

# Annual Statement of Accounts 2017/18

**Committee: Audit Committee**

**Date: 20th March 2018**

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Author: Director of Finance

Wards: All

Parishes Affected: All

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## **1. Purpose and Reasons**

- 1.1 This report provides an update on the progress towards the completion of the 2017/18 Statement of Accounts and future changes affecting their production.
- 1.2 The audit committee is the designated body for approval of the Council's final accounts.

## **2. Recommendations**

The Committee is recommended to:

- 2.1 Confirm the Accounting Policies for 2017/18.
- 2.2 Note the content of this report.

## **3. Detail**

Statutory Deadlines

- 3.1 Under statutory requirements the draft annual accounts for 2017/18 require authorisation by the Council's Section 151 Officer (S151) by 31 May 2018 and publishing as final by 31 July. Publication by 31 July must be met whether the audit of the accounts is complete or not.
- 3.2 The 2017/18 closing timetable has the deadline of the 25<sup>th</sup> May for the sign-off by the S151. This includes the wider group accounts and improving upon the quality control/review of working papers.

Accounting Policies

- 3.3 The Accounting policies for 2017/18 require an update to reflect local changes in respect of Group Companies.
- 3.4 This involves the removal of references to "parent company" or "subsidiary" in relation to Thamesdown Transport, and the inclusion of a new policy on the accounting treatment for the Wichelstowe Joint Venture. This new policy is shown below:  
  
"The Wichelstowe LLP partnership is considered a joint venture for accounting purposes, with net assets and liabilities of the partnership shown proportionately (50%) in the SBC group statements."

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Further information on the subject of this report can be obtained from Darren Stevens, Direct Dial 07769 281659, dstevens@swindon.gov.uk.

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- 3.5 The changes are shown in Appendix 1, but in all other ways the accounting policies remain as they were for 2016/17.

## Accounting Code Changes

- 3.6 There are no Code changes for 2017/18 that impact on the production of the statements or way in which items should be accounted for this financial year.

- 3.7 In the next two years there are two significant accounting standard changes being implemented:

3.7.1 In 2018/19 there are changes to the way in which Financial Instruments are classified and required to be accounted for. In simple terms financial instruments are contracts between two parties where there is agreed payment for the promise of supply/service, e.g. debtors/creditors, investments, borrowing. Depending on the classifications arrived at, and subject to statutory override, the fair value revaluation of such items (i.e. ensuring the carrying value reflects a current market value) could impact on different sections of the financial statements.

3.7.2 In 2019/20 there will be a change to the way in which leases are accounted for. Currently leases are classified into operating and finance leases. Operating leases only affect revenue, whilst finance leases are included as assets on the balance sheet with a corresponding lease liability for the future payments due. From 2019/20 all leases, subject to clarifications on short-term/low value items, are expected to be added as assets to the lessee balance sheet. Whilst there are few leases known to be impacted by this change, there will need to be a wide review to evidence the position.

## **4. Alternative Options**

- 4.1 None – the annual Statement of Accounts is a statutory process.

## **5. Implications, Diversity Impact Assessment and Risk Management**

### Financial and Procurement Implications

- 5.1 These have been reflected in the body of the report.

### Legal and Human Rights Implications

- 5.2 All legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

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## All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 There are no such direct implications.

## Links to One Swindon, Strategic Objectives, Plans and Policies

- 5.4 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities.

## Diversity Impact Assessment

- 5.5 A Diversity Impact Assessment (DIA) has not been done as this report does not make any new recommendations that would have a detrimental impact on services.

## **6. Consultees**

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

## **7. Background Papers**

- 7.1 None

## **8. Appendices**

- 8.1 Appendix 1 – Updated Accounting Policies