



The Quoted
Companies Alliance

Minutes of the Financial Reporting Committee Meeting

held on Tuesday 24 May 2011 at 11:00am at
BDO LLP, 55 Baker Street, London W1U 7EU
(with David Wood, ICAS in attendance)

Present:

(In the Chair)	Anthony Carey	Mazars LLP	AC
	Peter Chidgey	BDO LLP	PC
	Jonathan Ford	PwC LLP	JF
	David Gray	DHG Management	DG
	Paul Watts	Baker Tilly	PW
	Kern Roberts	Smith & Williamson	KR
	Chris Smith	Grant Thornton LLP	CS
	Ian Smith	Deloitte LLP	IS
	Matthew Stallabrass	Crowe Clark Whitehill LLP	MS
	Chris Stapeley (minutes)	Quoted Companies Alliance	CS

In Attendance:

Edward Beale	City Group plc	EB
David Wood	ICAS	DW
James Batcheldor	Quoted Companies Alliance	JB

Action

1. Welcome to David Wood, Executive Director - Technical Policy, Institute of Chartered Accountants for Scotland (ICAS), to discuss the ICAS/NZICA paper on disclosures.

AC welcomed DW to the meeting. DW advised that the IASB had asked ICAS/NZICA to review the levels of disclosure requirements in existing IFRSs and recommending deletions and changes to those requirements. DW advised that this was just for existing IFRSs and were meeting the IASB shortly with a formal presentation occurring by the end of June. Discussion took place as to what was meant by the word material; management should be trusted to use their judgment; there should be a better focus on materiality; and there should be more discussion on which disclosures are material. It was felt that there should be a consistent message with every standard. DW advised that it was ICAS's view they should be principles-based standards. It was suggested that we should undertake a survey of members to seek their view. DW to provide some questions. Discussion also took place about a possible presentation in London in October on this [CS to check further.]

2. Apologies/Welcome to New Members

Apologies were received from Anthony Appleton, Sarah Cox, Ian Davies, Paul Watts/Bill Farren, Nick Winters/James Lole, and Colin Wright. Chris Stapeley attended in place of Kate Jalbert.

3. Minutes of the previous meeting (19 April 2011)

The minutes of the previous meeting were approved.

4. Quoted Companies Alliance Position – IFRS Simplification/IFRS for SMEs

- **IFRS Complexity Survey:**

KJ to produce a briefing note based on the complexity summary for discussion with the IASB. **KJ/ALL**

5. Consultation Papers/Current Issues

- IAASB: The Evolving Nature of Financial Reporting (RD: 1 June 2011):

MS is producing a draft response on this, focussing on materiality. [Subsequently submitted to IAASB.]

MS

- IASB: IFRS for SMEs Section 1, Issue 3 – Interpretation of ‘traded in a public market’ Draft Q&A 2011/03 (RD: 15 June 2011)

AC to draft a response.

AC

- IFRS Foundation: Report of the Trustees Strategy Review: IFRSs as the Global Standard: Setting a Strategy for the Foundation’s Second Decade (RD: 25 July 2011)

AC will review and draft a response to this paper, which will include comments on ensuring that there is diversity on the Board of the Trustees, particularly to include a representative connected with small and mid-cap companies.

AC

- Trustee Strategy Review Roundtables (21 and 22 June)

It was agreed that it would be a good idea for someone from the Quoted Companies Alliance to attend one of these roundtables. [Peter Chidgey now attending on 22 June]

PC

- Materiality Roundtable Follow-Up:

The Committee discussed the notes produced by KJ on the discussion at the roundtable and a document outlining next steps on the campaign. The Committee had no comments to make.

- ASB: The Future of Financial Reporting – ASB Case Studies – FREDs 43 & 44 (RD: None, comments received whenever).

This was not discussed.

- ASB/EFRAG: Considering the Effects of Accounting Standards (RD: 21 August 2011):

To be discussed at next meeting.

- ASB: Cutting Clutter – Combating Clutter in Annual Reports (RD: 30 September 2011):

The Committee reviewed this paper. It felt that the aims at the back of the paper were very good but it needed to be promoted more. It was felt that since Ian Wright had left the FRC, that this project could lose focus. It was agreed to try and get Roger Marshall, Interim Chairman of the ASB, to a meeting to discuss further [subsequently organised for July combined with The Sharman Inquiry project, with the Corporate Governance Committee].

6. **Communications/Future Meetings:**

- IASB Updates – April/May 2011: This was not discussed – for information only.
- IASB and FASB issue common fair value measurements and disclosure requirements: For information only.
- Quoted Companies Alliance/EI/IASB Meeting – 12 July 2011: This is taking place at the IASB’s offices in London. The briefing paper being produced by KJ will form part of the agenda.
- Future Meetings/Guests: Roger Marshall now attending separate meeting on 11 July with Corporate Governance Committee to discuss the Sharman Inquiry and Cutting Clutter Project. David Wood, ICAS, to be invited back in six months’ time. Possibly someone from the London Stock Exchange to discuss AIM Companies and IFRS. David Tyrrall of BIS to be invited to September/October meeting.
- DEFRA: Measuring and reporting of greenhouse gas emissions by UK companies: a consultation of options (RD: 5 July 2011): For information only. Being dealt with by the Corporate Governance Committee.

7. **AOB:**

- Changes to Committee Members: Sarah Cox has advised that she is leaving Ernst & Young and has, therefore, resigned from the Committee. The Committee would like to thank Sarah for all her work whilst on the Committee and wished her well in her new role. Sarah will be replaced by Shalini

Prasad from Ernst & Young. Colin Wright from UHY Hacker Young has also stood down from the Committee and is being replaced by Jack Easton going forward.

- The Sharman Inquiry: AC drew the Committee's attention to the Sharman Inquiry paper. This is being dealt with by the Corporate Governance Committee but see Future Meetings/Guests above.

8. Date of next meeting(s)

21 June meeting – Cancelled.

Separate Corporate Governance Committee meeting taking place on Monday 11 July 2011 at 10.30am with Roger Marshall of the ASB, discussing the Sharman Inquiry and Cutting Clutter Project. FRC members invited to attend.

11/11:30 Tuesday 26 July 2011 (Host: RSM Tenon Group)

9. Action Points

Action	Person	Timing
Produce a first draft of complexity survey note to the IASB and circulate to committee members for comment.	KJ/ALL	June
IAASB: The Evolving Nature of Financial Reporting: MS to produce response	MS	ASAP (Done)
IFRS for SMEs Section 1, Issue 3: AC to produce a response	AC	ASAP
IFRS Foundation: Report of the Trustees Strategy Review: AC to produce a response (RD 25 July 2011)	AC	June
IFRS Foundation: Report of the Trustees Strategy Review: Roundtable (22 June)	PC	22 June
Invite FRC to future meeting to discuss Cutting Clutter paper	KJ/Chris Stapeley	Done (via Corporate Governance Committee)
ICAS/NZICA project on disclosures – survey of members – DW to send some questions	DW/CS	ASAP