

AUDIT AND GOVERNANCE COMMITTEE
15 MARCH 2019**STATUTORY ACCOUNTS 2018/19 – ACCOUNTING**
POLICIES

Recommendation

1. **The Chief Financial Officer recommends that the accounting policies for 2018/19 are approved.**

Background

2. The Statutory Accounts include the County Council's accounting policies. These are reviewed and updated on an annual basis to ensure that any new policies are incorporated, and existing policies are correct.

Findings and actions

3. We have completed a review of the 2017/18 accounting policies and amended some wording to assist in the clarity and reader's understanding of the policies.
4. Two new standards have required changes to our policies as detailed below.
5. IFRS 9 – Financial Instruments. The introduction of this standard has required amendments to our classification of financial assets and impairment calculations with regard to potential credit losses. The main change in the Statutory Accounts is in the financial instruments note where our investments in Malvern Hills Science Park and the Municipal Bonds Agency will be reclassified from Available for Sale assets to Fair Value Through Profit and Loss assets. Regarding our potential credit losses, we will review our provision at 31 March when the year-end trade debtor position is known.
6. IFRS 15 – Revenue from Contracts with Customers. This standard requires income to be recognised in our accounts when our performance obligation is fulfilled rather than on receipt of income. We have reviewed the relevant income streams and identified that in the majority of cases where the conditions of the standard are met, our accruals accounting policy means that income is recognised appropriately. The only income stream identified as not being accounted for in line with the new standard is deferred payments, relating to adult social care provision where charges are made against a client's property. We have been accounting for the income when the property was sold rather than as the service to the client is provided. At the end of 2017/18 we had a total charge of £3.2 million recorded as a debtor in our accounts. We will review this amount at 31 March and, if it is still material, will make the necessary accounting adjustments.

Contact Points

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Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) the following background papers relate to the subject matter of this report:

Accounting Policies 2018/19