

## Changes to the 2015/16 Code of Practice on Local Authority Accounting in the United Kingdom (Code)

Paragraphs	Change <sup>1</sup>	Reason for Change
<b>Chapter One: Introduction</b>		
1.1.3 and 1.1.5	Changes to reflect Scottish circumstances and new terminology under the new Regulations.	Introduction of the Local Authority Accounts (Scotland) Regulations 2014.
1.1.7	Addition of the word (interpretations).	To reflect that CIPFA/LASAAC has added two new interpretations to the 2015/16 Code.
1.2.1, 1.2.7 and 1.4.2	New effective dates – removal of the references to the delay in adoption of IFRS 13 Fair Value Measurement.	Updated to reflect the requirements of the new 2015/16 Code.
1.5.1	New paragraph/section on materiality.	Paragraph to reflect CIPFA/LASAAC's views on the application of materiality to disclosures.
Section 1.7, Publication, amendments throughout this section.	Changes to reflect Scottish circumstances and new terminology under the new Regulations.	Introduction of the Local Authority Accounts (Scotland) Regulations 2014.
<b>Chapter Two: Concepts and Principles</b>		
Paragraph 2.1.2.30	Update to the principles of fair value measurement.	Adoption of IFRS 13 and the conceptual approach to the measurement of property, plant and equipment.
New paragraph 2.1.2.31	New paragraph introducing an overview of the concept/definition of current value measurement to property, plant and equipment.	Adoption of IFRS 13 and the conceptual approach to the measurement of property, plant and equipment.
Table at paragraph 2.1.2.31	Update of the table to reflect the measurement requirements for the main transactions of local authorities at either fair value or current value.	Adoption of IFRS 13 and the conceptual approach to the measurement of property, plant and equipment.
Paragraph 2.1.2.32	Remove references to "fair value" and replace with "current value" and slight redrafting.	Adoption of IFRS 13 and the conceptual approach to the measurement of property, plant and equipment.
Paragraph 2.4.1.4	Amendment to reflect the fact	Per description of change.

<sup>1</sup> NB the amendments in this column all assume EU adoption by 1 January 2015.

	that the CRC Energy Efficiency Scheme is no longer in its introductory stage.	
Paragraph 2.7.2.2	Change to the definition of fair value.	Adoption of IFRS 13.
Paragraphs 2.9.1.1 and 2.9.1.2	Change references from SSAP 5 Accounting for Value Added Tax to FRS 102 <i>The Financial Reporting Standard applicable in the UK and Republic of Ireland</i> .	To reflect the changes in UK GAAP from 1 January 2015.
New Section 2.10	Scope, Measurement and Disclosure requirements of IFRS 13 per approach in Exposure Draft.	Adoption of IFRS 13.
<b>Chapter Three: Financial Statements</b>		
New paragraph 3.1.1.3	New paragraph inserted which reflects the requirements of the Local Authority Accounts (Scotland) Regulations 2014 to include a management commentary in the Annual Accounts. This paragraph confirms that an Explanatory Foreword will not have to be produced separately, provided that the management commentary meets the requirements of Section 3.1 of the Code.	Introduction of the Local Authority Accounts (Scotland) Regulations 2014.
Paragraph 3.2.4.1	Paragraph is updated for the requirements and guidance issued by the Scottish Government for the Statement of Responsibilities following the introduction of the Local Authority Accounts (Scotland) Regulations 2014.	Introduction of the Local Authority Accounts (Scotland) Regulations 2014.
Paragraph 3.4.2.40	Explanation of the requirements for the disclosures of lines g) and i) of paragraph 3.4.2.40.	See paragraph 29 of FRAB 122 (08). Explanation of the requirements of the Movement in Reserves Statement lines.
Paragraph 3.4.2.84	Change “observable market prices” for “a quoted price in an active market for an identical asset or liability”.	Consequential amendment to IAS 1 <i>Presentation of Financial Statements</i> for the adoption of IFRS 13.
Paragraph 3.4.2.86	Addition of the reporting requirements for the narrow scope amendment to require authorities to disclose those factors that are used to identify	<i>Annual Improvements to IFRS 2010–2012 Cycle</i> .

