

# report

Paper CL 04 05-09

Committee	CIPFA/LASAAC
Venue	Barceló Carlton Hotel, Edinburgh
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Subject	Progress of IFRS-Based Code and Future Milestones

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**The purpose of this report is to inform CIPFA/LASAAC members of the progress of the IFRS-Based Code of Practice on Local Authority Accounting to date, and of future milestones leading to the publication of the Code.**

## **1 Introduction**

1.1 The CIPFA/LASAAC Local Authority Code Board has been developing the IFRS-Based Code of Practice on Local Authority Accounting over the last 18 months. This report summarises progress to date, provides a checklist of developments against IFRS, and highlights future milestones.

## **2 Progress to Date**

2.1 The Board has approved sections of the Code as they have been developed. The first sections of the Code were approved in June 2008, and sections have been considered at each meeting since that date.

2.2 The first sections of the Code were presented to the Financial Reporting Advisory Board for comment in February 2009, with further sections presented in April 2009. All sections of the Code approved by CIPFA/LASAAC to date have been considered by FRAB, with no significant comments amendments required.

2.3 The remaining sections of the Code are presented elsewhere on the agenda for approval by the Board.

2.4 Appendix A compares the list of IFRS with the sections of the Code (either already approved or presented elsewhere on the agenda) as a checklist so that members can satisfy themselves that all issues have been addressed.

## **3 Future Milestones**

3.1 The future key milestones in the development of the IFRS-Based Code of Practice on Local Authority Accounting are as follows:

15 May	CIPFA/LASAAC approval for remaining sections of IFRS-Based Code
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11 June	FRAB consideration of remaining sections
12 June onwards	Finalisation of Code and Invitation to Comment following FRAB meeting
29 June	CIPFA/LASAAC meeting to finalise Code and ITC (only if required)
17 June – 11 September	Consultation on IFRS-Based Code (start date will be later if meeting on 29 June required; end date fixed to meet December publication date)
14 – 22 September	Code redrafted in light of consultation responses (some redrafting may start before this date if early responses identify the need for redrafting)
29 September	CIPFA/LASAAC meeting to approve Code
8 October	FRAB consideration of final text of Code
December	Publication of IFRS-Based Code of Practice on Local Authority Accounting

### **Recommendation**

Board members are asked to note the progress to date and the future milestones in relation to the IFRS-Based Code of Practice on Local Authority Accounting.

## Code Progress against International Financial Reporting Standards

IASB Standard	IPSASB Standard*	Code Section	CIPFA/LASAAC Approval	FRAB Approval	May Agenda Item
IAS 1 Presentation of financial statements	<i>IPSAS 1 Presentation of Financial Statements</i>	3.5	Principles agreed March 2009		(d)
IAS 2 Inventories	IPSAS 12 Inventories	5.1	March 2009	April 2009	
IAS 7 Cash flow statements	IPSAS 2 Cash flow statements	3.5			(d)
IAS 8 Accounting polices, changes in estimates and errors	IPSAS 3 Accounting polices, changes in estimates and errors	3.4			(ab)
IAS 10 Events after the balance sheet date	IPSAS 14 Events after the reporting date	3.11			(i)
IAS 11 Construction contracts	IPSAS 11 Construction contracts	5.2	March 2009	April 2009	
IAS 12 Income Taxes  SIC 21 Income Taxes – Recovery of Non-depreciable Assets  SIC 25 Income Taxes – Changes in the Tax Status of an Entity or its Shareholders	N/A (see IPSAS 23)	8.3			(x)
IAS 16 Property, plant and equipment	IPSAS 17 Property, plant and equipment	4.1	December 2008	February 2009	Updates incorporated in (c)
IAS 17 Leases	IPSAS 13 Leases	4.2	September 2008	February 2009	Updates incorporated in

IASB Standard	IPSASB Standard*	Code Section	CIPFA/LASAAC Approval	FRAB Approval	May Agenda Item
<p>SIC 15 Operating Leases – Incentives</p> <p>SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease</p> <p>IFRIC 4 Determining whether an Arrangement contains a Lease</p>					(b)
<p>IAS 18 Revenue</p> <p>SIC 31 Revenue – Barter Transactions Involving Advertising Services</p> <p>IFRIC 13 Customer Loyalty Programmes</p> <p>IFRIC 15 Agreements for the Construction of Real Estate</p>	<p>IPSAS 9 Revenue from exchange transactions</p>	3.1	March 2009	April 2009	
<p>IAS 19 Employee benefits</p> <p>IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</p>	<p>IPSAS 25 Employee benefits</p>	6	<p>December 2008 (benefits payable during employment, termination benefits);</p> <p>March 2009 (post employment benefits, introduction)</p>	<p>February 2009 (benefits payable during employment, termination benefits);</p> <p>April 2009 (post employment benefits, introduction)</p>	

