

report

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Committee	CIPFA/LASAAC
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Subject	Development of 2015/16 Code of Practice on Local Authority Accounting

To note the issues that need to be considered for inclusion in the Code of Practice on Local Authority Accounting for 2015/16

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 2015/16 Code.

1.2 Legislative changes:

- consolidation of the Accounts and Audit (Wales) Regulations,
- the Local Authority Accounts (Scotland) Regulations 2013 (the consultation on these regulations closed in October),
- the introduction of self-financing to the Housing Revenue Account in Wales.

1.3 Other amendments include:

- review of approach to Whole of Government Accounts disclosures or improvements considered as a result of the Streamlining and Simplification consultations.
- adoption of the CIPFA *Code of Practice on Transport Infrastructure Assets* in the Code (see the Board's decisions at agenda item 10), and
- review of the Code's provisions on a management commentary – (note that the consultation on the Local Authority Accounts (Scotland) Regulations 2013 requires that local authorities' statements of accounts include a management commentary).

1.4 Financial Reporting Standards or amendments to standards likely to be included in the 2015/16 Code:

- Annual Improvements to IFRSs 2010 - 2012
- Annual Improvements to IFRSs 2011 - 2013
- Interpretation: *Levies Charged by Public Authorities on Entities that Operate in a Specific Market*
- Amendment to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- *Defined Benefit Plans: Employee Contributions* – Proposed Amendments to IAS 19 – Employee Benefits
- *Equity Method: Share of Net Asset Changes* - Proposed Amendments to IAS 28 *Investments in Associates and Joint Ventures*)
- *Sale or Contribution of Assets between and Investor and its Associate or Joint Venture* – Proposed Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28
- UK GAAP FRS 102 – *The Financial Reporting Standard applicable in the UK and Republic of Ireland* – Review for changes to *FRS 30 Heritage Assets* and *SSAP 5 Accounting for Value Added Tax*.

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

- IFRS 9 *Financial Instruments* (note that this has an effective date that would clearly require the standard to be implemented in the 2015/16 Code – but it is not yet clear what the timetable for EU adoption might be).
- *Revenue Recognition* – IFRS to be issued in the last quarter of 2013
- Annual Improvements to IFRSs 2012- 2014
- *Recognition of Deferred Tax Assets for Unrealised Losses* – Proposed Amendments to IAS 12 *Income Taxes*
- *Separate Financial Statements* (Equity Method) – Proposed Amendments to IAS 27 *Separate Financial Statements*

Recommendation

CIPFA/LASAAC is asked to note the developments that need to be considered for the development programme for the 2015/16 Code.