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STATUTORY INSTRUMENTS

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**2009 No. 321**

**The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2009**

**Impairment of certain investments**

3. After regulation 30F (financial guarantees given by local authorities) insert—

**“Impairment of certain investments**

**30G.**—(1) Where, in relation to a relevant investment, in accordance with proper practices—

- (a) an impairment loss is recognised in a revenue account of the authority for the financial year beginning on 1st April 2008;
- (b) an impairment loss is recognised in a revenue account of the authority for the financial year beginning on 1st April 2009; or
- (c) the value of an impairment loss recognised in a revenue account of the authority for the financial year beginning on 1st April 2008 is increased in a revenue account of the authority for the financial year beginning on 1st April 2009,

the local authority may credit to a revenue account for the year in which the loss is recognised, or increased in value, any amount up to the amount of the loss.

(2) A local authority which under paragraph (1) credits an amount to a revenue account for the financial year beginning on 1st April 2008 may debit an amount of up to the value of that credit to a revenue account for the financial year beginning on 1st April 2009.

- (3) Subject to paragraph (6), where—

- (a) under paragraph (1) a local authority credits an amount to a revenue account for the financial year beginning on 1st April 2008; and
- (b) in accordance with proper practices—
  - (i) the value of the impairment loss that credit relates to is reduced in the financial year beginning on 1st April 2009, and
  - (ii) the authority credits an amount to a revenue account for that year to recognise that reduction,

the local authority must debit to a revenue account for the financial year beginning on 1st April 2009 an amount equal to the credit mentioned in sub-paragraph (b)(ii).

- (4) Subject to paragraph (6), where—

- (a) under paragraph (1) a local authority credits an amount to a revenue account for the year beginning on 1st April 2008; and
- (b) in accordance with proper practices, the authority credits or has credited any amount to a revenue account before 1st April 2009 in respect of interest on the relevant investment not received on or before the date of the event giving rise to the impairment loss,

the local authority must debit to a revenue account for the financial year beginning on 1st April 2008 an amount equal to the total of the amounts mentioned in sub-paragraph (b).

(5) Subject to paragraph (6), where—

- (a) under paragraph (1) a local authority credits an amount to a revenue account for the year beginning on 1st April 2008 or 1st April 2009; and
- (b) in accordance with proper practices, the authority credits or has credited any amount to a revenue account before 1st April 2010 in respect of interest on the relevant investment not received on or before the date of the event giving rise to the impairment loss,

to the extent it has not debited an amount under paragraph (4) in respect of the interest, the local authority must debit to a revenue account for the financial year beginning on 1st April 2009 an amount equal to the total of the amounts mentioned in sub-paragraph (b).

(6) A local authority need not under paragraphs (3) to (5) debit to a revenue account a total amount that exceeds the total amount it has credited under paragraph (1).

(7) In paragraph (6), the reference to the total amount credited under paragraph (1) is a reference to that amount as reduced by a debit under paragraph (2).

(8) Where under paragraph (1) a local authority credits an amount to a revenue account, it must debit to a revenue account for the financial year beginning on 1st April 2010 an amount equal to the value of that credit to the extent the credit has not been reversed by debits under paragraphs (2) to (5).

(9) In this regulation, a relevant investment is a local authority investment—

- (a) in a bank;
- (b) affected by an event in the period commencing on 1st April 2008 and ending on 26th November 2008,

other than an investment of the type described in section 17(1)(e)(1).<sup>1</sup>.

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<sup>(1)</sup> In the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, unless the context indicates otherwise, any reference to a section is a reference to a section of the Local Government Act 2003: *see* regulation 1(3).