

report

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Committee	CIPFA/LASAAC
Venue	Robert Street, London
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Subject	Development of 2011/12 Code of Practice on Local Authority Accounting

The purpose of this report is to seek the views of CIPFA/LASAAC members regarding the changes that will be required to the Code of Practice on Local Authority Accounting for 2011/12.

1 Introduction

- 1.1 The first IFRS-based Code of Practice on Local Authority Accounting, which applies to 2010/11, was published in December 2009. This report seeks the views of CIPFA/LASAAC members regarding the changes that will be required to develop the 2011/12 Code.
- 1.2 At its meeting in November 2009, CIPFA/LASAAC agreed that a period of stability would be helpful to local authorities, and that it would therefore be desirable to minimise the number of changes to the Code for 2011/12. It is therefore proposed that the 2011/12 Code is developed to incorporate any known legislative changes (some of which may also apply to 2010/11); to incorporate changes in relation to pronouncements by CIPFA and other bodies; and to incorporate new accounting standards that have a mandatory commencement date of 1 January 2011 or earlier. The Code will not be developed to incorporate other accounting standards ahead of their effective date.
- 1.3 This report sets out those legislative requirements, pronouncements and accounting standards that the Secretariat propose to incorporate into the 2011/12 Code. CIPFA/LASAAC members are asked for their views on these proposals, and to suggest any other items which, in their view, should be incorporated into the 2011/12 Code.
- 1.4 This report also provides details of developments being undertaken and which are expected to be relevant to the development of the Code for 2012/13 or later years.

2 Changes in Legislation

- 2.1 A number of pieces of legislation have either been issued since the 2010/11 Code was approved, or are expected to be issued prior to an Exposure Draft of the

2011/12 Code being issued. Incorporation into the Code of legislative changes is not seen as optional.

- 2.2 A number of the legislative changes will also apply to 2010/11. At its meeting in September 2009, CIPFA/LASAAC agreed a process for issuing in-year updates to the Code. CIPFA/LASAAC is therefore asked to consider whether it wishes to issue an in-year update in respect of those legislative changes that have an impact on financial reporting in 2010/11, or whether guidance to be issued by CIPFA's Local Authority Accounting Panel is sufficient to address the issue. In the Secretariat's view, guidance issued by LAAP would be sufficient; legislation takes priority over the Code, and the Code (as currently drafted) indicates that legislation is being considered.
- 2.3 One possible exception to this area might be the Business Rates Supplement in England; this allows local authorities to levy a supplement to Non Domestic Rates which will therefore need to be accounted for as the authority's income rather than using the agency approach adopted in the Code for the standard Non Domestic Rates collection. CIPFA/LASAAC is asked for its views as to whether the Board needs to issue accounting requirements in this area.
- 2.4 The table below sets out the legislative changes that have been issued or are expected to be issued prior to the Exposure Draft of the 2011/12 Code being prepared. Members are asked to confirm that these items should be incorporated into the 2011/12 Code

Legislation	Expected Dates	Expected Impact on Code
Accounts and Audit Regulations (England and Wales) - amendments	By 31 March 2010 Expected to apply from 2010/11	Amended remuneration disclosures are anticipated, which will need to be incorporated into the Code. In Wales, changes to the 'Authorised for Issue' process are also proposed.
Arrangements to mitigate the impact of IFRS (all jurisdictions)	By 31 March 2010 Expected to apply from 2010/11	Amendments to the Capital Finance and Accounting Regulations and Statutory Guidance in England and Wales, Statutory Guidance in Scotland and Accounts Directions in Northern Ireland. The relevant Statutory Accounting sections of the Code will need to be updated.
Carbon Reduction Commitment (CRC) (all jurisdictions)	In force Accounting will only apply from 2011/12	The CRC scheme will become a 'cap and trade' scheme in 2011/12. The existing provisions within the Code will cover the scheme, but it is recommended that the wording of the Code is amended to make specific reference to the scheme. Consideration may need to be given to the IASB Exposure Draft on Emissions Trading if this is issued in time. It is proposed that discussions take place with HM Treasury about the approach to be taken in the

