

**Blaby District Council**  
**Audit & Corporate Governance Committee**

**Date of Meeting** 17 April 2023  
**Title of Report** **Accounting Policies 2022/23**  
**Report Author** Finance Group Manager

**1. What is this report about?**

- 1.1 The report sets out the proposed accounting policies that will be followed by the Council in the preparation of its annual Statement of Accounts for 2022/23.

**2. Recommendation(s)**

- 2.1 It is recommended that the accounting policies set out in Appendix A are approved.

**3. Reason for Decision(s) Recommended**

- 3.1 The Council should select appropriate accounting policies to be applied in the preparation and presentation of its annual Statement of Accounts.
- 3.2 It is considered good practice for the Audit and Corporate Governance Committee to review and comment upon the proposed accounting policies to be used in the preparation of the Council's annual accounts.

**4. Matters to consider**

4.1 Background

The Accounts and Audit (England) Regulations 2015 require the Council to prepare an annual Statement of Accounts in accordance with proper accounting practices. This means that our accounts should comply with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), and various International Financial Reporting Standards (IFRS).

The Code defines accounting policies as "the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements".

Accounting policies represent one of the key notes that support the Financial Statements. It is important that the Council selects appropriate policies for all

material transactions and balances (e.g., revenue recognition, non-current assets, and retirement benefits), and that those policies are applied in practice. Policies do not need to be disclosed in respect of immaterial transactions or balances, or where they are not applicable to the Council. They are reviewed and updated annually to reflect changes to the Code, accounting standards, or statutory guidance.

#### 4.2 Changes in Accounting Policies in 2022/23

For 2022/23 there have been no new Accounting Policy changes brought about by the Code that affect the Council's accounts.

However, during the financial year, the Council approved a change to the way it determines the annual Minimum Revenue Provision (MRP). The Council's new policy remains compliant with the Code and prevailing legislation but leads to a rephrasing of the MRP charged over time.

#### 4.3 IFRS 16 – Accounting for Leases

The adoption of IFRS 16, which will require the inclusion of all material leases on the balance sheet, has been deferred again until 1<sup>st</sup> April 2024 although the Code allows for early adoption of the standard in either 2022/23 or 2023/24. Blaby is not in a position to adopt IFRS16 in 2022/23 but consideration will be given to implementing the new requirements in 2023/24 subject to the availability of resource and competing priorities. It is understood that most local authorities across the country intend to defer until 2024/25.

### 5. What will it cost and are there opportunities for savings?

5.1 There are no direct financial implications arising from this report.

### 6. What are the risks and how can they be reduced?

6.1

Current Risk	Actions to reduce the risks
That the accounting policies might not reflect changes to the Code or accounting standards.	Annual review of the existing accounting policies to ensure compliance with the latest Code.
That the accounting policies may not reflect materiality.	The annual review seeks to ensure that policies are in place for all material transactions and balances, and that policies are not included where the transactions and balances related to those policies are not material.

## **7. Other options considered**

- 7.1 Not to present the accounting policies to Audit and Corporate Governance Committee. However, it is considered good practice to give Members early sight of the policies on which the financial statements will be based. The external auditors will also require evidence that the policies have been considered and approved by those charged with governance.

## **8. Other significant issues**

- 8.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

## **9. Appendix**

- 9.1 Appendix A – Accounting Policies 2022/23

## **10. Background paper(s)**

None.

## **11. Report author's contact details**

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