

# ACCOUNTING AND AUDITING STANDARDS UPDATE

reflecting developments from September 2008 to December 2008

## ANNEX A: ACTIVITY SUMMARY

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CIPFA is one of the leading professional accountancy bodies in the UK and the only one which specialises in the public services. CIPFA's members work in public service bodies, in the national audit agencies and major accountancy firms. CIPFA also provides a range of high quality advisory, information, and training and consultancy services to public service organisations. As such, CIPFA is the leading independent commentator on managing and accounting for public money.

CIPFA contributes directly to some technical and standards development through representation on relevant committees and groups. More generally CIPFA responds to consultations by standard setters and others on matters which are relevant to the public benefit sector. CIPFA Policy and Technical Directorate develops these responses taking expert advice from members of CIPFA's Accounting and Auditing Standards Panel.

More information on the work of the Accounting and Auditing Standards Panel can be found online at <http://www.cipfa.org.uk/panels/accounting/index.cfm>

This update provides information on standards developments in the fields of accounting and audit (in this context normally referring to 'external' or 'independent' audit). It reflects standards, other guidance and consultations developed or reviewed by

- UK standard setters including the Financial Reporting Council (FRC) and particularly its operating bodies the Accounting Standards Board (ASB), and the Auditing Practices Board (APB)
- International standard setters, including the International Accounting Standards Board (IASB), International Public Sector Accounting Standards Board (IPSASB) and the International Auditing and Assurance Standards Board (IAASB)
- Interpreters of financial reporting standards, including SORP making bodies, HM Treasury and other 'relevant authorities' for the devolved administrations and health sectors, and the Financial Reporting Advisory Board (FRAB)
- Other bodies developing, interpreting or commenting on standards matters relevant to financial reporting and audit

Weblinks provide information from the issuer's website where available.

Overview diagrams are provided at Annex B to this update. More detailed background and information on the public services dimension of standard setting are provided in *Accounting and Auditing Standards: A Public Services Perspective (Fully Revised Third Edition 2007)* which is available from the CIPFA shop [[link](#)]



## ANNEX A: Activity Summary - Financial Reporting Standards

UK standards and guidance				
Issuer	Issue Date	Standard or Other Pronouncement	Effective Date	Sector Relevance
<b>ASB</b>	16.10.2008	<a href="#">Amendments to FRS 26 (IAS 39)</a> 'Financial Instruments: Recognition and Measurement' and FRS 29 (IFRS 7) 'Financial Instruments: Disclosures'	Permitted 01.07.2008	Private sector
	13.11.2008	<a href="#">Amendment to FRS 26 (IAS 39)</a> 'Financial Instruments: Recognition and Measurement – Eligible Hedged Items'	01.07.2008	All sectors
	08.12.2008	<a href="#">Amendment to Financial Reporting Standard (FRS) 8</a> 'Related Party Disclosures'	06.04.2008	Mainly companies sector
	09.12.2008	<a href="#">Improvements to Financial Reporting Standards</a>	Mainly 01.01.2009 with earlier adoption permitted	All sectors
<b>FRAB</b>	18.09.2008	<a href="#">RABIG(2008) 07</a> The Treatment of Lottery Funded Assets in Resource Accounts	From 2010/11	FReM bodies
	10.11.2008	<a href="#">RABIG(2008) 08</a> Introduction of the FReM Exposure Draft - 10 November 2008 (PDF 64KB)	New consultation procedure applies henceforth	FReM bodies
<b>UITF</b>	23.10.2008	<a href="#">Abstract 46 (IFRIC Interpretation 16)</a> 'Hedges of a Net Investment in a Foreign Operation'	01.10.2008 with earlier adoption permitted	Mainly private sector

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International standards and guidance				
Issuer	Issue Date	Standard or Other Pronouncement	Effective Date	Sector Relevance
IASB	13.10.2008	<a href="#">Amendments to IAS 39</a> Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures	Permitted from 01.07.2008	IFRS preparers
	27.10.2008	<a href="#">(Clarifying update)</a>		
	27.10.2008	<a href="#">Revised version</a> of IFRS 1 First-time Adoption of International Financial Reporting Standards	01.01.2009	IFRS preparers
IFRIC	27.11.2008	<a href="#">IFRIC 17</a> Distributions of Non-cash Assets to Owners	01.07.2009 with earlier adoption permitted	Companies sector