		FReM regarding this issue, so that a consistent approach can be taken.
Business Rates Supplement (England)	In force Will apply from 2010/11	Business Rates Supplement will allow local authorities to levy a supplement to Non Domestic Rates. Whilst the supplement is expected to be used by a limited number of authorities, in London it is proposed to use the supplement to partly fund Crossrail. The Code will need to be developed to recognise the supplement as the authority's income.
Community Infrastructure Levy (CIL) (England)	Regulations not yet issued Expected to apply from 2011/12	The Community Infrastructure Levy will be a levy applied to planning development and is intended to provide funding to provide the infrastructure required to support these developments. The Code will need to be developed to incorporate the relevant accounting.
Amendments to Scottish Police and Fire Pension Schemes	2010/11 or 2011/12 (consultation yet to be issued)	If implemented, the police and fire pension schemes in Scotland would be amended to follow a similar approach to those in England and Wales (where a separate fund is maintained, with the authority making contributions to the fund). The Code will need to be updated to reflect any revised accounting in Scotland.

2.5 At this stage, the Secretariat is not aware of any other legislative changes that will affect the development of the Code for 2011/12 or later years, but will keep the situation under review.

3 Other Guidance

3.1 CIPFA issued its Statement on the Role of the Chief Financial Officer in June 2009. The Statement recommends that organisations should report publically on compliance to demonstrate their commitment to good practice in both governance and financial management. The Statement also recommends that organisations should report publicly where their arrangements do not conform with to the compliance framework in the Statement, explaining the reason for this, and how they deliver the same impact as those in the Statement.

3.2 The Secretariat recommend that section 3.2 of the Code (covering the Statement of Responsibilities) is updated to require disclosure of compliance with the Statement on the Role of the Chief Financial Officer, or an explanation where the authority does not comply.

3.3 The Secretariat dos not propose to incorporate any further guidance into the 2011/12 Code, but to consider incorporating additional guidance into the 2012/13 or later editions of the Code. Details of the guidance to be considered are included in Appendix C.

4 Accounting Standards

- 4.1 When approving the 2010/11 Code, CIPFA/LASAAC agreed to review the treatment of borrowing costs in the light of further developments. The FRAB also indicated that the decision to allow an option regarding the accounting policy should be kept under review. The IPSASB is currently considering whether borrowing costs should be included in the definition of an asset as part of its work on its conceptual framework, but has not yet come to a view. The Secretariat therefore does not recommend a change to the approach at this stage to avoid a situation where authorities might be required to change accounting policies twice in quick succession.
- 4.2 A number of accounting standards have been issued since the 2010/11 Code was developed. Some of these are not expected to require any changes to the Code, as they are either not relevant to local authorities, or are matters where the Code refers users to the underlying standards. Details of these standards are provided in Appendix A.
- 4.3 Standards have been issued or have come into effect since the Code was developed that may have an impact on the 2011/12 Code. The issues that CIPFA/LASAAC will need to address are set out in the table below.

Standard and Date	Expected Impact on Code
Annual Improvements to IFRS 2009; effective 1 January 2010, EU adoption expected March 2010	<p>Only one improvement is expected to result in any changes to the Code:</p> <p>An amendment to IAS 17 Leases clarifies the considerations to be taken into account when classifying leases of land. The 2010/11 Code incorporates this as additional guidance, but it is recommended that the 2011/12 Code adopt the revised wording in IAS 17 in full.</p>
FRS 30 Heritage Assets; effective 1 April 2010	<p>This Standard is relevant to the Code as neither IFRS nor IPSAS address heritage assets. FRS 30 was issued prior to the 2010/11 Code being issued, but the effective date was past the cut-off date in the memorandum of understanding.</p> <p>FRS 30 applies to heritage assets; this is expected to be a subset of the community assets currently recognised in the Code.</p> <p>Adoption of FRS 30 may result in a number of changes to the accounting for the assets:</p> <ul style="list-style-type: none">i) Additional recognition where the value of heritage assets is available;ii) Different classes of heritage assets can be carried at either cost or valuation; currently community assets are carried at depreciated historical cost;iii) Valuation requirements are more relaxed than for other property plant and equipment;iv) Recognition that heritage assets may have an indefinite life and therefore not require depreciation;

