



Leicester  
City Council

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

**AUDIT & RISK COMMITTEE**

**29<sup>th</sup> September 2014**

---

**STATUTORY STATEMENT OF ACCOUNTS 2013/14**

---

**REPORT OF THE DIRECTOR OF FINANCE**

**1. INTRODUCTION**

- 1.1. The Accounts and Audit (England) Regulations 2011 require that the Council present its audited Statement of Accounts by the 30<sup>th</sup> September following the end of the financial year, and that these accounts are adopted by the Audit & Risk Committee.
- 1.2. The regulations also require those charged with governance – the Audit & Risk Committee – to approve a letter of management representation.
- 1.3. Auditors are to present the committee with their Annual Governance Report which details the conclusions of their audit work and any recommendations they wish to make.

**2. RECOMMENDATIONS**

- 2.1. The Audit & Risk Committee is recommended to:
  - 2.1.1. Note the auditors' Annual Governance Report and the recommendations contained within it
  - 2.1.2. Adopt the audited accounts for the year ended 31st March 2014
  - 2.1.3. Approve the letter of representation submitted by the Director of Finance

**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. 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.

3.2. There have been no substantial changes in the accounting standards or the Council's accounting policies during the 2013/14 financial year, although it should be noted there were some changes to the requirements for accounting for defined benefit pension schemes which required restating some comparative 2012/13 figures.

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 actual cash.

- Comprehensive income and expenditure statement

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. The level of uncommitted general balances at 31<sup>st</sup> March 2014 was £24.6m, as set out in the 2013/14 revenue outturn report.

- 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, together with fixed and net current assets employed in its operations. The 2013/14 Balance Sheet shows the Council has net assets of £1.2bn

- 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.

#### **4. AMENDMENTS TO THE DRAFT FINANCIAL STATEMENTS**

- 4.1. During the audit period, the need for certain amendments to the draft financial statements has come to light. None of these adjustments are considered material, and there has been no change to the level of the General Fund balance presented in the draft financial accounts.
- 4.2. A list of the amendments agreed with audit will be presented alongside the final accounts to the Committee.

#### **5. LETTER OF REPRESENTATION**

- 5.1. The letter of representation is a letter signed by the Director of Finance and approved by the Audit & Risk Committee.
- 5.2. It is designed to give auditors assurance on the information included in the Statement of Accounts and to affirm that the primary responsibility for the content of the Statement of Accounts remains with the Council.

#### **6. ANNUAL GOVERNANCE REPORT**

- 6.1. The Annual Governance Report details the conclusions of the external audit and makes any recommendations deemed necessary. Management responses to the recommendations are contained within it.

#### **7. FINANCIAL IMPLICATIONS**

- 4.1 The report is exclusively concerned with financial issues.

#### **8. LEGAL IMPLICATIONS**

- 5.1 The timetable and the arrangements for the reporting of the Council's statement of accounts are governed by statute. These statutory requirements have been complied with.

#### **9. 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 / People on low incomes	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

**10. BACKGROUND PAPERS**

Revenue and capital outturn reports presented the Overview Select Committee on 31<sup>st</sup> July 2014  
Closure of Accounts working papers – held in the Accountancy Section

**11. CONSULTATIONS**

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

**12. AUTHOR**

Alistair Cullen  
Principal Accountant – Corporate Accountancy  
X374042

**Alison Greenhill**  
**Director of Finance**