

Appendix A

KEY ACCOUNTING ISSUES / CHANGES TO THE ACCOUNTS

Area of accounts	Issue	Action taken
IFRS 16 Leases	<p>IFRS 16 removes the previous lease classifications of operating and finance leases for lessees and it requires that a right-of-use asset be recognised for all leases (there are exemptions for short-term and low value leases) with a corresponding lease liability representing the lessee's obligation to make lease payments for the asset.</p> <p>As part of the Councils accounts for 2021/22 it must disclose the estimated impact of IFRS 16. There is currently a CIPFA consultation on deferring the implementation of IFRS 16 for a further year.</p>	Initial assessments of any operational leases the Council holds have been carried out, with a view to preparing draft note for the accounts on the impact of the IFRS, further work is being done to ensure the Council is compliant by April 2022.
Schools converting to academy	During the course of 2021/22, a further 4 primary schools and 1 secondary school are expected to convert to an academy. The impact on the Council's balance sheet and income and expenditure has yet to be determined but is likely to be material.	The Narrative Report will highlight the impact.
Dedicated Schools Grant	A negative reserve on DSG now has to be classified as an unusable reserve. Currently this is classified as an earmarked reserve.	The Head of Finance CYPS is checking to see if there is a negative DFG balance which meets the classification criteria for an unusable reserve. This is determined by new provisions in the Early Years Finance (England) Regulations 2021.
Covid 19 Grants	The Council has received a high number of high value government grants throughout the financial year in recognition of the financial consequences of the pandemic. The accounting treatment of these grants will vary	Thorough analysis of each grant and the supporting information to ensure these are

	depending on their purpose. A number of these grants will need to be flagged as exceptional items due to their value as they would otherwise distort the understanding of the accounts.	presented accurately in the accounts.
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