

Title of Report	DRAFT ACCOUNTING POLICIES 2025/26	
Presented by	Anna Crouch Head of Finance	
Background Papers	Audit and Governance Committee - 12 November 2025 Draft Accounting Policies 2024/25	Public Report: Yes
Financial Implications	There are no direct financial implications as a direct result of this report.	
	Signed off by the Acting Section 151 Officer: Yes	
Legal Implications	There are no direct legal implications as a direct result of this report.	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	There are no direct staffing and corporate implications as a direct result of this report	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To present the draft accounting policies for the 2025/26 financial statements	
Recommendations	THAT THE COMMITTEE CONSIDERS AND APPROVES THE DRAFT ACCOUNTING POLICIES FOR THE 2025/26 FINANCIAL STATEMENTS AS DETAILED IN APPENDIX A.	

1.0 BACKGROUND

1.1 It is a requirement of the Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015 for the Statement of Accounts to be produced in accordance with proper accounting practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

1.2 There are significant changes in the 2025/26 Code that impact the Council's accounting policies.

Key updates include:

- Property, Plant, and Equipment (PPE) revaluations now on a mandatory five-year cycle supported by annual indexation, with a desktop valuation permitted in year three where no appropriate index exists
- Intangible assets measured only at historical cost (revaluation model withdrawn)

- Adoption of International Financial Reporting Standards (IFRS 17) and amendments to International Accounting Standards (IAS 21) (no material impact expected)
- Removal of the prior adaptation on accumulated depreciation on revaluation
- Clarification that a full revaluation is not the default method to evidence the absence of impairment
- Transitional arrangements permit prospective application without restatement of prior periods.

1.3 In August 2023, CIPFA issued a consultation on the 2025/26 Code of Practice which will apply to the 2025/26 Statement of Accounts. Consultation on the 2025/26 Code of Practice on Local Authority Financial Reporting in the United Kingdom | CIPFA. In the Exposure drafts, CIPFA:

- Details the amendments to IFRS 16 Lease liabilities for sale and lease back transactions. In common with many other local authorities, the Council has decided to implement IFRS 16 in 2025/26 in line with the mandatory deadline.
- Confirms the contents of the Narrative Statement

1.4 This report, therefore, presents the accounting policies that the Council will apply in the preparation of the Statement of Accounts for 2025-26.

2.0 DRAFT ACCOUNTING POLICIES 2025/26

2.1 The Accounting Policies adopted by the Council determine the accounting treatment that is applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year-end. They determine the specific principles, bases, conventions, rules and practices that will be applied by the Council in preparing and presenting its financial statements.

2.2 Accounting policies need not be applied if the effect of applying them would be immaterial. Materiality is defined in the Code as: "Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor."

2.3 The Audit and Governance Committee's Terms of Reference require the Committee to "consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council. It is, therefore, considered good practice for the Committee to have greater visibility over the accounting policies, enabling appropriate oversight and challenge prior to their application.

2.4 The draft accounting policies for 2025/26 are included in Appendix A. The finance team review the accounting policies each year to ensure they comply with accounting standards. Any policies, which are no longer relevant or have no material effect to the Statement of Accounts are removed. Following the 2025/26 review, there are no

Council-specific or discretionary changes to accounting policies. Updates reflect mandatory changes arising from the CIPFA Code of Practice.

2.5 The draft accounting policies will be reviewed by the external auditors, Azets, as part of the audit of the accounts and are still subject to change up to the point the final Statement of Accounts documented are approved and signed. Any major changes will be highlighted to the Audit and Governance Committee alongside the final version of the Statement of Accounts.

Policies and other considerations, as appropriate	
Council Priorities:	A well-run council Production of timely and accurate Statement of Accounts is a statutory requirement. Achievement of this reflects sound financial management - supporting all the council priorities.
Policy Considerations:	CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26
Safeguarding:	Not applicable
Equalities/Diversity:	Not applicable
Customer Impact:	Not applicable
Economic and Social Impact:	Not applicable
Environment, Climate Change and Zero Carbon	Not applicable
Consultation/Community/Tenant Engagement:	Not applicable
Risks:	Regulation 7 of the Accounts and Audit Regulations 2015 requires a local authority to prepare a Statement of Accounts in accordance with “proper practices in relation to accounts”. As this report complies with best practice, the risk has been assessed as low.
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