

**REPORT FOR: Governance, Audit and  
Risk Management  
Committee**

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**Date of Meeting:** 19 January 2011

**Subject:** International Financial Reporting Standards (IFRS) update

**Responsible Officer:** Myfanwy Barrett Corporate Director of Finance

**Exempt:** No

**Enclosures:** Nil

## **Section 1 – Summary and Recommendations**

This report sets out an update on the IFRS plan and implementation timetable

**Recommendations:**

The GARM Committee is requested to note progress.

**Reason:**

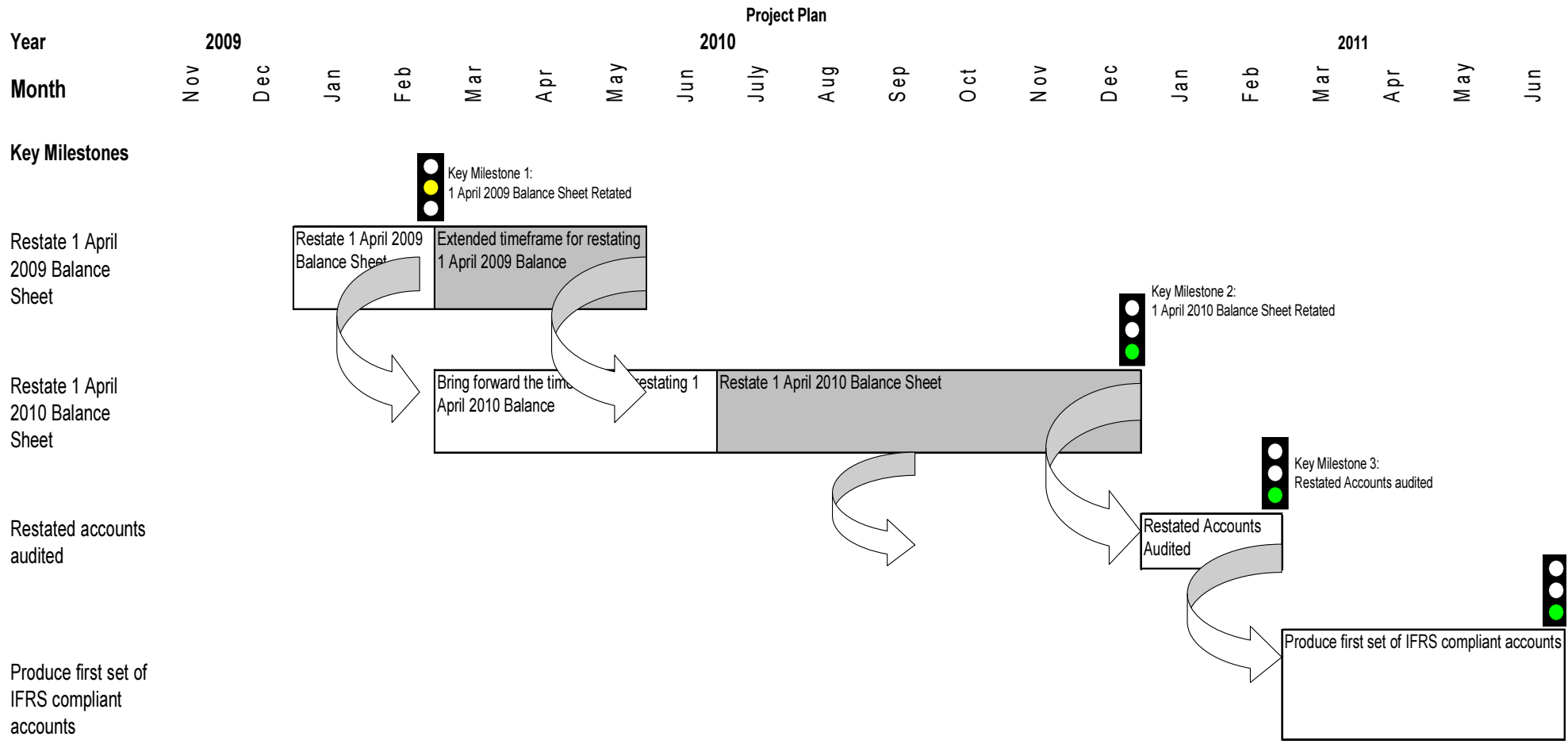
To ensure that GARM are properly informed about the statutory duties of the council in relation to its accounts and can monitor progress against the statutory timetable.

## Section 2 – Report

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#### IFRS Implementation Update

1. As reported in June, further work on IFRS implementation has been carried out and the restatement of balance sheet as at 1 April 2009 and 31 March 2010 is now completed as detailed below. This means that the Key Milestone 2 of the project has been met despite the challenging circumstances:-
  - a) **Private Finance Initiatives** - restatement of the balance sheet for both years was completed in June 2010 and has been audited as part of the 2009-10 accounts.
  - b) **Employee Benefits** - work on this area did progress well and the restatement completed in second week of December 2010.
  - c) **Government Grants** - restatement completed in second week of December 2010.
  - d) **Fixed Asset** – The main areas that were identified were reclassification of assets and treatment of impairment on assets. Restatement for these areas was completed in fourth week of December 2010.
  - e) **Property Leases** – 14 lessor leases and 3 lessee leases were identified for review. The review concluded that the leases were operating leases and therefore no changes to the accounting treatment. The work on this area was completed at the beginning of December 2010.
  - f) **Plant and Equipment Leases** - There were two main corporate contracts which were identified for review under this category. In addition, leasing undertaken by schools was identified for review. There were delays in obtaining information from suppliers which resulted in the restatement work completing in fourth week of December 2010.
  - g) **Embedded Leases** – A full review of vendor payments was undertaken which identified two suppliers for further review. The work on this was completed by end of December and no embedded leases were identified.
  - h) **Cash and Cash equivalent** – Restatement work on this area was completed by end of November 2010.
2. Work on component accounting policy is completed and is awaiting External auditor's endorsement.
3. There are significant changes in the disclosure requirements under the IFRS code. Work on the skeleton Financial Statement has already started and will be completed by third week of February. This work will lead to meeting Milestone 3 of the project as detailed on the next page. External auditors will audit the restated accounts along with the skeleton Financial Statement from week commencing 21<sup>st</sup> February 2011. The outcome will be reported to the committee in June 2011.



Key Milestone 1:  
1 April 2009 Balance Sheet Retated

Key Milestone 2:  
1 April 2010 Balance Sheet Retated

Key Milestone 3:  
Restated Accounts audited

### **Section 3 – Financial Implications**

4. None directly. IFRS relates to accounting standards.

### **Section 4 – Statutory clearance**

Name: Myfanwy Barrett		<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 6 January 2011			
Name: Sarah Wilson		<input checked="" type="checkbox"/>	On behalf of Monitoring Officer
Date: 5 January 2011			

### **Section 4 - Contact Details and Background Papers**

**Contact:** Jennifer Hydari, Divisional Director – Finance and Procurement (Tel: 0208 424 1393 – internal 2393)

**Background Papers:** Code of practice on Local Authority Accounting in United Kingdom 2010-2011.