

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

**Date of Meeting** 22 April 2024  
**Title of Report** **Accounting Policies 2023/24**  
**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 2023/24.

**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 2023/24 (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. Examples of these include revenue

recognition, non-current assets, and retirement benefits. It is also important that those policies, once developed, 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 2023/24

The 2023/24 Code of Practice introduces the following new accounting standards from 1<sup>st</sup> April 2023:

- Definition of Accounting Estimates (Amendments to IAS 8).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3).

These new standards are expected to have little or no impact on the content or substance of the Council's accounts.

#### 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, was deferred until 1<sup>st</sup> April 2024 although the Code allowed for early adoption of the standard in either 2022/23 or 2023/24. Blaby has elected not to implement the new requirements in 2023/24 but will prepare a statement to identify the expected impact on the 2024/25 accounts.

This standard only relates to leases where Blaby is the lessee, i.e., where it is acquiring an asset by way of the lease. It does not apply where Blaby is leasing assets to third parties. As a result, only a small number of leases have been identified where IFRS16 applies.

It is worth noting that IFRS16 does include arrangements whereby an asset is acquired through a contract, known as embedded leases. Work is ongoing to identify whether Blaby is party to any embedded leases. It is thought possible that some may be contained within the ICT contract, and any such assets identified will need to be brought onto the balance sheet in 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, but IFRS16 will bring about changes in the way that we account for leases.

## 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 2023/24

## 10. Background paper(s)

None.

## 11. Report author's contact details

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