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UK consultations					
Issuer	Issue date	Consultations, Discussion Papers and Exposure Drafts		Sector Relevance	Should CIPFA* respond?
			Response Date		
ASB	28.11.2008	<a href="#">Exposure Draft (ED)</a> 'Improvements to Financial Instrument Disclosures'	30.01.2009	Mainly private sector	Yes
	01.12.2008	<a href="#">ED: Amendments</a> to FRS 2, FRS 6 and FRS 28 Legal Changes: 2008	05.03.2009	Companies sector	No
CIPFA	10.11.2008	Code of Practice on Local Authority Accounting in the United Kingdom - SORP - <a href="#">Invitation to Comment</a>	08.02.2009	Local government	n/a
International consultations					
Issuer	Issue Date	Consultations, Discussion Papers and Exposure Drafts		Sector Relevance	Should CIPFA* respond?
			Response Date		
ASB/AASB	November 08	<a href="#">Discussion Paper</a> : Initial Accounting for Internally Generated Intangible Assets	15.05.2009	Pan sector	To consider
IASB	25.09.2008	<a href="#">Exposure Draft</a> Discontinued Operations Proposed amendments to IFRS 5'	23.01.2009	Pan sector	Yes

\* The Accounting and Auditing Standards Panel takes a view on which consultations are sufficiently relevant to CIPFA to warrant a formal response. If you have a different view on which matters should be responded to, please contact Steven Cain, CIPFA's Technical Manager, Financial Reporting and Auditing Standards on [steven.cain@cipfa.org](mailto:steven.cain@cipfa.org)

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International consultations					
Issuer	Issue Date	Consultations, Discussion Papers and Exposure Drafts	Response Date	Sector Relevance	Should CIPFA* respond?
<b>IASB continued</b>	15.10.2008	<a href="#">Exposure Draft</a> Improving Disclosures about Financial Instruments Proposed amendments to IFRS 7	15.12.2008	More relevant to private sector	No (closed)
	15.10.2008	<a href="#">Discussion Paper</a> Preliminary Views on Financial Statement Presentation	14.04.2009	Pan sector	To consider
	11.12.2008	<a href="#">Exposure Draft</a> Relationships with the State Proposed amendments to IAS 24	13.03.2009	Pan sector	Yes
	18.12.2008	<a href="#">Exposure Draft</a> ED 10 Consolidated Financial Statements	20.03.2009	Aimed at private sector	To consider after ASB Round Table
	19.12.2008	<a href="#">Discussion Paper</a> : Preliminary Views on Revenue Recognition in Contracts with Customers	19.06.2009	Pan sector	To consider
	22.12.2008	<a href="#">Exposure Draft</a> : Embedded Derivatives - Proposed Amendments to IFRIC 9 and IAS 39	21.01.2009	Mainly private sector	No
	23.12.2008	<a href="#">Exposure Draft</a> Investments in Debt Instruments Proposed amendments to IFRS 7	15.01.09	Mainly private sector?	No

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International consultations						
Issuer	Issue Date	Consultations, Discussion Papers and Exposure Drafts		Response Date	Sector Relevance	Should CIPFA* respond?
		IPSASB	03.09.2008			
30.09.2008	<a href="#">Consultation Paper</a> 'Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities'		31.03.2009	Public Sector	Yes	

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## ANNEX A: Activity Summary - Auditing Standards

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UK standards and guidance				
Issuer	Issue Date	Standard or other pronouncement	Effective Date	Sector Relevance
<b>APB</b>	31.10.2008	<a href="#">APB Bulletin 2008/9</a> Miscellaneous Reports	Immediate	Companies audits
	15.12.2008	<a href="#">APB Bulletin 2008/10</a> 'Going concern issues during the current economic conditions	Immediate	Mainly private sector
	17.12.2008	<a href="#">Practice Note 27(I)</a> 'The audit of credit unions in the Republic of Ireland'	Immediate	Credit Unions in ROI
	22.12.2008	<a href="#">Practice Note (PN) 11</a> : 'The Audit of Charities in the United Kingdom'	Immediate	Charity audits
<b>FRC</b>	15.10.2008	<a href="#">Updated Guidance</a> on Audit Committees	immediate	Listed companies, but widely influential

