

AUDIT & GOVERNANCE COMMITTEE
12 MARCH 2025

STATEMENT OF ACCOUNTS 2024/25

**Report by Executive Director of Resources
and Section 151 Officer**

RECOMMENDATION

1. The Audit and Governance Committee is **RECOMMENDED** to
 - (a) Endorse the proposed timetable to produce the draft Statement of Accounts for 2024/25
 - (b) Consider and approve the change in the De Minimis Level for capitalisation.
 - (c) Ratify the accounting policies including new changes for 2024/25 as approved by the Executive Director of Resources and Section 151 Officer and included as an annex to this report.

Executive Summary

2. This report sets out the approach taken to the preparation of the 2024/25 Statement of Accounts including:
 - The proposed timetable for the publication and public inspection of the 2024/25 Statement of Accounts
 - Changes to de minimis levels for capitalisation.
 - Changes to the Chartered Institute of Public Finance and Accountancy (CIPFA) 2024/25 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2024/25
 - The approved Significant Accounting Policies which describe how the Council has interpreted and applied the Code and form the basis of preparation of the accounts.

Timetable for 2024/25 Statement of Accounts

3. On 30 July 2024 the Minister of State responsible for Local Government and English Devolution made [a statement to parliament](#) setting out the Government's policy proposal for addressing the local government audit backlog.
4. Following this statement a cross-system letter set out that secondary legislation would be put in place to amend the Accounts and Audit Regulations (2015) to set a series of backstop dates up to and including financial year 2027/28 to allow full assurance to be rebuilt over several audit cycles.

5. For financial years 2024/25 to 2027/28, the date by which Category 1 bodies should publish 'draft' (unaudited) accounts is 30 June following the financial year to which they relate. The audit backstop date for 2024/25 is 27 February 2026.
6. The Section 151 Officer must ensure there is sufficient information available to guarantee that the Statement of Accounts are true, fair, and free from material misstatement. The intention is to produce the draft Statement of Accounts for 2024/25 by mid-June 2025. The public inspection period will begin in mid-June 2025 following the publication of the accounts and run for six weeks.

Changes to De Minimis Level for Capitalisation

7. For several years, Oxfordshire County Council has set de minimis levels for small items of capital expenditure, establishing a minimum value for which an asset will be recorded. Expenditure below these levels, is treated as revenue expenditure. The current de minimis levels are:
 - Land and buildings: £20,000
 - Vehicles and equipment: £15,000
 - Computer Software: £20,000
8. To reflect the impact of inflation it is proposed that the de minimis levels should be increased to:
 - Land and buildings: £30,000
 - Vehicles and equipment: £20,000
 - Computer software: £30,000

Changes to the Code for 2024/25

9. From 1 April 2024, the council is required to implement International Financial Reporting Standard (IFRS) 16 for Leases. The standard mandates that lessees recognise leases on their balance sheet, reflecting a right-of-use asset and a corresponding lease liability. Additionally, the definition of fair value measurement for leased investment properties has been amended following the implementation of IFRS 16 Leases.

Significant Accounting Policies 2024/25

10. The Council's Statement of Accounts is prepared in accordance with the Code for the relevant financial year. The Council is required to adopt accounting policies that are set out in the Code which describe how the Council has interpreted and applied the Code.
11. The Code defines Accounting Policies as 'the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements.'

12. The significant accounting policies adopted by the Council are disclosed within three notes to the Core Financial Statements in the Statement of Accounts set out below and listed in full in Annex 1:
- Summary of Significant Accounting Policies
 - Critical judgements in applying accounting policies
 - Assumptions made about the future and other major sources of estimation uncertainty.
13. The Code prescribes that ‘authorities shall apply the objective, underlying assumption and qualitative characteristics of useful financial information, in the selection and application of accounting policies and estimation techniques.’
14. The Code provides a detailed framework within which accounting policies must be set:
- When the Code specifically applies to a transaction, other event or condition, the accounting policy or policies applied to that item shall be determined by applying the Code. Those policies need not be applied when the effect of applying them is immaterial.
 - Where the Code does not specifically apply to a transaction, other event or condition, management shall use its judgement in developing and applying an accounting policy that results in information that is:
 - a) relevant to the decision-making needs of users, and
 - b) reliable, in that the financial statements:
 - (1) represent faithfully the financial position, financial performance and cash flows of the authority
 - (2) reflect the economic substance of transactions, other events and conditions and not merely the legal form
 - (3) are neutral, i.e. free from bias
 - (4) are prudent, and
 - (5) are complete in all material respects.
 - In making the judgement management shall refer to, and consider the applicability of, the Code requirements dealing with similar and related issues. Management may also consider the most recent pronouncements of standard-setting bodies and accepted public or private sector practices to the extent, but only to the extent, that these do not conflict with the requirements of the Code.
 - An authority shall select and apply its accounting policies consistently for similar transactions, other events and conditions, unless the Code specifically requires or permits different treatment.
 - An authority shall change an accounting policy only if the change is required by the Code or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events and

conditions on the authority's financial position, financial performance or cash flows.

- Where an authority changes an accounting policy, it shall apply the changes retrospectively unless the Code specifies transitional provisions that shall be followed. A change in accounting policy shall be applied retrospectively by adjusting the opening balance of each affected component of net worth for the earliest period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied, except to the extent that it is impracticable to so do.

Approval of Accounting Policies

15. The code states that the Chief Finance Officer is responsible for selecting suitable accounting policies and ensuring that they are applied consistently in the preparation of the statement of accounts. The Executive Director of Resources and Section 151 Officer has approved the Summary of Significant Accounting Policies for 2024/25 as set out in Annex 1. All significant accounting policies have been selected with reference to the Code.
16. Following the implementation of IFRS 16 there is a change to the leases section of the accounting policies. From 2024/25 almost all leases are required to be recognised on the balance sheet. This includes a right-of-use asset and a corresponding lease liability, eliminating the previous distinction between operating and finance leases.
17. The Council's auditors will review the adopted accounting policies as part of the audit of the statement of accounts. There is also an expectation that the auditors will be able to evidence that the accounting policies have been approved by the Audit and Governance Committee in its capacity as 'Those Charged with Governance'. The Audit and Governance Committee is therefore asked to ratify the accounting policies as set out in Annex 1.

Financial Implications

18. There are no financial implications arising directly from the report.

Comments checked by:

Kathy Wilcox, Head of Corporate Finance and Deputy Section 151 Officer

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Legal Implications

19. There are no legal implications arising directly from the measures set out. However, the Council will need to ensure that arrangements are put in place to comply with any amendments to the Local Audit and Accountability Act 2014, Accounts and Audit Regulations 2015 and statutory guidance, including the Code of Practice on Local Authority Accounting in England and Wales.

Comments checked by:

Anita Bradley, Director of Law & Governance and Monitoring Officer

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Risk Management

20. The proposed changes to the council's accounting policies are in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25. This Code is developed by CIPFA/LASAAC and specifies the principles and practices required to prepare financial statements that give a true and fair view of a local authority's financial position.
21. By adhering to this Code, the council ensures that its accounting policies are consistent with established standards and best practices. This alignment reduces the risk of non-compliance, financial misstatements, and audit issues. Additionally, the Code includes provisions for managing and reporting financial risks, which further mitigates potential risks to the council.

LORNA BAXTER

Executive Director of Resources and Section 151 Officer

Annex: Annex 1 Accounting Policies

Background papers: Nil

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