



**Audit and Standards Advisory Committee**  
11 March 2019

**Report from the Director of Finance**

## **Accounting Policies for the year 2019/20**

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	One: 1. Updated Statement of Accounting Policies
<b>Background Papers:</b>	Not applicable
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Daniel Omisore Deputy Director of Finance <a href="mailto:Daniel.Omisore@brent.gov.uk">Daniel.Omisore@brent.gov.uk</a> , 020 8937 3057

### **1.0 Purpose of the Report**

1.1 The council is required to adopt accounting policies each year to set out how the Statement of Accounts will be produced. The Accounting Policies are based on the previous year's accounting policies with some minor changes to cover new accounting standards and clarify the existing accounting policies.

### **2.0 Recommendation(s)**

2.1 The proposed Accounting Policies at Appendix A are reviewed and agreed as the basis for the production of the 2019/20 Statement of Accounts.

### **3.0 Detail**

3.1 The Chartered Institute of Public Finance Accountants (CIPFA) annually issues the Code of Practice on Local Authority Accounting in the United Kingdom (henceforth referred to as the "Code of Practice") which sets out how local authorities should account for their transactions and financial position in the Statement of Accounts. One of the requirements of the Code of Practice is for local authorities to set out their Accounting Policies within the Statement of Accounts. The Accounting Policies explain how the Code of Practice has been interpreted and applied to the authority.

- 3.2 The key element of Brent Council's approach to the Accounting Policies is that it follows and applies the Code of Practice unless otherwise stated in its Accounting Policies.
- 3.3 Accounting Policies can only be updated in certain circumstances:
- if the change is required by the Code or;
  - the change would result in the financial statements providing more reliable and relevant information about the effects of transactions, other events and conditions on the authority's financial position, financial performance or cash flows.
- 3.4 If an authority does change its accounting policies then it is required to retrospectively apply the changes to its Statement of Accounts, and issue a third balance sheet to aid readers of the accounts in comparing the accounts to previous years, unless the Code of Practice contains transitional arrangements that do not require such a disclosure.
- 3.5 The only update to the Council's accounting policies this year relates to an update to the latest version of the Code of Practice, and underlying financial standards. The Accounting Policies have been updated to highlight the additional disclosures within IFRS16 accounting for leases. IFRS 16 is due to be adopted in 2020/21 and in accordance with the Code of Practice the accounts for 2019/20 will include a disclosure for the estimated impact of this change. Therefore, in practice there are no change to accounting policies this year.

#### **4.0 Financial Implications**

- 4.1 This entire document is focused on Accounting Policies, but there are no specific financial implications of this proposal.

#### **5.0 Legal Implications**

- 5.1 It is necessary for the council to adopt Accounting Policies under the Code of Practice. The Code of Practice sets out the proper accounting practices defined by Section 21(2) of the Local Government Act 2003. These proper practices apply to Statements of Accounts prepared in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2015.

#### **6.0 Equality Implications**

- 6.1 There are no equality implications of this report.

**Report sign off:**

***Minesh Patel***  
***Director of Finance***