


Appendix 1

 Wyre Forest District Council

Audit Committee – 28<sup>th</sup> September, 2009

**PRESENTATION ON IFRS**

(International Financial Reporting Standards)

Prepared by Tracey Southall, Financial Services Manager, 01562 732125, [tracey.southall@wyreforestdc.gov.uk](mailto:tracey.southall@wyreforestdc.gov.uk), and Lisa Hutchinson, Principal Accountant, 01562 73 2120, [lisa.hutchinson@wyreforestdc.gov.uk](mailto:lisa.hutchinson@wyreforestdc.gov.uk)

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**Agenda**

- what is IFRS?
- why do we need IFRS?
- what are the impacts of IFRS?
- what are we doing to prepare for the changes?
- what are the timescales?
- conclusions

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**What is IFRS?**

**-It is:-**

***International Financial Reporting Standards***

**- a Framework for the preparation and presentation of Financial Statements**

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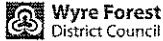
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Appendix 1



**Why do we need IFRS?**

- Statutory Requirement
- Budget 2007 – basis of Public Sector Accounts to move towards –IFRS
- Government seeks to harmonise public sector reporting with best practice in the corporate sector
- Whole of Government Accounts need to be prepared using common principles

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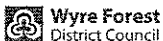
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**What are the impacts of IFRS?(1)**

**Presentation – Main Statements**

Current:	IFRS:
-Balance Sheet	-Statement of Financial Position
-Income & Expenditure Account	-Statement of Income & Expenditure

-Plus others.....

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**What are the impacts of IFRS? (2)**

**Presentation - Jargon**

UK	IFRS
Fixed assets	Non-current assets
Tangible fixed assets	Property, plant and equipment
Stock	Inventory
Debtors	Receivables
Long-term contract	Construction contract
Creditors: < 1yr	Current liabilities
Creditors: > 1 yr	Non-current liabilities
Trade creditors	Trade payables
Capital and reserves	Equity
Profit and loss reserve	Accumulated profit/loss

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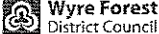
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Appendix 1

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What are the impacts of IFRS? (3)

**Presentation - other**

- Increased disclosures on estimates
- More prior year adjustments – not indicative of poor accounting
- First time adoption – apply IFRS retrospectively, reconcile UK GAAP accounts to IFRS

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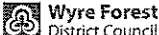
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What are the impacts of IFRS? (4)

**Accounting changes**

- leases
- property, plant and equipment
- employment benefits
- segmental reporting
- cashflow statements
- PFI/PPP (not relevant to Wyre Forest)

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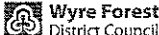
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A bit more on the accounting changes...

- more finance leases?- impact, show on Balance Sheet (critically review our leases/contracts)
- property valuations (impairment reviews)
- component accounting (enhancements)
- accrue for holiday pay (earned not taken)
- more disclosures

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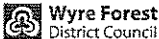
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**Progress so far - What are we doing to prepare for the changes?**

- H&W Finance Managers
- Using standard IFRS project plan
- Sub-groups - involving non-finance colleagues
- Butlers, also engaging Grant Thornton - to assist with transition (minimal cost)
- Statement of Recommended Practice (SORP) 2009 now issued
- Code of Practice on Local Authority Accounting 2010 - Invitation to Comment issued

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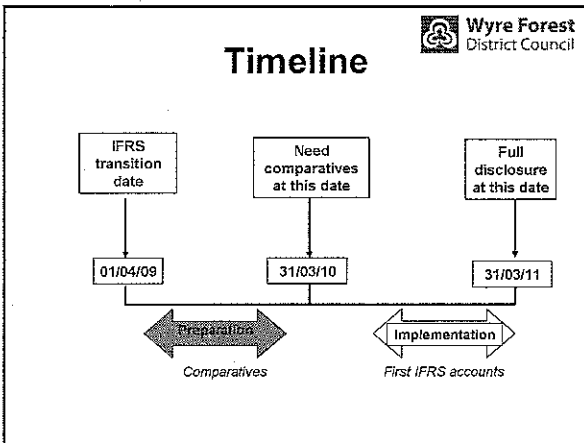
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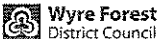
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**What are the timescales?**

2007/08 Accounts - Financial Instruments (done)  
 2008/09 Accounts - Additional Disclosures/changes (done)

**During 2009/10:-**

- Training
- Restate opening balance sheet at April 2009
- Consult with The Audit Commission
- Assess and address system and procedure changes
- Assess impact on Budget
- Assess impact on resources

2009/10 Accounts - produce IFRS comparatives  
 2010/11 Accounts - first full disclosure of IFRS based accounts

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**Conclusions**

- IFRS introduces complex accounting changes and increased disclosures
- working together as a group across H&W
- early planning - involving others -HR, Property Services, ICT etc
- Keep workload and resources under review
- Audit Commission dialogue
- More guidance needed in some areas
- Continue to update Audit Committee

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**Questions?**

- Any questions?
- If you have any later, call Tracey Southall on 01562 732125 , Lisa Hutchinson on 01562 732120, or Kath Pearsall on 01562 732165 from the Resources Accountancy team.
- Thanks for your interest

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