

This page is part of Section 3 - External auditor certificate and opinion 2016/17
Willington Parish Council
External Auditor Report for the year ended 31 March 2017

Matters reported

None

Other matters not affecting our opinion which we wish to draw to the attention of the authority

Section 2, Accounting statements, Accounting for Fixed Assets

It has come to our attention that Box 9 of Section 2 of the Annual Return, the Accounting Statements, includes fixed assets that have been revalued upwards.

Local councils are required to account for fixed assets at purchase cost. If this is not known a proxy cost should be substituted (e.g. insurance value). Commercial concepts of depreciation or impairment adjustments are not appropriate for local councils. For reporting purposes therefore, the 'book' value of fixed assets will usually stay constant until disposal. Where insurance value has been used as a proxy, it should not be adjusted for annual changes.

Guidance on accounting for fixed assets is available in the NALC / SLCC publication 'Governance and Accountability for Local Councils – A Practitioners Guide (England)' paragraphs 3.66 to 3.77.

The Authority should restate the 2017 figures on next years Annual Return and write 'Restated' beneath the £ sign on the 2017 column. We believe the correct figure in box 9 should be £309,250, which eliminates the upwards revaluation of £11,350.

The Practitioners' Guide was updated in 2016 and new guidance on accounting for fixed assets applies in 2016/17. The Authority should review this guidance when completing the 2017/18 Annual Return and ensure that it classifies its assets appropriately and the correct value of the asset is included in box 9.

Grant Thornton UK LLP

Grant Thornton UK LLP

Date 18 September 2017

Our ref DBY253