

Present:

Matthew Stallabrass (Chairman)	MS
Edward Beale	EB
Jack Easton	JE
Matthew Howells	MH
Donna Caira	DC
Joseph Archer	JA
Anna Draper	AD
Catriona Lawrie	CL
Paul Watts	PW
Maria Gomes (minutes)	MG

In attendance:

Alan Teixeira (IASB)	AT
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ACTIONS**1. Welcome to Alan Teixeira, IASB, to give an update on the IASB's current projects**

MS welcomed AT and everyone introduced themselves. AT thanked the QCA for the opportunity to come speak to the Group.

AT briefly presented an overview of the recently issued IFRSs: the new standards (IFRS 9 Financial Instruments, IFRS 14 Regulatory Deferral Accounts and IFRS 15 Revenue from Contracts with Customers) and recent amendments and interpretations.

AT explained in detail how the IFRS develops standards and the evolution of this process. The current standard setting process is a more evidence-supported decision making, with more emphasis put on the research phase of the process. AT commented that the research phase is a triage process to identify if there is a problem; he added that there are currently 14 projects, of which 4 will probably be abandoned. He added that, since more time is spent identifying the problem, we have a better chance at influencing the decision during that phase and before the Exposure Draft is published.

AT mentioned that some of the major standards-level projects at the moment are on insurance contracts, leases, macro hedging and rate regulated activities. He added that the disclosure initiative will be the next major IFRS Discussion Paper to be issued.

Regarding the disclosure initiative, AT explained that this will be an IFRS which will bring together the main standards that shape the financial reports; it will replace IAS 1, IAS 7 and IAS 8. He mentioned that some amendments have already been finalised. One of the goals of the IASB with the disclosure initiative is to allow for flexibility in terms of telling the company's story. Users should be able to identify and understand what is important and what is ancillary (with the summary on the supporting policies).

AT mentioned that the IASB will publish an exposure draft on materiality in the next couple of months, assessing some key issues such as the difference between relevance and materiality. He added that they will shortly publish a Practice Guide on Disclosure Initiative and a Discussion Paper on IAS 1, IAS 7 and IAS 8.

MS thanked AT for coming to speak to the Group and AT left the meeting.

2. Apologies

Apologies were received from Nigel Smethers, Amy Shephard, Nick Winters, David Gray, David Pugh, Kate Jalbert and Tim Ward.

3. Minutes of the last meeting (21 October 2014)

The minutes were approved.

4. Key discussion items:

a) FRC Draft Plan and Budget and Proposed Levies 2015/16 – with Corporate Governance Expert Group

The Group noted that the FRC is planning to increase overall expenditure and core operating costs while building up its reserves, which seems unjustified given the current wider economic climate and central government budget cuts. The Group commented that the FRC should provide greater justification for the increases.

In terms of priorities, the Group commented that these seem fairly standard, although the term 'high-quality' is used in four out of five of the outcomes, without this having been defined by the FRC. Greater clarity of both the problem and what 'quality' represents should be sought by the FRC.

The Group agreed that these points should be added to the QCA response.

MG/KJ

b) Audit regulations: BIS discussion document on the implications of the EU and wider reforms

MS informed the Group that the FRC and BIS consultations on the transposition of the Audit Directive and Regulation could impact AIM companies since they are consulting on the possibility of expanding the definition of a public interest entity (PIE) beyond the EU minimum requirement (i.e. listed companies, banks, building societies and insurers), thus imposing stricter requirements to statutory audits of these entities.

Another issue brought about by the implementation of these pieces of legislation is the definition of a single competent authority, which is proposed to be the FRC in the UK. MS commented that having the FRC as the single entity responsible for all aspects of the audit process.

EB commented that one important remark to make in these responses is that the UK should not be 'goldplating' the implementation of the Audit Directive and Regulation.

MG explained that a Working Group composed of members of the Financial Reporting and Corporate Governance Expert Groups has already been formed and will be responsible for producing a first draft of the responses; these will later be circulated to the rest of the members of these groups for comments ahead of the due in dates (19 and 20 March 2015). MG asked the Group to let her know if anyone else would be interested in taking part in the Working Group.

MG/KJ

c) FRC FRED 57: Draft amendments to FRS 101 Reduced Disclosure Framework (2014/15 Cycle)

The Group agreed that the QCA should submit a short response agreeing with the amendments.

MG/KJ

d) FRC Consultation: Auditing and ethical standards implementation of the EU Audit Directive and Audit Regulation

Discussed above with b).

e) IASB Exposure Draft detailing proposed amendments to IFRS 2 Share-based Payment

The Group agreed that the QCA should submit a short response agreeing with the amendments.

MG/KJ

f) IASB Exposure Draft Disclosure Initiative (Proposed amendments to IAS 7)

The Group agreed that the QCA should submit a response agreeing with the amendments and being generally positive about the Disclosure Initiative.

MG/KJ

g) AIM Rules regarding IFRS

The Group considered that it would be important to fully understand the costs and benefits of converting to IFRS for small and mid-size quoted companies. While for some companies it could generate extra costs, it would also allow them to open up to investors. It would be beneficial to conduct some research on this and see if the community thinks it would be a good idea for the QCA to make the point to AIM Regulation regarding requiring IFRS for every AIM company.

The Group agreed that it would be useful to invite AIM Regulation to attend one of our future meetings and discuss IFRS in more detail.

MG/Chris Stapeley

h) Corporate Reporting Charter

This was not discussed.

5. Communications/Future Meetings

• **IAASB New and Revised Reporting Standards – For information**

This was not discussed.

• **Policy Update Briefing (December 2014) – For information**

This was not discussed.

• **Guests for future meetings**

This was not discussed.

• **Dates for 2015**

This was not discussed.

6. A.O.B.

This was not discussed.

7. Date of next meeting

Tuesday, 17 March 2015, 16.30-18.00 (Venue: Smith & Williamson, 25 Moorgate, London EC2R 6AY
(Host: Azhic Basirov))

8. Action Points

Action	Person	Timetable
Draft QCA Response to FRC Draft Plan and Budget and Proposed Levies 2015/16 and circulate for comments	MG/KJ	ASAP (before 16 February 2015)
Circulate QCA Responses to BIS/FRC Audit Directive and Regulation Consultations	MG/KJ	ASAP (before 19 and 20 March 2015)
Let MG/KJ know if interested in participating in the Audit Directive and Regulation Working Group	ALL	ASAP
Draft short response to FRC FRED 57: Draft amendments to FRS 101 Reduced Disclosure Framework (2014/15 Cycle)	MG/KJ	ASAP (before 20 March 2015)
Draft short response to IASB Exposure Draft detailing proposed amendments to IFRS 2 Share-based Payment	MG/KJ	ASAP (before 25 March 2015)
Draft QCA Response to IASB Exposure Draft Disclosure Initiative (Proposed amendments to IAS 7)	MG/KJ	ASAP (before 17 April 2015)
Invite AIM Regulation to attend one of our future meetings and discuss IFRS	MG/Chris Stapeley	ASAP