

January 2021

By All Accounts.

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Sustainability reporting

Sustainability standards
gather momentum

Insurance contracts

The relevance of IFRS 17
to non-insurers

Reporting uncertainty

Disclosure areas
affected by the pandemic

THE TEAM PLAYER

Pauline Wallace, Chair of the new UK Accounting Standards
Endorsement Board, on the role it will play post-Brexit

Membership
price frozen
for 2021



A guiding light in challenging times

As a valued Financial Reporting Faculty member you have access to all of the following member resources:

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A year like no other...

It has certainly been an exceptional year. I hope that you and your families have been safe and well and continue to be so in the months ahead.

Annual report preparers are about to face one of their most challenging and complex reporting seasons. Our article on page 9 considers the issues that will affect 2020/21 accounts and, on page 22, Phil FitzGerald discusses reporting in times of uncertainty.

Brexit is back. Companies applying IFRS will switch from applying EU-adopted IFRS to UK-adopted IFRS. Powers to endorse new or amended standards for use in the UK will soon be delegated to the new UK Accounting Standards Endorsement Board (UKEB), chaired by Pauline Wallace, who we interviewed for this issue (page 6).

Calls for greater cohesion in the sustainability reporting arena are discussed on page 10, and on page 20, the Sustainability Accounting Standards Board explains the crucial role it can play in the future.

And Finally... (page 26) shines a spotlight on the policy work carried out by the faculty in 2020 – an important but lesser-known aspect of our work.

With warm regards for the year ahead.

Nigel Sleight-Johnson

Director, Technical Strategy Accountability Group
and Head of the Financial Reporting Faculty

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Faculty news

Stay on top of recent developments at the Financial Reporting Faculty



A guiding light

Our 2020 work plan may not have followed the path we set at the start of the year, but we continue to deliver on our commitment to provide high quality and timely resources to ensure faculty members are kept on course with topical issues.

Coronavirus

Our guidance in the first half of the year focused on coronavirus-related issues, with online guides and Bitesize Briefing webcasts covering, among other topics:

- going concern considerations for FRS 102 and FRS 105 preparers;
- how to improve disclosures under FRS 102;
- COVID-19-related rent concessions;
- impairment of assets.

Find out more at icaew.com/coronavirus/financial-reporting

Factsheets

In the second half of the year, we published our annual 2020 IFRS Accounts and 2020 UK GAAP Accounts factsheets and updated their 2019 equivalents. New factsheets on *FRS 102 Financial Instruments*, and *Revision of Defective Accounts* are also available. All factsheets are accessible at icaew.com/frffactsheets

Webinars

Our regular webinars have proved increasingly popular, with more members tuning in live to benefit from these interactive sessions. As well as UK GAAP and IFRS updates, we have covered the Task Force for Climate-related Financial Disclosures, narrative reporting topics, contract modifications and more. Recordings of these, and other previous webinars, can be found at icaew.com/frfwebinars

Virtual event

We were delighted so many of you joined our half-day event, *Going concern and resilience: lessons learned from COVID-19*, run in conjunction with the Audit and Assurance Faculty. We welcomed members from nearly 40 countries. You can watch recordings of all the sessions at icaew.com/goingconcernevent

What's in store for 2021?

Our commitment to provide practical help in a complex world will continue unabated. We will keep you up to date on the financial reporting implications of COVID-19, Brexit and climate change as well as informing you about changes to accounting requirements and sharing implementation experience. Non-financial reporting also looks set to be a large part of 2021's agenda.

Membership

Thank you for your support in 2020. We trust that you have found being a member particularly valuable during the challenges of the past year and hope that you will choose to continue being part of the faculty in 2021. Membership fees remain unchanged. You can renew your membership by logging into your account at icaew.com, by visiting icaew.com/facultyrenew or by calling +44 (0)1908 248 250.

Have you considered corporate membership?

In addition to the individual benefits of faculty membership, corporate members have the opportunity to be more closely involved with the faculty's work.

Build your network with invitation-only events and benefit from raising the profile of your organisation and your colleagues. Access to discounted rates further enhances the value of membership. Corporate schemes are available for all sizes of membership.

