

IFRS Issues Matrix

Appendix 1

Standard	Coverage	Change	Outline of issues	Work Required	Comment	Timescale
IAS 1 / (IPSAS 1)	Presentation of Financial Statements	New format of accounts	There will be some new headers and changes to the format of the accounts. Explaining where items have moved to.	Use the Code template Statement of Accounts and cross reference to UKGAAP.		December-2010
IAS 7 / (IPSAS 2)	Statement of Cash Flows	Minor change in definition of cash and cash equivalents	Cash and cash equivalent with maturity of 90 days or less and minimal risk of changes in value will be included in the Cash Flow Statement.	Identifying all instruments covered by this standard will be required.		December-2010
IAS 8 / (IPSAS 3)	Accounting Policies, Estimates and Errors	Increased likelihood of restatements	It requires disclosure of the expected impact of changes in issued, but not yet adopted, accounting policies. In future years it can force retrospective disclosure requirements if The Code changes. It is also more likely restatements will be made if errors are discovered or estimates proved unrealistic.	Revision of current and proposed accounting policies and identifying potential areas where restatements may be made.		December-2010
IAS 16 / (IPSAS 17)	Property, Plant and Equipment	Component depreciation	This requires assets currently held on the Asset Register to be split in different components and depreciated separately. It could be difficult identifying the assets that requires this on the Asset Register. Impairment must be annually tested and impairments are taken to a revaluation	A complete revision of the Council's Asset Register identifying all assets needing to be componentised and identifying internal processes for communicating changes effectively.	Relates to asset valuations going forward. 10/11 valuations planned - IP (not applicable), HRA - dependent on CLG guidance, other GF housing. Awaiting guidance on approach to componentisation	HRA - CLG guidance July 2010?
IAS 17 / (IPSAS 13)	Leases	Additional finance leases recognised	The change in recognition of finance leases may cause more operational leases being classed as financial leases and included in the balance sheet.	A thorough revision of all active (and new coming in) leases needs to be undertaken to establish if any operational leases should be classified as finance leases.		Instructed re existing leases. New leases to be classified at point of taking them out. Embedded leases to be determined.
IAS 19 / (IPSAS 25)	Employee Benefits	Holiday pay accruals	There is no system in place to capture this information. Since the change in HR policy a few years back every person has a start their new holiday year on the anniversary of their start date. Potentially 365 different holiday start dates a year. For teachers the situation is even more complex as their leave entitlement varies dependant on the school term dates.	Obtain a complete list of council employees and sample a sufficient population to see if it is possible get robust results.		2008/2009 - done 2009/2010 - instructed
IAS 20 / (IPSAS 23)	Government Grants	No deferred grants and contributions accounting	Grants or contributions received opening balances will need to be restated as at 1 April 2009. Grants will have to be treated differently depending on if conditions been met. This could be applicable for grant received prior to 1 April 2009.	Reviewing grants received and test accordingly. Will probably move certain lines between I&E and BS.		2009/2010 grants to be part of Y/E. Earlier years by Spetember 2010.

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IAS 23 / (IPSAS 5)	Borrowing Costs	Option to capitalise	IAS 23 gives the option to capitalise the specific borrowing cost for specific capital projects. Establishing project start date, project delays and so on may make the calculation difficult.	Keep a record of when specific projects have started and when they finish and ensure a proportion of borrowing costs relating to specific capital projects can be identified.		Determining policy - probably 'no'.
IAS 27	Consolidated and Separate Financial Statements	Wider definition of control	Organisations that could be controlled by the council is covered by this standard. Unaware of any apart from SEH.	Identify any entities that the council may be able to control but may not own a majority.		August 2010 - decide September 2010 gather information
IAS 28 / (IPSAS 7)	Investments in Associates	Wider definition of significant influence	It may have an impact if the council invest in other entities apart from SEH.	Reviewing any investments in other entities to see if the council has "significant influence".		August 2010 - decide September 2010 gather information
IAS 36 / (IPSAS 21 / 26)	Impairment of Assets	All impairments now initially taken to any previous revaluation (gain) reserve balance	Restatement of opening balance of Impairment as at 1 April 2009. Any general fall in values should be treated as revaluation loss and not as an impairment.	Identifying any potentially impaired assets and determine if they should be impaired and treat accordingly.		December-2010
IAS 40 / (IPSAS 16)	Investment Property	Narrower definition and gains / losses to I&E	IP are only to generate income or for capital appreciation. Valuation change when moving items in and out of IP.	Any identified IP gain or loss to be showed in the I&E and BS.		Initial May 2010. First instruction June 2010. Residual instruction August 2010
IFRS 1	First-time Adoption of IFRS	Reconciliation disclosures and dates of adoption	Matrix needed to show where items have moved from in the statements from UKGAAP to IFRS.	Creation of a matrix or similar is required to map and understand the changes in the financial statements.		December-2010
IFRS 3 / (IPSAS 6)	Business Combinations	Issue for Group Accounts	May be an issue for group accounts as it may change the group boundary.	Any change in group boundary will require restatement of group accounts and comparative accounts.		August 2010 - decide September 2010 gather information
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Potential issue if intending to dispose of assets / operations	Items covered by this standard only if they can be sold/disposed of immediately. Needs to be separately identified on the I&E and BS.	Any non-current assets held for sale will need to be tested to see if it meets the requirement of IFRS 5.		September-2010
IFRS 8 / (IPSAS 18)	Operating Segments	Potential disclosure issue	It may be required to report on an directorate or portfolio basis and may include items not in the I&E. More notes may be required.	Additional segmental reporting may be required in the notes with separate reconciliation for items not included in I&E.	Awaiting any guidance to ensure on-going comparability with other LA's	December-2010
SIC 15	Operating Leases - Incentives	Potential issue where in receipt of lease free periods	Any lease-free periods should be treated as reduction of lease expense (or income)	If any lease contain a lease-free period it should be accounted for accordingly.		No change required
IFRIC 4	Determining whether an Arrangement contains a Lease	Significant impact based on complexity of contracts	Reviewing of any agreement or arrangement with a 3rd party to test if it contains an imbedded lease	Reviewing existing arrangements and test to see if there are any embedded leases.		Scoping May 2010. Further information September 2010.

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IFRIC 12	Service Concession Arrangements	Significant impact on all service concessions (not just PFI)	Reviewing existing service contracts to test them to see if they contain any service contracts	Reviewing existing arrangements and test to see if there are any embedded leases.		May-2010
				Restate 2008/09 UK GAAP (restated) Balance Sheet into IFRS.		December-2010
				Restate 2009/10 UK GAAP Statement of Accounts into IFRS.		December-2010