	<p>v) Additional disclosures are required for all heritage assets, whether included in the balance sheet or not.</p> <p>FRS 30 has been adopted by the FReM; an extract from the FReM is provided in Appendix B.</p>
<p>IAS 24 Related Party Disclosures; issued November 2009 and effective 1 January 2011</p>	<p>The Standard's effective date is within the cut-off period in the memorandum of understanding, and so will be relevant for the 2011/12 Code. The revised IAS 24 simplifies the definitions of a related party, and provides a partial exemption from the disclosure requirements for government related entities.</p> <p>The 2010/11 Code included the interpretation of IAS 24 within IPSAS 20 that stated that trade unions and providers of finance were not related parties through the course of their normal dealings with an entity. The revised IAS 24 now also incorporates this exclusion, but extends it to include public utilities and government agencies and departments that do not control, jointly control or significantly influence the reporting entity.</p> <p>CIPFA/LASAAC is asked to consider if it is appropriate to include the revised definition of a related party in the 2011/12 Code, given the nature of local authorities and other reporting requirements such as the Whole of Government Accounts. It is also proposed that discussions take place with HM Treasury about the approach to be taken in the FReM regarding this change, so that a consistent approach can be taken.</p> <p>It is expected that the revised IAS 24 will be adopted by the EU prior to publication of the Code (see the accompanying schedule)</p>

4.4 In addition, further amended standards are expected to be issued shortly, and may need to be addressed in the 2011/12 Code if their effective date is 1 January 2011 or earlier, and they are adopted by the EU prior to the Code being approved. The issues that CIPFA/LASAAC may need to address are set out in the table below. If the effective date of the standards is after 1 January 2011, it is proposed to consider the standards for inclusion in the 2012/13 edition of the Code.

Standard and Date	Expected Impact on Code
<p>IFRS 5 (Discontinued Operations); expected to be issued in the first quarter of 2010</p>	<p>The proposal in the Exposure Draft was to amend the definition of a discontinued operation to be a component of an entity that is either an operating segment (as defined in IFRS 8) that has been disposed of or classified as held for sale; or a business (as defined in IFRS 3) that meets the criteria to be held for sale. CIPFA/LASAAC would need to consider the effect on the Code of a possible change in definition, bearing in mind the interpretation in the Code that the transfer of an operation to another part of the public sector through a machinery of government change is not a discontinued operation.</p>

	<p>It is proposed that discussions take place with HM Treasury about the approach to be taken in the FReM regarding this change, so that a consistent approach can be taken.</p>
<p>IFRS X Joint Arrangements (replacement of IAS 31 Joint Ventures); expected to be issued in the first quarter of 2010</p>	<p>IAS 31 permits jointly controlled entities to be accounted for using either the equity method or the proportional consolidation method. The proposal is to remove the option to use the latter method.</p> <p>Other changes regarding the definition of joint arrangements are also being considered; this might lead to the existing classes of joint operations and joint assets being merged.</p> <p>CIPFA/LASAAC will need to consider the effect on the Code of the possible changes. It is proposed that discussions take place with HM Treasury about the approach to be taken in the FReM regarding this change, so that a consistent approach can be taken.</p>
<p>IAS 19 (Termination Benefits); expected to be issued in the first quarter of 2010</p>	<p>The IASB originally intended to publish the amendments at the same time as IFRIC 14. The proposals clarify the distinction between post-employment benefits and termination benefits, and provide more guidance on the timing of recognition of benefits for voluntary terminations.</p> <p>CIPFA/LASAAC will need to consider the effect on the Code of the possible changes. It is proposed that discussions take place with HM Treasury about the approach to be taken in the FReM regarding this change, so that a consistent approach can be taken.</p>
<p>Annual Improvements to IFRS 2010; expected to be issued in the second quarter of 2010</p>	<p>The Exposure Draft proposes the following changes: A sale plan resulting in loss of significant influence of an associate or loss of joint control of a jointly controlled entity would result in the interest being classed as held for sale. Disclosure requirements under IFRS 7 are amended. Terminology in relation to accounting policies is amended to reflect the conceptual framework. Changes to the Code, if required, are expected to be minor. Removal of the requirement to transfer investment properties being developed for sale to inventories. Other changes are not expected to result in changes to the Code.</p>

4.5 One further standard, IFRS 9, has been issued, but has an effective date of 1 January 2013. The standard is the first phase in a project to replace IAS 39. At its meeting in November 2009, CIPFA/LASAAC agreed that it would be appropriate to incorporate the changes into the Code at a later date, once the project was complete.

4.6 Details of the standards currently being developed that will need to be considered by CIPFA/LASAAC for incorporation into the 2012/13 or later editions of the Code are included in Appendix C.

