

Circular Details	Circular No 17-02 / 7 February 2017 / A482993
Previous Circular	16-04
Who should read this	General Managers / All relevant council staff
Contact	Laura Love / 44284178 / code@olg.nsw.gov.au
Action required	Response to OLG at code@olg.nsw.gov.au

2016-17 draft Code of Accounting Practice and Financial Reporting (update 25) and Supplement

What's new or changing

- The draft 2016-17 Code of Accounting Practice and Financial Reporting has been released for comment.
- A supplement to the Code is also released for comment from new councils.

What this will mean for your council

- Councils are invited to provide feedback on the draft Code (update 25) by Wednesday 1 March 2017 to: code@olg.nsw.gov.au.
- There is an opportunity to learn more about the changes and provide feedback via a webinar on Tuesday 14 February 2017 (9:30am -11:00am).
- Details on how to participate in the webinar are shown in Attachment A.

Key points

- OLG has prepared draft Accounting Code (update 25) in response to sector feedback, policy changes and changes to the Australian Accounting Standards.

- Key changes include:

Note 9 – Infrastructure, property plant and equipment

- Clarified requirement for councils to perform a full revaluation of investment properties (at fair value) when material changes have occurred.

Note 28 – Related Party Disclosures

- A new Note for the required disclosures associated with AASB 124 - Related Party Disclosures.
- All councils are required to comply with AASB 124, with the exception of the 19 new councils proclaimed on 12 May 2016.
- Bayside Council is required to comply as it was proclaimed after the commencement of the Standard.

Special Schedule 7 – Report on Infrastructure Assets

- Further clarity in relation to asset classes.
- Mandatory requirement to report on the 'cost to bring assets to agreed service level' performance indicator.

Appendix L – Deletions to Draft Code #25

- New appendix illustrating significant deletions made to the draft Code #25.

- A supplement has been prepared providing guidance to new councils in preparation of their financial statements for the period from formation to 30 June 2017. It includes additional disclosures for new councils and should be read in conjunction with Code #25:
 - Income Statement – Gain on Local Government amalgamation*
 - A disclosure of the assets and liabilities transferred from former councils and any accounting policy adjustments.
 - Statement of Cashflows*
 - A disclosure of the cash transferred from amalgamation of councils.
 - Note 1 (a) – Basis of preparation in accounting policies*
 - Sample wording for the basis of preparation of the financial statements.
 - Note 29 – Local Government amalgamation*
 - A detailed account of the assets and liabilities received from the former councils.
- Due to the fact that this is the first and in addition a unique reporting period, when preparing General Purpose Financial Statements new councils will not be required to disclose:
 - budget information,
 - comparatives, and
 - Note 16 – material budget variations.
- A copy of the draft Code (update 25) and supplement is available on the OLG website at <http://www.olg.nsw.gov.au/strengthening-local-government/supporting-and-advising-councils/accounting-practice>



Tim Hurst
Acting Chief Executive

