

Leicester  
City Council

**WARDS AFFECTED:**

ALL WARDS (CORPORATE ISSUE)

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

**to be notified  
21<sup>st</sup> June 2004  
1<sup>st</sup> July 2004**

---

**STATUTORY STATEMENT OF ACCOUNTS 2003/2004**

---

**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 regulations also specify a changing timescale for the approval of the accounts of local authorities. The previous deadline for the completion and approval of the accounts was 30<sup>th</sup> September, with the audit to be completed before the 31<sup>st</sup> December. These dates are brought forward by a month for each of the next three years so that the accounts for the year ending 31<sup>st</sup> March 2006 must be complete and approved by 30<sup>th</sup> June.
- 1.3 Senior finance officers in the Authority have considered how best to meet the new requirements and have concluded that, since a significant change in approach will be needed to bring forward the accounts by 3 months, it would be preferable to take the necessary steps as soon as practicable. It was then agreed that the 2003/04 accounts should be produced by the end of June, and this is the reason for the accounts now being put for Members' consideration much earlier than in the past.
- 1.4 The accounts for the year ended 31<sup>st</sup> March 2004 (the year 2003/2004) are now substantially complete and will be available for public inspection from 30<sup>th</sup> July, 2004. A complete set of the accounts will be available for inspection in the members' area before the meeting.

**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.

### 3. **RECOMMENDATIONS**

3.1 Cabinet is asked to:

Note the Statement of Accounts for 2003/2004 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**

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

### 7. **REPORT AUTHOR:**

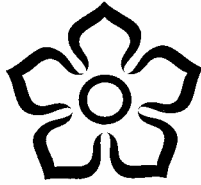
Andy Morley – Ext 7404  
Chief Accountant

Date: May 28<sup>th</sup>, 2004

**MARK NOBLE  
CHIEF FINANCE OFFICER**

**DECISION STATUS**

<b>Key Decision</b>	<b>Yes</b>
<b>Reason</b>	<b>Part of Budget and Policy Framework</b>
<b>Appeared in Forward Plan</b>	<b>Yes</b>
<b>Executive or Council Decision</b>	<b>Council</b>



Leicester  
City Council

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

**to be notified  
21<sup>st</sup> JUNE 2004  
1<sup>st</sup> JULY, 2004**

---

## **STATUTORY STATEMENT OF ACCOUNTS 2003/2004**

---

### **SUPPORTING INFORMATION**

#### **1. THE 2003/2004 ACCOUNTS**

##### **1.1 General Points**

1.1.1 The Cabinet, at its meeting on June 21st, will receive a report on the 2003/2004 outturn for the General Fund and Housing Revenue Account as well as this report on the statutory statement of accounts. The statutory statement of accounts consolidates the outturn 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.

1.1.2 The Consolidated Balance Sheet, the Consolidated Revenue Account and the Cash flow statement are attached to this report. (to follow)

##### **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 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 may be converted into cash fairly promptly (normally within one year). For example, debtors are generally in respect of services provided, and sums owed 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 should be noted that the Council's borrowing is considerable less than the value of its assets.

g) Pension liability

The requirements of Financial Reporting Standard FRS 17, underpinned by the Local Authority Accounting Code of Practice, come into full effect for the first time in the 2003/04 accounts. Transitional provisions have applied for the last two years. This standard requires authorities to obtain from the actuaries to their pension fund an estimate of the deficit (or surplus) on their share of the pension fund and to show this on the balance sheet. The figure shown is balanced by an equivalent figure being the "Pension reserve" It should be noted that movements on these figures have no effect on the amount to be raised from taxation, and do not have any policy implications for the budget.

h) 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.

i) 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.

j) 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 issues.

**4. OTHER IMPLICATIONS**

<b><u>OTHER IMPLICATIONS</u></b>	<b><u>YES/NO</u></b>	<b><u>PARAGRAPH REFERRED</u></b>
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**