

**STATEMENTS OF ACCOUNTS 2024-25**  
**WDA/10/26**

**Recommendation**

That Members:

1. Note the changes to the Statement of Accounts 2024-25;
2. Delegate the approval of the Council's 2024-25 Statement of Accounts to the Chair of the Audit Committee after consultation with the Director of Finance and on receipt of advice from the External Auditor;
3. Note the Management Letter of Representation contained at Appendix 2;
4. Note the External Auditor's Annual Report contained at Appendix 3; and
5. Note the External Auditor's Audit Findings Report contained at Appendix 4

THIS PAGE INTENTIONALLY BLANK

**STATEMENTS OF ACCOUNTS 2024-25**  
**WDA/10/26**

**Report of the Director of Finance**

**1. Purpose of the Report**

- 1.1 The Authority is statutorily required to prepare a Statement of Accounts that complies with proper accounting practices. The Authority's amended Statements of Accounts for 2024-25 are attached as Appendices.
- 1.2 Audit Committee Members are asked to note the accounts which are the subject of the audit reports in the subsequent report and approve their publication.

**2. Background**

- 2.1 The Statutory framework for the preparation and approval of the Authority's Statement of Accounts is set out in the Accounts and Audit (England) Regulations 2015 and the Local Audit and Accountability Act.
- 2.2 The framework means that the Accounts should be prepared in draft by the Director of Finance. Then, following the audit of the accounts, the accounts are adopted formally by the Authority; this can be delegated to Audit Committee.
- 2.3 The Authority has been working with the auditor on the statements of accounts from 2018-19 for several years.
- 2.4 The Government has issued a direction that statements of accounts where the audit remains outstanding shall receive a disclaimer of audit opinion, which enables the audit process to move forward again. This has led to a Disclaimer of Audit Opinion being issued for all years from 2018-19 through to 2023-24.
- 2.5 Unaudited Accounts for 2024-25 were published on 30<sup>th</sup> June 2025 with the external audit being completed earlier this month. The Statutory deadline for publishing audited accounts is 28<sup>th</sup> February 2026.

### **3. The Statements of Accounts**

- 3.1 The Authority's accounts were prepared under the provisions of the Code of Practice on Local Authority Accounting (the Code) which is prepared by the Chartered Institute of Public Finance and Accounting (CIPFA).
- 3.2 The Financial Statements for 2024-25 are attached at Appendix 1. Within each of the accounts the four key statements are:
- The Comprehensive Income and Expenditure Account (CIES);
  - The Balance Sheet;
  - The Movement in Reserves Statement (MIRS); and
  - The Cash Flow.
- 3.3 Each of these statements is regarded by the Code as a principal statement and their order is not significant as each has the same precedence. They are supported by notes to the accounts and are underpinned by Accounting Policies that confirm how key transactions and balances have been brought into the accounts.
- 3.4 Unaudited statements of accounts 2024-25 were published on 30<sup>th</sup> June 2025. Following the audit, a number of misstatements have come to light, which have been corrected. Committee members are asked to note that changes are required to the previously reported financial results, which are summarised in Table 1 below.
- 3.5 The Committee is also asked to note the Management Letter of Representation attached at Appendix 2. This provides confirmation from the Director of Finance to the Auditor that the information the Authority has provided to the Auditor is complete, accurate and fairly presented in accordance with applicable financial reporting codes of practice and standards.

**Table1: Summary of changes to the 2024-25 Accounts**

	<b>2024-25 As Previously Reported £000</b>	<b>2024-25 As Restated £000</b>
Deficit on the Provision of Services	2,200	1,759
Other Comprehensive Expenditure / (Income)	3,877	(48,148)
Total Comprehensive Expenditure / (Income)	6,077	(46,389)
Earmarked Reserves	(10,000)	(10,000)
Total General Fund Reserves at the Start of the year	(27,449)	(28,594)
Total General Fund Reserves at the End of the year	(19,621)	(20,127)
Total Unusable Reserves at the End of the year	(105,573)	(109,035)

- 3.6 The adjustments primarily relate to balances brought forward from previous years. In particular, this has led to gains arising from the revaluation of fixed assets affecting 2024-25 rather than previous years, as previously reported.
- 3.7 Overall usable reserves have increased by £0.506m and unusable reserves have increased by £3.462m. This is not considered by officers to represent a significant change to the financial position of the Authority previously reported to the Authority members.
- 3.8 In addition, there have a number of changes to the supporting notes to the accounts in order to comply with the CIPFA Code of Practice and the disclosure requirements of the various accounting standards.

