

# GREATER LONDON AUTHORITY

**REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2338**

**Title: Compliance with IFRS 9 – Financial Instruments**

## **Executive summary**

The Greater London Authority (GLA) and its trading arm, GLA Land and Property Ltd (GLAP), are required to comply with International Financial Reporting Standard (IFRS) 9 – Financial Instruments with effect from the 2018-19 financial year. IFRS 9 replaces International Accounting Standard 39 - Financial Instruments: Recognition and Measurement and updates the accounting treatment and risk disclosures to be included in financial statements by entities which hold financial instruments.

IFRS 9 requires GLA and GLAP to undertake expected credit loss calculations and fair value assessments of loans and equity investments. These calculations are complex, sector specific and require expert knowledge of market conditions. This decision seeks approval for specialist accounting advice to ensure that the Authority's financial statements are IFRS 9 compliant.

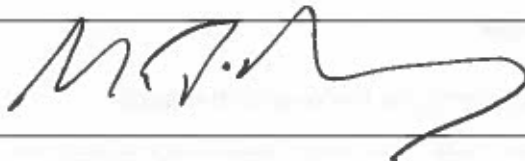
## **Decision**

That the Assistant Director of Finance & Governance approves spend of up to £50,000 on technical accounting advice to ensure compliance with the accounting requirements of IFRS 9 – Financial Instruments.

**Name:** Tom Middleton

**Position:** AD Finance & Governance

**Signature:**



**Date:**

18.03.19

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 The GLA and GLA Land and Property Ltd (“GLAP”) have a statutory duty to prepare financial statements that are compliant with the Code of Practice on Local Authority Accounting (the LA Code) in the United Kingdom and IFRSs as adopted by the European Union, respectively. IFRS 9 has been adopted by both the LA Code and the European Union and is applicable to the GLA’s and GLAP’s 2018/19 financial statements.
- 1.2 IFRS 9 requires GLA and GLAP to undertake expected credit loss calculations and fair value assessments of loans and equity investments. These calculations are complex, sector specific and require expert knowledge of market conditions. Technical accounting assistance is required to ensure that the Authority’s financial statements are compliant with the new IFRS 9 classification and measurement requirements.

#### **2. Objectives and expected outcomes**

- 2.1 GLA and GLAP obtain accounting advice that is IFRS 9 compliant thereby ensuring that the statutory accounts are free from material misstatement and provide a true and fair view of the respective entities financial position.

#### **3. Equality comments**

- 3.1 None.

#### **4. Other considerations**

- 4.1 Quotes will be sought from three top-tier accountancy firms so as to secure value for money.

#### **5. Financial comments**

- 5.1 Appropriate allocations will be made from the Finance & Governance budget for 2019-20.

#### **6. Planned delivery approach and next steps**

- 6.1 Set out how the project will be delivered and complete the outline timetable.

<b>Activity</b>	<b>Timeline</b>
Accountancy firm engaged	March 2019
Report submitted by accountancy firm	April 2019

#### **Appendices and supporting papers:**

None.

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

**Part 1 - Deferral**

**Is the publication of Part 1 of this approval to be deferred? NO**

**Part 2 - Sensitive information**

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form - NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Frances Nguene has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on 18 March 2019

**ASSISTANT DIRECTOR OF FINANCE AND GOVERNANCE:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature**



**Date**

19.03.19

