

## Minutes of the QCA Financial Reporting Expert Group



**Held on:** Tuesday 10 April 2018

**Venue:** BDO LLP, 55 Baker Street, London, W1U 7EU

### Present:

Matt Howells (Chair)	Smith & Williamson	MH
Edward Beale	Western Selection Plc	EB
Jonathan Compton	BDO LLP	JC
Rochelle Duffy	PKF Littlejohn LLP	RD
David Hough	RSM	DH
Peter Westaway	Deloitte LLP	PW
Anthony Robinson	Quoted Companies Alliance	AR
Callum Anderson (minutes)	Quoted Companies Alliance	CA

### In attendance:

Gary Kabureck	IASB	GK
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## 1. WELCOME TO GARY KABURECK, INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)

MH welcomed GK to the meeting.

GK gave a brief summary of his professional background and tenure as an IASB board member.

GK highlighted a number of recent IASB activities. This included the endorsement of IFRS 17 *Insurance* and the publication of the revised *Conceptual Framework for Financial Reporting*.

GK briefly summarised the ideas behind the *Primary Financial Statements* project. He drew particular attention to the concept of the range of subtotals included within the statement(s) of financial performance. He explained that there had been much debate in Board meetings as to whether there were too many subtotals being required. Defining operating profit as a GAAP measure and allowing management to define an entity-specific measure of profit are also being considered. He added that a discussion paper would be published in late 2018 to seek views on the proposals.

Regarding *Principles of Disclosure*, GK explained that the Board had identified three main concerns about disclosures in financial statements: insufficient relevant information; too much irrelevant information; and ineffective communication. GK and the Expert Group exchanged views on the extent of the disclosure problem.

Some Expert Group members indicated that the investors' excessive demand for information placed high burdens on preparers of financial statements; it was also noted that investors and analysts rarely had a limit as to what constituted "too much" information being disclosed. There was agreement that there was a fine balance to be made.

GK explained that the IASB would be seeking to revise the definition of “material” by consolidating and codifying what is already understood by preparers and users of financial statements into one simple definition.

GK also gave succinct synopses of the status of *Improvements to IFRS 8 Operating Segments and Goodwill and Impairment*.

The Expert Group thanked GK for his time; GK left the meeting.

## 2. APOLOGIES

Apologies were received from Gary Jones, Laura Mott, Matthew Stallabrass and Tim Ward.

## 3. MINUTES OF LAST MEETING (30 January 2018)

The minutes were approved.

## 4. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	<p><b>Potential QCA-IASB project to support smaller quoted companies comply with IFRS</b></p> <p>CA explained that the IASB had approached the QCA with regards to potentially developing an initiative whereby resources and/or other support could be developed to assist smaller quoted companies comply with IFRS. He added that the IASB was keen for any initiative to be replicable in other jurisdictions.</p> <p>CA noted that the IASB expressed neither any specific objectives nor guarantees that any actions would be taken forward.</p> <p>Having noted the group email exchange regarding a potential survey circulated to QCA corporate members requesting their input on the parts of IFRS they found difficult to comply with, the Expert Group expressed reservations as to the efficacy of any such initiative.</p> <p>Regarding the potential production of summaries, several Expert Group members noted that a number of advisory firms already did this, and that the IASB would not help if it issued its own summary (or advice).</p> <p>There was a relatively strong consensus that the IASB’s focus should be on re-writing IFRS so that they are easier for smaller quoted companies to understand and apply.</p>	<p><b>CA</b> to liaise with the IASB to articulate the Expert Group’s point of view.</p>

<p><b>b)</b></p>	<p><b>Public consultation: Fitness check on the EU framework for public reporting by companies</b></p> <p>MH explained that the European Commission had published this consultation to assess whether the EU reporting framework is still fit for purpose.</p> <p>The Expert Group discussed whether it should respond to the consultation document. It was agreed that as there were approximately 60 questions and that any action taken by the European Commission as a result of the consultation would take place after the UK has left the European Union, it would be more prudent to limit the Expert Group’s response to a small number of core, selected questions.</p>	<p><b>CA</b> to re-send link to consultation to the <b>Expert Group</b>.</p> <p><b>ALL</b> to submit the questions they think that the Expert Group should focus on.</p> <p><b>CA</b> to circulate draft response template for comments.</p> <p><b>ALL</b> to submit their comments.</p>
<p><b>c)</b></p>	<p><b>Brexit</b></p> <p>This was not discussed.</p>	<p>None.</p>

**5. COMMUNICATIONS – FOR INFORMATION ONLY**

	ITEM	ACTION
<p><b>a)</b></p>	<p><b>FRC publishes three year strategy and 2018/19 Plan and Budget</b></p> <p>This was tabled for information only and was not discussed.</p>	<p>None.</p>
<p><b>b)</b></p>	<p><b>IASB issues revised <i>Conceptual Framework for Financial Reporting</i></b></p> <p>This was tabled for information only and was not discussed.</p>	<p>None.</p>
<p><b>c)</b></p>	<p><b>Policy Update (January 2018)</b></p> <p>This was tabled for information only and was not discussed.</p>	<p>None.</p>
<p><b>d)</b></p>	<p><b>Guest invitations to future meetings</b></p> <p>This was not discussed.</p>	<p>None.</p>

**6. NEXT MEETING**

Tuesday 5 June 2018, 4.30pm – 6.00pm (Venue: Deloitte LLP, Hill House, 1 Little New Street, London, EC4A 3TR).