

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	18 March 2015
Subject:	Statement of Accounting Policies
Report of:	Simon Dix, Finance and Asset Management Group Manager
Corporate Lead:	Rachel North, Deputy Chief Executive
Lead Member:	Councillor A L Keyte
Number of Appendices:	One

Executive Summary:

This report sets out the main changes in accounting policies under the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 supported by International Financial Reporting Standards (IFRS) from UK GAAP (Generally Accepted Accounting Practice). These policies outline the specific principles, bases, conventions, rules and practices applied when preparing and presenting the financial statements.

Recommendation:

To APPROVE the accounting policies to be used during the 2014/15 closedown.

Reasons for Recommendation:

The accounting policies govern the accounting treatment used to close the final accounts which this Committee are asked to approve in September after the audit has been completed.

Resource Implications:

There are no direct financial implications arising from the approval of accounting policies.

Legal Implications:

There are no direct legal implications arising from the approval of accounting policies, however, Section 21 of the Local Government Act 2003 enables the Secretary of State to make regulations requiring accounting practices including the Statement of Accounts to be undertaken in accordance with proper accounting practices (i.e. the current Code of Practice).

Risk Management Implications:

There is a risk of the accounts being qualified if the proper accounting practices are not followed or if they deviate substantially from the Code of Practice on Local Authority Accounting.

Performance Management Follow-up:

Grant Thornton will audit this as part of the year end audit and will issue an opinion in September 2015.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 The Council is required to produce an annual Statement of Accounts prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15. In order to do this the Council has to review all its accounting policies to ensure it complies with the Code as the policies outline the principles applied when preparing the accounts.

2.0 MAIN CHANGES IN ACCOUNTING POLICIES

2.1 There are no significant changes in policies this year but some changes have been made which can be seen below. The full list of accounting policies can be found at Appendix 1. The changes are not considered to have a material impact on how the information presented compares to the previous year's information.

2.1.1 Depreciation

Slight amendment on the policy for depreciation on vehicles, plant, furniture and equipment from 3-5 years to 'percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer'.

2.1.2 Cash and Cash Equivalents

Clarification of the definition of cash to say 'cash is represented by cash in hand deposits with financial institutions repayable without penalty on notice of not more than 24 hours'.

2.1.3 De-cluttering

In the hope of making the accounts more 'user friendly' we have taken out some policies that are not relevant to us as a Council. These include foreign currency translation, borrowing and restructuring of debt plus acquisitions and discontinued operations.

2.1.4 Future changes

CIPFA has already indicated the changes coming in the 2015/16 Code; the main ones that affect the Council are:

- less burden on reporting for Heritage Assets; and
- IFRS 13 – Fair Value Measurement.

3.0 OTHER OPTIONS CONSIDERED

3.1 None.

4.0 CONSULTATION

4.1 None.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 None.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 Local Government Act 2003 and Accounts and Audit Regulations 2011.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 None.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 None.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 None.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: None.

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Appendices: Appendix 1 - Statement of Accounting Policies – 2014/15