

Statement of Accounts - Accounting Policies

Local authorities in the United Kingdom are required to prepare their accounts in compliance with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code is developed each year by CIPFA/LASAAC (Local Authority Scotland Accounts Advisory Committee) and has effect for financial years commencing on or after 1 April each year.

The Code specifies the principles and practices of accounting required to prepare financial statements which give a true and fair view of the financial position and transactions of a local authority.

2017/2018 Statement of Accounts – there are no changes in Accounting Policies that have a material impact on the financial statements.

2018/2019 Statement of Accounts – the year ahead.

The 2018/19 edition of the Code introduces two substantial new financial reporting standards:

Change	Area affected	Impact
<p>IFRS 9 Financial Instruments</p> <p>This introduces a new classification and measurement of financial assets with a requirement to make a loss allowance based on a new 'expected credit loss' impairment model rather than the 'incurred loss' model.</p>	<p>Financial Assets:</p> <ul style="list-style-type: none"> • Bank deposits • Trade Receivables (Debtors) • Lease Receivables • Investments <p>These need to be assessed for credit risk and an appropriate impairment allowance recognised based on the level of risk.</p>	<p>The risk is considered 'low' due to:</p> <ul style="list-style-type: none"> • The Council already recognises an Impairment Allowance for Trade Receivables. • A Commercial Property void/non-payment Fund has been established. • Investments are made in accordance with the Council's Treasury Management Strategy.
<p>IFRS 15 Revenue from Contracts with Customers</p> <p>This applies to all contracts with customers except leases, financial instruments and insurance contracts. A Customer is a service recipient of goods or services.</p>	<p>Revenue is to be recognised when the service recipient receives the benefit of the goods or service.</p> <p>The policy is aimed at ensuring revenue recognition of group entities is accounted for in compliance with IFRS 15 on consolidation into Local Authority Group Accounts.</p>	<p>Currently no impact</p> <p>The Council recognises revenue in this way for the supply of goods and services.</p> <p>The current group entities follow the same accounting policy as the Council for revenue recognition.</p>

IFRS – International Financial Reporting Standard