

## **DRAFT**

**To: Audit & Governance Committee**

**Date: 24<sup>th</sup> November 2009**

**Item No:**

**Report of: Heads of Finance**

**Title of Report: Capitalisation Procedures**

### **Summary and Recommendations**

**Purpose of report:** To present to members a new capitalisation procedure for fixed assets.

**Report Approved by:**

**Finance:** Sarah Fogden/Penny Gardner

**Legal:** Jeremy Thomas

**Policy Framework:** None

**Recommendation(s):** That Members note the report

### **Introduction**

1. The Council's capitalisation procedure has been updated to ensure that it is compliant with current accounting standards and International Financial Reporting Standards.
2. The procedure has been discussed with both housing and general fund capital budget holders. The impact of applying the new procedure will be a reduction in the amount of expenditure classified as capital. However, as this expenditure is already funded from revenue it will have no funding implications or impact on the I&E position.

### **Next Steps**

3. A review of the capital programme will be performed in conjunction with budget holders to ensure that capital schemes are correctly classified as capital.
4. The Council's accounting policy in respect of fixed assets will be amended to reflect the capitalisation procedures. This will be presented to the next Audit and Governance committee.

### **Recommendation**

5. Members are asked to note the report.

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**Background papers:** None

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