CIPFA The Chartered Institute of Public Finance & Accountancy

APPENDIX B

Code of Practice on Local Authority Accounting in the United Kingdom 2015/16

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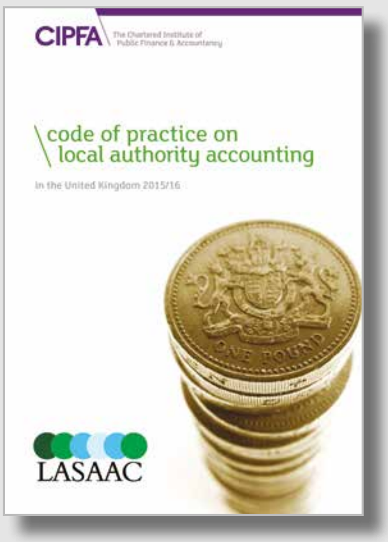
The Code is prepared by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board.

The Code is prepared on the basis that the purpose of a local authority's published Statement of Accounts is to give electors, those subject to locally levied taxes and charges, members of the authority (as representatives of service recipients), service users and other interested parties clear information about the authority's finances. It should answer such questions as:

- What did the authority's services cost in the year of account?
- Where did the money come from?
- What were the authority's assets and liabilities at the year-end?



The *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position, financial performance and cash flows of a local authority, including group financial statements where a local authority has material interests in subsidiaries, associates or joint ventures.

The Code is based on European Union adopted International Financial Reporting Standards as they apply to local authority circumstances. It prescribes the accounting treatment and disclosures for all normal transactions of a local authority.

The Code is supported by a number of detailed accounting recommendations that have evolved as best accounting practice over many years. The provisions of the Code are updated where professional or statutory developments make it appropriate.

This edition of the Code has effect for financial years commencing on or after 1 April 2015. It reflects a number of changes to accounting practice since the 2014/15 Code, including:

- The introduction of a new section on fair value measurement in chapter two (Concepts and Principles) to reflect the adoption of IFRS 13 *Fair Value Measurement*. The 2015/16 Code includes a number of consequential

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amendments following the adoption of the standard. The most substantial of these are amendments to section 4.1 (Property, Plant and Equipment), to introduce the new definition and disclosure requirements for fair value measurement to surplus assets; amendments to introduce the fair value definition and disclosure requirements to the financial instruments section of the Code; and the change in definition of fair value across a number of sections of the Code, for example the revenue recognition and investment property sections, as this new standard will apply when another section of the Code (or an IFRS) requires or permits fair value measurement.

- Amendments to chapter one to underline CIPFA/LASAAC's view of the importance of the consideration of materiality when preparing disclosures for local authority financial statements.
- Clarification in section 4.1 (Property, Plant and Equipment) of the current adaptation of the measurement requirements for property, plant and equipment following the adoption of IFRS 13 and the introduction of the concept of current value. The 2015/16 Code has changed the measurement requirements for assets classified as surplus assets. These assets are now to be measured at fair value in accordance with the definition in IFRS 13 and without any adaptations to that definition.
- Introduction in section 4.1 of an interpretation to clarify what a short period means for the measurement of a class of assets for local authorities
- Amendments to chapter one (Introduction), chapter three (Financial Statements), chapter six (Employee Benefits) and appendix B (Sources and Legislation) as a result of the Local Authority Accounts (Scotland) Regulations 2014.
- Amendments to chapter one, chapter three and appendix B as a result of the Accounts and Audit (Wales) Regulations 2014.

- Following adoption of the amendments in the Update to the 2014/15 Code, minor clarifications of the reporting requirements in appendix E (Accounting for Schools in Local Authorities in England and Wales).
- Clarification in section 3.4 (Presentation of Financial Statements) of the reporting requirements for disclosures that support the Movement in Reserves Statement.
- Confirmation in section 4.10 (Heritage Assets) that the measurement of heritage assets shall continue to be made by any method that is appropriate and relevant and rationalises the disclosures of heritage assets following the introduction of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

~~**Get details of the complete publication here.**~~