5 Further Issue

- 5.1 The Audit Commission have raised the question as to the appropriate guidance for smaller joint committees and similar bodies. The issue raised is as follows:

'it would be really helpful if the next meeting of CIPFA/LASAAC Local Authority Code Board could consider the position of smaller LG bodies currently uncertain about which is the applicable accounting basis for preparing their 2009/10 accounts. CIPFA has disappplied the SoRP for larger local councils in England. However, joint committees, some of which will be 'related' to those local councils, other small bodies such as port health authorities which are joint boards, conservation boards etc. are still apparently subject to the CIPFA Code and will have to comply with the SoRP in preparing accounts for 2009/10.

I'm sure the bodies affected would be grateful if the Board could find time to consider this apparent anomaly so that they and their auditors can be entirely clear about what is expected this year.'

- 5.2 CIPFA/LASAAC is asked whether it wishes to amend the Code in this respect. If so, discussions would need to be held with the relevant administrations to determine whether an amendment to regulations would also be required.

6 Development Programme

- 6.1 At its meeting on 15 June 2010, CIPFA/LASAAC will be asked to approve the Exposure Draft and consultation on the 2011/12 Code. To enable members have sufficient time to consider any proposed changes, it is proposed to circulate draft sections of the Code electronically between meetings for comment and discussion. The results of these discussions will be incorporated into the draft of the Code presented at the June meeting.

Recommendation

CIPFA/LASAAC is asked to:

- 1) Agree which developments are to be incorporated into the 2011/12 Code.
- 2) Agree to consider draft sections of the 2011/12 Code prior to the next meeting on 15 June 2010

Appendix A - Standards issued but not incorporated into the 2010/11 Code where no changes are expected

Standard	Date Issued	Expected Impact on Code
IAS 39 and IFRIC 9 (Embedded Derivatives)	March 2009	Not expected to result in any changes to the Code as the Code refers users to the Standard.
IFRS 2 Share based payments	June 2009	Not expected to result in any changes to the Code as the Code refers users to the Standard.
IFRS 1 First time adoption of IFRS	July 2009	Not expected to result in any changes to the Code as the changes cover extractive industries.
IAS 32 (Classification of Rights Issues)	October 2009	Not expected to result in any changes to the Code as local authorities do not issue shares.
IFRIC 14 (Prepayments of Minimum Funding Requirement for a Pension Fund)	November 2009	Not expected to result in any changes to the Code as the Code refers users to the Standard.
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	November 2009	Not expected to result in any changes to the Code (other than including references to the IFRIC) as local authorities do not issue shares and are unlikely to receive shares as settlement of a debt.
IPSAS 27 Agriculture	December 2009	Not expected to result in any changes to the Code (other than including references to the IPSAS) as the IPSAS is consistent with IFRS.
IPSAS 28, 29 & 30 Financial Instruments	January 2010	Not expected to result in any changes to the Code (other than including references to the IPSAS) as the IPSAS is consistent with IFRS.
IPSAS 31 Intangible Assets	January 2010	Not expected to result in any changes to the Code (other than including references to the IPSAS) as the IPSAS is consistent with IFRS.
Annual Improvements to IPSAS	January 2010	Not expected to result in any changes to the Code (other than including references to the IPSAS) as the IPSAS is consistent with IFRS.

Appendix B - FReM Requirements for Heritage Assets

Heritage assets

6.2.25 A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the reporting entity in pursuit of its overall objectives in relation to the maintenance of the heritage. Non-operational assets are those that are held primarily for this purpose. Operational heritage assets are those that, in addition to being held for their characteristics as part of the nation's heritage, are also used by the reporting entity for other activities or to provide other services (the most common example being buildings).

6.2.26 All heritage assets should be accounted for in accordance with the requirements of this manual, which follows the principles of Financial Reporting Standard 30 - Heritage Assets.

6.2.27 The reporting entity holding the asset should attest annually to the ongoing heritage credentials of its heritage assets. Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, museum and gallery collections and works of art.

Interpretation of IAS 16 in respect of accounting for heritage assets

6.2.28 In principle, heritage assets should be accounted for in the same way as any other asset under IAS 16. There are, however, certain characteristics associated with heritage assets that give rise to the need for interpretation of IAS 16.

