



Glasgow City Council

Finance and Audit Scrutiny Committee

Report by Executive Director of Financial Services

Contact: Robert Emmott

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**Item 6(b)**

25th February 2026

## Annual Accounts 2024-25

### Purpose of Report:

To update Members on the completion of the Annual Accounts 2024-25.

### Recommendations:

The Finance and Audit Scrutiny Committee is asked to:

- I. Note the audited Annual Accounts 2024-25,
- II. Refer the audited annual accounts and the associated Annual Audit Report from Ernst & Young LLP to the City Administration Committee for approval and signature.

Ward No(s):

Citywide:

Local member(s) advised: Yes  No  Consulted: Yes  No

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### 1. Introduction

- 1.1 The unaudited annual accounts were submitted for audit to the council's external auditors, Ernst & Young LLP (EY) on 30 June 2025 and subsequently considered by the Finance and Audit Scrutiny Committee at its meeting on 20 August 2025.
- 1.2 Members were updated that the unaudited annual accounts did not include the adoption of the new accounting standard IFRS 16 Leases. The adoption of IFRS 16 results in the majority of leases coming onto the balance sheet impacting assets and liabilities and the calculation of the Capital Financing Requirement.
- 1.3 In addition the adoption of IFRS 16 requires the remeasurement of the Public Private Partnerships (PPP) and Design, Build, Finance, Maintain (DBFM) arrangements lease liabilities resulting in an increase to the debt cost savings achieved through financial flexibilities associated with service concession arrangements. The benefit of this increases the unearmarked general fund reserve.
- 1.4 The audit has now been completed and the attached Annual Accounts amended to reflect the adoption of IFRS 16 and the findings of the audit.

### 2. Annual Accounts 2024-25

- 2.1 The Annual Accounts are prepared in line with proper accounting practice and statute.
- 2.2 Within the Annual Accounts the primary financial statements consist of:
- Comprehensive Income and Expenditure Statement Shows the total income and expenditure incurred in the year in relation to the provision of services. In total this reflects the overall movement in council reserves but excludes statutory adjustments to the General Fund balance.
  - Movement in Reserves Statement Shows the movement in the different reserves held by the council.
  - Balance Sheet Represents the value of assets, liabilities and reserves as at 31 March.
  - Group Accounts Consolidates the financial statements for the council, its subsidiaries, associates. and joint ventures.
- 2.3 A number of other statements and detailed explanatory notes, which provide additional information are also included within the Annual Accounts.

### 3. Key Financial Outcomes

3.1 The key financial information included within the financial statements is outlined below.

#### 3.2 Movement in Reserves Statement

3.2.1 The Movement in Reserves Statement records a contribution from the General Fund Reserve of £10.567 million in the year.

3.2.2 The balance on General Fund Reserve brought forward was £141.155 million, giving a total General Fund Reserve of £130.588 million as at 31 March 2025. Of this sum, a total of £97.804 million has been earmarked to meet expenditure in future years. This leaves an uncommitted General Fund Reserve balance of £32.784 million as at 31 March 2025. This is an increase of £6.531 million compared to the unaudited accounts as a result of the changes noted in paragraph 1.3.

#### 3.3 Comprehensive Income and Expenditure Statement (CIES)

3.3.1 The CIES shows Total Comprehensive (Income) and Expenditure of (£75.800 million) which reflects the impact of the council's activities in relation to service provision in line with proper accounting practice. As noted above this statement does not reflect any of the statutory adjustments required to match the funding arrangements of the council with the requirements of proper accounting practice.

#### 3.4 Balance Sheet

3.4.1 The council's Balance Sheet shows net assets of £2,396.000 million.

#### 3.5 Group Accounts

3.5.1 The council's group accounts include the same primary financial statements as noted above in a consolidated basis across the council's material subsidiaries and associates. The key financial information is noted below:

- |  |                    |
|--|--------------------|
| • General Fund Reserve                       | £130.588 million   |
| • Total Comprehensive (Income) / Expenditure | (£214.220) million |
| • Net Assets / (Liabilities)                 | £3,324.258 million |

3.5.2 In addition to the General Fund Reserve of the council the Group Balance Sheet includes Group Reserves of £928.258 million. This includes both useable and unusable reserves of the associates and subsidiaries of the council.

### 4. Annual Governance Statement

4.1 As part of the annual accounts the council is required to conduct a review of the effectiveness of its systems of internal control. The Annual Governance Statement (pages 118-132) outlines the findings of this review for 2024-25 and certifies that reasonable assurance can be placed on the adequacy and effectiveness of the systems of governance and internal control across the council family. The Internal Audit Annual Report for 2024-25 and unaudited governance statement was considered by the Finance and Audit Scrutiny Committee on 18 June 2025.

**5. Audit Amendments**

5.1 During the course of the audit a number of adjustments were identified and have been updated in the audited annual accounts. These have been discussed and agreed with EY and further details can be found within their Annual Audit Report.

**6. Policy and Resource Implications**

**Resource Implications:**

*Financial:* The financial implications are as outlined in the report.

*Legal:* None

*Personnel:* None

*Procurement:* None

**Council Strategic Plan:** Grand Challenge 4 – Enable staff to deliver essential services in a sustainable, innovative and efficient way for our communities

Mission 2 – Run an open, well governed council in partnership with all our communities

**Equality and Socio-Economic Impacts:**

*Does the proposal support the Council's Equality Outcomes 2021-25* Supports the overall implementation of the strategic plan.

*What are the potential equality impacts as a result of this report?* No significant impact.

**Climate Impacts:**

*Does the proposal support any Climate Plan actions? Please specify:* None

*What are the potential climate impacts as a result of this proposal?* None

*Will the proposal contribute to Glasgow's net zero carbon target?* None

**Privacy and Data Protection impacts:** None

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### 7. Recommendations

7.1 The Finance and Audit Scrutiny Committee is asked to:

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