

# Audit Committee

25 February 2025



<b>Title</b>	<b>2024-25 Accounting Policies Spelthorne Borough Council and its subsidiaries Knowle Green Estates Limited and Spelthorne Direct Services Limited</b>
<b>Purpose of the report</b>	To inform the Committee
<b>Report Author</b>	Emilia Grodzka, Joint Finance Manager – Systems & Controls
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Corporate Priority</b>	Services
<b>Recommendations</b>	<b>Committee is asked to acknowledge the 2024-25 accounting policies</b>
<b>Reason for Recommendation</b>	To provide details of the Accounting Policies which will be used in the preparation of the 2024-25 Statement of Accounts

## 1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"><li>The 2024-25 Accounting Policies set out how the Council and its Group subsidiaries will deal with a variety of matters in the preparation of the Statement of Accounts</li></ul>	<ul style="list-style-type: none"><li>As part of producing the 2024-25 Statement of Accounts the Accounting Policies set out how the Council will deal with key accounting issues.</li></ul>
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"><li>Review the 2024-25 Accounting Policies.</li><li>Question Finance Officers on the 2024-25 Accounting Policies</li></ul>	<ul style="list-style-type: none"><li>To note the 2024-25 Accounting Policies for the Council and the Group, which includes the Council and its subsidiaries Knowle Green Estates Ltd and Spelthorne Direct Services Ltd.</li></ul>

- 1.1 This report sets out the Council's proposed accounting policies to be adopted for Spelthorne Borough Council and its subsidiaries for the financial statements for the year end 31 March 2025.

## **2. Key issues**

- 2.1 The Council's accounting policies are the specific principles, conventions, rules and practices that are applied in the production and presentation of the annual Statement of Accounts.
- 2.2 These policies have to be fully disclosed as a note to the annual accounts and a copy of the policies for the Council (sole entity) and Group Accounts (Council and its subsidiaries) as shown in appendix A and B respectively.
- 2.3 There has been a change to the accounting policies regarding operating leases for the Council as a lessee (1.17.1.1 in Appendix A). The new standard requires lessees to recognise nearly all leases on the balance sheet which will reflect their right to use an asset for a period of time and the associated liability for payments.
- 2.4 During the 2023-24 year end close down seminars, a number of commentators and CIPFA are advising that there is a general view that the accounting policies for Council's have become too complex and whilst they cover every item that is applicable to the Council, they should perhaps reflect if these policies have a material impact on the Statement of Accounts and where the answer is that they are immaterial, the accounting policies should reflect this.
- 2.5 Having considered this guidance, and in view of the fact that the Council has had its audit work carried out for the first time in the last five years, it is proposed that the Council will start with the full list of accounting policies contained in the appendices below and refine if required.
- 2.6 Please note that as the audit evolves, it may be necessary to develop or adapt the attached accounting policies, and the Committee will be informed.

## **3. Options analysis and proposal**

- 3.1 Option 1 (Preferred): Accept the proposed accounting policies.
- 3.2 Option 2: Suggest amendments to the proposed accounting policies.

## **4. Financial management comments**

- 4.1 There are none.

## **5. Risk management comments**

- 5.1 If the accounting policies are not accepted, the Auditors will question our position and will end up with issuing a qualified audit opinion. There is no risk that we are in breach of law if accounting policies are not accepted.

## **6. Procurement comments**

- 6.1 There are none.

## **7. Legal comments**

- 7.1 There are no direct legal implications arising from this report.

## **8. Other considerations**

- 8.1 Note that the Statement of Accounts have a supporting glossary which explains some of the accounting terms referred to in the Accounting Policies.

## **9. Equality and Diversity**

9.1 There are none.

**10. Sustainability/Climate Change Implications**

10.1 There are none.

**11. Contact details**

11.1 Emilia Grodzka, Joint Finance Manager – Systems & Controls  
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**12. Timetable for implementation**

12.1 Effective immediately for the 2024-25 audit.

**Background papers:** There are none.

**Appendices:**

**Appendix A** – 2024-25 Spelthorne Borough Council Accounting Policies

**Appendix B** – 2024-25 Group Accounting Policies