

## Code of Accounting Practice and Financial Reporting (Update 25) Summary of changes 2016-17

General Purpose Financial Statements		
Page	Reference	Change
A-3	Legislative requirements for financial statements	<ul style="list-style-type: none"> <li>Added information about the Code supplement for new councils to be read in conjunction with the Code.</li> </ul>
A-3 A-4	Date of issue and lodgement of financial statements	<ul style="list-style-type: none"> <li>Clarified authorisation and lodgement of financial statements.</li> </ul>
A-7	Commentary – Financial statements	<ul style="list-style-type: none"> <li>Note 6. No requirement for the third Statement of Financial Position to be shown on the face of the primary statements.</li> </ul>
A-10	Income Statement and Statement of Comprehensive Income (SOCI)	<ul style="list-style-type: none"> <li>Added a note in the commentary about the need to separately disclose amounts recognised in equity relating to assets held for sale.</li> </ul>
A-15	Statement of Financial Position	<ul style="list-style-type: none"> <li>Added '<i>other reserves</i>' line item for consistency with SOCIE.</li> <li>Reinstated line item: '<i>other non-current assets</i>'.</li> </ul>
A-17	Statement of Changes in Equity (SOCIE)	<ul style="list-style-type: none"> <li>Included '<i>adjustment to prior period errors</i>' disclosure, moved from SOCI.</li> </ul>
A-19	Statement of Cash Flows	<ul style="list-style-type: none"> <li>Removed line items: 'real estate'. These disclosures to be included in line items: 'sale of infrastructure property plant and equipment (IPPE)' and 'purchase of IPPE'.</li> <li>Removed line items: 'investment property'. These disclosures to be included in line items 'sale of investments' and 'purchase of investments'.</li> </ul>
A-22 - A-32	Note 1 - Summary of significant accounting policies	<ul style="list-style-type: none"> <li>Clarified revenue recognition, consolidation, IPPE: non-specialised assets, asset classes and asset types.</li> <li>Removed ambiguity about Crown Reserves.</li> </ul>
A-39	Note 2(b) - Components of functions or activities	<ul style="list-style-type: none"> <li>Included 'Public Order and Safety' in Note 2(b).</li> </ul>
A-42 A-45 A-47	Note 3 - Income from continuing operations	<ul style="list-style-type: none"> <li>Note 3(b) and commentary includes disclosure for Fire and Emergency Services Levy (FESL) implementation funding.</li> <li>Note 3(g) renamed to 'Unspent grants and contributions' and new Standard disclosures added.</li> </ul>
A-48 A-49 A-50 A-51 A-53	Note 4 - Expenses from continuing operations	<ul style="list-style-type: none"> <li>Note 4(a) removed disclosure and commentary for number of Full Time Equivalent (FTE) employees – this will be reported in financial data return.</li> <li>Note 4(c) audit remuneration disclosure and commentary amended to reflect audit changes.</li> <li>Note 4(d) separated disclosures for impairment of IPPE and impairment of investments and removed capitalised depreciation expense.</li> <li>Note 4(e) and commentary:               <ul style="list-style-type: none"> <li>added required disclosure for FESL implementation expenses;</li> <li>added line item: 'cost of sales' (if councils hold inventories for sale/distribution);</li> <li>reinstated line item: 'fair value decrements – investment properties'; and</li> <li>moved councillor expenses guidance to commentary.</li> </ul> </li> </ul>

