

## 2.3 GOVERNMENT AND NON-GOVERNMENT GRANTS

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### 2.3.2 Accounting Requirements

#### Recognition and presentation – grants and contributions

- 2.3.2.7 Grants and contributions, including donated assets, shall not be recognised until there is reasonable assurance that:
- the authority will comply with the conditions attached to them, and
  - the grants or contributions will be received.
- 2.3.2.8 Grants and contributions relating to capital and revenue expenditure shall be accounted for on an accruals basis, and recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition(s) (as opposed to restrictions) relating to initial recognition that the authority has not satisfied. Grants and contributions that satisfy the recognition criteria in paragraph 2.3.2.7 but which have a condition attached that remains to be satisfied are recognised initially in the relevant Grants Receipts in Advance Account.
- 2.3.2.9 General grants and contributions, eg Revenue Support Grant, NNDR redistribution, ~~Area Based Grant (England only)~~, are required to be disclosed as one or more items on the face of the Comprehensive Income and Expenditure Statement.
- 2.3.2.10 Donated assets transferred to an authority for nil consideration shall be recognised immediately at fair value as an asset on the Balance Sheet. The asset shall be recognised in the Comprehensive Income and Expenditure Statement as income, except to the extent that the transfer has a condition(s) (as opposed to restrictions) that the authority has not satisfied. In this case the asset is credited to the Donated Assets Account and recognised in the Comprehensive Income and Expenditure Statement once the condition(s) has been satisfied.

### 2.3.6 Changes since the 2010/11 Code

- 2.3.6.1 The 2011/12 Code confirms that the requirements introduced in the 2010/11 Code apply to both capital and revenue grants, and provides additional guidance on conditions
- 2.3.6.2 The 2011/12 Code Update removes references to Area Based Grants (England), which ended on 31 March 2011.

## Notes to the financial statements

- 3.4.2.75** A local authority shall present notes to the financial statements. Where a local authority presents group accounts as well as authority-only accounts, the authority shall present either separate notes to the financial statements for the authority-only accounts and the group accounts, or notes to the financial statements showing both authority-only and group information. The notes shall:
- present information about the basis of preparation of the financial statements and the specific accounting policies used
  - disclose the information required by the Code that is not presented elsewhere in the financial statements, and
  - provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them.
- 3.4.2.76** An authority shall, as far as practicable, present notes in a systematic manner. An authority shall cross-reference each item in the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement to any related information in the notes.
- 3.4.2.77** An authority shall disclose in the summary of significant accounting policies:
- the measurement basis (or bases) used in preparing the financial statements, and
  - the other accounting policies used that are relevant to an understanding of the financial statements.
- 3.4.2.78** An authority shall disclose, in the summary of significant accounting policies or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the authority's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.
- 3.4.2.79** The summary of significant accounting policies shall include the following items where they have a significant effect on the amounts recognised in the financial statements:
- accruals of expenditure and income
  - acquired operations
  - ~~e) Area Based Grant (England only)~~
  - ~~c~~d) back pay arising from unequal pay claims
  - ~~d~~e) Business Improvement District schemes (England, Scotland and Wales)
  - ~~e~~f) cash and cash equivalents
  - ~~f~~g) contingent assets
  - ~~g~~h) contingent liabilities

- ~~hi~~) discontinued operations
- ~~ij~~) employee benefits
- ~~jk~~) events after the Balance Sheet date
- ~~kl~~) exceptional items and prior period adjustments
- ~~lm~~) financial instruments
- ~~mn~~) foreign currency translation
- ~~no~~) government grants and other contributions
- ~~op~~) heritage assets
- ~~pq~~) intangible assets
- ~~qr~~) inventories and long-term contracts
- ~~rs~~) investment property
- ~~st~~) landfill allowances schemes
- ~~tu~~) leases (separate policies required for operating and finance leases)
- ~~vu~~) non-current assets held for sale
- ~~wv~~) overheads
- ~~xw~~) PFI schemes
- ~~yx~~) property, plant and equipment
- ~~zy~~) provisions
- ~~aa~~z) reserves
- ~~ab~~aa) revenue expenditure funded from capital under statute, and
- ~~ae~~ab) Value Added Tax.

### 3.4.6 Changes since the 2010/11 Code

- 3.4.6.1** The 2010/11 Code did not require segment assets to be reported unless they were reported internally; this was an interpretation of IFRS 8. Following an amendment to IFRS 8 by the Improvements to IFRS issued in April 2009 (and EU adopted in March 2010), IFRS 8 only requires segment assets to be reported where reported internally. The interpretation is therefore no longer required and has been removed; this does not alter the disclosure requirements.
- 3.4.6.2** As a result of changes to the Accounts and Audit Regulations issued since the publication of the 2010/11 Code, additional remuneration disclosures are required in England and Wales. The 2011/12 Code incorporates these amendments for the first time; however the revised regulations apply from 31 March 2010.
- 3.4.6.3** The 2011/12 Code introduces a requirement (in all jurisdictions) to report summary information in relation to exit packages.

3.4.6.4 The 2011/12 Code includes an additional disclosure in relation to trust funds where the authority acts as the sole trustee. This note was previously required by the SORP but omitted from the 2010/11 Code.

3.4.6.5 Additional guidance on the financial statements has been included in the 2011/12 Code.

[3.4.6.6 \[See 2011/12 Code Update Exposure Draft Item 3\]](#)

[3.4.6.7 The 2011/12 Code Update \(and the 2012/13\) Code removes references to Area Based Grant from its provisions in relation to significant accounting policies.](#)