

FRAB PRESS RELEASE

Financial Reporting Advisory Board

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TRANSITION TO IFRS SUCCESSFUL SAYS FRAB

The Financial Reporting Advisory Board (FRAB) today published its 14th annual report, which highlights that central government, the NHS and the devolved governments successfully completed the transition to financial reporting on an International Financial Reporting Standards (IFRS) basis.

In its 2010 report, the FRAB commented that the move to IFRS, from financial year 2009-10, was a challenging project, but it was encouraged with the progress reported in the task of delivering IFRS based accounts for the first time.

Commenting on this year's report, Kathryn Cearns, the FRAB Chairman, said:

'The successful transition to IFRS based financial reporting represents a major achievement for all those entities involved in the process.

However, the report also highlights the FRAB's concerns over the continued postponement of International Accounting Standard 27 *Consolidated and Separate Financial Statements* to those NHS bodies that have linked charitable funds, a decision with which the FRAB disagrees.

The transition to IFRS will also result in the publication of the first set of IFRS based Whole of Government Accounts, for financial year 2009-10. The FRAB looks forward to seeing the results of this process as the accounts are published. It welcomes the additional accountability and transparency these accounts will provide to its stakeholders, including to Parliament.'

The report also acknowledges that in this calendar year the FRAB itself has been subject to a formal review. The resultant review report makes a number of recommendations covering the FRAB's future role, structure and operational processes, with the aim of ensuring that the FRAB remains fit for purpose. The implications of the review's findings are being considered by the FRAB and the Relevant Authorities that it advises, and any proposed changes to the Board's structure and operational arrangements are planned to be introduced in the autumn.

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 advisory 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) placed 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. The Government Resources and Accounts Act 2000 placed the Board's role on a statutory basis.
2. The Board's remit has been extended since its inception in 1996 and it now includes the provision of advice on financial 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 Board comprises

Chairman:

Kathryn Cearns, Consultant Accountant, Herbert Smith LLP

Members:

Andrew Baigent, Director General for Financial Audit, National Audit Office.

Andrew Buchanan, Global Head of IFRS, BDO IFR Advisory Limited.

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.

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

Martin Evans, Managing Director, Audit Policy, Audit Commission.

Russell Frith, Assistant Auditor General, Audit Scotland.

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

Roger Marshall, Chairman, Accounting Standards Board.

Janet Perry, NHS Financial Controller, Department of Health.

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Alyson Stafford, Finance Director General, Scottish Government.
Jon Thompson, Director General Finance, Ministry of Defence.

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