

**Report to the Audit and Governance  
Committee**

**Report reference: AGC-032-2010/11**

**Date of meeting: 4 April 2011**



**Epping Forest  
District Council**

**Portfolio: Finance & Economic Development**

**Subject: Adopting International Financial Reporting Standards**

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**Recommendations/Decisions Required:**

**To note progress with the transition from UK Generally Accepted Accounting Principles (UK-GAAP) to International Financial Reporting Standards (IFRS) for presentation of financial statements.**

**Executive Summary**

At the meeting of 15 November 2010 this Committee received a report on the potential impact of the introduction of IFRS to Local Authority financial statements. This report provides an update on progress so far.

**Reasons for proposed decision**

To inform Members of progress on IFRS and work carried out to restate the 2009/10 accounts.

**Other options for action**

No other options for action available, Members are only being asked to note progress.

**Report:**

1. IFRS has been adopted by local authorities for financial years commencing 1 April 2010. However in order to make year on year comparisons meaningful it has been necessary to restate the 2009/10 accounts previously approved on 30 September 2010.
2. Work to carry out the restatement began during December 2010 and continued through much of January culminating in the external auditors carrying out a review of the work from late January onwards. This review was primarily to look at the restatement to the core financial statements however other related work around leases and lease type arrangements, government grants, investment properties and segmental reporting is also being carried out.
3. The guidance relating to IFRS was finally received during January somewhat later than promised and in fact much of the restatement work had already been done prior to the receipt of the guidance. The guidance has been reviewed at a high level and there do not appear to be any dramatic differences from what had been expected.
4. The review by the external auditors has not been completed, but a verbal update on progress may be given at the meeting.

## **Consultations Undertaken**

There have been some general consultations with other council officers on specific IFRS issues. Consultations have also taken place with the external auditors and other Councils on some technical issues.

## **Resource Implications**

The implementation of IFRS has been time consuming but as a priority it has been placed above other work. As no additional resources have been used, this has meant some other projects have been delayed.

## **Legal and Governance Implications**

Financial reporting needs to be on the basis of latest guidance and regulations therefore it is good practice, where appropriate, to follow this guidance.

## **Safer, Cleaner, Greener Implications**

The Council's accounts contain expenditure in relation to this initiative.

## **Background Papers**

Various working papers held in Accountancy.

## **Impact Assessments**

### Risk Management

If the Council fails to implement IFRS correctly it will incur higher audit costs and receive adverse comments in audit reports. The direct benefits to the public or the Council from implementing IFRS are limited.

### Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process?  
None

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?  
N/A