



Leicester
City Council

ALL WARDS

FINANCE, RESOURCES AND EQUAL
OPPORTUNITIES SCRUTINY COMMITTEE
CABINET

20 SEPTEMBER 2001
24 SEPTEMBER 2001

STATUTORY STATEMENT OF ACCOUNTS 2000/2001

SUPPORTING INFORMATION

1. INTRODUCTION

- 1.1 The statement of accounts for 2000/2001 is now complete and is due to be made available for public inspection from September 19th 2001, and for audit from October 10th, 2001.
- 1.2 The Accounts and Audit Regulations 1996 require the Council to approve the accounts formally prior to audit and subsequently to approve any changes following the audit.
- 1.3 Attached to this paper are the full accounts for 2000/2001.

2. THE 2000/2001 ACCOUNTS

2.1 General points

- 2.1.1 The Cabinet, at its meeting on July 30th, received a report on the 2000/2001 outturn for the General Fund and Housing Revenue Account. The statutory statement of accounts consolidates these items, and presents them in a somewhat different format. The accounts of the Collection Fund are also shown.

2.2 Consolidated Balance Sheet

- 2.2.1 The consolidated balance sheet shows the net value of the organisation. This includes the following components:
 - a) Net Fixed Assets.

Primarily the land and buildings owned by the Council, including Council Housing. The figure of £909 million is derived from a variety of valuations intended to reflect the worth of the assets to the Council – not necessarily the sum for which they could be sold.

b) Deferred charges

These represent expenditure on items which are not fixed assets, but for which the Council may legally borrow money. Examples are stock issue discounts and deferred premiums on loans repaid early.

c) Long term debtors

These are sums repayable to the Council in respect of loans made. This figure includes Council mortgages.

d) Current Assets

These include cash and other items which are likely or able to be converted into cash fairly promptly (normally within one year). For example, debtors are generally in respect of services provided, and should be received promptly. Short term investments are made to maximise the interest earned by the Authority on temporary cash balances whilst retaining flexibility to meet day to day spending requirements.

e) Current liabilities

Similarly, these items are normally repayable within one year.

f) Long term borrowing

The majority of loans taken out by the Council to meet capital spending are repayable over periods in excess of 10 years.

g) Fixed Asset restatement reserve, and Capital financing reserve.

These are technical “reserves” the Council is required to maintain but which cannot be spent. In effect, when added together, they represent the values of Council Assets which are free of debt and are similar to the shareholders’ funds shown on the balance sheet of a company.

h) Earmarked reserves

These are reserves held for specific purposes. The most significant are explained in more detail in the report elsewhere on this agenda covering the General Fund Revenue Outturn. (Reported to Cabinet on July 30th, 2001)

i) Balances

These represent reserves held in accordance with statutory definitions, including the general fund reserve.

2.3 Consolidated Revenue Account

2.3.1 The consolidated revenue accounts brings together the transactions for the year for the General Fund, and the Housing Revenue Account. The Council also operates a number of services as “trading” operations which sell their services internally. These include those services previously known as the statutory “Direct Service Organisations” or DSOs. Although authorities no longer have to prepare separate accounts for these services, their performance is reported for the purposes of clarity and accountability.

2.3.2 Those items ultimately met from outside the General Fund are cancelled out, so that the “bottom line” figure shows the General Fund net deficit for the year and the balance carried forward. This balance is also known as the General Fund Reserve.

2.3.3 The format of the Consolidated Revenue Account has been amended for 2000/2001 to reflect the requirements of the Best Value Accounting Code of Practice, which came into force with effect from April 1 2000. A key objective of this is to ensure that Authorities prepare and report their accounts on the same basis, to facilitate more accurate and appropriate inter-authority comparisons. This presentation differs from the Council’s current internal budgeting arrangements

3. SUBSEQUENT CHANGES

3.1 Any changes arising from the Audit of Accounts will be reported back to the Cabinet at the conclusion of the audit

4. AUTHOR

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