

# Report

**To:** CIPFA LASAAC

**From:** Steven Cain, CIPFA/LASAAC Secretary

**Date:** June 2023

**Subject:** Standard setting horizon scanning – for information

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## 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 status in May 2023



2023 list of UK Adoptions			
	UKEB		IASB Effective date
	Adoption date	UK-adopted international accounting standard publication <sup>2</sup>	IASB Effective date
<i>Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)</i>	11 May 2023	16 May 2023	1 January 2024



UK Adoption status report: IASB/IFRIC documents not yet adopted			16 May 2023
	IASB Issue date	IASB Effective date	Link to UKEB project page <sup>1</sup>
<b>STANDARDS</b>			
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<b>AMENDMENTS</b>			
Amendments to IAS 1 <i>Presentation of Financial Statements</i> <ul style="list-style-type: none"> <li>Non-current Liabilities with Covenants</li> <li>Deferral of Effective Date Amendment (published 15 July 2020)</li> <li>Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) (published 23 January 2020)</li> </ul>	31 October 2022	1 January 2024	<a href="#">Project page</a>

While the amendments to IAS 1 have not yet been adopted, UKEB is currently consulting on adoption and UK-adoption by 1 January 2024 is anticipated.

FINANCIAL REPORTING DEVELOPMENTS – ISSUED STANDARDS	
IFRS Adoptions	
IFRS 17 Insurance Contracts Adopted with effective date 01.01.2023	<p>Consultation in the 2022/23 ITC reinforced the view that IFRS 17 will seldom be materially relevant to local authorities.</p> <p>The 2023/24 ITC proposed that mandatory adoption be deferred in line with the FReM.</p> <p>The 2024/25 ITC continues to propose IFRS 17 is treated in the same way as IFRS 4 which is mentioned only in Appendix A. It invites comments in case these provide evidence of wider applicability, or (more likely) where guidance on determining that IFRS 17 does not apply might be helpful .</p> <p>Appropriate liaison to be carried out with CIPFA forums where guidance rather than Code material is appropriate.</p>
Other IFRS not yet effective, or not yet UK endorsed	
No significant matters identified	

IPSAS issued	
<p><i>Reporting Sustainability Program Information—Amendments To RPGs 1 And 3: Additional Non-Authoritative Guidance</i></p> <p>can be immediately applied</p>	<p>Additional non-authoritative guidance in RPG 1, <i>Reporting on the Long-Term Sustainability of an Entity's Finances</i>, and RPG 3, <i>Reporting Service Performance Information</i></p>
<p>IPSAS 45, <i>Property, Plant, and Equipment</i></p> <p>Effective 1 January 2025</p>	<p>IPSAS 45 replaces IPSAS 17, <i>Property, Plant, and Equipment</i> by adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure assets, and adding new guidance on how these important types of public sector assets should be recognized and measured</p>
<p>IPSAS 46, <i>Measurement</i></p> <p>Effective 1 January 2025</p>	<p>IPSAS 46 introduces current operational value, a public sector specific current value measurement basis addressing views that an alternative to fair value is needed for certain public sector assets.</p>
<p><i>Updated Conceptual Framework: Chapter 7, Measurement of Assets and Liabilities in Financial Statements</i></p>	<p>This update streamlines the measurement principles by eliminating unused measurement bases and enhancing focus on those commonly used. The new subsequent measurement framework will help constituents apply the principles in practice and aligns measurement concepts with the guidance provided in IPSAS.</p>
<p>IPSAS 47 <i>Revenue</i></p> <p>Effective 1 January 2026 with earlier application permitted.</p> <p>It supersedes</p> <p>IPSAS 9, <i>Revenue from Exchange Transactions</i></p> <p>IPSAS 11, <i>Construction Contracts</i></p> <p>IPSAS 23 <i>Revenue from Non-Exchange Transactions</i></p>	<p>IPSAS 47 presents two accounting models based on the existence (or otherwise) of a binding arrangement.</p> <p>Broadly speaking, binding arrangements are analogous to contracts, and allow an IFRS 15 five step model approach to be applied to exchange transactions and some non-exchange transactions. A different model is used where there is no binding arrangement.</p>
<p>IPSAS 48, <i>Transfer Expenses</i></p> <p>Effective 1 January 2026 with earlier application permitted if IPSAS 47 is also applied.</p>	<p>IPSAS 48 provides accounting guidance for transfer expenses, which account for a significant portion of expenditures for many public sector entities.</p>
<p>Updated Conceptual Framework: Chapter 5, Elements In Financial Statements</p>	<p>This revises the definitions of an asset and a liability and adds new guidance on the transfer of resources, unit of account, and binding arrangements that are equally unperformed.</p>

