



Leicester
City Council

**WARDS AFFECTED:
ALL WARDS (CORPORATE ISSUE)**

AUDIT & RISK COMMITTEE

25th June 2019

DRAFT STATUTORY STATEMENT OF ACCOUNTS 2018/19

REPORT OF THE DIRECTOR OF FINANCE

1. PURPOSE OF THE REPORT

- 1.1. To provide an opportunity for the committee to comment on the Council's Draft Statement of Accounts 2018-2019, before it is brought back to July's committee for formal approval.

2. RECOMMENDATIONS

- 2.1. The committee is asked to consider the draft Statement of Accounts for 2018/19, and recommend any changes it sees fit.

3. SUMMARY

- 3.1. The statutory accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the UK. Separate management accounts are presented to the Executive and to the Overview Select Committee, which set out the revenue and capital outturn for the authority. The financial position of the authority is presented in a different way in the Statement of Accounts. The outturn reports focus on the in-year financial performance in a format consistent with the Council's budgets, while the Statement of Accounts shows the in-year performance in a standard format adopted by all local authorities, including a balance sheet showing the underlying financial position.
- 3.2. Despite the wide variations in the way the position is presented, the key point is that both the outturn reports and the accounts are consistent.
- 3.3. The core financial statements are:

- Movement in Reserves Statement

This shows the movement in the year on the different reserves held by the authority. This statement distinguishes between "usable reserves" which can be used to fund expenditure or reduce local taxation and "unusable reserves" which are effectively accounting entries and not

available to spend. The level of uncommitted general balances at 31st March 2019 was £15.0m, in line with the Council's financial strategy.

- Comprehensive Income and Expenditure Statement (CIES)

This shows the Council's actual performance for the year in accordance with the Code of Practice. This means that the accounts are prepared on a different basis than that used to set the Council's budget and raise council tax. There are a number of statutory adjustments that are made to the surplus or deficit shown on this statement to arrive at the balance on the General Fund shown in the Movement in Reserves Statement above.

- Balance Sheet

The balance sheet shows the net worth of the Council in terms of its assets and liabilities. It shows the net value of the organisation including the balances and reserves, its long-term indebtedness, and its fixed and net current assets employed in its operations.

- 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.

- 3.4 In the 2018/19 Statement of Accounts, the Council has been required to make a prior period adjustment in relation to its treatment of grants. In prior years, a number of grants were held on the balance sheet as creditors (i.e. grants which had not been spent on the purposes for which they were given). This policy is not in line with the CIPFA Code of Practice: for 18/19, grants without conditions attached have been recognised in the accounts as income and then the funds ringfenced in earmarked reserves. The implementation of this change has increased the balances held in earmarked reserves at the end of 2016/17 and 2017/18.
- 3.5 The Council's Draft Statement of Accounts was published on the website on the 23rd May 2019.
- 3.6 The external audit is starting on the 3rd June; any recommendations made will be reported to your committee in July, along with any alterations made to the draft Statement of Accounts at the auditors' request.

4. FINANCIAL IMPLICATIONS

- 4.1. The report is exclusively concerned with financial issues.

5. LEGAL IMPLICATIONS

- 5.1. As the report is for noting there are no legal implications arising from the

recommendations contained in this report.
Emma Jackman, Head of Law (Commercial, Property & Planning)

6. 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 / People on low incomes	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

7. BACKGROUND PAPERS

8. CONSULTATIONS

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

9. SUMMARY OF APPENDICES

Appendix A – Draft Statement of Accounts

10. AUTHOR

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