

# Foreword

This Code of Practice is based on International Financial Reporting Standards (IFRSs) and has been developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board.

The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Financial Reporting Council where these provide additional guidance. The Code has been prepared on the basis of accounting standards and interpretations in effect for accounting periods commencing on or before 1 January 2017.

This edition of the Code applies for accounting periods commencing on or after 1 April 2017. It supersedes the edition published on 1 April 2016 (the 2016/17 Code) and the Update to the 2016/17 Code.

The key accounting changes in this edition of the Code include:

- a) a restructure of chapter one (Introduction) to separately present the requirements of each of the administrations across the UK for that chapter
- b) amendments to section 2.2 (Business Improvement District Schemes (England, Wales and Scotland), Business Rate Supplements (England), and Community Infrastructure Levy (England and Wales)) for the Community Infrastructure Levy to clarify the treatment of revenue costs and any charges received before the commencement date
- c) amendment to section 3.1 (Narrative Reporting) to introduce key reporting principles for the Narrative Report
- d) updates to section 3.4 (Presentation of Financial Statements) to clarify the reporting requirements for accounting policies and going concern reporting
- e) following the amendments in the Update to the 2016/17 Code, changes to section 3.5 (Housing Revenue Account) to reflect the Housing Revenue Account (Accounting Practices) Directions 2016 disclosure requirements for English authorities
- f) following the amendments in the Update to the 2016/17 Code, changes to sections 4.2 (Lease and Lease Type Arrangements), 4.3 (Service Concession Arrangements: Local Authority as Grantor), 7.4 (Financial Instruments – Disclosure and Presentation Requirements) and Appendix B (Sources and Legislation) for the Local Authority (Capital Finance and Accounting) Scotland Regulations 2016 and the review of statutory reporting requirements for Scottish local authorities
- g) amendments to section 6.5 (Accounting and Reporting by Pension Funds) to require a new disclosure of investment management transaction costs and clarification on the approach to investment concentration disclosure.

Under the oversight of the Financial Reporting Advisory Board, the CIPFA/LASAAC Code Board is in a position to issue mid-year updates to the Code. This will only be done in exceptional circumstances.

In England and Wales, the Code constitutes a ‘proper accounting practice’ under the terms of Section 21(2) of the Local Government Act 2003. In Scotland, the Code constitutes proper accounting practice under Section 12 of the Local Government in Scotland Act 2003. In Northern Ireland, the status and authority of the Code derives from Regulation 2 of the Local Government (Capital Finance and Accounting) Regulations (Northern Ireland) 2011 and through the relevant accounts direction issued by the Department for Communities (Northern Ireland).

Note: CIPFA/LASAAC consulted in the summer of 2016 on amendments to the Code for IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*. A separate publication *Forthcoming Provisions for IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers in the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19* has been issued as a companion publication to the Code, setting out the approach to adoption of these two standards in the Code based on the decisions made by CIPFA/LASAAC following the consultation. This publication is available to download at [www.cipfa.org/codeprovisions](http://www.cipfa.org/codeprovisions).

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