

North East Derbyshire District Council

Audit Committee

14 April 2025

Update to Accounting Policies 2024/25

Report of the Director of Finance and Resources (S151 Officer)

Classification: This report is public

Report By: **Jayne Dethick, Director of Finance and Resources (S151 Officer)**

Contact Officer: **Jayne Dethick**

PURPOSE / SUMMARY

To request approval by the Audit Committee of the updated accounting policies that it is proposed to adopt for the current financial year in the preparation of the Statement of Accounts 2024/25.

RECOMMENDATIONS

1. That the Audit Committee approves the updated Accounting Policies detailed at **Appendix 1** to this report.
2. Members are requested to note that any proposed amendments or changes to these policies will be reported back to this Committee, together with an explanation for the reasons a change is considered to be appropriate and detailing any financial implications of the amendments.

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

There are no direct financial implications arising from this report. The accounting policies will however be used to determine the accounting treatment of the financial transactions of the Council for 2024/25 and will therefore influence the presentation and understanding of the financial position of the Council as at 31 March 2025.

None of the policies outlined in **Appendix 1** are considered to be in conflict with legislative or IFRS requirements therefore the risk of adopting a policy that contravenes good practice is considered minimal. The greater risk is the failure to

ensure that the policy and the actual accounting treatment are consistent. To minimise this risk the accounts production timetable for 2024/25 has officer review time built in to cross check the policies to the actual treatment of items within the accounts.

On Behalf of the Section 151 Officer

Legal (including Data Protection):

Yes ☒

No ☐

Details:

The agreement of appropriate Accounting Policies is part of the process of ensuring that the Council satisfies its legal obligation to prepare a Statement of Accounts. The accounting policies adopted by the Council must comply with current legislation, the Code of Practice on Local Government Accounting and IFRS requirements. Officers have given careful consideration to the policies detailed at Appendix 1 to ensure that they meet all these requirements.

On Behalf of the Solicitor to the Council

Staffing:

Yes ☐

No ☒

Details:

There are no staffing issues arising directly from this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: NEDDC: Revenue - £125,000 <input type="checkbox"/> Capital - £310,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Equality Impact Assessment (EIA) details:	
Stage 1 screening undertaken <ul style="list-style-type: none"> Completed EIA stage 1 to be appended if not required to do a stage 2 	No, not applicable
Stage 2 full assessment undertaken <ul style="list-style-type: none"> Completed EIA stage 2 needs to be appended to the report 	No, not applicable
Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet <input type="checkbox"/> SMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	No Details:

Links to Council Plan priorities; <ul style="list-style-type: none"> A great place that cares for the environment A great place to live well A great place to work A great place to access good public services
All

REPORT DETAILS

1 Background (reasons for bringing the report)

- 1.1 The Accounting Policies for 2024/25 were approved by Audit Committee on 20 January 2025. The policies adopted by the Council determine the accounting treatment that is applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year end. They determine the

specific principles, bases, conventions, rules and practices that will be applied by the Council in preparing and presenting its financial statements. The accounting policies themselves are published within the Statement of Accounts in accordance with the Code of Practice on Local Government Accounting and incorporate the requirements of International Financial Reporting Standards (IFRS).

- 1.2 The approval of the accounting policies to be applied by the Council demonstrates that due consideration is being given to which policies to adopt and apply and that those charged with corporate governance are fully informed prior to the commencement of the Statement of Accounts preparation of the policies that are being adopted.
- 1.3 This report presents an update to the accounting policies for 2024/25 specifically relating to Leases and will apply in the preparation of the Statement of Accounts 2024/25.

2. Details of Proposal or Information

Accounting Policies

- 2.1 In January 2025 officers had assessed the accounting policies that were deemed necessary to explain clearly and underpin the accounting treatment of transactions within the Council's Statement of Accounts for 2024/25. In March 2025, the guidance notes that accompany the code of practice were published. These guidance notes included an update in relation to the adoption of International Financial Reporting Standard 16 (IFRS 16) which relates to the accounting treatment for Leases.
- 2.2 From 1 April 2024 changes to the code of practice means that for the Council as a lessee, leases previously defined as operating leases and finance leases will now be defined as right-of-use assets. This includes different accounting treatment as detailed in the updated accounting policies. This is to ensure that all leased assets are recognised on the balance of the entity with use of the asset. There are minimal changes for the Council operating as a Lessor.
- 2.3 As the Statement of Accounts for 2024/25 are prepared it may be necessary to amend a policy in order to adopt a more appropriate accounting policy. If this occurs, the change and the reason for the change will be reported back to the Audit Committee at its next available meeting. Full details of all the proposed accounting policies are provided at **Appendix 1**.

3 Reasons for Recommendation

- 3.1 This report sets out the update to the Accounting Policies which it is proposed to adopt in respect of the 2024/25 Statement of Accounts for consideration by the Audit Committee. Given that the policies adopted have a significant influence upon the Accounting Statements it is important that these are given appropriate consideration at the outset and throughout the preparation of the Statement of Accounts. This helps ensure that they are applied consistently in the preparation of the Accounts.

4 Alternative Options and Reasons for Rejection

- 4.1 The Council is required to have appropriate Accounting Policies within its Statement of Accounts. Officers have developed what they consider to be an appropriate set of policies based upon those adopted in previous financial years and taking account of changes as required by current legislation. The preparation and consideration of this report is part of a process intended to ensure that alternative options are given appropriate consideration.

DOCUMENT INFORMATION

Appendix No	Title
1	Accounting Policies
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet you must provide copies of the background papers)	
None	