

In-year amendments to the 2015-16 Government Financial Reporting Manual (FReM) – published December 2015

Amendments have been made to the 2015-16 FReM and illustrative statements to correct minor errors and reduce inconsistencies and possible ambiguity in changes made to the Manual for the first year of implementation of the simplification and streamlining proposals.

Paragraph	Change	Reason for change
Throughout	Welsh Assembly Government has been renamed to Welsh Government	To reflect change in name as per the Wales Act 2014
Throughout	Net operating costs renamed to net operating expenditure	Improve consistency throughout Manual
2.2.28	Added: Details of IASB's Disclosure Initiative	To refer departments to the IASB project to improve disclosures in financial reporting and association with the simplifying and streamlining agenda.
2.3.1	Removal of requirement to produce a note for outturn versus estimate for administration costs.	Under simplifying and streamlining agenda, this note has been removed.
2.3.2	Removal of requirement to provide a reconciliation between budgets, estimates and accounts.	Under simplifying and streamlining agenda, this note has been removed.
3.2.12 (f) Illustrative Accounts	Move fees and charges from the Financial Statements to the Accountability Report and update disclosure requirements	Alignment with the simplifying and streamlining agenda requirements of <i>Managing Public Money</i>
5.2.11	Added: Greening Government Commitments	Update requirements under SI
5.3.1	Update reference to Statutory Instrument for remuneration reporting	Update reference to latest SI
5.3.4 Illustrative Accounts	Clarify staff numbers and costs to be included in Accountability Section.	To clarify inconsistency between FReM and Department Yellow under simplifying and streamlining agenda.
5.4.20	Highlight need to consider disclosure requirements per the standards unless interpretations or adaptations were detailed in the manual.	Emphasis added following feedback from Departments. Some paragraphs (current assets/liabilities etc.) had been removed from previous FReM on the grounds that it duplicated the standards.
5.4.22	Operating income section removed	In line with removal of other paragraphs where it duplicated standards or did not add any additional information.

5.4.28	Emphasis added for the requirement to follow IAS 17 and SIC 29 disclosure requirements for PFI. Requirement to deduct interest from total commitments removed.	To improve disclosure reporting of PFIs for alignment to IAS 17 and parliamentary accountability.
IAS 20 Interpretation (b)	Added –Trading Funds, where they have the consent of the Relevant Authority, need not apply this interpretation.	Applying this interpretation to Trading Funds can be problematic when applied to capital grants in kind as it can distort financial performance, including reported ROCE.
IAS 39 Adaptation	Reference to rate replaced with discount rates as promulgated in PES papers	Improves consistency with references to other centrally set discount rates.
7.1.2	Added – “for non-property assets only, appropriate indices may be used to value assets”.	Re-inclusion of indices as an appropriate method for valuation. (2014-15 FReM reference – 7.1.9)
10.2.2(d)	Clarifies that the presentation of reporting segments is after consolidation adjustments.	More consistent with how segmental performance is reported to chief operating decision maker.
Illustrative Accounts	Re-inclusion of auditors remuneration and prior year comparatives for Statement of Taxpayer’s Equity	To correct minor error and align with IAS 1 requirements
Illustrative Accounts	Clarification on the disclosures requirements for expenditure following removal of requirement for administration and programme expenditure split in the FReM.	Remove ambiguity in the illustrative accounts.
Illustrative Accounts	Removal of the intra-government payables and receivables tables	Improve consistency with the FReM where the requirement for mandatory disclosure has been removed
Illustrative Accounts	Removal of table “Charges to the Statement of Comprehensive Net Expenditure and Future Commitments” and incorporation into the tables for on and off SOFP PFI.	To improve disclosure reporting of PFIs for alignment to IAS 17 and parliamentary accountability and simplifying and streamlining agenda
Illustrative Accounts	Relocating losses and special payments and fees and charges disclosures from the Financial Statements to Accountability section.	Improve alignment with the FReM under simplifying and streamlining agenda

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1. Changes to the 2015-16 FReM fall into three main categories:

- Adoption of IFRS13 Fair Value for the first time – this also includes IAS 16 and IAS 38 adaptations,
- Simplification and Streamlining Project – changes to the form and content of the annual report and accounts in line with the Project and the Statement of Parliamentary Supply. Main changes include the introduction of three parts to the ARAs: the Performance Report, the Accountability Report and the Financial Statements; and
- Minor accounting updates – including introduction of two charity SORPs for relevant ALBs.

2. Following the FReM revision in line with the above, the illustrative statements have also been updated. The main changes are:

- Revised streamlined format of the Statement of Parliamentary Supply to be included within the Accountability Report;
- Removal of the requirement to produce SOPs Note 1 – Statement of accounting policies;
- Reduction of disclosure for SOPs Note 3 – An amendment to only include a reconciliation for resource outturn;
- SOPs Notes 4 and 5 may be published in an annex;
- Core primary financial statements to move to a two column format including core department & agencies and group;
- Accounting policies or disclosure notes only needed in relation to material items (although where wider commentary would be helpful to the user this may be included); and
- Redesigned “Remuneration and staff report” within the Accountability Report including relocating disclosures for average number of persons employed and related costs and exit packages from the notes to the financial statements.