9. The council’s shareholding in Norwich Airport Ltd and the two Legislator companies has historically been held in the accounts at cost; under the new standard this must be held at fair value (market value). These valuations were undertaken by independent professionals. As these are equity instruments which are not held for trading purposes, we have taken the option under the Code to irrevocably designate as ‘fair value through other comprehensive income’; thereby deferring any gains/losses until the investment matures or is sold. The movements in fair value have been taken to a new unusable Financial Instrument Revaluation Reserve.

10. The Code permits equity investments in subsidiaries to be excluded from the IFRS 9 requirements where they are fully consolidated into the group financial statements, as they are covered by more specific provisions about their recognition, measurement and disclosure. The equity shareholding in NRL has therefore continued to be held at cost and the company’s results fully consolidated into the Group Accounts.

11. There is a requirement to adopt an expected credit losses model, requiring the council to assess the value of possible default events over the expected life of all financial assets. The high credit quality adopted by the council for its investment counterparties mean there is a highly immaterial expected credit loss position.

12. Loans to the council’s wholly-owned subsidiary Norwich Regeneration Ltd have been assessed. The lending from the council is on the basis of an approved company Business Plan and financial model, with additional security on the loan in the form of the company’s assets (housing). On this basis we have assessed that no impairment of the loan is required.

13. Decent Homes Loans balances have also been reviewed and the impairment level increased to reflect the limited security on the loan and repayment trends. As these are capital loans the expected losses taken through the income & expenditure statement and reversed out through the capital adjustment account.

14. Note 18 reports all the council’s Financial Instruments and includes the increased disclosures required under the new standard.

IFRS 15: Revenue from contracts with Service Recipients

15. The standard introduces a five step approach to identify contracts and the performance obligations and has been revised to help to clarify and harmonise the treatment relating to revenue recognition.

16. A review has been undertaken of all the council’s material income streams. The review has not identified any income streams where the accounting treatment needs to be amended in light of the implementation of IFRS 15.