

report

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Committee	CIPFA/LASAAC
Venue	CIPFA, Robert Street, London
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Subject	Development of 2016/17 Code of Practice on Local Authority Accounting

The note the issues that need to be considered for inclusion in the Code of Practice on Local Authority Accounting for 2016/17

1 Introduction

- 1.1 This report is intended to highlight developments both in financial reporting standards and legislation that are likely need to be considered for inclusion in the 2016/17 Code.
- 1.2 There may be legislative changes relating to the HRA in England and Wales. Otherwise there are no new legislative developments that are currently anticipated to have effect on the Code unless they are not confirmed in time for the publication of the 2015/16 Code.
- 1.3 Other amendments in the development programme already agreed by CIPFA/LASAAC include:
- adoption of the CIPFA *Code of Practice on Transport Infrastructure Assets* measurement requirements in the Code in accordance with the CIPFA/LASAAC's confirmation of its position in the 2014/15 Code (this is likely to be a major reporting issue for local authorities);
 - implementation of the recommendations of the Simplification and Streamlining Review (including the recommendations for the management commentary/narrative report to accompany the financial statements; and
 - review of the requirements of Section 6.5 *Accounting and Reporting by Pension Funds* of the Code.
- 1.4 Financial Reporting Standards or amendments to standards likely to be included in the 2016/17 Code:
- Accounting for Acquisition of Interest in Joint Operations (amendments to IFRS 11);

- Equity method is separate financial statements (proposed amendments to IAS 27);
- Amendment to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets – (Clarification of Acceptable Methods of Depreciation and Amortisation)*;
- *Sale or contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*; and
- Annual Improvements to IFRSs 2012- 2014.

1.4 Accounting developments that might be included in the 2015/16 Code:

- *Recognition of Deferred Tax Assets for Unrealised Losses – Proposed Amendments to IAS 12 Income Taxes*

1.5 CIPFA/LASAAC is invited to note that the following standards have been issued:

- IFRS 9 *Financial Instruments* – Effective date 1 January 2018;
- IFRS 14 *Regulatory Deferral Accounts* - Effective date 1 January 2016 (this standard will not apply to local authorities)
- IFRS 15 *Revenue from Contracts with Customers* – Effective Date, 1 January 2017;

Although substantial issues are not anticipated to arise for IFRS 15, it will be useful to consider application and drafting issues relating to this Standard in the 2015 calendar year.

Recommendation

CIPFA/LASAAC is asked to note the developments that need to be considered for the development programme for the 2016/17 Code.