

Report

To: CIPFA LASAAC

From: Steven Cain, CIPFA Secretariat Advisor

Date: November 2022

Subject: Standard setting horizon scanning – for information and comment

Purpose

The purpose of this report is to note recent and planned developments in standards, guidance and the standards environment which may be relevant to the Code.

Report

- 1.1 Notes of potentially relevant developments and potential effects are set out encompassing
- UK GAAP developments (new standards adopted)
 - Financial reporting standards planned developments
 - Auditing standards planned developments
 - Other relevant standards planned developments

Recommendations

The Board is invited to note these. Also to provide information to the Secretariat on any other issues of which they are aware.

UK GAAP developments – IFRS Adoption in 2022

2022 list of UK Adoptions		17 April 2022	
	UKEB		IASB Effective date
	Adoption date	UK-adopted international accounting standard publication	IASB Effective date
<ul style="list-style-type: none"> IFRS 17 Insurance Contracts Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information 	16 May 2022	17 May 2022	1 January 2023
<i>Annual Improvements to IFRS 2018–2020:</i> <ul style="list-style-type: none"> Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a First-time Adopter. Amendment to IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities. Amendment to IAS 41 Agriculture – Taxation in Fair Value Measurements. 	12 April 2022	13 April 2022	1 January 2022
<i>Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)</i>	12 April 2022	13 April 2022	1 January 2022
<i>Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)</i>	12 April 2022	13 April 2022	1 January 2022
<i>Reference to the Conceptual Framework (Amendments to IFRS 3)</i>	12 April 2022	13 April 2022	1 January 2022

UK Adoption status report: IASB/IFRIC documents not yet adopted			17 May 2022
	IASB Issue date	IASB Effective date	Link to UKEB project page ¹
STANDARDS			
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AMENDMENTS			
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)</i>	7 May 2021	1 January 2023	Project page
<i>Definition of Accounting Estimates (Amendments to IAS 8)</i>	12 February 2021	1 January 2023	Project page
<i>Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)</i>	12 February 2021	1 January 2023	Project page
<i>Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) and Deferral of Effective Date Amendment</i>	23 January 2020 15 July 2020	Deferred until not earlier than 1 January 2024 ²	Project page

FINANCIAL REPORTING DEVELOPMENTS – ISSUED STANDARDS

IFRS Adoptions

IFRS 17 Insurance Contracts
Adopted with effective date 01.01.2023

Consultation in the 2022/23 ITC reinforced the view that IFRS 17 will seldom be materially relevant to local authorities.

The 2023/24 ITC proposed that mandatory adoption be deferred in line with the FReM.

Responses are still being considered. It is possible that a small amount of material in the Code will be required, rather than following the current approach where IFRS 4 is mentioned only in Appendix A.

Appropriate liaison to be carried out with CIPFA forums where guidance rather than Code material is appropriate.

Other IFRS not yet effective, or not yet UK endorsed

No significant matters identified

IPSAS issued

IPSAS 43, *Leases*

Phase One of the leases project, covering commercial leases. Effective 2025

No direct impact. It will be interesting to see how Phase Two of the project progresses, encompassing public sector specific matters such as leases with a non-exchange element.

FINANCIAL REPORTING PLANNED DEVELOPMENTS	
IASB consultations	
Exposure Draft and comment letters: Third edition of the IFRS for SMEs Accounting Standard (Comments due by 7 March 2023)	No direct effect on Code. Will influence revision of FRS 102 and so in due course affect some entities included in group consolidations.
IPSASB consultations on financial reporting	
Consultation Paper, Natural Resources (Comments due by 17 October 2022)	Public sector relevant and may result in changes to reporting on some 'natural resource assets' in the long term. The linkage with sustainability reporting is important. In the meantime IPSASB plans to consult on whether its non-mandatory Recommended Practice Guides on fiscal sustainability, narrative reporting and service performance information should be made mandatory in relation to natural resources. CIPFA responded to the consultation.
FRC consultations on financial reporting	
FRED 80 Draft amendments to FRS 100 Application of Financial Reporting Requirements Application Guidance The Interpretation of Equivalence (Comments are requested by 26 August 2022)	Company sector focused and does not affect public sector implementation of IFRS
Draft 2023 Taxonomy Suite Consultation (Comments are requested by 12 October 2022)	Company sector focused. UK public sector does not use XBRL.
UK public sector developments	
HMT Thematic Review	This is expected to focus on information around measurement of assets and could inform Code development. A verbal update is being provided at Agenda item 15.
Other known financial reporting consultations	
Not applicable	

AUDITING PLANNED DEVELOPMENTS	
IAASB consultations	
Proposed Narrow Scope Amendments to ISA 700 (Revised), Forming An Opinion And Reporting On Financial Statements And ISA 260 (Revised), Communication With Those Charged With Governance (Comments due by Oct 04, 2022)	Resulting from Revisions to the IESBA Code that Require a Firm to Publicly Disclose When a Firm Has Applied the Independence Requirements for Public Interest Entities
FRC consultations on audit	
Consultation Document: Firm-level Audit Quality Indicators (Comments due by 18 August 2022)	Relevant to all audits by firms
Funding the Audit, Reporting and Governance Authority: Consultation on the Financial Reporting Council proposals (Respond by: 21 October 2022)	Relevant to all audits
Other consultations on audit	
Public Audit Forum Consultation on the 2022 revision of Practice Note 10 See agenda item	Public sector relevant. CIPFA responded to this consultation.

OTHER RELEVANT PLANNED STANDARDS DEVELOPMENTS	
IFRS Foundation consultations on other matters	
Staff Request for Feedback on the staff draft of the IFRS Sustainability Disclosure Taxonomy (Comments due by 30 September)	Public sector respondents do not in general use XBRL taxonomies for financial reporting, and so are unlikely to use them for sustainability reporting.
IPSASB consultations on other matters	
Consultation Paper, Advancing Public Sector Sustainability Reporting (Comments due by: Sep 09, 2022)	Public sector relevant. CIPFA responded to this consultation.