FINANCIAL REPORTING PLANNED DEVELOPMENTS	
<b>IASB consultations</b>	
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. May influence revision of FRS 102 and so in due course affect some entities included in group consolidations.
<b>IPSASB consultations on financial reporting</b>	
Exposure Draft (ED) 84, Concessionary Leases and Right-Of-Use Assets In-Kind Amendments to IPSAS 43 and IPSAS 23 (Comments due by May 17, 2023)	Potentially relevant to UK public sector consideration of accounting for peppercorn leases under IFRS 16 where the transaction is not a commercial exchange.
<b>FRC consultations on financial reporting</b>	
FRED 82 Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and other FRSs – Periodic Review (The FRC requested comments by 30 April 2023)	The principal amendments proposed include simplified versions of:  (a) the five-step model for revenue recognition from IFRS 15 Revenue from Contracts with Customers  (b) the on-balance sheet model from IFRS 16 Leases
<b>UK public sector developments</b>	
HMT Thematic Review	Members of CIPFA LASAAC and CIPFA's Accounting and Financial Reporting Forum developed a response to this consultation.
<b>Other known financial reporting consultations</b>	
Not applicable	

AUDITING PLANNED DEVELOPMENTS	
IAASB consultations	
<p>Proposed International Standard on Auditing 570 (Revised 202x) Going Concern And Proposed Conforming And Consequential Amendments To Other ISAs</p> <p>Comments due by: Aug 24, 2023</p>	<p>The ISA proposals seek to</p> <ul style="list-style-type: none"> <li>• Promote consistent practice and behavior and facilitate effective responses to identified risks of material misstatement;</li> <li>• Strengthen auditor evaluation of management's assessment of going concern; and</li> <li>• Enhance transparency with respect to the auditor's responsibilities and work related to going concern.</li> </ul>
FRC consultations on audit	
<p>Audit Enforcement Procedures: Consultation on proposed amendments 2023</p> <p>Consultation opened: 3 April 2023</p> <p>Respond by: 5 May 2023</p>	<p>The main purpose of the proposed changes is to effect changes to the decision-making remit of the Board and the Case Examiner under Part 2 of the Audit Enforcement Procedure.</p>
Other FRC consultations	
<p>Corporate Governance Code Consultation</p> <p>This limited revision aims to enhance the Code's effectiveness in promoting good corporate governance, some of the changes include:</p> <p>Comments are requested by Wednesday 13 September 2023.</p>	<p>Following the consultation on Restoring Trust in Audit and Corporate Governance, last year the government requested that the Code applicable to private sector companies be strengthened.</p>

OTHER RELEVANT PLANNED STANDARDS DEVELOPMENTS	
<b>IFRS Foundation consultations on other matters</b>	
<p>The International Sustainability Standards Board Request for Information <i>Consultation on Agenda Priorities</i></p> <p>The RFI is open for comment until 1 September 2023.</p>	<p>ISSB is seeking feedback on three research projects on sustainability-related risks and opportunities associated with:</p> <ul style="list-style-type: none"> <li>• biodiversity, ecosystems and ecosystem services;</li> <li>• human capital; and</li> <li>• human rights.</li> </ul> <p>and one research project on how to integrate information in financial reporting beyond the requirements related to connected information in IFRS S1 and IFRS S2</p>
<b>IPSASB consultations on other matters</b>	
None ongoing	