greater WELLINGTON
REGIONAL COUNCIL

Report	08.522
Date	15 July 2008
File	G/11/01/02
Committee	Finance, Evaluation & Risk
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Accounting Policies

1. Purpose

To update the Committee on changes to Greater Wellington's accounting policies.

2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3) (b) of the Local Government Act 2002.

3. Background

The 2007/08 financial statements for the Council and its subsidiaries were prepared under the International Financial Reporting Standards (IFRS). Previously the financial statements were prepared under the New Zealand accounting standards. The financial statements for 2006/07 and 2005/06 also had to be restated under IRFS.

4. Changes under IFRS

The IFRS required a number of changes to Greater Wellington's accounting policies, in particular:

- Restating loans, deposits, financial instruments, forestry, plant and equipment to current market or fair value. Any gain or loss to be accounted for via the income statement.
- Reclassification of some investments to cash.
- Change to the treatment of deferred tax.
- Investments properties to be valued each year with any gain or loss to be accounted for via the income statement.

- Investments to be valued at the lower of cost or market.

The changes resulting from the implementation of IFRS were detailed in Greater Wellington’s 2006/07 Annual Report, comprising some six pages.

5. Changes for 2007/08 and beyond

In respect of 2007/08 there are no changes to Greater Wellington’s accounting policies when compared with 2006/07. There are some additional analysis and note disclosures required on interest rate sensitivity on our financial instruments.

Looking ahead there appears to be continued emphasis on bringing unrealised changes in value from the balance sheet into the income statement. These changes will make it more difficult to use the audited financial statements to clearly explain how the Council actually operated against its budget for the year.

In the future it is also likely that Greater Wellington will have to endure more frequent and costly asset valuation exercises to ensure our assets are recorded at what IFRS defines as fair value.

6. Communication

No communications are necessary.

7. Recommendations

That the Committee:

1. ***Receives** the report.*
2. ***Notes** the content of the report.*

Report prepared by:	Report approved by:
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