

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANCHESTER CITY COUNCIL**

### **Issue of audit opinion on the Council Statement of Accounts**

In our audit report for the year ended 31 March 2013 issued on 30 September 2013 we reported that, in our opinion, the Statement of Accounts:

- gave a true and fair view of the financial position of Manchester City Council as at 31 March 2013 and of its expenditure and income for the year then ended; and
- had been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

### **Issue of audit opinion on the Manchester City Council Group Accounts**

In our audit report for the year ended 31 March 2013 issued on 30 September 2013 we reported a qualified opinion on the Manchester City Council Group Accounts in the following terms:

#### **Basis for qualified opinion on the Group Accounts**

Included in the Group comprehensive income and expenditure account is an amount of £388.4m related to the gain on disposal of the group's controlling interest in Manchester Airport Group Limited ("MAG"). Following a restructuring transaction, this is now accounted for as the joint venture, Manchester Airport Holdings Limited ('MAHL'), with a carrying value of £791.2m for the year ended 31 March 2013. Further detail is given in the introduction of the group accounts and in Notes 6 and 11 to the Group Accounts.

The valuation of MAG and MAHL's land and buildings affects the determination of the gain on disposal of the controlling interest and the valuation of the investment in the joint venture respectively. The land and buildings in MAG and MAHL have been measured at cost in their statutory financial statements. The Council has chosen to measure MAG's land and buildings at cost (2011/12 £493.3m) in the Group Accounts. Under the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (based on International Financial Reporting Standards), consolidation adjustments should have been made to align the accounting policies of subsidiaries with those of the Council to measure the land and buildings at fair value.

As a result of the Council choosing to measure MAG and MAHL's land and buildings at cost rather than fair value, we were unable to determine whether adjustments to the gain on disposal of the Group's controlling interest and the valuation of the investment in the joint venture might be necessary for the year ended 31 March 2013.

## **Qualified opinion on Group Accounts**

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the Group Accounts:

- give a true and fair view of the state of the Group's affairs as at 31 March 2013 and of its income and expenditure for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

## **Issue of value for money conclusion**

In our audit report for the year ended 31 March 2013 issued on 30 September 2013 we reported that, in our opinion, in all significant respects, Manchester City Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

## **Certificate**

In our report dated 30 September 2013, we explained that we could not formally conclude the audit on that date until we had completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We have now completed this work. No matters have come to our attention since that date that would have a material impact on the Statement of Accounts or Group Accounts on which we gave our opinions and value for money conclusion.

We certify that we have completed the audit of the Statement of Accounts of Manchester City Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Sarah Howard  
Partner  
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

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4 October 2013