Page	Reference	Change
A-54	Note 5 - Gain or loss from disposal of assets	<ul style="list-style-type: none"> <li>Combined IPPE and real estate assets.</li> </ul>
A-57 A-58	Note 6(b) - Investments	<ul style="list-style-type: none"> <li>Removed movements in financial assets. Commentary 1. changed the word 'Council' to 'entity' in two places in the sentence.</li> </ul>
A-66 - A-70	Note 9 - Infrastructure property plant and equipment	<ul style="list-style-type: none"> <li>9(a) First column heading: changed from 'Asset type' to 'Asset class'.</li> <li>9(a) and (b): <ul style="list-style-type: none"> <li>cost column in the table has been removed;</li> <li>fair value column has been renamed 'gross carrying amount'; and</li> <li>carrying value column has been renamed 'net carrying amount'.</li> </ul> </li> <li>Commentary: <ul style="list-style-type: none"> <li>The requirement for councils to perform a full revaluation of investment properties (at fair value) every three years has been replaced with the requirement that a full revaluation should occur for any material changes.</li> <li>Removed the last sentence in Revaluation – 'However, if council decides to decommission a particular asset, the relevant removal and restoration costs are to be included'. If an asset is decommissioned it is written off to its recoverable amount, if any, less the cost of disposal.</li> <li>Clarified asset classes and types and Standard requirements for indexing assets between full revaluations.</li> <li>Consistent terminology in Note 9 and Special Schedule 7.</li> </ul> </li> </ul>
A-71 A-76	Note 10(a) - Payables, borrowings and provisions	<ul style="list-style-type: none"> <li>Changed 'deferred income' to 'income received in advance'.</li> <li>Commentary on liabilities; council's self-insurance liabilities now refers to AASB 137." AASB 4 B19(c).</li> </ul>
A81- A82	Note 13 - Statement of performance measures	<ul style="list-style-type: none"> <li>Benchmarks included in (a) and (b) and comparatives in (b).</li> </ul>
A-104 A-105 A-107	Note 19 - Interests in other entities	<ul style="list-style-type: none"> <li>Interests in joint arrangements: <ul style="list-style-type: none"> <li>added disclosure about significant restrictions;</li> <li>added line item: 'non-current financial liabilities' (excluding trade and other payables/provisions).</li> </ul> </li> <li>Interests in associates: <ul style="list-style-type: none"> <li>added line item 'non-current financial liabilities' (excluding trade and other payables/provisions).</li> </ul> </li> </ul>
A-112	Note 20 Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	<ul style="list-style-type: none"> <li>Added line item to (b) Reserves: 'other reserves (specify)'.</li> <li>Added line items in movements: 'other reserves at beginning of year and at end of year'.</li> <li>Added line item to Nature and purpose of reserve: '(iii) other reserves (specify)'.</li> </ul>
A-117	Note 21 - Results by fund	<ul style="list-style-type: none"> <li>Made line items consistent with primary statements i.e. added line items: 'inventories', 'income received in advance' and 'other reserves'.</li> </ul>
A-125	Note 25 - Intangible assets	<ul style="list-style-type: none"> <li>Restructured for consistency and relevance.</li> </ul>
A-131 A-132	Note 27 - Fair value measurement	<ul style="list-style-type: none"> <li>Removed unnecessary disclosures and guidance: <ul style="list-style-type: none"> <li>removed last dot point in the middle of page A-131; and</li> <li>removed the row: 'recognised in profit or loss-unrealised (refer to Notes 3 and 4) on page A-132'.</li> </ul> </li> </ul>
A-134 – A-136	Note 28 - Related Party Disclosures	<ul style="list-style-type: none"> <li>A new Note has been added for the required disclosures associated with AASB 124 - Related Party Disclosures. This Note has been further refined based on consultation with key stakeholders since the release of the guidance in Code #24</li> </ul>