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International standards and guidance				
Issuer	Issue Date	Standard or other pronouncement	Effective Date	Sector Relevance
IAASB	02.10.2008	<a href="#">ISA 200 (Revised and Redrafted)</a> , Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing	15.12.2009	All sectors
	02.10.2008	<a href="#">ISA 320 (Revised and Redrafted)</a> , Materiality in Planning and Performing an Audit	15.12.2009	All sectors
	02.10.2008	<a href="#">ISA 450 (Revised and Redrafted)</a> , Evaluation of Misstatements Identified during the Audit	15.12.2009	All sectors
	02.10.2008	<a href="#">ISA 530 (Redrafted)</a> , Audit Sampling	15.12.2009	All sectors
	02.10.2008	<a href="#">ISA 610 (Redrafted)</a> , Using the Work of Internal Auditors	15.12.2009	All sectors
	02.10.2008	<a href="#">ISA 705 (Revised and Redrafted)</a> , Modifications to the Opinion in the Independent Auditor's Report	15.12.2009	All sectors
	02.10.2008	<a href="#">ISA 706 (Revised and Redrafted)</a> , Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report	15.12.2009	All sectors

## ANNEX A: Activity Summary - Auditing Standards

International standards and guidance				
Issuer	Issue Date	Standard or other pronouncement	Effective Date	Sector Relevance
IAASB continued	15.12.2008	International Standard on Quality Control (ISQC) 1 (Redrafted), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements	15.12.2009	All sectors
	15.12.2008	ISA 220 (Redrafted), Quality Control for an Audit of Financial Statements	15.12.2009	All sectors
	15.12.2008	ISA 500 (Redrafted), Audit Evidence	15.12.2009	All sectors
	15.12.2008	ISA 501 (Redrafted), Audit Evidence - Specific Considerations for Selected Items	15.12.2009	All sectors
	15.12.2008	ISA 505 (Revised and Redrafted), External Confirmations	15.12.2009	All sectors
	15.12.2008	ISA 520 (Redrafted), Analytical Procedures	15.12.2009	All sectors
	15.12.2008	ISA 620 (Redrafted), Using the Work of an Auditor's Expert	15.12.2009	All sectors
	15.12.2008	ISA 710 (Redrafted), Comparative Information-Corresponding Figures and Comparative Financial Statements	15.12.2009	All sectors

## ANNEX A: Activity Summary - Auditing Standards

UK consultations					
Issuer	Issue Date	Consultations, Discussion Papers and Exposure Drafts	Response Date	Sector Relevance	Should CIPFA* respond?
APB	01.09.2008	<a href="#">Exposure Draft</a> of proposed revisions to ISA (UK and Ireland) 700 'The Auditor's Report on Financial Statements'	28.11.2008	All sectors	(issued)
	23.10.2008	<a href="#">Consultation Paper</a> : Consultation on whether UK and Irish Auditing Standards should be updated for the new International Auditing Standards	16.01.2009	All sectors	Yes
	18.12.2008	<a href="#">Consultation Draft</a> : Practice Note 23 (Revised) 'Auditing Complex Financial Instruments'	27.03.2009	More relevant to private sector	Yes
International consultations					
Issuer	Issue Date	Consultations, Discussion Papers and Exposure Drafts	Response Date	Sector Relevance	Should* CIPFA respond?
IAASB for discussion	29.09.2008	<a href="#">Matters to Consider</a> in a Revision of International Standard on Review Engagements 2400, "Engagements to Review Financial Statements"	15.12.2008	Private sector	No (closed)

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## ANNEX A: Activity Summary – CIPFA responses

Issuer	Subject of Consultation
<b>APB</b>	ED ISA 700 (UK & Ireland) 'The Auditor's Report On Financial Statements'
<b>ASB</b>	Financial Reporting Exposure Draft 'Improvements to Financial Reporting Standards'  Financial Reporting Exposure Draft FRED 42 'Heritage Assets'
<b>CCAB</b>	Exposure Draft - Voluntary Code of Practice on Disclosure of Audit Profitability
<b>IASB</b>	Discussion Paper: Reducing Complexity in Reporting Financial Instruments  Discussion Paper: Preliminary Views on Amendments to IAS 19 Employee Benefits  Exposure Draft: An Improved Conceptual Framework For Financial Reporting <ul style="list-style-type: none"><li>• Chapter 1 The Objective of Financial Reporting</li><li>• Chapter 2 Qualitative Characteristics and Constraints of Decision-useful Financial Reporting Information</li></ul> Discussion Paper: Preliminary Views on an improved Conceptual Framework for Financial Reporting 'The Reporting Entity'  Exposure Draft: Improvements to IFRSs

CIPFA responses on matters relating to accounting and auditing standards are also published at

[http://www.cipfa.org/panels/accounting/responses\\_accounting.cfm](http://www.cipfa.org/panels/accounting/responses_accounting.cfm)

or in some cases, on the webpages of the CIPFA technical panel with lead responsibility for the relevant public services sector.