

CHAPTER 3

Financial statements

3.4 PRESENTATION OF FINANCIAL STATEMENTS

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3.4.2 Accounting requirements

Financial statements

3.4.2.17 A complete set of financial statements comprises:

- a) Comprehensive Income and Expenditure Statement for the period
- b) Movement in Reserves Statement for the period
- c) Balance Sheet as at the end of the period
- d) Cash Flow Statement for the period
- e) notes, comprising significant accounting material accounting policies information and other explanatory information
- f) comparative information in respect of the preceding period as specified in paragraph 3.4.2.31 of the Code and paragraph 38A of IAS 1 (see also paragraph 3.4.2.28)
- g) Balance Sheet as at the beginning of the preceding period (ie a third Balance Sheet) when an authority applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A to 40D of IAS 1, and
- h) statements, or other financial reports or disclosures that are required by statute to be included in the statement of accounts for the period, where relevant to the authority.

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3.4.2.88 An authority shall disclose material accounting policy information (see paragraph 3.3.1.1 for the definition of accounting policy). Accounting policy information is material if, when considered together with other information included in an authority's financial statements, it can reasonably be expected to influence decisions that the users of local authority financial statements make on the basis of those financial statements.~~its~~

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~~significant accounting policies comprising:~~

- ~~a) the measurement basis (or bases) used in preparing the financial statements, and~~
- ~~b) the other accounting policies used that are relevant to an understanding of the financial statements.~~

~~3.4.2.89 Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may nevertheless be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.~~

~~3.4.2.90 Accounting policy information is expected to be material if users of an authority's financial statements would need it to understand other material information in the financial statements. For example, an authority is likely to consider accounting policy information material to its financial statements if that information relates to material transactions, other events or conditions and:~~

- ~~a) the authority changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements~~
- ~~b) the authority chose the accounting policy from one or more options permitted by the Code and IFRSs~~
- ~~c) the accounting policy was developed in accordance with section 3.3 in the absence of a section of the Code or IFRS that specifically applies~~
- ~~d) the accounting policy relates to an area for which an authority is required to make significant judgements or assumptions in applying an accounting policy, and the authority discloses those judgements or assumptions in accordance with paragraphs 3.4.2.94 of the Code and 125 of IAS 1; or~~
- ~~e) the accounting required for them is complex and users of the authority's financial statements would otherwise not understand those material transactions, other events or conditions, such a situation could arise if an authority applies more than one section of the Code or IFRS to a class of material transactions.~~

~~3.4.2.91 Accounting policy information that focuses on how an authority has applied the requirements of the Code or IFRSs to its own circumstances provides entity-specific information that is more useful to users of financial statements than standardised information, or information that only duplicates or summarises the requirements of the Code or IFRSs.~~

~~3.4.2.92 If an authority discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.~~

~~3.4.2.93 An authority's conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other sections of the Code or IFRSs.~~

~~3.4.2.8994~~ An authority shall disclose, along with its ~~significant material~~ accounting ~~policies~~ policy information or other notes, the judgements, apart from those involving estimations (see

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paragraph 3.4.2.9~~16~~), that management has made in the process of applying the authority's accounting policies and that have the most significant effect on the amounts recognised in the financial statements (for further guidance see also paragraphs 124 and 125 of IAS 1).