	the entity's reportable segments when operating segments have been aggregated.	
Paragraph 3.4.4.1 6) b)	Updated to reflect the Local Authority Accounts (Scotland) Regulations 2014 for exit packages.	Introduction of the Local Authority Accounts (Scotland) Regulations 2014.
Paragraph 3.4.5.2	Updated to reflect the Local Authority Accounts (Scotland) Regulations 2014 and associated guidance for the Remuneration Report.	Introduction of the Local Authority Accounts (Scotland) Regulations 2014.
Section 3.7	Updates to reflect the requirements of the Local Authority Accounts (Scotland) Regulations 2014 and associated guidance for review of internal control and the production of the Annual Governance Statement.	Introduction of the Local Authority Accounts (Scotland) Regulations 2014
Paragraphs 3.8.2.1, 3.8.2.2, 3.8.2.5	Amendments to reflect the changes to events after the reporting period as a result of the Introduction of The Local Authority Accounts (Scotland) Regulations 2014.	Introduction of the Local Authority Accounts (Scotland) Regulations 2014
Paragraphs 3.9.2.7, 3.9.4.2 and 3.9.4.4	Addition to the definition of a related party for an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity and consequential amendments for the provision of key management personnel services that are provided by a separate management entity as a result of the <i>Annual Improvements to IFRSs 2010-2012 Cycle</i> .	<i>Annual Improvements to IFRS 2010-2012 Cycle</i> .
Paragraph 3.9.5.2	Cross reference added.	Per change description.
<b>Chapter Four: Non – Current Assets</b>		
Section 4.1	<ul style="list-style-type: none"> <li>• New approach to the measurement of property, plant and equipment at current value.</li> <li>• Change to the definition of fair value and the measurement of surplus assets.</li> <li>• New flow chart to</li> </ul>	Following the approach in the Exposure Draft for the adoption of IFRS 13 and the conceptual approach to the measurement of property plant and equipment, but see also FRAB 122 (08) paragraphs 6 to 11.

## FRAB 122 (08) Annex D

	<p>demonstrate the measurement requirements.</p> <ul style="list-style-type: none"> <li>• Amendment to the accounting policies disclosure for property, plant and equipment to include valuation inputs and techniques for major classes of assets.</li> </ul>	
Paragraph 4.1.2.33 – new paragraph 4.1.2.56 (transition)	Confirmation of the approach to accumulated depreciation and impairment per the Annual Improvements to IFRSs 2010-2012 Cycle.	<i>Annual Improvements to IFRS 2010–2012 Cycle.</i>
Paragraphs 4.1.2.37 and 4.1.2.38	Introduction of the interpretation of “a short period” per paragraph 38 of IAS 16 <i>Property, Plant and Equipment</i> .	See paragraph 22 and 23 of FRAB 122 (08).
4.4.2.3	Change to the definition of fair value.	Adoption of IFRS 13.
4.4.2.13	Change “determined” to “measured”.	Consequential amendment due to the adoption of IFRS 13
4.5.2.1 and 4.5.2.2	Redrafting of the definitions and insertion of the new definition of fair value.	Adoption of IFRS 13.
4.5.2.12	Change “determinable” to “measurable”.	Consequential amendment due to the adoption of IFRS 13.
4.5.4.2 6) c)	Deleted as a result of the consequential amendments to IAS 38 <i>Intangible Assets</i> .	Consequential amendment to IAS 38 due to the adoption of IFRS 13.
4.7.2.3	Replace “to sell” with “of disposal”.	Consequential amendment to IAS 36 <i>Impairment of Assets</i> due to the adoption of IFRS 13.
4.7.2.4	Change to the definition of fair value.	Adoption of IFRS 13.
4.7.2.7	Removal of the words “active market”.	Consequential amendment to IAS 36 due to the adoption of IFRS 13.
4.7.4.2 2) d)	Replace “to sell” with “of disposal”.	Consequential amendment to IAS 36 due to the adoption of IFRS 13.
4.7.4.2 e)	Amendments are introduced as a result of the Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) issued by the IASB in May 2013.	Per change description.

4.9.2.6	Change to the definition of fair value.	Adoption of IFRS 13.
Section 4.10: Heritage Assets	<ul style="list-style-type: none"> <li>• Interpretation of “relaxed” measurement requirements for heritage assets retained/confirmed,</li> <li>• Refinement of disclosures in line with FRS 102 and</li> <li>• Reduced disclosure requirement at paragraph 4.10.4.4.</li> </ul>	Per ED approach and see paragraphs 16 to 19 of FRAB 122 (08).
<b>Chapter Five: Current Assets</b>		
Paragraph 5.1.2.3	Change to the definition of fair value.	Adoption of IFRS 13.
Paragraph 5.3.2.2	Change to the definition of fair value.	Adoption of IFRS 13.
<b>Chapter Six: Employee Benefits</b>		
Paragraph 6.1.2.1	Change to the definition of fair value.	Adoption of IFRS 13.
Paragraph 6.4.1.1	Footnote to highlight that the adoption of IAS 19 includes the amendments made to the Standard by the IASB in November 2013 ie amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions).	Per change description.
Paragraph 6.4.3.8	Deletion of second sentence “when no market price is available ...date of those assets.”	Consequential amendment to IAS 19 <i>Employee Benefits</i> for the adoption of IFRS 13.
Paragraph 6.5.3.4	Minor amendment: introduction of a footnote on administrative expenses line.	This was introduced following a request from CIPFA/LASAAC to clarify the relationship with CIPFA’s guidance <i>Accounting for Local Government Pension Scheme Management Costs</i> (CIPFA 2014), which does not change the accounting requirements for administrative expenses per IAS 26 <i>Retirement Benefit Plans</i> but does suggest that more disclosure may be made.
New paragraph 6.5.5.2 and amended paragraph 6.5.5.3	Amendments to reflect the requirements in the Local Authority Accounts (Scotland) Regulations 2014 and associated guidance for the	Introduction of the Local Authority Accounts (Scotland) Regulations 2014.

