made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 we have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice which could have a significant financial effect on the ability of the body to conduct its business or on its finances.	YES	has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.
4 we have provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	YES	during the year has given all persons interested the opportunity to inspect and ask questions about the body's accounts.
5 we have carried out an assessment of the risks facing the body and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	YES	considered the financial and other risks it faces and has dealt with them properly.
6 we have maintained throughout the year an adequate and effective system of internal audit of the body's accounting records and control systems and carried out a review of its effectiveness.	YES	arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body and reviewed the impact of this work.
7 we have taken appropriate action on all matters raised in reports from internal and external audit.	YES	responded to matters brought to its attention by internal and external audit.
8 we have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the body and where appropriate have included them in the statement of accounts.	YES	disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.

This annual governance statement is approved by the body and recorded as minute reference

TYNE AND WEAR ECONOMIC DEVELOPMENT JOINT COMMITTEE dated 25/06/2009

Signed on behalf of TYNE AND WEAR ECONOMIC DEVELOPMENT JOINT COMMITTEE

Signed by: Chair [Signature] Date 25/06/2009

Signed by: Clerk [Signature] Date 25/06/2009

\*Note: Please provide evidence of a separate signed copy of the response for the body and quality and date of copy to include in the minutes.





### Section 3 – External auditor’s certificate and opinion

#### Certificate

We certify that we have completed the audit of the annual return for the year ended 31 March 2009 of:

TYNE AND WEAR ECONOMIC DEVELOPMENT JOINT COMMITTEE

#### Respective responsibilities of the body and the auditor

The body is responsible for the preparation of the accounts in accordance with the requirements of the Accounts and Audit Regulations and for the preparation of an annual return which:

- summarises the body’s accounting records for the year ended 31 March 2009; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

Our responsibility is to conduct an audit in accordance with guidance issued by the Audit Commission and, on the basis of our review of the annual return and supporting information, to report whether any matters that come to our attention give cause for concern that relevant legislation and regulatory requirements have not been met.

#### External auditor’s report

(Except for the matters reported below)\* on the basis of our review, in our opinion the information contained in the annual return is in accordance with the Audit Commission’s requirements and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (\*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the body:

(continue on a separate sheet if required)

External auditor’s signature \_\_\_\_\_

External auditor’s name \_\_\_\_\_ Date \_\_\_\_\_

We hereby certify that the information contained in this annual return is true and correct and that we have conducted an audit of the accounts in accordance with the requirements of the Accounts and Audit Regulations and that we have provided a true and correct copy of the accounts to the body.

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## Section 4 – Annual internal audit report to

**INTEGRITY, WELL-BEING, ECONOMIC DEVELOPMENT JOINT COMMITTEE**

The body's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2009.

Internal audit has been carried out in accordance with the body's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and, opposite, are the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the body.

Internal control objective	Agreed? Please choose from one of the following Yes/No*/Not covered**
A. Appropriate books of account have been properly kept throughout the year.	Yes
B. The body's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	Yes
C. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Yes
D. The annual taxation or levy or funding requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Yes
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	Yes
F. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	Yes
G. Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.	Yes
H. Asset and investments registers were complete and accurate and properly maintained.	Yes
I. Periodic and year-end bank account reconciliations were properly carried out.	Yes
J. Year-end accounts were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with cash book, were supported by an adequate audit trail from underlying records, and, where appropriate debtors and creditors were properly recorded.	Yes

For any other risk areas identified by the body (list any other risk areas below or on separate sheets if needed) adequate controls existed:

Name of person who carried out the internal audit: **Kelly Brown ACCA**

Signature of person who carried out the internal audit: **[Signature]** Date: **11/6/09**

\*Note: If the auditor is not clear how the objectives and what they have to assess, the auditor is to write to the body to clarify it.

\*\*Note: If the auditor is not clear what the body needs to be audited, the auditor is to write to the body to clarify it.



## Guidance notes on completing the 2009 annual return

- 1 Please make sure that your annual return is complete (i.e. no empty red boxes), and is properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are approved by the body, properly initialed and an explanation for them is provided to the auditor. Annual returns containing unapproved and/or unexplained amendments will be returned unaudited and may incur additional costs.
- 2 Use the checklist provided below. Use a second pair of eyes, perhaps a member or the Chair, to review your annual return for completeness before sending it off to the auditor.
- 3 Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
- 4 Make sure that the copy of the bank reconciliation which you send to your auditor with the annual return covers **all** your bank accounts. If your body holds any short-term investments, please note their value on the bank reconciliation. The auditor should be able to agree your bank reconciliation to Box 8 on the Statement of Accounts. **You must provide an explanation for any difference between Box 7 and Box 8.** More help on bank reconciliations is available in the *Practitioners' Guide\**.
- 5 Please **explain fully** significant variances in the statement of accounts. Do not just send in a copy of your detailed financial statements instead of this explanation. The auditor wants to know that **you** understand the reasons for the change. Please include a complete analysis to support your explanation. There are a number of examples provided in the *Practitioners' Guide\** to assist you.
- 6 If the auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
- 7 Please make sure that your statement of accounts adds up! Also please ensure that the balance carried forward from the previous year (Box 7 of 2008) equals the balance brought forward in the current year (Box 1 of 2009).
- 8 **Do not complete section 3.** This section is reserved for the external auditor who will complete it at the conclusion of their audit.
- 9 Use the *Practitioners' Guide\** for guidance. This publication is regularly updated and contains everything you should need to prepare successfully for your financial year-end and the subsequent audit. Both NALC and SLCC have helplines open should you wish to talk through any problem you may encounter.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All red boxes have been completed?	<input checked="" type="checkbox"/>
	All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit.	<input checked="" type="checkbox"/>
Section 1	Approval by the body confirmed by signature of Chair of meeting approving accounts?	<input checked="" type="checkbox"/>
	An explanation of significant variations from last year to this year is provided?	<input checked="" type="checkbox"/>
	Bank reconciliation as at 31 March 2009 agreed to Box 8?	<input checked="" type="checkbox"/>
	An explanation of any difference between Box 7 and Box 8 is provided?	<input checked="" type="checkbox"/>
Section 2	For any statement to which the response is 'no', an explanation is provided?	<input checked="" type="checkbox"/>
Section 4	All red boxes completed by internal audit and explanations provided?	<input checked="" type="checkbox"/>

\*The *Practitioners' Guide* is available on the NALC website. It is also available in hard copy form from NALC and SLCC. The *Practitioners' Guide* is available on the NALC website at [www.nalc.org.uk](http://www.nalc.org.uk) and on the SLCC website at [www.slcc.org.uk](http://www.slcc.org.uk). The *Practitioners' Guide* is also available in hard copy form from NALC and SLCC.

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