<b>IASB Standard</b>	<b>IPSASB Standard*</b>	<b>Code Section</b>	<b>CIPFA/LASAAC Approval</b>	<b>FRAB Approval</b>	<b>May Agenda Item</b>
IAS 20 Accounting for government grants  SIC 10 Government Assistance – No Specific Relation to Operating Activities	N/A (see IPSAS 23)	3.1			Discussion in ITC
IAS 21 The effect of changes in foreign exchange rates  SIC 7 Introduction of the Euro	IPSAS 4 The effect of changes in foreign exchange rates	3.1			(o)
IAS 23 Borrowing costs	<i>IPSAS 5 Borrowing costs</i>	4.8			Discussion in ITC
IAS 24 Related party disclosures	<i>IPSAS 20 Related party disclosures</i>	3.12			(j)
IAS 26 Accounting and Reporting by Retirement Benefit Plans	N/A		March 2009	April 2009	Updates incorporated in (a)
IAS 27 Consolidated and separate financial statements  SIC 12 Consolidation - Special Purpose Entities	<i>IPSAS 6 Consolidated and separate financial statements</i>	10			(ac)
IAS 28 Investments in associates	IPSAS 7 Investments in associates	10			(ac)
IAS 29 Financial reporting in	IPSAS 10 Financial	3.1			(q)

<b>IASB Standard</b>	<b>IPSASB Standard*</b>	<b>Code Section</b>	<b>CIPFA/LASAAC Approval</b>	<b>FRAB Approval</b>	<b>May Agenda Item</b>
hyperinflationary economies  IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies	reporting in hyperinflationary economies				
IAS 31 Interests in joint ventures  SIC 13 Jointly Controlled Entities - non-monetary contributions by venturers	IPSAS 8 Interests in joint ventures	10			(ac)
IAS 32 Financial instruments: Presentation  IFRIC 2 Members' Shares in Co-operative Entities and Similar Instruments	<i>IPSAS 15 Financial instruments: Disclosure and Presentation</i>	7			(k)
IAS 33 Earnings per share	N/A	Not applicable			
IAS 34 Interim financial reporting  IFRIC 10 Interim Financial Reporting and Impairment	N/A	Not applicable			
IAS 36 Impairment of assets	IPSAS 21 Impairment of non-cash – generating assets	4.7	September 2008	February 2009	

IASB Standard	IPSASB Standard*	Code Section	CIPFA/LASAAC Approval	FRAB Approval	May Agenda Item
	IPSAS 26 Impairment of cash – generating assets				
IAS 37 Provisions, contingent liabilities and contingent assets  IFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities  IFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds  IFRIC 6 Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	IPSAS 19 Provisions, contingent liabilities and contingent assets	8.2			(l)
IAS 38 Intangible assets  SIC 32 Intangible Assets – Web Site Costs	N/A	4.5	June 2008	February 2009	
IAS 39 Financial instruments: Recognition and measurement  IFRIC 9 Reassessment of Embedded	N/A	7			(k)

IASB Standard	IPSASB Standard*	Code Section	CIPFA/LASAAC Approval	FRAB Approval	May Agenda Item
Derivatives  IFRIC 16 Hedges of a Net Investment in a Foreign Operation					
IAS 40 Investment property	IPSAS 16 Investment property	4.4	December 2008	February 2009	
IAS 41 Agriculture	N/A	4.10	March 2009	April 2009	
IFRS 1 First time adoption of IFRS	N/A	11	Various – covered in individual sections	Various – covered in individual sections	Various – covered in individual sections
IFRS 2 Share-based payment  IFRIC 8 Scope of IFRS 2  IFRIC 11 IFRS 2 - Group and Treasury Share Transactions	N/A	3.1			(p)
IFRS 3 Business combinations	N/A	10 (Group); 3.1 (Single Entity)			(ac) (Group); (y) (Single Entity)
IFRS 4 Insurance contracts	N/A	7			(ad)
IFRS 5 Non-current assets held for sale and discontinued operations	N/A	4.9	December 2008	February 2009	
IFRS 7 Financial instruments: Disclosures	N/A	7			(k)

IASB Standard	IPSASB Standard*	Code Section	CIPFA/LASAAC Approval	FRAB Approval	May Agenda Item
IFRS 8 Operating segments	<i>IPSAS 18 Segment reporting</i>	3.5			(d)
IFRIC 12 Service concession arrangements  SIC 29 Service Concession Arrangements: Disclosures	Consultation paper issued	4.3	June 2008 (updated following SORP 2009 discussions)	February 2009	
N/A  Revenue expenditure funded from capital under statute is a non IFRS issue	N/A	4.6	June 2008	February 2009	
N/A	IPSAS 22 Disclosure of financial information about the general government sector	Not applicable			
N/A	IPSAS 23 Revenue from non-exchange transactions (taxes and transfers)	3.1			Discussion in ITC
NA	IPSAS 24 Presentation of budget information in financial statements	See 3.2			(g)
N/A	N/A	3.1  3.3  3.2			(e) Taxation Income;  (f) Statement of Responsibilities;  (g) Explanatory

IASB Standard	IPSASB Standard*	Code Section	CIPFA/LASAAC Approval	FRAB Approval	May Agenda Item
		3.13			Foreword;
		9.2			(h) Annual Governance Statement;
		9.3			(m) Housing Revenue Account;
		3.1			(n) Collection Fund / Council Tax/ NDR;
		3.1			(r) Principal and Agent Transactions;
		3.1			(s) Unequal Pay;
		3.1			(t) VAT;
		3.1			(u) Trade and Other Payables;
		3.1			(v) Landfill Allowance Schemes;
		3.1			(w) Business Improvement District Schemes;
		1			(z) Introduction;
		2			(aa) Concepts and Principles

\* IPSASB standards shown in italics are not based on the latest IASB standard; minor changes may be required to other IPSASs as a result of the IPSASB convergence programme