

This Report will be made public on 25 February 2020



Report Number **AuG/19/26**

To: Audit and Governance Committee
Date: 04 March 2020
Head of Service: Charlotte Spendley, Director - Corporate Services
Cabinet Member: Councilor David Monk, Leader of the Council

Subject: Accounting Policies 2019/20

Summary: Accounting Policies are the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements. This report presents the Accounting Policies proposed to be adopted for the 2019/20 financial statements.

Reasons for recommendations:

The Committee is asked to agree the recommendations set out below because the council is required to adopt Accounting Policies in order to prepare the annual Statement of Accounts.

Recommendations:

1. To receive and note Report AuG/19/26.
2. To approve the Accounting Policies 2019/20.

1. INTRODUCTION

- 1.1 The council should adopt the accounting policies most appropriate to its particular circumstances for the purpose of giving a true and fair view.
- 1.2 The accounting policies should be reviewed regularly to ensure that they remain appropriate, and are changed when a new policy becomes more appropriate.

2. ANNUAL REVIEW

- 2.1 The annual review of accounting policies has found that some minor changes are required to existing policies and two new policies are required to be adopted for the 2019/20 financial statements.
- 2.2 The council purchased Westenhanger Castle in August 2019 which is classed as a heritage asset and therefore an accounting policy to appropriately account for heritage assets must be adopted for the 2019/20 financial statements.
- 2.3 In November 2019 Council approved the decision to borrow £100 million for the Otterpool Park project. In order to present a true and fair view of the costs of property, plant and equipment the council needs to enhance its accounting policy for borrowing costs incurred where items of property, plant and equipment take a substantial period of time to get ready for their intended use.

Previously borrowing costs have been charged as an expense to the Comprehensive Income and Expenditure Statement in the financial year in which they were incurred. The new approach will be to capitalise borrowing costs for qualifying assets which better reflects the costs of property, plant and equipment and helps ensure that those benefiting from the use of the asset meet those costs.

- 2.4 The accounting policies to be used in the preparation of the 2019/20 financial statements can be found at Appendix 1.

3. CONCLUSION

- 3.1 The Committee is asked to approve the Accounting Policies for 2019/20.

4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

4.1 Legal Officer's Comments (AK)

There are no additional legal comments arising from this report.

4.2 Finance Officer's Comments (CI)

There are no financial implications arising from this report.

4.3 Diversity and Equalities Implications (CI)

There are none arising directly from this report

5. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

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The following background documents have been relied upon in the preparation of this report:

Appendices:

Appendix 1: Accounting Policies 2019/20