



COTSWOLD
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 27 APRIL 2023
Subject	STATEMENT OF ACCOUNTING POLICIES 2022/23
Wards affected	ALL
Accountable member	Cllr Mike Evemy, Deputy Leader and Cabinet Member for Finance Email: mike.evemy@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and Section 151 Officer Email: david.stanley@cotswold.gov.uk
Report author	Andrew Moran, Finance Business Partner Email: Andrew.Moran@publicagroup.uk
Summary/Purpose	This report presents the accounting policies to be included in the 2022/23 Statement of Accounts. This provides Members with the opportunity to review and approve the policies in advance of the preparation of the Statement of Accounts 2022/23. Approving the accounting policies in advance of the preparation of the accounts represents best practice.
Annexes	Annex A – Draft Statement of Accounting Policies – 2022/23
Recommendation(s)	<i>It is recommended that:</i> <ol style="list-style-type: none"><i>1. The Audit Committee considers and approves the draft accounting policies for 2022/23 included at Annex A;</i><i>2. Further necessary amendments to the policies set out at Annex A (occurring subsequent to this meeting) are included within the draft (unaudited) and/or final (audited) Statement of Accounts when presented to this Committee.</i>
Corporate priorities	Deliver the highest standard of service
Key Decision	NO
Exempt	NO



Consultees/ Consultation	None. The draft policies presented in this report have been prepared in accordance with latest CIPFA Code of Practice on Local Authority Accounting.
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1. EXECUTIVE SUMMARY

- 1.1 This report presents for approval, the draft Statement of Accounting Policies to be applied in closing the Council's accounts for 2022/23. The policies are included at Annex A.
- 1.2 The policies outline the relevant accounting principles, bases, conventions, rules and practices applied by the authority in preparing and presenting its financial statements.
- 1.3 The policies have been reviewed and updated to align with the latest CIPFA Code of Practice on Local Authority Accounting (The Code) supported by International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs).

2. BACKGROUND

- 2.1 The Council's External Auditor, Grant Thornton LLP recommend that Members formally approve the draft Statement of Accounting Policies to be included in the Statement of Accounts before the closedown process is undertaken.
- 2.2 Such approval demonstrates that those charged with governance have had the opportunity to consider and review the draft policies and are aware of the policies to be applied in closing the Council's accounts for 2022/23 in advance of the process.
- 2.3 The Committee will approve the Statement of Accounts, receive the Audit Findings Report, and sign the letter of Representation as those charged with governance at a future Audit Committee meeting.

3. MAIN POINTS

- 3.1 The 2022/23 financial year ended on 31 March 2023. Finance colleagues are currently preparing the draft Statement of Accounts, subject to audit for 2022/23. It is considered best practice for those charged with governance to review and approve the accounting policies prior to the meeting at which the Statement of Accounts will be approved.
- 3.2 The draft Statement of Accounting Policies are included at Annex A. They are prepared largely from the CIPFA guidance, adjusted as appropriate to be suitable for the Council. There may be certain matters arising during preparation of the Statement of Accounts which will require the draft accounting policies to be updated. For example, CIPFA may



issue updates to the guidance. Further necessary amendments to the policies set out at Annex A (occurring subsequent to this meeting) will be included within the draft (unaudited) and/or final (audited) Statement of Accounts when presented to this Committee.

- 3.3** The Council prepares its Statement of Accounts in accordance with proper accounting practices and regulations in accordance with The Code supported by International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs).
- 3.4** The Statement of Accounting Policies outlines the relevant accounting principles, bases, conventions, rules and practices applied by the Council in preparing and presenting its financial statements. They aid understanding of the Statements and facilitate comparison with other organisations. Proposed amendments to the accounting policies for 2022/23 are summarised in section 4 of this report. These changes align the policies to The Code guidance notes and do not represent material changes to previous Accounting Policies.

4. SUMMARY OF CHANGES

- 4.1** The following sections within the draft Statement of Accounting Policies shown at Annex A have been aligned with the guidance notes supporting the latest version of The Code. These changes do not alter the principles, bases, conventions, rules or practices previously applied by the Council:
- ii. Accruals of Income and Expenditure (first bullet point)
 - iv. Charges to revenue for non-current assets (first paragraph)
 - vii. Employee Termination benefits (first paragraph)
 - xiv. Inventories and long-term contracts (second paragraph)
 - xv. Investment property (second paragraph)
 - xvii. Property, plant and equipment (minor amendments throughout this section)
- 4.2** Annex A also reflects other minor amendments (e.g. individual words or phrases, punctuation and formatting) to fully align with the latest version of The Code guidance notes.
- 4.3** The following sections within the draft Statement of Accounting Policies have either been deleted or added to fully align with The Code guidance notes:
- Exceptional Items – This section (one paragraph) is no longer included. However, material ‘exceptional’ items of income or expense will continue to be disclosed separately within the accounts.



- ix. Events after the reporting period – This is an additional section which clarifies how to disclose events that become known between the Balance Sheet date and the date when the statement of accounts is authorised for issue.
- xxii. Fair value measurement of non-financial assets - This is an additional section which clarifies how to approach the fair value measurement of these assets.

4.4 The following changes have also been included to fully align with the latest version of The Code guidance notes.

x. Financial Instruments

Additional paragraphs have been included to clarify the primary purpose of holding investments (to collect contractual cashflows) and to explain how gains and losses on assets measured at amortised cost are accounted for. In addition, the statutory override which enables the impact of fair value movements on Pooled Investment Funds to be excluded from the General Fund has been extended to 31 March 2025.

xi. Government grants and contributions

In addition to minor amendments to the third and final paragraphs within this section, the paragraph covering Section 106 contributions has been updated to clarify the source and purpose of this income.

xvi. Leases

Several amendments have been included to align with The Code guidance notes including:

- For Finance Leases (Council as Lessee), clarifying that contingent rents (for example, resulting from periodic rent reviews) are charged as expenses in the periods in which they are incurred;
- For Operating Leases (Council as Lessee), clarifying that charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease);
- For Finance Leases (Council as Lessor), clarifying the accounting entries required at the outset of a new leasing arrangement.

xviii. Provisions, contingent liabilities and contingent assets



In addition to minor amendments throughout this section, an additional paragraph has been included to clarify how to determine whether a provision should be made if it is not clear whether a relevant event has taken place on or before the Balance Sheet date.

5. ALTERNATIVE OPTIONS

- 5.1 The draft policies presented in this report have been prepared in accordance with latest version of The Code. Consequently, no alternative options have been prepared.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no direct financial implications arising from this report.

7. LEGAL IMPLICATIONS

- 7.1 There are no direct legal implications arising from this report, except to the extent that compliance with the latest Accounting Code of Practice under which the accounts are prepared is mandatory.

8. RISK ASSESSMENT

- 8.1 If the Council's accounting policies are not followed during preparation of the Statement of Accounts, external audit may decide that the Statement of Accounts is misstated. Officer training in advance of preparation of the Statement of Accounts and an associated Annual review of these policies mitigates the risk.

9. EQUALITIES IMPACT

- 9.1 None.

10. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 10.1 None.

11. BACKGROUND PAPERS

- 11.1 None.