

## 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><b>The implementation of IFRS 16 is now confirmed to be taking place in April 2024.</b></p>	<p>Assessments of any operational leases the Council holds has been carried out with a view to preparing the required notes for the 2024/25 accounts on the impact of the IFRS, further work is being done to ensure the Council is compliant by April 2024.</p>
Infrastructure Assets	<p>There is a national issue with local authority treatment for infrastructure assets. This relates to the way components of infrastructure expenditure are derecognised when new expenditure is incurred. A statutory override came into force in December 2022 that allowed LA's to assume that the carrying amount to derecognise is zero. This enabled auditors to give an unqualified audit opinion on LA accounts. This override is in force until 31<sup>st</sup> March 2025. The council will utilise the override again for the 2024/25 accounts but will need to put measures in place for when the override expires.</p>	<p>Work is taking place to identify what information is required to account for infrastructure assets. This will ensure the Council is compliant when the override expires.</p>
Schools converting to academy	<p>During the course of 2024/25, a further 2 primary schools and a special school have converted 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.</p>	<p>The Narrative Report will highlight the impact.</p>