



Minutes of the Financial Reporting Committee Meeting

held on Tuesday 25 January 2011 at 11:00am at
Ernst & Young LLP, 1 More London Place, London SE1 2AF
(with Jackie Crockford, 100 Group, in attendance)

The Quoted
Companies Alliance

Present:

(In the Chair)	Anthony Carey	Mazars LLP	AC
	Anthony Appleton	PKF LLP	AA
	Peter Chidgey	BDO LLP	PC
	Sarah Cox	Ernst & Young LLP	SC
	Bill Farren	Baker Tilly LLP	BF
	Matthew Stellabross	Crowe Clark Whitehill	MS
	Nick Winters	RSM Tenon Group plc	NW
	Paul Watts	Baker Tilly LLP	PW
	Kate Jalbert (minutes)	QCA	KJ

In Attendance:	Jackie Crockford	100 Group	JC
	Simon Redfern	QCA	SR
	Patrick Cowder	QCA	PC
	Edward Beale	City Group plc	EB

Action

1. Welcome to Jackie Crockford, 100 Group

KJ welcomed JC to the committee meeting and noted that the committee is interested in hearing more about the 100 Group and its activities/current issues.

JC explained the activities of the 100 Group and its Financial Reporting Committee, which represents large quoted companies (usually the top 100). JC noted that the issues the Committee is exploring are the future of UK GAAP, narrative reporting issues arising from the European Commission and others. JC explained that the committee meets quarterly and usually rotate with the IASB and ASB in attendance at the meetings.

EB asked what the IASB is coming out with over the next year and what we should be aware of. JC explained that Leases and Revenue Recognition are key papers that they are focusing on, and also the change in Chairman and the convergence project.

EB queried whether fair value was a concern to the 100 Group. JC noted that it is not really a large issue, but is one that there is still some noise about. JC explained that, at the ICAEW roundtable yesterday on the Future of Financial Reporting in the UK, the ASB explained that it is looking at tiering its use of fair value in the new framework for accounting standards in the UK.

AC queried how the 100 Group view IFRS from the perspective of the FTSE 100 – is IFRS working? JC noted that in general they would probably say it is working - in the sense it is working in terms of a single, globalised platform, but that there is a cost to this. JC explained that there have been some debates about leases and revenue recognition – e.g. leases having to be retrospective – these changes will result in big costs.

AC noted that the Committee has developed a set of principles and it would be interesting to see how they resonate with the 100 Group. KJ will circulate this to JC. **KJ**

EB queried what the best way to engage with the IASB is. JC noted that timing is key – the IASB is happy to do roundtables when they issue papers, but not willing to make significant changes to papers at that stage.

AC explained that the Committee is also working on the issue of materiality and using this more in order to make accounts less complex. JC noted that this is an issue that the 100 Group is interested in and that it would require a behaviour change to both how accounts are prepared and how the regulator reviews them.

JC noted that, in terms of IFRS and a proportionate approach, the 100 Group has been very involved with the ASB about the future of UK GAAP project and is happy to help with any issues that we are speaking on. The 100 Group has raised the issue with tax in IFRS for SME and also distributable reserves.

AC thanked JC for attending and JC left.

2. Apologies

Apologies were received from David Gray, Chris Ogle, Paul Watts, Nick Winters, James Lole and Tim Ward.

3. Minutes of the previous meeting (14 December 2010)

The minutes of the previous meeting were approved.

4. QCA Position – IFRS Simplification/IFRS for SMEs

- **Survey:**

KJ explained that there were 16 responses so far on the survey asking about complexities in IFRS. KJ will follow up and report the findings of the survey at the next committee meeting. **KJ**

- **ASB: The Future of Financial Reporting:**

AC noted that TW and AC met with Roger Marshall of the ASB and raised the future of UK GAAP.

AC noted that this should be the main item for discussion at the February committee meeting. It was also suggested that it may be useful to get QCA corporate members to write into the ASB on the Future of Financial Reporting consultation.

5. Consultation Papers/Current Issues

- EC Disclosure of Non-Financial Information by Companies (RD: 28 January 2011):

KJ noted that the investors on the Corporate Governance Committee were all drafting responses to this consultation and will share them with the QCA. KJ will then draft a response and circulate to both committees. **KJ**

- IFRS Foundation Paper: Status of Trustees' Strategy Review (RD: 24 February 2011):

KJ noted that this paper was an opportunity to try to influence the agenda of the IFRS Foundation and IASB and also comment on how it operates. EB noted that the committee should comment on the fact that the Trustees' are not joined up with the monitoring board and more generally that there is not a clear role of the monitoring board. AC noted that he will draft a response to this. **AC**

- Financial Reporting Council: Draft Plan & Budget Levy Proposals 2011/12 (RD: 9 March 2011):

Committee members agreed that there was no need to respond to this consultation paper. The Corporate Governance Committee agreed. No further action needed.

- Financial Reporting Council: Effective Company Stewardship: Enhancing Corporate Reporting and Audit (RD:31 March 2011):

EB noted that the paper is proposing that auditors should do more and EB believes that shareholder should play their role and take action, rather than passing it onto auditors. AC noted that another issue is that many would like to have the auditors' report on the issues discussed by the audit committee and then there is an issue of whether auditors should provide assurance over the audit report, which is an issue many auditors may support but not many users would.

KJ noted that this response will be a joint effort between this committee and the Financial Reporting Committee. Ian Wright at the FRC had been in touch to see he if could attend a committee meeting to discuss it. KJ noted that he will be attending the 14 March Corporate Governance Committee meeting and that Financial Reporting Committee members could also attend it.

- BIS Growth Review:

KJ noted that this paper was for information only and noted that BIS had held two roundtable events – one on accounting and one on legal issues – as part of this review.

6. Communications/Future Meetings:

- Future Meetings/Guests:

AC noted that when he and Tim Ward met with Roger Marshall he was interested in sitting down and looking at a set of accounts to determine what was not essential in them.

- Materiality Roundtable:

KJ explained that the Materiality Roundtable is taking place on 17 February 2011 at Mazars. Andy Brough of Schroders, Ian Wright of FRC/FRRP, Andrew Viles of KPMG, Fiona Kelsey of PwC and Paul George AIU are attending as speakers. AC noted that Roger Marshall expressed an interest in attending and KJ will contact him asap. KJ

- FRC Open Meeting – 3 February 2011:

KJ noted that the FRC Open Meeting is taking place and is the FRC's equivalent of an AGM. For information only.

- IASB publishes IFRS Practice Statement on Management Commentary: For information only.

7. AOB:

- Meeting Dates for 2011: Committee members asked for the final meeting dates for 2011. KJ will recirculate. KJ

8. Date of next meeting(s)

11/11:30 Tuesday 22 February 2011 (Host: RSM Tenon Group plc)

11/11:30 Tuesday 22 March 2011 (Host: Mazars LLP)

9. Action Points

Action	Person	Timing
Email JC Corporate Reporting Charter	KJ	DONE
Summary of responses to IFRS Survey	KJ	February meeting
Circulate draft response of the EC Disclosure of Non-Financial Information response	KJ	DONE
Draft a letter to the IFRS Foundation's Strategy Review	AC	ASAP (by 24 February 2011)
Invite Roger Marshall to the Materiality Roundtable	KJ	DONE
Circulate Meeting Dates for 2011	KJ	DONE