

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 10 JUNE 2026



Title of Report	KEY JUDGEMENTS AND ESTIMATES IN THE STATEMENT OF ACCOUNTS	
Presented by	Anna Crouch Head of Finance	
Background Papers	Audit and Governance Committee - 29 April 2026 Draft Accounting Policies 2025/26	Public Report: Yes
Financial Implications	There are no direct financial implications as a direct result of this report.	
	Signed off by the Acting Section 151 Officer: yes	
Legal Implications	There are no direct legal implications as a direct result of this report.	
	Signed off by the Interim Monitoring Officer: yes	
Staffing and Corporate Implications	There are no direct staffing and corporate implications as a direct result of this report	
	Signed off by the Head of Paid Service: yes	
Purpose of Report	To present the significant accounting judgements, key sources of estimation uncertainty and the going concern assessment applied in preparing the Council's 2025/26 Statement of Accounts.	
Recommendations	<p>THAT THE COMMITTEE:</p> <p>1. NOTES THE SIGNIFICANT ACCOUNTING JUDGEMENTS APPLIED IN PREPARING THE 2025/26 STATEMENT OF ACCOUNTS.</p> <p>2. NOTES THE KEY SOURCES OF ESTIMATION UNCERTAINTY DISCLOSED WITHIN THE ACCOUNTS.</p> <p>3. NOTES THE ASSESSMENT THAT THE COUNCIL REMAINS A GOING CONCERN.</p>	

1.0 BACKGROUND

- 1.1 The Council is required to prepare a Statement of Accounts in accordance with the Accounts and Audit (England) Regulations 2015 and proper accounting practices as defined by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code).
- 1.2 The Code requires disclosure of significant judgements made in applying accounting policies and information about key sources of estimation uncertainty that could result in a material adjustment to asset or liability values in the future.
- 1.3 This report supports the Audit and Governance Committee's role in overseeing the robustness, transparency and appropriateness of the Council's financial reporting.

2.0 CRITICAL ACCOUNTING JUDGEMENTS

- 2.1 The Code requires that the judgements that the Chief Finance Officer has made in applying the Council's Accounting Policies must be disclosed in either the Accounting Policies or in separate note to the Accounts. Critical accounting judgements are those which have significant impact on the financial statements and relate to areas involving complex or subjective decision-making.
- 2.2 For 2025/26, the preparation of the Statement of Accounts does not require the Council to make critical accounting judgements that have a significant effect on the amounts recognised in the financial statements.
- 2.3 As there are no critical accounting judgements for 2025/26, no disclosures are required within Note 1 of the Statement of Accounts.

3.0 KEY SOURCES OF ESTIMATION UNCERTAINTY

- 3.1 The Code requires the Chief Finance Officer to disclose the assumptions that have been made in the Statement of Accounts about the future and other major sources of Estimation Uncertainty. Estimation Uncertainty arises where asset and liability values depend on assumptions about future events.
- 3.2 For 2025/26, the main sources of estimation uncertainty are:
 - **Property, Plant and Equipment** – This is a source of estimation uncertainty because asset values and useful lives depend on professional judgement and assumptions about market conditions, condition, remaining life and the cost of replacing assets. Changes in these assumptions could lead to a material change in valuations, depreciation charges or impairment.
 - **Pensions Liability** – This is a source of estimation uncertainty because the liability is calculated using actuarial assumptions such as discount rates, inflation, salary growth and life expectancy. Small changes in these assumptions can have a significant effect on the reported pension liability.

- **Business Rates Appeals** – This is a source of estimation uncertainty because the provision is based on assumptions about the number, timing and outcome of appeals and the likely level of refunds payable. Actual outcomes may differ from the estimate, which could change the level of provision required.

3.3 Note 2, a draft is included in Appendix 1 identifies the key sources of estimation uncertainty within the financial statements, including assumptions used in areas such as asset valuation, provisions and defined benefit pension liabilities. While these estimates are based on the best information available at the balance sheet date, actual outcomes may differ and could result in material adjustments in future years.

4.0 GOING CONCERN

4.1 The concept of a 'Going Concern' assumes that the Council, its functions, and services will continue in operational existence for the foreseeable future.

4.2 In accordance with the Code, the Council's Statement of Accounts is prepared on a going concern basis, reflecting the expectation that the Council will continue to operate and meet its obligations in the foreseeable future.

4.2 This assessment considers the Council's financial position, approved budgets, reserves, Medium Term Financial Strategy, governance arrangements and the wider statutory framework under which local authorities operate. The Council has delivered its services within the approved budget framework and maintains sufficient reserves and liquidity to support its ongoing operations. Accordingly, the Council continues to adopt the going concern basis in preparing the Statement of Accounts.

4.3 On this basis, it is appropriate to prepare the 2025/26 Statement of Accounts on a going concern basis. This is disclosed within Accounting Policies.

5.0 EXTERNAL AUDIT REVIEW

5.1 The significant accounting judgements, key sources of estimation uncertainty and going concern assessment set out in this report will be reviewed by the Council's external auditors, Azets, as part of the audit of the 2025/26 Statement of Accounts.

5.2 These disclosures remain subject to change up to the point at which the final Statement of Accounts are approved and signed. Any material changes will be reported to the Audit and Governance Committee alongside the final version of the Statement of Accounts.

Policies and other considerations, as appropriate	
Council Priorities:	A well-run council Production of timely and accurate Statement of Accounts is a statutory requirement. Achievement of this reflects sound financial management - supporting all the council priorities.
Policy Considerations:	CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26
Safeguarding:	Not applicable
Equalities/Diversity:	Not applicable
Customer Impact:	Not applicable
Economic and Social Impact:	Not applicable
Environment, Climate Change and Zero Carbon	Not applicable
Consultation/Community/Tenant Engagement:	Not applicable
Risks:	The disclosures enhance transparency and support effective member oversight of financial reporting.
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