



Leicester
City Council

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

AUDIT & RISK COMMITTEE

3rd August 2016

STATUTORY (PRE-AUDIT) STATEMENT OF ACCOUNTS 2015/16

REPORT OF THE DIRECTOR OF FINANCE

1. INTRODUCTION

- 1.1. The Accounts and Audit (England) Regulations 2015 require that the Council prepare its Pre-Audit Statement of Accounts for 2015/16 by the 30th June 2016, and that these are certified by the s151 officer (Director of Finance).
- 1.2. The Committee will be invited to approve the issue of the audited final Statement of Accounts for the 2015/16 year by the 30th September 2016 (with the meeting currently scheduled for 27th September). Meanwhile, the pre-audit accounts are attached to this report and are being brought to the Committee for information.

2. RECOMMENDATIONS

- 2.1. The Audit & Risk Committee is recommended to note the Pre-Audit Statement of Accounts for the year ended 31st March 2016 as submitted for audit.

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.
- 3.2. 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.
- 3.3. 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.

- 3.4. There have been some important changes to the Council's accounting policies in 2015/16 in respect of the Minimum Revenue Provision and the valuation of some assets. More detail is provided in the Accounting Policies section on p102 of the Pre-Audit Statement of Accounts.
- 3.5. The core financial statements are:
- 3.5.1. **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. The level of uncommitted general balances at 31st March 2016 was £15m
- 3.5.2. **Comprehensive Income & 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 outlined above
- 3.5.3. **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 2015/16 Balance Sheet shows the Council has net assets of £1.45bn
- 3.5.4. **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.
- 3.6. The accounts are being formally submitted for audit to KPMG LLP, our appointed external auditors. The results of the audit and the statements, amended in agreement with our auditors if necessary, will be brought back to the Committee for approval by 30th September 2016 (at the meeting presently scheduled for 27th September).
- 3.7. At this meeting the Committee will be able to consider the findings of the audit and the management responses to those findings.

4. FINANCIAL IMPLICATIONS

- 4.1 The 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 are governed by statute. These statutory requirements have been complied with.

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

Revenue and Capital Outturn reports for 2015/16.
Closure of Accounts working papers – held in the Accountancy Section

8. CONSULTATIONS

Not applicable

9. AUTHOR

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