

# TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee
<b>Date of Meeting:</b>	23 March 2023
<b>Subject:</b>	Statement of Accounting Policies
<b>Report of:</b>	Financial Services Manager
<b>Head of Service/Director:</b>	Head of Finance and Asset Management
<b>Lead Member:</b>	Lead Member for Finance and Asset Management
<b>Number of Appendices:</b>	1

## **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 2022/23 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act. These policies outline the specific principles, bases, conventions, rules and practices applied when preparing and presenting the financial statements. At the time of writing this report the deadline for completion of the draft accounts is 31 May 2023 and approval of the final audited accounts by 30 September 2023.

## **Recommendation:**

**The Committee is asked to APPROVE the accounting policies to be used during in the preparation of the 2022/23 financial statements.**

## **Financial Implications:**

There are no direct financial implications arising from the approval of accounting policies, although if Members should not approve them it may impact on the final outturn.

## **Legal Implications:**

There are no direct legal implications arising from the approval of accounting policies and critical judgements; 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).

## **Environmental and Sustainability Implications:**

None.

## **Resource Implications (including impact on equalities):**

None

**Safeguarding Implications:**

None as a result of this report.

**Impact on the Customer:**

None as a result of this report.

**1.0 INTRODUCTION**

**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 2022/23.

**1.2** As part of this statement, we must disclose the accounting policies applied to material transactions and balances (materiality is provisionally set at £800k). There is little discretion to the Council as the proper accounting practices, that all local authorities follow, are set down in the Code.

**2.0 REVIEW OF THE 2022/23 ACCOUNTING POLICIES**

**2.1** The full list of accounting policies can be found at Appendix A. There have been no substantial changes to the 2022/23 CIPFA Code of Practice on Local Authority Accounting which came into effect for financial year beginning 1 April 2022. The new standard (IFRS16), which is a major change in the way leases are treated, was due to be adopted for the 2022/23 year; however, due to the delays and resource issues in local audit functions, CIPFA has delayed mandatory adoption of the standard until 1 April 2024.

**2.2** The accounting policies have been reviewed against the IFRS standards and the 2022/23 Code to ensure consistency with standard practice. Whilst there have been no major changes in accounting policies, Officers have reviewed whether all the policies in the note are still required.

**2.3** Accounting policies need only be applied where the effect on a transaction is material (qualitatively or quantitatively). 1.9 - Interests in Companies and Other Entities and 1.21 Heritage Assets from last year's accounts have been deleted due to the immaterial impact these have on the transactions. These have been left in the Appendix and highlighted orange for reference.

**2.4** A change in the useful economic life of vehicles, plant, furniture and equipment has been made. Previously five to seven years was stated; however, after reviewing the life of IT equipment and bins, this has been revised to three to 10 years. As this is a change in accounting estimate and not the actual policy there is no requirement to restate previous years' accounts. This has been highlighted yellow in the Appendix.

**3.0 CONSULTATION**

**3.1** None

**4.0 ASSOCIATED RISKS**

**4.1** 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.

**5.0 MONITORING**

**5.1** The accounting policies and their suitability will be reviewed by Grant Thornton as part of the audit process. Any issues found during the audit will be communicated to the Audit and Governance Committee in its Audit Findings Report.

**6.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES**

**6.1** None.

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**Background Papers:** None

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**Appendices:** Appendix A – Statement of Accounting Policies