MEMORANDUM

TO: **Budget Managers**

FROM: **Chief Financial Accountant**

CC: **Finance Reporting Team (FRT)**

DATE: **19th February, 2020**

SUBJECT: **Year End guidance for Capital 2019/20**

1. **Year-end Closure process 2019/20 – Capital Guidance**

In order to achieve the key deadlines and tasks within the Accounts Closure timetable are met on a timely basis, it is imperative that early planning and preparation takes place in order to achieve our timelines and fulfil our Statutory deadlines for closing the Capital Accounts in accordance with CIPFA code of Practice and International Financial Reporting Standards (IFRS) and IAS’s. This guidance is to ensure that all Capital expenditure and income is accounted for in the year incurred.

1. **Capital Creditors and Debtors 2019/20**

For items that are deemed to be Capital by nature i.e. within the Capital Programme or one of our existing or newly acquired assets within our Portfolio of Investment Properties, Property Plant and Equipment (PPE) , there may be outstanding payments to Suppliers at the financial year end of **Tuesday 31/3/2020**. It is those items that will require a Capital Accrual/Creditor to be posted. An example of this would be as follows:-

* **Capital Contractor Payments** - For Assets under Construction there may be a Works Certificate in existence with Retentions that has had work incurred up to and including 31/3/2020 but an invoice has not yet been received
* **Outstanding Works/Goods Invoices** - All goods and services that are in the Capital Programme which have been received but not invoiced.

**Capital Creditors/Accruals** – If orders FOR A SIGNIFICANT VALUE are received after noon, but still on **Tuesday 31st March 2020**, please DO NOT GRN them, but contact your service accountant that afternoon to request a creditor accrual is raised to ensure that goods and services are accounted for in the correct financial year. You will need to attach supporting evidence to the Capita creditor/ Accruals form showing that the goods or services were received on the afternoon of **Tuesday 31st March 2020.** A form for completion is attached to this guidance.

**Capital Debtors/Prepayments** –i.e for income relating to 19/20 that will not be received until 20/21 (e.g. the Council provided a service in March, but a Capital Debtor invoice will not be raised until April 2020. This could also relate to Capital Receipts or income such as LEP funding, Grant income s106/CIL or any Local Strategic Partnership funding (or similar) for example outstanding at the year-end 2019/20. The deadline for completion of Capital Debtors is **Tuesday 31st March, 2020.**

A form for completion is attached to this guidance.

1. **Carry Forward of Capital Balances – Capital Programme**

The due date for carry forward of capital balances will be **Friday 3rd April, 2020**

Please be aware that Budget Managers should take account of any overspends on capital expenditure within their service areas before they carry forward any potential underspends. Please contact your Service Accountant or Finance Manager who will be happy to assist.

1. **De-Minimus for Capital Expenditure**

The de-minimus for Capital expenditure will be £5,000, however if the amounts are within your total Capital Programme as a total of for example, £30,000 and there are items of £3,000 within your total programme, then this could be deemed to be capital, please consult the Capital Accountant for guidance.

1. **Evidence and justification for Salary Capitalisation**

The criteria for capitalisation of salaries must be supported by the relevant evidence, showing that the work has contributed towards the Assets and relates to the Capital Project or scheme as applicable. The standard types of evidence required would be along the lines of :

* The Employee’s Timesheet – Time allocations based on hourly rate X Gross Pay. Items such as bonuses, pensions, general overheads can **NOT** be apportioned.
* Daily Log, Calendar/diary entries
* Work plans for the employee