

# Accounting and Auditing Standards Update

reflecting developments from May 2009 to August 2009

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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.

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 [\[link\]](#)



# Standards Developments In Brief

## Financial Reporting

### New Standards and Guidance

*Accounting Standards Board*

The ASB issued 4 revised standards reacting to IASB developments or changes to company law.

In addition, the ASB issued FRS 30 'Heritage Assets' which addresses specific issues attached to these public benefit sector assets.

*International Accounting Standards Board*

The IASB issued 2 amended standards, and the long awaited IFRS for SMEs which is designed to provide financial reporting standards guidance for non-publicly accountable entities.

### CIPFA Responses to Consultations

*All sectors*

CIPFA responded to 5 IFRS convergence Exposure Drafts issued by IPSASB, and to 2 IASB consultations on Revenue Recognition and Leasing.

### Open Consultations

*ASB*

In addition to IFRS convergence and financial crisis related consultations, the ASB issued its Policy Proposal on the future of UK GAAP, suggesting a move to IFRS or IFRS SME based reporting for all but the smallest companies, and exploring options which might be adopted by Public Benefit bodies currently using SORPs (RSLs, Further/Higher Education and Charities)

*CCAB*

CCAB issued an ED revision of the LLP SORP.

*FRC*

FRC consulted on updating its guidance on going concern, reflecting concerns raised by the financial crisis, and also consulted on its project to reduce complexity in financial reporting.

*UK public sector*

The first ED of an IFRS based local authority Code was issued in June for comment by 11 September.

HM Treasury also issued several FReM EDs, dealing with the Alignment Project, Heritage Assets and other issues.

*International Accounting Standards Board*

The IASB and IFRIC issued 9 consultations on a variety of issues, including fast track work on Financial Instruments and other measures reflecting concerns raised by the financial crisis, routine annual improvements, and a follow-up ED on Management Commentary.

*International Public Sector Accounting Standards Board*

The IPSASB issued 2 more convergence ED IPSASs, and its first 'Improvements IPSAS' which reflects relevant developments in IFRS.

## Auditing

### **New Standards and Guidance**

<i>Auditing Practices Board</i>	APB issued only an update to its guidance on Charity Auditor Reports.
<i>International Auditing and Assurance Board</i>	IAASB issued no pronouncements

### **CIPFA Responses to Consultations**

<i>Auditing Practices Board</i>	CIPFA responded to the APBs consultation on the adoption of ISAs (UK and Ireland) reflecting the revisions made in the IAASB clarity project, and also (in September) to the EC consultation on ISA adoption in the EU.
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### **Open Consultations**

<i>Auditing Practices Board</i>	APB issued 2 consultations relating updates of its existing guidance for small company audits, and pension scheme audits in the Republic of Ireland.
<i>INTOSAI</i>	INTOSAI has released exposure drafts of its 'overarching' guidance on Financial Audit Guidelines, and the related glossary of terms.