

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.

2018/2019 Statement of Accounts – As reported to the Audit Committee on 27 March 2018, the 2018/2019 Code introduced two substantial new financial reporting standards. The Council's Accounting Policies for 2018/19 reflect these standards. Neither have a material impact on the Council's financial statements.

Change	Area affected	Impact
<p>IFRS 9 Financial Instruments</p> <p>This introduces a new classification and measurement of financial assets. These will be reclassified in line with the new classifications.</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' as:</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 Policy. • No loss allowance is needed where the counterparty is a local authority for which relevant statutory provisions prevent default.
<p>IFRS 15 Revenue from Contracts with Customers</p> <p>This applies to all contracts with customers. 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>This includes revenue recognition of group entities.</p>	<p>No impact as 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>

2019/2020 Statement of Accounts – the year ahead.

There are no new substantial reporting requirements due in 2019/2020.

IFRS 16 Lease accounting, which was due to be introduced in 2019/2020, has been deferred to 2020/2021 to align with the rest of the public sector.

IFRS – International Financial Reporting Standard