

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

18 January 2021

Report of the Director of Finance and Transformation

Part 1- Public

Delegated

1 ACCOUNTING POLICIES

This report presents the Accounting Policies proposed for the 2020/21 Financial Statements for consideration and endorsement.

1.1 Introduction

1.1.1 The Accounting Policies to be used in the preparation of the 2020/21 Financial Statements are attached at **[Annex 1]** for Members' consideration and endorsement.

1.1.2 Our external auditor following the audit of the 2019/20 Financial Statements commented on the accounting policy in respect of investment property as set out below and recommended that the wording of this policy is reviewed:

The Council's accounting policy, note 2(r) states that "Properties are subject to revaluation on an annual basis in accordance with market conditions at the year-end. However, due to the nature and size of the portfolio held full valuation reviews are carried out once every five years or earlier where there is a material change in value is considered". The reference to periodic "full valuation reviews" in addition to the annual market reviews is confusing.

1.1.3 In response the policy has been reviewed and updated as detailed below.

"Investment properties are subject to revaluation on an annual basis in accordance with market conditions at the year-end".

1.1.4 In addition, the words, 'which will normally be its insured value' have been added to the sentence, Heritage assets where the Council holds information on their cost or value are to be recognised on the Balance Sheet which will normally be its insured value. The authorised for issue date(s) is also the subject of confirmation.

1.1.5 This latest review found that no other changes were required to the Accounting Policies to be adopted for the 2020/21 Financial Statements.

1.2 Legal Implications

- 1.2.1 The Accounts are to be prepared in accordance with the Code of Practice on Local Authority Accounting of which the Accounting Policies form an integral part.

1.3 Financial and Value for Money Considerations

- 1.3.1 As set out in the Accounting Policies.

1.4 Risk Assessment

- 1.4.1 Failure to adequately follow Accounting Policies could result in misrepresentation and potential qualification of the Accounts.

1.5 Equality Impact Assessment

- 1.5.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.6 Recommendations

- 1.6.1 Members are asked to **consider** and, subject to any required amendments, **endorse** the Accounting Policies to be used in the preparation of the 2020/21 Financial Statements as set out at **[Annex 1]**.

Background papers:

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Nil

Sharon Shelton
Director of Finance and Transformation