Definition

- a) Their value to government and the public in cultural, environmental, educational and historical terms is unlikely to be fully reflected in a financial value derived from a market mechanism or price.
- b) Established custom and, in many cases, primary statute and trustee obligations impose prohibitions or severe restrictions on disposal by sale.
- c) They are often irreplaceable and their value may increase over time even if their physical condition deteriorates.
- d) They may require significant maintenance expenditure so that they can continue to be enjoyed by future generations.
- e) Their life might be measure in hundreds of years.
- f) Antiques and other works of arts held by reporting entities outside the main collections should be classified as heritage assets only when they fulfil the above requirements. Otherwise, antiques and other works of art should be accounted for in the same way as other assets.

Recognition and measurement

6.2.29 Operational heritage assets should be valued in the same way as other assets of that general type (buildings, for example).

Non-operational heritage assets should be valued subject to the requirements set out in paragraphs 6.2.31 to 6.2.37 below:

6.2.30 Where information is available on the cost or value of heritage assets:

- (i) they should be presented in the Statement of Financial Position separately from other tangible assets;

- (ii) the Statement of Financial Position or the notes to the accounts should identify separately those classes of heritage assets being reported at cost and those at valuation; and
- (iii) changes in the valuation should be recognised in the Statement of Changes in Equity, except impairment losses that should be recognised in accordance with chapter 8 of this manual.

The accounting convention in this manual is to recognise non current assets at fair value but, where exceptionally, it is not practicable to obtain a fair value, the heritage assets may be reported at historical cost.

6.2.31 Where assets have previously been capitalised or are recently purchased, information on their cost or value will be available. Where this information is not available, and cannot be obtained at a cost commensurate with the benefits to users of the financial statements, the assets will not be recognised in the Statement of Financial Position and the disclosure required by this manual should be made.

6.2.32 Valuations may be made by any method that is appropriate and relevant.

6.2.33 There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations. However, where heritage assets are reported at valuation, the carrying amount should be reviewed with sufficient frequency to ensure the valuations remain current.

Depreciation and Impairment

6.2.34 Depreciation is not required on heritage assets which have indefinite lives.

6.2.35 The carrying amount of an asset should be reviewed where there is evidence of impairment, for example, where it has suffered physical deterioration or breakage or new doubts arise as to its authenticity. Any impairment recognised should be dealt with in accordance with the recognition and measurement requirements IAS 36 - 'Impairment of Assets' in chapter 8.

Donations

6.2.36 The receipt of donations of heritage assets should be credited to the donated asset reserve. Where exceptionally, it is not practicable to obtain a valuation for a donated heritage asset, the disclosures required by paragraph 6.2.43 apply

Disclosures

6.2.37 The disclosures required for heritage assets are set out below and apply to all heritage assets:

- a) An entity's financial statements should contain an indication of the nature and scale of heritage assets held by the entity.
- b) The financial statements should set out the entity's policy for the acquisition, preservation, management and disposal of heritage assets. This should include a description of the records maintained by the entity of its collection of heritage assets and information on the extent to which access to the assets is permitted. The information required by this paragraph may alternatively be provided in a document that is cross-referenced from the financial statements.
- c) The accounting policies adopted for an entity's holding of heritage assets should be stated, including details of the measurement bases used.
- d) For heritage assets that are not reported in the Statement of Financial Position, the reasons why should be explained and the notes to the financial statements should explain the significance and nature of those assets that are not reported in the Statement of Financial Position.

- e) The disclosures relating to assets that are not reported in the Statement of Financial Position should aim to ensure that, when read in the context of information about capitalised assets, the financial statements provide useful and relevant information about the entity's overall holding of heritage assets.

6.2.38 Where heritage assets are reported in the Statement of Financial Position, the following should be disclosed:

- (i) the carrying amount of heritage assets at the beginning of the financial period and at the Statement of Financial Position date, including an analysis between those classes or groups of heritage assets that are reported at cost and those that are reported at valuation; and
- (ii) where assets are reported at valuation, sufficient information to assist in an understanding of the valuations being reported and their significance.

This should include:

- (a) the date of the valuation;
- (b) the methods used to produce the valuation;
- (c) whether the valuation was carried out by external valuers and, where this is the case, the valuer's name and professional qualification, if any; and
- (d) any significant limitations on the valuation.

6.2.39 An example of a limitation to be disclosed under paragraph 6.2.38 (ii) (d) would be where an asset has a particular provenance, the effect of which is not fully captured by valuation.

