HM Treasury

Financial Reporting Advisory Board 159th Meeting Minutes

18th June 2026

Commencing: 10:00am

	Item	Presented by	Time	Paper
1.	Welcome, minutes and matters arising	Chair	10:00	FRAB 159 (01)
2.	DBT update on modernising corporate reporting programme	Debbie Crawshawe, DBT	10:10	Verbal
3.	FRAB Annual Report	Louise Armstrong/Chair	10:40	FRAB 159 (02)
	Break (10 mins)		11.10	
4.	CIPFA/LASAAC update	Ben Smith	11:20	FRAB 159 (03) & Annex
5.	ONS - fiscal and statistics introduction	Ed Moskalenko	12:00	FRAB 159 (04)
	Lunch (50 mins)		12:40	
6.	IFRS 18 Exposure draft	Sean McCluskey	13:30	FRAB 159 (05) & Annex
7.	International perspectives - USA	Renata Miskell, US Treasury Department	14:00	Verbal
8.	WGA update	Shikha Sharma/Harry Carter	14:30	Verbal
9.	Financial Reporting and Audit Reset - June Update	Louise Armstrong	14:50	FRAB 159 (RESET)
10.	AOB	Chair	15:00	Verbal
	Papers to note only			
11.	Sustainability reporting update			FRAB 159 (06)
12.	FRAB strategy, action plan and risk register			FRAB 159 (07)
13.	IFRS Interpretations Committee update			FRAB 159 (08)
14.	Relevant Authority Working Group (RAWG) update			FRAB 159 (09)

15.	User Preparer Advisory Group (UPAG) update			FRAB 159 (10)
16.	Combined update			FRAB 159 (11)
17.	Standard setter updates (IPSASB, IASB)			FRAB 159 (12)
18.	FRAB effectiveness review and ToR update			FRAB 159 (13) & Annex

Attendees

Ian Carruthers
Jenny Carter
Jasmine Matthews
Henning Diederichs
Mike Sunderland
Eduard Moskalenko
Jill Roberts
Iain Murray
Adrian Hannell
Alex Knight
James Osborne

Apologies
Kim Jenkins,
Christine Golding

Anthony Veale
Jackie McAllister
Caitlin Stanley ((Deputising for Kim Jenkins)
Ian Ratcliffe
Mike Metcalf
Stuart Stevenson
Conrad Hall
Kathryn Allen
Vanessa Singleton
Charlotte Goodrich, HMT
Louise Armstrong, HMT
Sean McCluskey, HMT

Elle Richardson, HMT
Claire Garling, HMT
Joshua Rushbrooke, HMT
Mark Green, BRG

Agenda item 1: Welcome, minutes and matters arising

1. The Chair welcomed members to the meeting.
2. The Board approved the minutes from the March meeting, subject to minor clarifications.
3. In paragraph 32, a reference to IAS 19 liabilities should refer to "incurred" rather than "earned".
4. In paragraph 55a wording on the Audit Reset workstream should not imply FRAB supported moving away from ISAs.
5. Subject to these corrections, the Board approved the minutes of the previous meeting.

Agenda item 2: DBT update on modernising corporate reporting programme

6. Debbie Crawshawe outlined DBT's Modernising Corporate Reporting programme, building on the Non-Financial Reporting Review and focusing on reducing reporting burden, simplification and modernisation. The programme is considering reforms across financial reporting, narrative and non-financial reporting, corporate governance and remuneration reporting, reporting thresholds, audit and subsidiary reporting exemptions, and digital reporting.
7. The Board discussed a number of aspects of the programme, including the relationship between accounting standards and company law requirements, the role of the true and fair requirement, subsidiary reporting and audit exemptions, and the balance between reducing reporting burdens and maintaining transparency and accountability for users of company reports
8. Members welcomed the ambition of the programme and supported simplification where possible.
9. Members highlighted the need to balance burden reduction with protections for creditors, investors and users of accounts.
10. FRAB noted potential implications for public sector reporting and requested a future update when the consultation is published

Action: DBT to provide a future update to FRAB once the Modernising Corporate Reporting consultation is published.

