

FRAB PRESS RELEASE

Financial Reporting Advisory Board

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30 June 2009

IFRS IMPLEMENTATION ON TRACK SAYS FRAB

The Financial Reporting Advisory Board (FRAB) today published its 12th annual report, which highlights that satisfactory progress has been made to date by government departments in implementing the Treasury's trigger point strategy for the application of EU adopted international financial reporting standards, from 2009-10.

In its 2008 report the FRAB highlighted the need for government departments to ensure that they are prepared for the introduction of international financial reporting standards (IFRS), and warned that the implementation of IFRS, scheduled for 2009-10, should not be permitted to slip.

Commenting on the report, Chairman Elwyn Eilledge CBE, said:

"The implementation of IFRS is challenging, but the Board is pleased to note that the implementation of the Treasury's trigger point strategy by departments is beginning to show satisfactory results. At this stage in preparations, satisfactory progress has been made in the first two trigger points, and the project remains on track for meeting the 2009-10 timetable. The production of 'shadow' IFRS based resource accounts for 2008-09 by departments represents the next key milestone in their preparation for the transition to IFRS. The shadow accounts will be subject to audit procedures.

The FRAB is particularly pleased to note that the Treasury has introduced additional corporate governance arrangements, involving Board representation, to oversee the final stages of the adoption of IFRS. The FRAB is encouraged by the progress made over the last year and will continue to monitor this project, offering its advice to the Treasury as required on any remaining IFRS issues, to ensure the 2009-10 timetable is achieved."

The Board also reports that it has agreed the extension of its remit to include oversight of the Code of Practice on Local Authority Accounting in the United Kingdom, with effect from 2010-2011, when local authorities complete the move to IFRS-based financial reporting. The Board has made a number of changes to its terms of reference and membership to reflect this extension in the scope of its responsibilities.

The report acknowledges the Treasury's efforts on ongoing issues of interest to the Board, in particular its work on the Alignment project.

The FRAB reports that the alignment proposals, agreed in principle by the Board, seek to improve the alignment of budgets, Estimates and resource accounts. These include a proposal to introduce changes to the departmental resource accounting boundary that will generally result in the consolidation of Executive non-departmental public bodies, which is something the Board has encouraged in previous reports.

Looking ahead, the Board expects to consider publications issued by the International Accounting Standards Board (IASB) and the International Public Sector Accounting Standards Board that may impact on future public sector accounting.

The report is available to download from: http://www.hm-treasury.gov.uk/psr_reporting_statistics_frabreports.htm

NOTES FOR EDITORS

1. FRAB is an independent body set up in 1996 initially to oversee the Treasury Resource Accounting Manual, which set out how Government departments should prepare their resource accounts. Resource Accounting and Budgeting (RAB) places the planning and control of Government expenditure on an accruals accounting basis – comparable to the way that the private sector manages its finances and prepares its accounts.
2. The Board's remit has been extended since its inception and now includes advice on financial and reporting standards and principles in respect of:
 - Executive non-departmental public bodies and trading funds;
 - Accounts for which the Scottish Ministers and the Department of Finance and Personnel, Northern Ireland are responsible for issuing reporting requirements;
 - Accounts of the National Health Service Trusts in England, Northern Ireland and Wales;
 - advice on accounting policies underlying Whole of Government Accounts;
 - NHS Trusts in England, Wales, Northern Ireland;
 - NHS Foundation Trusts; and
 - Local Authority accounts across England, Wales, Scotland and Northern Ireland.
3. The Government Resources and Accounts Act 2000 put the Board's role on a statutory basis. The Act requires resource accounts and Whole of Government Accounts (WGA) to be prepared with a view to presenting a true and fair view, and to conform to generally accepted accounting practice subject to such adaptations as are necessary in the context of these accounts. The Act requires the Treasury to consult an appropriate advisory group on financial reporting principles and standards. The Treasury, in consultation with the Comptroller and Auditor General in accordance with the 2000 Act, has determined that the Board should be the advisory group.

Departments 'shadow' IFRS based resource accounts for 2008-09 will be subject to audit procedures by the National Audit Office or other relevant audit authorities.

4. The Board comprises

Chairman:

Elwyn Eilledge, CBE. Former positions include Director of BG Group plc, Chairman of BTR plc, Senior Partner of Ernst and Young and Member of the Accounting Standards Board and Financial Reporting Council.

Members:

Ian Carruthers. Policy and Technical Director, The Chartered Institute of Public Finance and Accountancy.

Miranda Carter. Assessment Director, Monitor.

Peter Davies, Assistant Head of Finance, Monmouthshire County Council.

Dr Christine Daws. Director of Finance, Welsh Assembly Government.

Janet Dougharty. Deputy Director Analysis & Capital Finance, Department of Communities and Local Government.

Martin Evans. Managing Director, Audit, Audit Commission.

Russell Frith. Director of Audit Strategy, Audit Scotland.

Ieuan Griffiths. Director of Finance and Strategy, Driver and Vehicle Licensing Agency.

Professor David Heald. Professor of Accountancy, University of Aberdeen Business School.

Ian Mackintosh. Chairman, Accounting Standards Board.

Fenella Maitland-Smith. Director, National Expenditure and Income Division. Office for National Statistics.

Nigel Reader. CBE. Director of Finance, Environment Agency.

Janet Perry. Deputy Director, Department of Health.

Nigel Reader. CBE. Director of Finance, Environment Agency.

Beth Russell. Team Leader, General Expenditure Policy, HM Treasury.

Martin Sinclair. Assistant Auditor General, National Audit Office.

Alyson Stafford. Finance Director, Scottish Government.

Jon Thompson. Finance Director, Ministry of Defence.

David Thomson. Treasury Officer of Accounts, Northern Ireland (Department of Finance and Personnel).

Ken Wild. Partner, Deloitte LLP, and Member of the International Financial Reporting Interpretations Committee and former Member of the Accounting Standards Board.

Parliamentary observer:

Robert Flello, MP.