	provision of the Annual Governance Statement and the management commentary in the pension fund annual report.	
<b>Chapter Seven: Financial Instruments</b>		
Chapter Seven, Financial Instruments	Amendments to the definition of fair value, initial and subsequent measurement and disclosure requirements – per the Exposure Draft for the adoption of IFRS 13.	Adoption of IFRS 13.
Paragraph 7.1.4.1	Minor correction: This paragraph should state “plus” and not “less” transaction costs per the requirements of IAS 39 <i>Financial Instruments: Recognition and Measurement</i> .	Per change description.
Paragraph 7.1.8.1	Minor amendments to financial assets definition to include “It is contingent consideration of an acquirer in a business combination to which IFRS 3 Business Combinations applies.”	<i>Annual Improvements to IFRSs 2010 – 2012 Cycle.</i>
<b>Chapter Eight: Liabilities</b>		
Paragraph 8.1.2.2	Change to the definition of fair value.	Adoption of IFRS 13.
Paragraph 8.2.1.3	Addition of “contingent consideration of an acquirer in a business combination (see IFRS 3 Business Combinations)” to the scope exclusions under the Code’s adoption of IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> .	<i>Annual Improvements to IFRSs 2010 – 2012 Cycle.</i>
Paragraph 8.2.1.8	Minor correction – references to IFRIC 5 have been updated for the new consolidation standards introduced in the 2014/15 Code.	Per change description.
New paragraph 8.2.1.10	Confirmation that IFRIC 21 <i>Levies</i> applies to local authorities.	Adoption of IFRIC 21.
<b>Chapter Nine: Group Accounts</b>		
Paragraphs 9.1.2.64 to 9.1.2.72, 9.1.4.2 (last sentence) and 9.1.4.32	Deletion of transitional requirements for the Group Accounts Suite of Standards introduced in the 2014/15 Code.	Per description of changes.

<b>Appendices</b>		
Appendix B: Sources and Legislation	Changes for the introduction of the Local Authority Accounts (Scotland) Regulations 2014 replacing the Local Authority Accounts (Scotland) Regulations 1985.	Per description of changes.
Appendix C: Changes in Accounting Policies: Disclosures in the 2014/15 and 2015/16	Confirmation of the reporting requirements for the impact of the changes in accounting policies in the 2014/15 and 2015/16 financial statements.	Appendix C is substantially redrafted each year and was subject to consultation.
Appendix D: Changes in Accounting Policies: Confirmation of Changes to Forthcoming Editions of the Code. Paragraph D.1.5	Confirmation of disclosure requirements for the change in accounting policy for transport infrastructure assets.	See FRAB 122 (08) paragraph 32.
Appendix E: Accounting for Schools in Local Authorities in England and Wales Paragraph E.1.2 and E.1.3	Augmentation of the wording of paragraph E.1.2. This is not a change in substance of these requirements and is consistent with the report of the Joint HM Treasury and CIPFA/LASAAC Working Group. Paragraph E.1.3 – confirmation that the adaptation is to IFRS 10 <i>Consolidated Financial Statements</i> to include the transactions of the schools as entities within the single entity financial statements rather than solely into the Group Accounts. Again this is consistent with the report of the Joint HM Treasury and CIPFA/LASAAC Working Group Report.	See FRAB 122 (08) paragraphs 20 and 21.
<b>Edits throughout the Code</b>		
From Chapter Two	The end of each section of the Code includes a paragraph which is updated for the changes made since the 2014/15 Code.	Normal part of the annual updating process of the Code.
From Chapter Two	Each of the disclosure sections explicitly includes “which permits authorities not to provide a specific disclosure if information is not material”.	This has been added to ensure that there is explicit reference to materiality following comments made in CIPFA/LASAAC’s Simplification and Streamlining the Presentation of Local Authority Financial Statements Review.