

**This page is part of Section 3 - External auditor certificate and opinion 2015/16**

**Wymeswold Parish Council  
Audit Report for the year ended 31 March 2016**

**Matters reported**

**Accounting for Fixed Assets**

We reported in our 2014/15 audit report that Box 9 of Section 2 of the Annual Return – the Accounting Statements includes fixed assets valued at insurance value.

Box 9 of Section 2 of the Annual Return again includes fixed assets valued at insurance value.

The Council has not taken appropriate action on all matters raised in reports from the external auditor. In our view the correct response to Assertion 7 on Section 1 of the Annual Return is "No".

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, etc are not appropriate for local councils. For reporting purposes therefore, the 'book' value of fixed assets will usually therefore stay constant until disposal. Where insurance value has been used as a proxy, it must 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 Council should restate the 2016 figures on next year's Annual Return and write "Restated" beneath the £ sign on the 2016 column.

The Practitioners' Guide has been updated in 2016 and new guidance on accounting for fixed assets will apply in 2016/17. The Council should review this guidance when completing the 2016/17 annual return and ensure that it classifies its assets appropriately and the correct value of the asset is included in Box 9.