#### **4. Auditor's Reports**

- 4.1 The Auditor's Annual Report is attached at Appendix 3. This represents a marked improvement on the previous year's report and committee members will note that all statutory recommendations contained in

previous reports are no longer considered necessary.

- 4.2 The Audit Findings Report is attached at Appendix 4. This contains details of:
- Those misstatements in the draft accounts that have been corrected during the course of the audit; and
  - Any misstatements that, in the view of the Auditor, remain uncorrected.
- 4.3 The majority of the corrections relate to the restatement of balances in previous years – which were not subject to audit. As a result, the 2024-25 accounts contain additional information, including restated balance sheets, for both 2023-24 and 2022-23. The level of Authority's usable reserves has increased by £0.509m as identified in Table 1 above.
- 4.4 The only uncorrected misstatement concerns £0.409m included within the Revaluation Reserve balance of £148.162m for which the Authority has not been able to provide supporting evidence to the satisfaction of the Auditor. This relates to fixed asset transactions and valuations going back many years and officers are confident that the Authority will be able to provide this additional information by the time the 2025-26 accounts are finalised.
- 4.5 In the context of the Authority's overall reserves of £139.162m, the adjustment required in respect of the Revaluation Reserve, if indeed any, is not considered to be material to the accounts.

## **5. Key issues**

- 5.1 Committee members are reminded that the audit for 2018-19 was never completed and this has been reported to Members on a regular basis. As a result, the subsequent accounts up to 2023-24 were subject to a disclaimer of opinion as the Auditor was unable to undertake work on those subsequent statements.
- 5.2 The statement of accounts for 2024-25 will also be subject to a Disclaimer of Opinion on account of the fact the Auditor cannot rely upon the opening position derived from the previous years' accounts. This is an issue that affects all local authorities that have been subject to a Disclaimer of Audit Opinion in respect of the previous year. MRWA is part of a pilot group of authorities currently working with the Auditor to bring back assurance in this respect as soon as possible.
- 5.3 In the meantime, members can gain assurance from the improved

Auditor's Annual Report and the fact that the Audit Findings Report contains no unadjusted material errors. This is particularly pertinent with respect to the level of usable reserves as at 31 March 2025 and resultant ongoing financial sustainability of the Authority.

- 5.4 The Director of Finance is therefore confident that the 2024-25 accounts will serve as a sound basis for the preparation of the accounts for 2026-27.
- 5.5 In the event that there are any further changes required to the accounts, it is requested that approval to make these changes be delegated to the Chair of the Audit Committee acting in conjunction with the Director of Finance and on the advice of the External Auditor.

## **6. Risk implications**

- 6.1 There is a risk that the Authority will fail to comply with the statutory requirements regarding the approval of the statement of accounts. Recognising the changes in the requirements and putting in place new arrangements mitigates the risk.
- 6.2 There is also a risk that the Authority's financial position will be misstated and the levels of balances available will be uncertain. This risk is mitigated by the fact that the ledger is maintained by a third-party Council and were the balances available to be different from those reported as available the third-party provider would advise the Authority immediately.

## **7. HR Implications**

- 7.1 There are no HR implications.

## **8. Environmental Implications**

- 8.1 There are no environmental implications.

## **9. Financial Implications**

- 9.1 The Authority's balances on the General Fund available for supporting revenue costs may be different from those reported.

## **10. Legal Implications**

- 10.1 The Authority will comply with its legal obligation regarding the statement of accounts by approval of the statement.

## **11. Conclusion**

- 11.1 Members are therefore requested to approve the Authority's Statement of Accounts for 2024-25.

The contact officer for this report is: Chris Kelsall  
7th Floor, Number 1 Mann Island, Liverpool, L3 1BP

Email: [chris.kelsall@merseysidewda.gov.uk](mailto:chris.kelsall@merseysidewda.gov.uk)

Tel: 0151 255 2542

Fax: 0151 227 1848

The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972.

## **Appendices**

Appendix 1: Statement of Accounts, 2024-25

Appendix 2: Management Letter of Representation

Appendix 3: Auditor's Annual Report

Appendix 4: Audit Findings Report