



Accounting Policy changes following transition to FRS 102

Outcome requested:	Audit and Risk Committee is invited to approve the changes to accounting policies in respect of income recognition and the valuation of land and buildings, in preparation for 2015-16 Financial Statements in FRS102 format.
Executive Summary:	<p>The Financial Statements contain detailed information as to the Accounting Policies (that is specific policies and procedures, including any methods, measurement systems and procedures, for presenting disclosures) used by QMUL in preparing its financial statements.</p> <p>Some of these accounting policies are prescribed by the mandatory Financial Reporting Standards and others QMUL has an element of discretion in determining.</p> <p>This paper seeks to highlight the accounting policies over which discretion under FRS 102 has been exercised and which are required to be approved by QMSE/ARC/FIC. The policies which have been changed as a consequence of the transition from UK GAAP to FRS 102 but are not discretionary are not presented here, these will however form part of the Financial Statements and consequently be approved by respective committees during the presentation for approval of the audited Financial Statements in November 2016.</p> <p>The paper entitled "Implementation and potential impact on the Financial Statements of the transition to new accounting standards (FRS 102)" in April 2015 highlighted the area of judgement in the accounting policies being:</p> <ul style="list-style-type: none">a) the performance a one-off valuation of fixed assets on adoption of FRS 102 which thereafter becomes the deemed cost; andb) the accounting treatment for government grants to be undertaken on the performance method. <p>These items were discussed in detail at the joint ARC and FIC workshop in November and the principles agreed.</p> <p>Approval is therefore sought for the change to accounting policies with the following wording disclosed in the financial statements as follows:</p> <p>Fixed assets</p> <p>Fixed assets are stated at cost or deemed cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.</p>

	<p>Land and buildings were revalued to fair value on 31 July 2014. QMUL has taken advantage of the transitional arrangements in FRS 102 to apply this valuation as deemed cost but not to adopt a valuation policy going forward. Additions to land and buildings since 1 August 2014 have been at cost.</p> <p>Income recognition</p> <p>iii. Grant funding including funding body grants, research and other grants from government and non-government sources are recognised as income when QMUL is entitled to it and the performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.</p> <p>There is a further proposal to change the accounting policy for depreciation, which has also previously been agreed in principle by QMSE, ARC and FIC subject to presentation of the financial implications to FIC. The proposed changes relate in part to compliance with FRS102 and partly to better reflect the remaining life of our assets with their values on the balance sheet. This is subject to a separate paper.</p>
QMUL Strategy:	Compliance with external audit
Internal/External regulatory/statutory reference points:	HEFCE audit code
Strategic Risks:	
Equality Impact Assessment:	Not required
Subject to prior and onward consideration by:	ARC 2 nd June 2016 FIC 7 th June 2016
Confidential paper under FOIA/DPA	No
Timing:	
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Date:	16 May 2016
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