

<b>Strategic Management Team Lead Officer</b>	Nick Gray Director of Finance and Deputy Chief Executive
<b>Author</b>	Phil Mitchell, Financial Services Manager
<b>Telephone</b>	Phil Mitchell - 01306 879149
<b>Email</b>	<a href="mailto:Phil.mitchell@molevalley.gov.uk">Phil.mitchell@molevalley.gov.uk</a>
<b>Date</b>	9 <sup>th</sup> March 2017

<b>Subject</b>	Draft Statement of Accounting Policies 2016/17
<p><b>RECOMMENDATION: that the Audit Committee notes the attached Annex 1 as the Council's Draft Statement of Accounting Policies 2016/17 for review, subject to any minor changes agreed by the s151 Officer that may arise between the distribution of the report and the final Statement of Accounts 2016/17. The Committee is asked to approve the Draft Statement of Accounting Policies and invited to comment.</b></p>	

## 1. Background and Framework

The attached Annex 1 presents the draft Statement of Accounting Policies for 2016/17. It is recommended by our External Auditors and in line with proper accounting practices that the proposed accounting policies within the Financial Statements are approved by the Audit Committee in their draft format. Accounting Policies are the specific principles, bases, conventions, rules and practices applied by the Authority in preparing financial statements. The Finance Team review the accounting policies each year in line with any new accounting standards adopted. The requirement to include Accounting policies and account for changes in accounting estimates and errors is in accordance with standard IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', with the exception of adaptations to fit the Public Sector such as IPSAS 3 which is based on IAS 8. IPSAS standards are Public sector interpretations of International standards. These provide guidance for public sector bodies.

IAS 8 also requires entities to disclose the expected impact of new standards that have been issued but not yet adopted. Future editions of the CIPFA Code of practice may therefore prescribe retrospective disclosure requirements relating to changes to accounting policies.

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not correction of errors.

## **2. Summary of Changes**

It is anticipated that there might be investment opportunities arising within the next month for the Authority that may result in a requirement to prepare Group Financial Statements in accordance with IFRS 10 (if considered material), therefore a number of additional draft group accounting policies have been added at the end of Annex 1, with a new policy added for joint arrangements further to the Building Control Shared partnership service accounts. There are other policies within Grants and Contributions that will be applicable from 2017/18 only.

Where there has been an amendment to a policy or a new policy added, this is made clear in the heading to enable the Committee to focus in on the changes in this year's statement.

## **3. Corporate Implications**

### **3.1 Legal Implications**

The Chief Financial Officer has reviewed the draft accounting policies

### **3.2 Financial and Risk Implications**

Financial and risk implications apply in relation to the Accounts and Audit Regulations 2015 to prepare financial statements in accordance with the statutory timetable. The accounts must be compliant with the relevant standards and must be prepared on a true and fair view basis. Failure to comply could result in a failure to meet the statutory duty.

### **3.3 Equalities Implications**

There are no equalities implications as a direct consequence of this report.

### **3.4 Employment Issues**

There are no employment implications in this report.

### **3.5 Sustainability Issues**

There are no sustainability implications in this report.

### **3.6 Consultation**

The recommendation to review the Draft Statement of Accounting Policies is dealt with in the report.