

APPENDIX B

A Government and Non-Government Grants and Contributions

Balances previously demonstrated under SORP requirements as Government Grant Deferred and Contributions Deferred have been reclassified to the Capital Adjustment Account. This change is reflecting the conditions applicable to the grants/contributions. A new Capital Receipts in Advance classification has been established for items previously classified as Grants and Contributions Unapplied.

Potential Impact: There is no impact upon the total assets and liabilities of the authority as this is reclassification rather than adjustment.

Status: Review completed

B Presentation of Financial Statements

The main statements of the Balance Sheet and Income and Expenditure accounts remain have been restructured and in some cases new titles applied. A number of new notes to support the core financial statements are required.

The definition of Cash (perfectly liquid holdings) has been extended to include Cash Equivalents (highly liquid holdings). The definitions of the timescales for recognising Cash Equivalents are at the discretion of individual authorities. A one month timeframe for Cash Equivalents has been set by CBC and a reclassification of Short Term Investments maturing within one month of the balance sheet date (01/04/20??) as Cash Equivalents has been made.

Status: Review completed

C Housing Revenue Account

IFRS requires the re-classification of existing balances based on a new format/structure. These are relatively small changes to the main statements and a consolidation of the two supplementary notes to one.

Potential Impact: There is no impact upon the total assets and liabilities of the authority as this is reclassification rather than adjustment.

Status: Review completed

D Related Party Disclosure

CBC has no material Related Party Disclosures, therefore the requirements in this area are not applicable

Status: Review completed

E Property, plant & equipment

Whilst there are some classification and valuation issues from the IFRS requirements, these are not expected to be significant in terms of adjustments to the total assets and liabilities of the authority. The more important and wide ranging requirement is to identify the material components of Non-Current Assets. This means where elements of an asset have potentially different useful lives (for example a roof being 25 years as apposed to a building of 50 years), these should be valued as separate elements and depreciated at the most accurate rate.

Status: Review due to be completed by 31 January 2011

F Leases

This is the most complex area of IFRS and the one that will potentially have the biggest impact upon CBC. Whilst the need to classify all leases as either Operating or Finance Leases (where CBC is lessor or lessee) was present before IFRS, the definitions have now been amended from the existing basis of recognition of leases. Work has established four areas of leases (property, staff cars (immaterial), fleet vehicles and equipment) and finance officers are working with key lease contacts to establish the financial values needed for the accounting adjustments.

It is expected that the volume of disclosure amendments on CBC's financial statements will be considerable. However, the impact on the total assets and liabilities of the authorities is expected to be minimal (all expenditure has been accounted for in terms of the Income and Expenditure and for Finance Leases with respect to the balance sheet). The minor impact to the 'bottom line' of the financial statements will be where lease amounts differ to the value of the fixed asset, though these are not expected to be significant.

Status: Review due to be completed by 31 January 2011

G Investment Property

The definition of Investment Property has been updated to include only those Investment Properties primarily held for capital gain (rents or value increase). Any other considerations such as social benefit (regeneration etc) will result in the Investment Property being reclassified as a property non-current asset.

Potential Impact: There is no impact upon the total assets and liabilities of the authority as this is reclassification rather than adjustment

Status: Review completed

H Intangible Assets

The definition of Intangible Assets has been extended to include internally generated Intangible Assets, such as computer software produced by CBC staff. No such occurrences at CBC, therefore the requirements in this area are not applicable.

Status: Review completed

I Impairment of Assets

The requirements are concerned with Impairments related to clear consumption of economic benefits, such as physical damage to properties or land. No CBC Impairments are within this area, as CBC Impairments are all short term price changes due to market conditions, not consumption. Therefore the requirements in this area are not applicable.

Status: Review completed

J Borrowing Costs

The accounting process for capitalised Borrowing Costs has been reviewed. However, CBC does not capitalise borrowing costs, its policy is to expense such costs. Therefore the requirements in this area are not applicable.

Status: Review completed

K Non current assets held for sale

Assets Held for Sale must now be classified over short (<1year) and long term (>1year). Under SORP reporting requirements these were all considered long term. It is expected that most, if not all, CBC held for sale assets will be classified as short term. It is anticipated that there will be no impact on CBC's total assets and liabilities as this constitutes a reclassification of balances.

Potential Impact: There is no impact upon the total assets and liabilities of the authority as this is reclassification rather than adjustment

Status: Review due to be completed by 31 January 2011

L Inventories

The requirements for valuing Inventories has been revised with respect to inventories acquired through non-exchange transactions or provided at no/nominal charge. No such occurrences at CBC, therefore the requirements in this area are not applicable.

Status: Review completed

M Benefits payable during employment

A financial value must be calculated for the value of annual and / or flexible leave carried over by CBC staff between accounting periods.

The impact will affect the Income and Expenditure surplus/deficit and currently this is projected to be £378k for opening 2009/10 balance and £679k for closing 2009/10 balance. As these are reversed adjustments, when the annually calculated value is generally consistent year on year, the impact on the Income and Expenditure surplus / deficit will be immaterial.

Status: Review completed

N Termination benefits

The definition of Termination Benefits has been extended from lump sums to include enhancement of retirement benefits and gardening leave. No material examples have been identified.

Status: Review completed

O Post employment benefits

The definition of Post Employment Benefits has been extended from pensions to include other benefits such as life insurance and medical care. No such occurrences at CBC, therefore the requirements in this area are not applicable.

Status: Review completed

P Accounting and reporting by pension funds

As CBC is not a Pension Fund administer (our pension fund administrator is Beds Borough Council), therefore the requirements in this area are not applicable.

Status: Review completed

Q Financial Instruments

There are no additional local government applicable principles under this area. Standards previously adopted meet the requirements by convergence prior to IFRS.

Status: Review completed

R Provisions and contingent assets/liabilities

Provisions must now be classified over short (<1year) and long term (>1year), previously they were all considered long term.

Potential Impact: There is no impact upon the total assets and liabilities of the authority as this is reclassification rather than adjustment

Status: Review completed

S Group Accounts

CBC has no Group Accounts. Therefore the requirements in this area are not applicable.

Status: Review completed