6.2.40 Information that is available to the entity and is helpful in assessing the value of those heritage assets that are not reported in the entity's Statement of Financial Position should be disclosed.

6.2.41 The financial statements should contain a summary of transactions relating to heritage assets disclosing, for the accounting period and each of the previous four accounting periods:

- (a) the cost of acquisitions of heritage assets;
- (b) the value of heritage assets acquired by donation;
- (c) the carrying amount of heritage assets disposed of in the period and the proceeds received; and
- (d) any impairment recognised in the period.

This summary should show separately transactions in assets that are reported in the Statement of Financial Position and those that are not.

6.2.42 Where, exceptionally, it is not practicable to obtain a valuation of heritage assets acquired by donation, the reasons why should be stated. Disclosures should also be provided on the nature and extent of significant donations of heritage assets.

6.2.43 The information required by paragraph 6.2.42 may be supplemented by disclosure of other information, for example the sources of funding for acquisition of heritage assets, or expenditure on major restoration costs, but this is not required by this manual

6.2.44 The disclosures required by paragraphs 6.2.37 (a) to 6.2.43 may be presented in aggregate for groups of assets that are not reported in the Statement of Financial Position. Amounts in respect of assets that are not reported in the Statement of Financial Position should not be aggregated with amounts for assets that are recognised at cost or valuation.

Appendix C – Developments to be reflected in the 2012/13 or later editions of the Code

Part 1 - Guidance

Development	Expected Date	Expected Impact on Code	Code Edition
HMT: Sustainability Reporting	December 2009	CIPFA/LASAAC will need to consider whether to require sustainability reporting in the statement of accounts, either in the explanatory foreword or in the notes to the accounts. This may depend on the information to be provided through the Telling the Wholes Story project (below). CIPFA/LASAAC considered a report on this issues at its November 2009 meeting	2012/13
CIPFA: Telling the Whole Story project	During 2010	Sections covering the explanatory foreword and the statement of responsibilities to be reviewed in the light of decisions made. Links to Financial Reporting Manual below.	2012/13
CIPFA: Transport Infrastructure Assets Code	During 2010	Discussed elsewhere on the agenda. Prior to a decision being made, the working assumption is that disclosures will be required in 2012/13, with full incorporation into the accounts in 2013/14	2012/13
HMT: Financial Reporting Manual	December 2011 for 2012/13 edition	The Financial Reporting Manual includes more detailed requirements than the Code in respect of the management commentary (the explanatory foreword in the Code) and the statement of responsibilities. It is recommended that this guidance is considered alongside the IASB guidance on the management commentary (when issued) to further develop the Code sections on the explanatory foreword and the statement of responsibilities. Some information may be more appropriately provided outside the statement of accounts, and will need to be considered for stakeholder reporting under the Telling the Whole Story project.	2012/13

Part 2 – Accounting Standards

Development	Expected Date	Expected Impact on Code	Code Edition
IASB: Conceptual Framework	Various Phases	The indirect impact may be significant, as the framework will inform the development of standards. It is recommended that the conceptual framework is considered when drafting all future editions of the Code.	2012/13 onwards
IPSASB: Conceptual Framework	Various Phases	The indirect impact may be significant, as the framework will inform the development of standards. It is recommended that the conceptual framework is considered when drafting all future editions of the Code.	2012/13 onwards
IASB: Rate Regulated Activities	First half of 2010	It is not clear that any local authority activities will be classified as rate regulated activities. It is recommended that a study is carried out to identify whether local authorities have any such activities, and if so, consideration is given to incorporating the requirements in the Code.	2012/13
IASB: Consolidation (replacement of IAS 27 and SIC 12)	Second half of 2010	The main objectives of the project are to improve the definition of control and related application guidance so that a control model can be applied to all entities, and to improve the disclosure requirements about consolidated and unconsolidated entities.	2012/13
IASB: Management Commentary	Second half of 2010 (Guidance rather than a Standard)	Sections covering the explanatory foreword and the statement of responsibilities to be reviewed in the light of the Guidance. Links to Telling the Whole Story and the Financial Reporting Manual in part 1 above.	2012/13
IASB: Annual Improvements Programme 2011	First half of 2011	Not yet known but expected to be minor.	2012/13
IASB: Emission Trading Schemes	First half of 2011	An Exposure Draft is expected in the second quarter of 2010. The impact of the proposals will not be known until the Exposure Draft is published (no tentative	2012/13