Agenda item 3: FRAB Annual Report

11. The Secretariat introduced the draft FRAB Annual Report, noting that it summarised the Board's activities and key decisions during the year and would be laid before Parliament following final revisions.
12. Members welcomed the draft report and discussed opportunities to strengthen the narrative around FRAB's role, activities and impact. Members suggested that the report should provide greater clarity on FRAB's relationship with other bodies involved in public sector financial reporting and standard-setting, including CIPFA/LASAAC and other relevant stakeholders.
13. Members also suggested that the report should give greater prominence to some of the Board's key decisions and areas of focus during the year, including the conclusions of the non-investment asset review, sustainability reporting developments, IFRS 17 implementation guidance and other significant FReM developments.

14. The Board discussed whether the report sufficiently reflected FRAB's broader objective of promoting high-quality, proportionate and timely public sector financial reporting, including the balance between reporting burden and accountability. As part of this members discussed whether "highest possible standards" remained the most appropriate wording in describing FRAB's objectives or whether 'high standards' would be more accurate, given the Board's responsibility to balance value for money, timeliness and high-quality financial reporting.

Action: Secretariat to update the Annual Report reflecting the comments received and circulate a revised draft before publication.

Agenda item 4: CIPFA/LASAAC update

15. CIPFA and representatives from the Better Reporting Group (BRG) provided an update on the CIPFA/LASAAC Invitation to Comment (ITC) for the 2027-28 Code and a wider programme of local authority reporting reforms. Members were advised that, whilst some proposals related to the 2027-28 Code, many of the more significant reforms were intended as longer-term developments extending beyond that period.
16. CIPFA/LASAAC outlined proposals for a new accountability report, intended to provide a clearer separation between IFRS-based financial reporting and statutory funding information. The proposed approach would move funding-based reporting and reserve information into a separate accountability report, whilst allowing the financial statements to focus more clearly on accounting information prepared under IFRS principles.
17. Members were broadly supportive of the direction of travel and welcomed efforts to improve the accessibility and transparency of local authority accounts. Several members agreed that separating statutory funding information from IFRS-based financial statements had the potential to make local authority reporting easier for users to understand whilst better aligning reporting with wider public sector practice.
18. Members noted that statutory overrides remain a significant source of complexity within local authority reporting and that the proposed changes to disclosures do not change the underlying accounting. One member was concerned the disclosure simplifications may lead to errors in underlying accounting records not being identified. Several members questioned whether there should be a broader review of statutory overrides, highlighting that some have existed for many years and may no longer be necessary. It was observed that a clearer separation between accounting and funding information could help facilitate future discussions about the continued role and justification for statutory overrides.
19. The Board discussed proposals relating to primary users of local authority accounts. Members generally supported recognising elected members, acting in their role of holding the executive to account, as primary users. Some members suggested that further work was required to articulate more clearly the characteristics and information needs of those users and how this would influence future reporting requirements.
20. Members also discussed the illustrative accountability report included in the consultation. While members recognised the potential benefits of clearer separation between statutory reporting and IFRS-based financial statements, some suggested that further development was needed to improve the linkage between the accountability report and the financial statements, including clearer reconciliations, cross-references and explanation of how reported figures relate to one another. Members also raised questions about assurance arrangements and the appropriate level of detail to be included within the report.

21. The Board considered CIPFA/LASAAC's exploratory proposals concerning Local Government Pension Scheme (LGPS) accounting. CIPFA/LASAAC explained that the consultation sought views on whether local authority participation in LGPS funds could be reported using an approach more akin to defined contribution accounting, rather than the current IAS 19 requirements, given concerns around complexity, reporting burden and the usefulness of information provided to local authority users.
22. Members expressed mixed views on the proposal to explore alternative pension reporting approaches for local government. While members recognised the challenges that the current arrangements present, several questioned the conceptual basis for departing from IAS 19 and highlighted the need to understand the wider implications for public sector reporting, Whole of Government Accounts, fiscal statistics, market users and comparability across the public sector. Members also questioned whether alternative solutions should be explored before considering significant divergence from existing accounting standards. The Board agreed that further consultation and engagement were needed and encouraged CIPFA/LASAAC to continue working closely with stakeholders across government to understand potential implications for wider reporting frameworks and users of public sector financial information.