		<p>Appendix J and the webinar held in October 2016.</p> <ul style="list-style-type: none"> <li>All councils must comply with AASB 124, except for the 19 councils proclaimed on 12 May 2016.</li> <li>Examples modified to improve clarity.</li> </ul>
<b>Supplement for new councils</b>		
<b>Page</b>	<b>Reference</b>	<b>Change</b>
All	All	<ul style="list-style-type: none"> <li>A supplement to the Code for new councils has been prepared to provide advice on the following specific transitional issues: <ul style="list-style-type: none"> <li>Income Statement - Gain on Local Government amalgamation - disclosure of assets and liabilities transferred from former councils and any accounting policy adjustments;</li> <li>Statement of Cash flows - disclosure of cash transferred as a result of amalgamation of councils;</li> <li>Note 1 (a) - Basis of preparation in accounting policies - sample wording for the basis of preparation of the financial statements; and</li> <li>Note 29 Local Government amalgamation - a detailed account of the assets and liabilities received from the former Councils.</li> </ul> </li> </ul>
S-2	Introduction	<ul style="list-style-type: none"> <li>Clarified that new councils must complete SPFS and SS's as per the reporting period.</li> </ul>
S-3	Statement by Administrator/Councillors	<ul style="list-style-type: none"> <li>Amended the statement for sign off by either the administrator and interim general manager, or councillors, if signed after the September elections.</li> </ul>
S-4	Income Statement	<ul style="list-style-type: none"> <li>Ensured consistency with GPFS.</li> <li>Removed Gain on Local Government amalgamation line item: 'Accounting policy adjustments'.</li> </ul>
S-5	Income Statement - Guidance	<ul style="list-style-type: none"> <li>Added fair value in the wording in No. 3.</li> </ul>
S-6	Statement of Comprehensive Income	<ul style="list-style-type: none"> <li>Added to supplement.</li> </ul>
S-8	Basis of preparation in accounting policies (extract)	<ul style="list-style-type: none"> <li>Changed the wording to include fair value.</li> </ul>
S-9-S-12	Note 29 - Local Government amalgamation	<ul style="list-style-type: none"> <li>(i) Carrying amount of assets and liabilities transferred: wording amended to reflect transfer of assets and liabilities at fair value.</li> <li>Removed second (consolidated) column in the table for each former council's assets and liabilities.</li> <li>Removed the column 'policy adjustments'.</li> <li>(ii) Added line items: adjustments made to recognise net assets at fair value.</li> <li>(ii) Added guidance: 2. Considerations in assessing the fair value of assets and liabilities acquired and removed examples on accounting policy adjustments.</li> </ul>
S-13	Special Schedule 8 - Permissible income for general rates	<ul style="list-style-type: none"> <li>Added to the Supplement.</li> </ul>
<b>Special Purpose Financial Statements</b>		
<b>Page</b>	<b>Reference</b>	<b>Change</b>
All	All	<ul style="list-style-type: none"> <li>Made consistent with General Purpose Financial Statements.</li> </ul>
<b>Special Schedules</b>		
<b>Page</b>	<b>Reference</b>	<b>Change</b>
All	All relevant sections	<ul style="list-style-type: none"> <li>Made consistent with General Purpose Financial Statements.</li> </ul>

C-16 - C-25	Special Schedule 7 - Report on Infrastructure Assets.	<ul style="list-style-type: none"> <li>• Clarified asset classes.</li> <li>• Mandated the inclusion of 'cost to bring assets to agreed service level' performance indicator.</li> <li>• Benchmarks have been included for all ratios except for 'cost to bring assets to agreed level of service'.</li> <li>• Comparatives have been included in part (b).</li> <li>• Maintenance and renewal examples have been modified.</li> <li>• Required to include in the ratios only those assets classes identified in SS7.</li> </ul>
<b>Appendices</b>		
<b>Page</b>	<b>Reference</b>	<b>Change</b>
D-6 - D-10	Appendix E - Guidance for IPPE	<ul style="list-style-type: none"> <li>• Clarified guidance on land, land improvements, other structures and other assets.</li> </ul>
D-11 - D-18	Appendix F - Accounting examples	<ul style="list-style-type: none"> <li>• Removed some examples and refined others.</li> </ul>
D-28	Appendix H - Guidance on AASB 124 Related Party Disclosures	<ul style="list-style-type: none"> <li>• Removed statement that key management personnel includes all Councillors, the General Manager and all senior staff, as per the Act.</li> <li>• Updated examples consistent with the Standard.</li> </ul>
D-30 - D-33	Appendix J	<ul style="list-style-type: none"> <li>• Updated Standards issued not yet effective.</li> </ul>
D-34	Appendix K	<ul style="list-style-type: none"> <li>• Updated significant changes to 2017/18 Code due to accounting standards changes.</li> </ul>