

Present:

Matthew Stallabrass (Chair)	Crowe Clark Whitehill	MS
Anthony Appleton	BDO LLP	AA
Chris Smith	Grant Thornton	CS
Viviana Markus	UHY Hacker Young LLP	VM
Joseph Archer	Crowe Clark Whitehill	JA
Niraj Patel	Saffrey Champness	NP
Paul Watts	Baker Tilly	DG
Nick Winters	RSM Tenon Plc	NW
Matthew Howells	Smith & Williamson Limited	MH
Edward Beale	Western Selection Plc	EB
Tim Ward	The Quoted Companies Alliance	TW
Kate Jalbert	Quoted Companies Alliance	KJ
Anthony Carey	Mazars LLP	AC

In attendance:

Michelle Sansom	Financial Reporting Council	MSA
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ACTIONS**1. Welcome to Michelle Sansom, Financial Reporting Council**

Michelle Sansom of the Financial Reporting Council provided an update concerning the role of the Accounting Council. Key points mentioned were:

- The work performed over the past 4-5 years including an emphasis on consultation and the subsequent development of FRS 100-102;
- The fact that further standards will follow (e.g. for charities and insurance), as it was not possible to incorporate everything into the new standards issued, and exposure drafts in relation to these will start to be issued from the summer onwards; and
- There has been government consultation in respect to possible changes to companies law concerning the new standards and “micro entities”.

MS thanked MSA for attending and MSA left the meeting.

2. Apologies

Apologies were received from David Gray, Usman Hamid, Nigel Smethers, Niraj Patel, Nigel Smethers and Thin Chambers.

3. Minutes of the last meeting (12 March 2013) - The minutes were approved.**4. Key discussion items:**

- **Actions from the IASB Meeting (6 February 2013) –**

There was a meeting held with IASB board members and technical staff, where members of the group and small company finance directors discussed whether small and mid-cap quoted companies could use IFRS for SMEs rather than full IFRS. At the meeting, the QCA stressed that the statement in

IFRS for SMEs that it is not suitable for publicly accountable entities is not helpful. The group noted that there was nothing legally stopping AIM from deciding that AIM companies could use FRS 102. It was noted that QCA was asked to nominate a small company representative to the IASB's Global Preparers' Forum, and we have sent a list of finance directors to the IASB.

KJ noted that she will send around the responses to the IASB's Disclosures Survey, which the QCA sent out to its members on behalf of the IASB to get input from small and mid-size quoted companies. **KJ**

AC noted that it would be helpful for the group to come up with 4 or 5 examples of where segmental reporting disproportionately affects small and mid-size quoted companies. This will be discussed at the next meeting. **ALL**

- **FRC: Implementing the Recommendations of the Sharman Panel (Response Date: 28 April 2013) –**

MS circulated a draft response ahead of the meeting. He noted that many considered the proposal to be poorly worded and opened up some serious questions as to how going concern could be audited and how management could support various assumptions, given the potentially expanding remit and the general difficulty is making future predictions. Overall the Group were not in favour of the proposals. MS asked for comments from the group on the draft responses as soon as possible. **ALL**

- **FRC: Consultation Paper: Revision to ISA (UK and Ireland) 700 (Response Date: 30 April 2013) –**

MS will draft a short response shortly, but noted that there was not much that was controversial or would dramatically affect the majority of QCA member companies. **MS**

- **IFRS Foundation / IASB: Exposure Draft: Financial Instruments: Expected Credit Losses (Reponses Date: 5 July 2013):**

EB noted that the key point to highlight in the QCA's response is that it has been drafted with financial institutions in mind rather than other companies that have financial instruments. As such, if banks require something unique, they should have their own separate standard rather than forcing other companies to use an inappropriate and more complex standard.

All expert groups should review the exposure draft for discussion at the next meeting. **ALL**

- **IFRS Foundation / IASB: Exposure draft of proposed amendments to IAS 19 Employee Benefits (Response Date: 25 July 2013)**

It was agreed that the QCA did not need to respond to this consultation.

5. Communications/Future Meetings

- **FRC Financial Reporting Lab Steering Group report on "reporting of pay and performance" –**

AC noted that it is key that the Lab speaks directly to smaller companies on this issue and the wider issue of Annual reports and the content therein as, due to resource restrictions, they simply do not have the time to respond to such points.

AC noted that Sue Harding at the FRC who leads the Financial Reporting Lab is keen to involve more small and mid-size quoted companies (in particular those that are listed on the Main List) in their upcoming project on Audit Committee Reports. AC suggested holding a lunch with five finance

directors to explore the annual report and how the audit committee report fits into this. TW agreed to explore this and discuss it with Sue Harding. **TW**

- **Guests for future meetings**

It was agreed to invite Brian Singleton-Green from the ICAEW to the next meeting.

Chris Stapeley/KJ

6. A.O.B.

- **Chairman:**

MS took over from AC as Chairman with AA as Deputy Chairman. MS thanked AC for all of his work.

- **Aims and objectives of the Expert Group:**

MS noted that he would like the group to focus on three areas over the upcoming months:

- Materiality and disclosure overload – it is clearly an issue the IASB is aware of and going to try to address; and
- Inform the QCA's members more about what the group is doing – MS suggested regular articles from group members in the QCA's newsletter. AA also suggested a singular communication from each expert group periodically to members to update them on what each group is doing.
- Thought leadership on what we would like to see happening to standards and accounts – MS suggested that the group should start a project that backs up some of the claims put forward to the IASB. For example, highlight three standards that bother smaller companies and suggest how to change them to make them better. Group members noted that IFRS 2 was an area to explore.

KJ noted that the QCA did research on this in the past for our response to the IASB Agenda Consultation and will circulate it again for reference. **KJ**

EB noted liabilities were another area, and that he would draft something on this. **EB**

EB noted that the QCA should be getting more input from users, as to what they would like to see in accounts. AC noted that there should be an emphasis here on getting input from institutional shareholders and owners.

7. Date of next meeting

- 4.30pm 11 June 2013 – RSM Tenon

8. Action points

Action	Person	Timetable
Send around results of the IASB Disclosure Survey to Expert Group Members	KJ	ASAP
Come up with 4/5 examples of where segmental reporting has disproportionately burden small and mid-size quoted companies	ALL	For the June meeting

Send comments in on the Sharman Recommendation Response	ALL	ASAP (RD: 30 April 2013)
Draft response to Revision to ISA 700	MS	ASAP (RD: 30 April 2013)
Review the Exposure Draft on Financial Instruments for discussion at the June meeting	ALL	For the June meeting
Discuss with Sue Harding an event with small company finance directors and the Financial Reporting Lab	TW	ASAP
Invite Brian Singleton-Green from the ICAEW to the next meeting in June	KJ/Chris Stapeley	ASAP
Circulate QCA response to IASB Agenda Consultation with research on troublesome standards	KJ	ASAP
Draft a short summary on how the liabilities standards causes issues for small and mid-size quoted companies and how it could be improved	EB	ASAP