

**REDDITCH BOROUGH COUNCIL**

**AUDIT, GOVERNANCE AND  
STANDARDS COMMITTEE**

**25<sup>th</sup> April 2019**

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**2018-19 PROPOSED ACCOUNTING POLICIES**

<b>Relevant Portfolio Holder</b>	Councillor Tom Baker Price
<b>Portfolio Holder Consulted</b>	Yes
<b>Relevant Head of Service</b>	Jayne Pickering – Exec Director Finance and Resources
<b>Ward(s) Affected</b>	All Wards
<b>Ward Councillor(s) Consulted</b>	No
<b>Key Decision / Non-Key Decision</b>	Non–Key Decision

**1. SUMMARY OF PROPOSALS**

This report presents the proposed accounting policies to be used for the closure of the 2018/19 accounts. These are prepared in line with CIPFA’s Code of Practice on Local Authority Accounting in the UK 2018/19 (the Code). Adopting the proposed policies will support timely production of the annual Statement of Accounts.

**2. RECOMMENDATIONS**

- 2.1. It is recommended that the Audit, Governance and Standards Committee approves the Council’s proposed Accounting Policies to be adopted in completing the 2018/19 Statement of Accounts.

**3. KEY ISSUES**

- 3.1 In order to comply with International Accounting Standards, the Council needs to disclose the accounting policies it has applied to all material balances and transactions, in compiling its annual Statement of Accounts These relate to the accounting practices, as set down in the Code, which all local authorities follow.
- 3.2 It is considered good practice to obtain member approval for the accounting policies that are to be adopted and will assist with production of the draft accounts by 31 May 2019. The audited accounts are required to be completed by 31st July 2019.
- 3.3 The main changes to the accounting policies are:-
- The Going Concern assumption under general principles has been updated to clarify that the going concern principle is still relevant in the case of local government re-organisation.
  - ‘Accruals of Income and Expenditure’ has been retitled ‘Revenue and Expenditure Recognition’ and rewritten to reflect the requirements of IFRS 15 (Revenue from contracts with Customers), the key change being that income is

only recognised as received when all specific performance obligations have been satisfied.

- Financial Assets and Financial Liabilities have been amended to reflect the changes of IFRS 9 (Financial Instruments)
- A new policy has been included at point 13, Interests in Companies and Other Entities, to cover the accounting for Rubicon Leisure within the Councils accounting statements.

**Legal Implications**

- 3.4 The Code constitutes 'proper accounting practices' to be followed by a local authority under the terms of section 21 of the Local Government Act 2003

**Service/Operational Implications**

- 3.5 None, as a direct result of this report

**Customer / Equalities and Diversity Implications**

- 3.6 None, as a direct result of this report.

**4. RISK MANAGEMENT**

Effective financial management is included in the Corporate Risk Register.

**5. APPENDICES**

Appendix A -2018/19 Proposed Accounting Policies

**6. BACKGROUND PAPERS**

CIPFA recommended template for the Statement of Accounts

**AUTHOR OF REPORT**

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