		decisions have yet been made). There are links with the accounting for the Carbon Reduction Commitment scheme (see paragraph 2.4 in the report), and if time permits, this will be used to inform the development of the CRC accounting.	
IASB: IFRS 9 Financial Instruments: Classification and Measurement	Issued November 2009	Classification and measurement section of the Financial Instruments chapter will need to be amended. The IFRS simplifies the classification of financial instruments.	2012/13 or 2013/14
IASB: Derecognition (part of project to replace IAS 39)	Second half of 2010	Derecognition section of the Financial Instruments chapter will need to be amended.	2012/13 or 2013/14
IASB: Impairment of Financial Instruments (part of project to replace IAS 39)	Second half of 2010	Impairment section of the Financial Instruments chapter will need to be amended	2012/13 or 2013/14
IASB: Hedge Accounting (part of project to replace IAS 39)	Second half of 2010	Limited impact as the Code refers authorities to the Standard if they are applying hedge accounting; not expected to be common in local authorities.	2012/13 or 2013/14
IASB: Fair Value Measurement	Second half of 2010	The Exposure Draft proposed replacing existing fair value requirements in IFRS with a single Fair Value Measurement IFRS. This was market based, and suggested an exit value approach. It is proposed to consider the IFRS, when issued, at the same time as the IPSASB conceptual framework	2012/13 or 2013/14
IASB: Liabilities (replacement of IAS 37)	Second half of 2010	The Exposure Draft proposes replacing the current measurement of liabilities with a measurement based on the 'probability-weighted average of the present values of the outflows for the possible outcomes'. This would be a significant change, and the appropriate accounting for the public sector would be discussed with HM Treasury, and would need to consider work undertaken in the IPSASB conceptual framework.	2012/13 or 2013/14
IPSASB: Service	Second half of	The proposals complement IFRIC 12 and	2012/13

Concession Arrangements	2010 / first half of 2011	provide guidance on the accounting by the grantor. The proposals are broadly in line with the existing Code requirements, but cover scenarios not currently included in the Code (for example, toll roads) and hence the Code will need to be updated	or 2013/14
IASB: Presentation of Financial Statements	Second half of 2010 (Statement of Comprehensive Income) and first half of 2011 (replacement for IAS 1 and IAS 7)	An Exposure Draft on the Statement of Comprehensive Income is expected to be issued in the first quarter of 2010. A further Exposure Draft of a new standard to replace IAS 1 (Presentation of Financial Statements) and IAS 7 (Cash Flow Statements) is expected to be issued in the second quarter of 2010. CIPFA/LASAAC will need to consider the impact of any new standards on the financial statements in the Code. An earlier discussion paper on this issue received a negative response from the UK public sector, as the proposals were geared to investors, seemingly at the expense of other users of the accounts. It is therefore possible that CIPFA/LASAAC, in consultation with HM Treasury, may wish to adopt an alternative approach.	2012/13 or 2013/14
IASB: Leases	First half of 2011	An Exposure Draft is expected in the second quarter of 2010. A discussion paper proposed that leases be recognised on a 'right of use asset' basis; this would be a fundamental change in accounting for leases, and would have implications for capital regulations. It is recommended that consideration is given to amending the Code if required in either the 2012/13 or 2013/14 Code, depending on the date of the IFRS, and any regulatory considerations.	2012/13 or 2013/14
IASB: Post-Employment Benefits (including Pensions)	First half of 2011	An Exposure Draft is expected in the first quarter of 2010. A decision has also been taken not to amend the requirements regarding the discount rate to be used for measuring employee benefits ahead of a fully revised standard. The impact of the proposals will not be known until the Exposure Draft is published.	2012/13 or 2013/14

IASB: Revenue Recognition	First half of 2011	An Exposure Draft is expected in the second quarter of 2010. The impact of the proposals will not be known until the Exposure Draft is published.	2012/13 or 2013/14
IASB: Insurance Contracts	First half of 2011	Not expected to result in any changes to the Code	2012/13 or 2013/14
IASB: Financial Instruments with the Characteristics of Equity	Exposure Draft second quarter of 2010; no date for standard announced	Not expected to result in any significant changes to the Code	2012/13 or 2013/14
IPSASB: Long-Term Fiscal Sustainability	Discussion Paper issued November 2009; no further dates announced	No direct impact on the Code expected.	N/A