



The Quoted  
Companies Alliance

## Minutes of the Financial Reporting Committee Meeting

held on Tuesday 26 October 2010 at 11:30am at  
Mazars LLP, Tower Bridge House, St Katherine's Way, London E1W 1DD

### **Present:**

(In the Chair)	Anthony Carey	Mazars LLP	AC
	Peter Chidgey	BDO LLP	PC
	Chris Ogle	Consultant	CO
	Bill Farren	Baker Tilly LLP	BF
	James Lole	RSM Tenon	JL
	Kate Jalbert (minutes)	QCA	KJ

<b>In Attendance:</b>	Simon Redfern	QCA	SR
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### **Action**

#### **1. Apologies**

Apologies were received from David Gray, Paul Watts, Nick Winters, Sarah Cox, Tim Ward and Edward Beale.

#### **2. Minutes of the previous meeting (28 September 2010)**

The minutes of the previous meeting were approved.

#### **3. QCA Position – IFRS Simplification/IFRS for SMEs**

KJ noted that PC had come up with six areas that he believed were difficult (in terms of complex and not adding much value) for corporate in IFRS:

- IFRS 7 for non-financial companies
- IFRS 2 share-based payments (in terms of materiality)
- Disclosures re policies to be enacted
- Segmental reporting
- Acquisitions (comparative detailed information)
- Comparative movement tables (e.g. fixed assets and provisions)

Committee members agreed with this list. SR raised the issue of impairments and PC noted that he thought that this was ingrained in a standard. KJ noted that the next stage would be to create a survey where corporate members could rate these issues in terms of scale of complexity and then ask whether there are additional areas that create complexity. **KJ**

ID then noted that the other purpose of this agenda item was to discuss the Committee's position on whether to support a simplification model of IFRS for smaller quoted companies or to argue for IFRS for SMEs for smaller quoted companies. Following a discussion, AC noted that the Committee seems to be arguing that we should be focusing on the principles of reducing complexity in IFRS (e.g. reduced/proportionate IFRS) and not so much at pushing for IFRS for SMEs.

It was then discussed as to whether the Committee would be arguing to simplify the actual standards or to instead argue for the simplifications in terms of applying materiality. Committee members agreed that it was a bit of both – in terms of arguing for guidance on how certain standards could be applied or better applying the materiality concept.

AC then queried whether the Committee should be arguing against a change to UK GAAP in preparation for the Exposure Draft being released by the ASB. AC noted that we should check with the ASB and BIS on where the ASB is with the Exposure Draft. AC summarised that Committee Members seemed to agree that we do not believe that there is case to change the UK accounting framework.

AC noted that KJ and AC had sat on a conference call of EuropeanIssuers members about adopting and editing the QCA Corporate Reporting Charter. AC noted that it looks like the Charter will be adopted on a European basis with a few edits, which is useful for approaching the European Commission on accounting issues. AC explained that it may be useful for the QCA and EuropeanIssuers to set up a meeting with key investors, who had an interest in reporting (both financial and narrative) to discuss IFRS.

#### **4. Points for IASB/QCA/EuropeanIssuers Meeting (11/11/10)**

KJ noted that the IASB would like to have the agenda items in advance of the meeting so that the appropriate people from the IASB can attend. AC noted that the bullets discussed in item 3 in the minutes would be the start of an agenda, in addition to discussing financial statement presentations, revenue recognition, and leases.

**KJ**

#### **5. Consultation Papers/Current Issues**

- BIS Consultation Paper: Corporate Law & Governance – The Future of Narrative Reporting – A Consultation (Response Date: 19 October 2010):

AC noted that he will produce a response that argues that voluntary initiatives, as opposed to additional regulation, should be created to encourage better reporting; we see reinstating the OFR for smaller companies, especially AIM companies, could be more burdensome; and we see that there has not been that much evidence of a need to switch from the Business Review to the OFR.

**AC**

- IASB Exposure Draft ED/2010/6: Revenue from Contracts with Customers (Response Date: 22 October 2010):

SR distributed a draft of the QCA response, prepared by Sarah Cox. AC asked for committee members to send comments through to KJ as soon as possible. KJ noted that she would circulate the soft copy to all.

**ALL/KJ**

- IASB Exposure Draft ED/2010/11: Deferred Tax: Recovery of Underlying Assets (Response Date: 9 November 2010):

KJ noted that she will discuss this paper with Sarah Cox, with regard to what in it would cause concern for QCA members.

**KJ**

- European Commission Green Paper on Audit Policy: Lessons from the Crisis (Response Date: 8 December 2010):

AC noted that this paper is more for the Corporate Governance Committee to respond to.

#### **6. Communications/Future Meetings:**

- Announcement of the replacement for Sir David Tweedie, IASB Chairman and Vice Chairman:

AC noted that this was an interesting announcement and that it would be good to set up a meeting with the new Chairman and Vice Chairman when they take their posts.

- Future Meetings/Guests:

AC asked committee members how they felt about having Christmas Lunch again this year. Committee members agreed that it was a good idea and to invite Ian Mackintosh, ASB, David Tyrrall, BIS, and Ian Wright, FRC. ID also suggested inviting Andy Brough or someone similar from the investor perspective. KJ noted that she will compile a list of all guests to the committee meetings over the year and then develop a list of invites for the lunch.

**Chris Stapeley/KJ**

- Dates for 2011:

AC noted that the dates for 2011 have been circulated.

- Materiality Roundtable:

AC noted that this event has been moved to 17 February 2011 now.

- IASB Meeting on Financial Statement Presentation:

This was discussed in reference to Item 4 and the IASB agenda.

7. **AOB:** Nothing to report.

8. **Date of next meeting(s)**

11:30am Tuesday 23 November 2010 (host: BDO LLP)

11:30am Tuesday 14 December 2010 (host: TBA)

9. **Action Points**

Action	Person	Timing
Prepare and circulate survey to QCA corporate members on areas of IFRS complexity	KJ	ASAP (before the 11 November – IASB meeting)
Prepare the agenda items for the IASB meeting	KJ	ASAP
Produce a response to the BIS paper on the Future of Narrative Reporting	AC	ASAP
Circulate soft copy of response to revenue recognition paper and comments on it to KJ from committee members	KJ/ALL	ASAP
Develop a list of invitations for the Christmas Lunch	KJ/Chris Stapeley	ASAP