

Bath & North East Somerset Council

MEETING:	Corporate Audit Committee	
MEETING DATE:	28th June 2011	AGENDA ITEM NUMBER
TITLE:	ACCOUNTS UPDATE & POLICY RE ACCOUNTING FOR COMPONENTS	EXECUTIVE FORWARD PLAN REFERENCE: E
AN OPEN PUBLIC ITEM		
List of attachments to this report: NONE		

1 THE ISSUE

- 1.1 Due to a change in the Accounts and Audit Regulations a full set of accounts is no longer required to be presented to the Audit Committee at the end of June and will instead be presented at the end of September after being audited. However a verbal update will be given of progress in preparing the accounts and any key issues arising.
- 1.2 In addition to comply with the new International Financial Reporting Standards (IFRS) material component parts of property, plant and equipment must be accounted for separately. This report gives details of the policy for componentisation.

2 RECOMMENDATION

- 2.1 The Corporate Audit Committee is asked to –
- a) Note the update on the Accounts
 - b) Approve the Accounting Policy for Components.

3 FINANCIAL IMPLICATIONS

- 3.1 Accounting for components will affect the amount of depreciation charged to services in the statement of accounts but will have no financial impact on council spend as this is a technical adjustment.

4 POLICY FOR COMPONENTISATION

- 4.1 The Statement of Recommended Practice for local government finance requires only material component parts of property, plant and equipment which have different useful lives to the main asset to be accounted for separately.
- 4.2 An exercise carried out to assess the effect on depreciation showed that accounting separately for components of assets valued at less than £500,000 had no material impact. It is therefore proposed to only consider assets with a value in excess of £500,000.
- 4.3 For assets with a value of £500,000 or more only component parts with different useful lives from the main asset and with a value of 20% or more of the asset as a whole should be accounted for separately.

5 RISK MANAGEMENT

- 5.1 The policy to be approved in this report is an accounting adjustment and will have no effect on Council finances.

6 RATIONALE

- 6.1 The new accounting policy requires the approval of the Corporate Audit Committee.

7 OTHER OPTIONS CONSIDERED

- 7.1 None.

8 CONSULTATION

- 8.1 Consultation has been carried out with the Section 151 Finance Officer.

9 ISSUES TO CONSIDER IN REACHING THE DECISION

- 9.1 None as this is an accounting issue only.

10 ADVICE SOUGHT

- 10.1 The Council's Section 151 Officer has had the opportunity to input to this report and has cleared it for publication.

Contact person	Tim Richens; Irene Draper (01225) 477325
Background papers	None
Please contact the report author if you need to access this report in an alternative format	