



WARDS AFFECTED:

ALL WARDS (CORPORATE ISSUE)

**FINANCE, RESOURCES & EQUAL OPPORTUNITIES
SCRUTINY COMMITTEE
CABINET
COUNCIL**

**4th SEPTEMBER 2003
22nd SEPTEMBER 2003
25^h SEPTEMBER 2003**

STATUTORY STATEMENT OF ACCOUNTS 2002/2003

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

- 1.1 The Accounts and Audit regulations 2003 require the Council formally to approve the accounts prior to audit, and subsequently to approve any changes following the audit. .
- 1.2 The accounts for the year ended 31st March 2003 (the year 2002/2003) are now complete and are due to be made available for public inspection from 10th September 2002. A complete set of the accounts is available for inspection in the members area.

2. SUMMARY

- 2.1 The supporting information attached to this report details the various elements of the accounts. However, the main components are as follows:
- 2.2 Consolidated Balance Sheet. This shows what the Council owns, its debts and investments.
- 2.3 Consolidated Revenue Account. This account summarises the expenditure and income for the whole Council. However, the format for the published accounts is different from that used for internal monitoring and elsewhere on this agenda there is a report on "Revenue Outturn 2002/2003" which gives the information in more detail.
- 2.4 Cash flow statement. This statement summarises the movements in cash holdings during the year in common with the presentation required for commercial companies, although the statement is of less significance in the Local Authority context.
- 2.5 All significant issues in the accounts have already been already reported to Cabinet, and are being reported to Scrutiny Committees during August and September.

3. RECOMMENDATIONS

3.1 Cabinet is asked to:

Note the Statement of Accounts for 2002/2003 and submit them to the Council for approval;

3.2 Finance, Resources and Equal Opportunities Scrutiny Committee is asked to

consider the issues affecting their portfolio and make any observations to the Cabinet as they see fit.

4. FINANCIAL IMPLICATIONS

4.1 This report is exclusively concerned with financial issues.

5. LEGAL IMPLICATIONS

5.1 The timetable and the arrangements for the reporting of the Council's statement of accounts is governed by statute. These statutory requirements have been complied with. Legal Service officer consulted: Head of Legal Services, Peter Nicholls

6. OTHER IMPLICATIONS

| Other Implications | Yes/No | Paragraph referred |
|-----------------------------|---------------|---------------------------|
| Equal Opportunities | No | - |
| Sustainable & Environmental | No | - |
| Crime & Disorder | No | - |
| Human Rights Act | No | - |

7. REPORT AUTHOR:

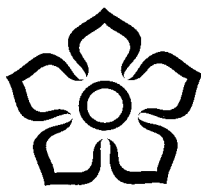
Andy Morley – Ext 7404
Chief Accountant

Date: August 5th, 2003

MARK NOBLE CHIEF FINANCE OFFICER

DECISION STATUS

| | |
|--------------------------------------|----------------|
| Key Decision | No |
| Reason | N/A |
| Appeared in Forward Plan | No |
| Executive or Council Decision | Council |



Leicester
City Council

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**4th SEPTEMBER 2003
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STATUTORY STATEMENT OF ACCOUNTS 2002/2003

SUPPORTING INFORMATION

1. THE 2002/2003 ACCOUNTS

1.1 General Points

1.1.1 The Cabinet, at its meeting on July 21st, received a report on the 2002/2003 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, which records the collection of council tax and non-domestic rates.

1.2 Consolidated Balance Sheet

1.2.1 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 £1.4billion 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 that 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 the sums repayable to the Council, in respect of loans made. This figure includes Council mortgages.

d) Current Assets

These include cash and other items that are 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

These items represent sums due by the Council that are normally payable 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. It is noted that the Council's borrowing is considerable less than the value of its assets.

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 value 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 covering the General Fund Revenue Outturn.

i) Balances

These represent reserves held in accordance with statutory definitions, including the General Fund Reserve.

1.3 Consolidated Revenue Account

1.3.1 The consolidated revenue accounts brings together all expenditure and income for the year for the General Fund, and the Housing Revenue Account. The Council also operates a number of services as "trading" operations that sell their services internally.

1.3.2 The presentation is complex, as accounting practice requires us to present figures

in a way broadly comparable with generally accepted accounting practice, although this does not sit comfortably with local government finance legislation. 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 is also known as the General Fund Reserve.

2. SUBSEQUENT CHANGES

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

3. FINANCIAL IMPLICATIONS

3.1 The report is exclusively concerned with financial implications.

4. OTHER IMPLICATIONS

| <u>OTHER IMPLICATIONS</u> | <u>YES/NO</u> | <u>PARAGRAPH REFERRED</u> |
|--|----------------------|----------------------------------|
| Equal Opportunities | No | |
| Policy | No | |
| Sustainable and Environmental | No | |
| Crime and Disorder | No | |
| Human Rights / Elderly people on low incomes | No | |

5. BACKGROUND PAPERS

Revenue Outturn reports.

6. CONSULTATIONS

All departments are consulted during the Authority's close down period.

7. AUTHOR

Andy Morley – Ext 7404
Chief Accountant

MARK NOBLE
CHIEF FINANCE OFFICER