

Subject	Review of Accounting Policies 2024/25	Status	For Publication
Report to	Audit & Governance Committee	Date	06 March 2025
Report of	Chief Finance Officer		
Equality Impact Assessment	Not Required	Attached	Na
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1 Purpose of the Report

- 1.1 To provide members of the Audit & Governance Committee with an opportunity to review and approve the accounting policies in line with best practice.
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2 Recommendations

- 2.1 Members are recommended to:
- a. **Note the accounting policies to be used in the preparation of the Authority's Statement of Accounts in accordance with requirements set out in the CIPFA Accounting Code of Practice**
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3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:
Effective and Transparent Governance
- To uphold effective governance showing prudence and propriety at all times.
- 3.2 The review of accounting policies prior to the preparation of the annual statement of accounts contributes to effective and transparent governance.

4 Implications for the Corporate Risk Register

- 4.1 This report does not address any specific corporate risks.

5 Background and Options

- 5.1 Accounting policies used in the preparation of our annual statement of accounts must comply with the Code of Practice for Local Authority Accounting in the United Kingdom produced by the Chartered Institute of Public Finance and Accountancy (CIPFA).

- 5.2 The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position, financial performance and cash flows of a local authority. The Code sets out the proper accounting practices defined by Section 21(2) of the Local Government Act 2003. These proper practices apply to statements of accounts prepared in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2015 (as amended).
- 5.3 The Code prescribes the accounting treatment and disclosures for all normal transactions of a local authority and is based on UK-adopted international accounting standards. On the few occasions where the CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) considers it appropriate to adapt or interpret IFRSs, the accounting treatment is based on the approach in the memorandum of understanding between the relevant authorities.
- 5.4 The 2024/25 Code has effect for accounting periods commencing on or after 1 April 2024.
- 5.5 The accounting policies attached at Appendix A follow those prescribed by the 2024/25 Code and are tailored as appropriate to the circumstances of this Authority, to ensure that we include only those policies that are significant to an understanding of how transactions, other events and conditions are reflected in the reported financial performance and financial position of the Authority. Changes made for 2024/25 are highlighted in yellow in the document.
- 5.6 There is one change arising from the 2024/25 Code that affects the accounting policies, this is in respect of the adoption of a new accounting standard, IFRS 16 - Leases.
- 5.7 The International Accounting Standards Board (IASB) first published IFRS 16 Leases back in 2016. The implementation for Local Government has been delayed on a number of occasions, initially due to COVID 19 and more recently due to the audit backlog issues across Local Government. In April 2022 CIPFA confirmed that adoption would be mandatory from 1 April 2024.
- 5.8 Under the previous standard a finance lease was categorised as one where the lessee bears the risk and reward of owning the asset with these leases included within the lessee's balance sheet. The Authority had no leases classified as finance leases under that standard. Whereas an operating lease was classified as having the asset risk and reward remaining with the asset owner, with the lessee gaining access to use of the asset through payments. The new standard removes the distinction between operating and finance leases, now classifying assets under one umbrella of right-of-use assets.
- 5.9 The nature of the Authority's purpose means that the only material lease impacted by this change is the lease of Oakwell House. The lease for Oakwell House will be accounted for under the new standard using the transition arrangements in the CIPFA Code of Practice 2024/25. The only other lease held by the Authority is for a printing and scanning device which will fall below our de minimis threshold in the new accounting policy.
- 5.10 The draft accounting policies will be reviewed by the external auditor as part of the audit of the 2024/25 Statement of Accounts. Any significant changes made to the accounting policies as a result of this review will be highlighted to the Committee at its October meeting.

6 **Implications**

6.1 The proposals outlined in this report have the following implications:

Financial	None directly; the accounting policies relate to the reporting of our financial performance and financial position.
Human Resources	None
ICT	None
Legal	None
Procurement	None

Gillian Taberner

Assistant Director – Resources & Chief Finance Officer

Background Papers	
Document	Place of Inspection
None	-