

2019/20 ACCOUNTING POLICIES

To: **Audit and Accounts Committee**
Date: 24 March 2020
From: Head of Finance
Electoral Division(s): All

Purpose:

To set out changes to accounting policies and to seek formal approval from the Committee of the accounting policies for 2019/20.

Recommendation:

The Audit and Accounts Committee is asked to:

- a) Note the report; and
- b) Approve the accounting policies for use in producing the 2019/20 Statement of Accounts.

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1. BACKGROUND

- 1.1 The annual Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (The Code), supported by International Financial Reporting Standards (IFRS).
- 1.2 The Code contains a number of areas where there is a choice in accounting treatment and processes, and decisions must be made and consistently applied in producing the Statement of Accounts. The decisions made are known as 'Accounting Policies', and those that are material to the understanding of the Statement of Accounts must be disclosed.
- 1.3 Accounting policies need to be approved by the Audit and Accounts Committee prior to production of the Statement of Accounts. Whilst it is possible to achieve this by exception (i.e. only reporting changes from the prior year to the Committee for approval), it is best practice to obtain Committee approval of the full set of accounting policies on an annual basis.

2. 2019/20 Accounting Policies

- 2.1 The proposed accounting policies for 2019/20 are contained in Appendix 1 of this report.
- 2.2 The policies remain largely unchanged from those utilised in 2018/19, with the exceptions of:
 - A few minor adjustments to correct spelling and grammar, and a few minor adjustments to wording in order to increase clarity;
 - Property, plant and equipment – depreciation: this accounting policy has had the following wording removed: "Depreciation is applied using the following month convention (except for Infrastructure), where depreciation is not charged in the month of acquisition but a full month's depreciation is charged in the month of disposal." The ERP Gold fixed asset register uses the more common current month convention, where a full month's depreciation is charged in the month of acquisition but depreciation is not charged in the month of disposal. This is not a material element of the PPE accounting policy; therefore, as part of the move to streamline the accounts, the wording has been removed rather than replaced.

| Source Documents | Location |
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| N/A | |