Action: CIPFA/LASAAC to update FRAB once they have undertaken further consultation with stakeholders on potential changes to reporting requirements including LGPS and the accountability report, with consideration of wider consequences/implications for public sector reporting and data.

Agenda item 5: ONS - fiscal and statistics introduction

23. Ed Moskalenko introduced the role of fiscal statistics and explained how statistical reporting frameworks differ from financial reporting frameworks.
24. The presentation covered: The use of statistical frameworks to support fiscal policy, differences in objectives, recognition and measurement between accounting and statistical standards, reliance on OSCAR, WGA and entity accounts as data sources and challenges arising from increasing divergence between accounting and statistical standards.
25. Members discussed: Interaction between accounting and fiscal reporting frameworks, data quality and timeliness challenges, local government reporting issues, importance of ONS participation in FRAB deliberations.
26. The Board noted the update.

Agenda item 6: IFRS 18 Exposure draft

27. HMT presented the IFRS 18 Exposure Draft and feedback from the technical working group.
28. Members supported implementation of IFRS 18 and publication of an exposure draft.
29. On timing there was general support for implementation in 2028-29. Members noted benefits of alignment with local government implementation. Some members questioned whether a one-year lag to private sector implementation was strictly necessary given the relatively limited nature of the standard. However, members broadly agreed that a one-year delay was appropriate to allow sufficient time for consideration of any public sector adaptations or interpretations that may be required, their finalisation through the FReM process, and clear communication of the final requirements to preparers and users. Members also noted wider implementation

considerations, including coordination across the public sector and the timing of other system and reporting changes affecting preparers.

30. On terminology, members considered existing IFRS 18 flexibility sufficient without the need for an additional interpretation regarding "profit or loss" terminology, but agreed this could be tested through the consultation.
31. Members agreed existing IAS 1 adaptations should generally be carried forward, other than the current existing interpretation which clarifies that "fair presentation" and "present fairly" should be read as equivalent to the UK legal requirement to give a "true and fair view". Members felt the equivalence is well understood and the interpretation was no longer required.
32. Extensive discussion took place on Management-defined Performance Measures (MPMs). Members felt that budgetary and Estimates measures could arguably fall into the scope of MPMs as defined in IFRS 18. Members discussed how current Statement of Parliamentary Supply reporting already provides a reconciliation to the Statement of Comprehensive net expenditure and so there was no need for additional reporting, but agreed that this would likely need a new interpretation/adaptation to IFRS 18 to be explicitly excluded from scope.
33. HMT agreed to update the Exposure Draft, including a new adaptation to remove SoPs reporting from the scope of IFRS 18, and to share with the Board for final comments ahead of publication.

Action: HMT to revise and recirculate drafting relating to MPMs before publication of the exposure draft.

Agenda item 7: International perspectives - USA

34. The planned presentation from the US Treasury Department was unable to proceed due to connectivity/logistical issues.
35. Secretariat will consider an alternative opportunity for engagement

Agenda item 8: WGA update

36. HMT updated FRAB on publication of the 2024-25 WGA, published that day.
37. Members congratulated the WGA team on publication and progress against the recovery plan.
38. Key enhancements included: reduced length and duplication, enhanced transparency regarding disclaimer and data quality issues, introduction of QR codes, additional GDP comparisons and regional analysis.
39. Members discussed lessons for wider government reporting, including streamlining and use of AI.
40. The Board noted the update.

Agenda item 9: Financial Reporting and Audit Reset - June Update

41. HMT updated the Board on progress across the three Reset workstreams covering financial statements and statutory reporting requirements, reporting requirements for smaller public bodies, and public sector audit requirements.
42. Members noted the extensive stakeholder engagement being undertaken through surveys and engagement with 'critical friends', with strong participation from senior stakeholders across government. HMT reported that this engagement was generating a wide range of views on both reporting and audit.

43. HMT noted that evidence-gathering and analysis would continue over the summer, as well as consideration of areas where reporting and audit could be improved or made more proportionate.
44. The Board noted the update.

Agenda item 10: AOB

45. No additional business was raised.
46. The Board noted the update papers but did not raise any further comments/questions.
47. The Chair thanked members for their contributions and closed the meeting.