

## **Wiltshire Council**

### **Audit Committee**

**17 April 2019**

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**Subject: Accounting Policies**

**Cabinet member: Cllr Philip Whitehead – Finance, Procurement, IT and Operation Assets**

**Key Decision: No**

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### **Purpose of Report**

1. This report presents the proposed Accounting Policies to be adopted for the 2018/19 financial year end and to be used in the preparation of the Statement of Accounts for the financial year ending 31 March 2019. Adopting the proposed policies will support the timely production of a high-quality set of annual accounts that meets the requirements of accounting codes of practices.

### **Background**

2. The Statement of Accounts includes policies on all the key accounting matters that affect the figures and disclosures in the statements.
3. The policies proposed are in line with Chartered Institute of Public Finance and Accountancy (CIPFA)'s Code of Practice on Local Authority Accounting for the year ending 31 March 2019 and take account of local circumstances. However, there is little discretion to the Council, as the proper accounting practises, which apply to all local authorities, are set down in the Code.
4. The disclosed policies are those which are fundamental to the understanding of the Statement of Accounts. The matters covered in the proposed policy statement have a significant impact on the way the accounts are prepared and are those commonly adopted by other local authorities.

### **Main Considerations**

5. The Council's accounting policies are regularly reviewed to ensure they are up to date. These include minor wording changes in order to add clarity.
6. The accounting policies are included annually in the statement of Accounts that is adopted by Audit committee in July each year. They are included in Appendix A.

## **Changes to the Accounting Policies**

7. There have been some changes to the 2018/19 CIPFA Code of Practice on Local Authority Accounting which is effective from 1 April 2018. These relate to the code's adoption of International Financial Reporting standards (IFRS) 9 (Financial Instruments) and 15 (Revenue from Contracts with Customers). The adoption of these standards by the Code includes transitional arrangements, which require only 1 April 2018 opening balances to be restated, rather than full prior year restatement.
8. Changes in the 2018/19 Code have led to major amendments in the following policies:
  - Accounting policy ii. Accrual of Income & Expenditure. This has been rewritten to reflect the requirement of IFRS 15;
  - Accounting policy v. Government Grants and Contributions. This has an extra section relating to the Community Infrastructure Levy (CIL);
  - Accounting policy viii. Overheads and Support Services. This has been amended to reflect changes in the way support services can be allocated;
  - Accounting policy xv. This has been updated to reflect requirements of IFRS 9; and
  - Accounting policy xxviii. Council Tax and Non-domestic Rates This has been added to give more clarity.

## **Risk Assessment**

9. There are no direct risk implications associated with this report.

## **Equality and Diversity Impact of the Proposal**

10. None have been identified as arising directly from this report.

## **Environmental Impact of the Proposal**

11. There are no direct environmental implications associated with this report.

## **Financial Implications**

12. The Council's accounting policies will be used in the production of the Council's accounts for 2018/2019.

## **Legal Implications**

13. None have been identified as arising directly from this report.

## **Recommendations**

14. It is recommended that the Audit Committee approves the accounting policies in appendix A for the 2018/19 financial year to be used in the preparation of the Statement of Accounts for the financial year ending 31 March 2019.

**Reason for Recommendations**

15. For Members to note the Council's Accounting Policies and the future reporting arrangements.

**BECKY HELLARD**

Interim Director Finance & Procurement

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