To find out more, contact us at frf@icaew.com

Help shape the future of the faculty

Would you like to help shape our future direction and the resources we provide to members? We are looking for applicants to join the Financial Reporting Faculty Board. To find out more about what this might entail, email Nigel.Sleigh-Johnson@icaew.com

The team player

Pauline Wallace, inaugural Chair of the new UK Accounting Standards Endorsement Board, talks to Nigel Sleight-Johnson and Sally Baker about its role in the post-Brexit world

Photography by Jonathan Browning

Pauline Wallace is not afraid to step into the unknown: “I think you should always grab opportunities, which is probably why I am here now.” *By All Accounts* caught up with Pauline via videoconference in October 2020, shortly after the announcement of her appointment as inaugural Chair of the newly minted UK Accounting Standards Endorsement Board, which will soon become widely known by the (UK government’s chosen) abbreviation of UKEB.

The UKEB will endorse and adopt new or amended International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), after the transition period ends on 31 December 2020 and relevant statutory powers are delegated to it. The new Board will also become involved in the development of future standards through influence and research activities, and also undertake thought leadership work. “All three of those roles are equally important,” says Pauline.

Giving the UK a voice in the future direction of reporting could take a little time. Although recruitment for the UKEB is ongoing, the Secretary of State for the Department of Business, Energy and Industrial Strategy (BEIS) is not expected to delegate responsibility to the Board until early in 2021. Meanwhile, Pauline is contemplating the future of the Board and how it will operate in practice, with an enthusiasm that has characterised her long career in professional practice, standard-setting and public policy. “I’m a great optimist. I always think that things are going to work out well,” says Pauline – and they usually do.

Leaps of faith

Early in her career, after a brief post-qualification flirtation with audit (“I really didn’t like it”), Pauline took a side-step into standard-setting: “It was luck that I found something that really suited me,” she says. A period at the now defunct UK Accounting Standards Committee was followed by time overseas. “I became the first Technical Director of the Hong Kong Society of Accountants,” says Pauline; a move she now sees as pivotal.

“Standard-setting got into my blood,” she says. It also did wonders for Pauline’s confidence – she

was still in her twenties at the time – and raised her professional profile. “I realised that you could pretty much do what you want and get where you want with the qualification.” Her time in Hong Kong coincided with negotiations for the UK’s 1997 handover to China. “A fascinating time to be in that role,” recalls Pauline, whose professional life has more than once been shaped by major events on the world stage.

The 2008 global financial crisis shifted her focus away from the technical, onto talking to Europe and negotiating on the implications of the financial crisis, which led into a role as Head of Public Policy at PwC. This broad range of experience has helped Pauline develop the skills that being Chair of the UKEB will demand. “The combination of technical and political is pretty crucial.”

Asked which of her many skills Pauline expects to find most useful at the UKEB, her response reveals much about the Board and the woman. “Listening skills will be key in dealing with different bodies and in trying to get different stakeholders to come together,” says Pauline, who is keen for the UKEB to engage broadly with stakeholders at every level. “I certainly do not know everything and I don’t think the Board will. I want people to tell us what they think because I want a strong evidence base for any decisions we make. I think that is hugely important.”

Difference and diversity

This will be reflected in the diversity of the eight to 12 members who will be appointed to the independent Board. “It’s important to get people from different backgrounds, because you need stakeholder representation from across the piece,” says Pauline, who expects the Board to be composed of preparers, investors, users and accounting firms, with perspectives further broadened by the inclusion of an academic and an economist.

Some understanding of IFRS and their implications will be key, but there will be a strong technical team to support the Board, which Pauline does not see as a technical body in the same sense that a standard-setter is. “I don’t think it’s crucial that every member of the Board is steeped in IFRS. The benefit of having people from different backgrounds is that they’ll give you that wider, broader experience,” she says. The Board’s members will need a range of different skills.

“With thought leadership and influencing, you need technical understanding,” explains Pauline. “But when you are looking at endorsement, you are looking more strategically at the implications of a standard for the UK economy and for long-term public good. Then, I think you need a broader perspective than whether paragraph x is the best way to handle a particular issue.” Being able to stand back and see the bigger picture will, she says, be extremely important.

“When you are looking at endorsement, you are looking more strategically at the implications of a standard for the UK economy and for long-term public good”

