



## Minutes of the QCA Financial Reporting Expert Group

Held on: Tuesday 21 November 2017

Venue: RSM, 25 Farringdon Street, London, EC4A 4AB

### Present:

Matthew Howells (Chair)	Smith & Williamson LLP	MH
Matthew Stallabrass (Deputy Chair)	Crowe Clark Whitehill LLP	MS
Edward Beale	Western Selection Plc	EB
Jonathan Compton	BDO LLP	JC
Peter Westaway	Deloitte LLP	PW

### In attendance:

Alistair Stewart	RSM	AS
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## 1. APOLOGIES

Apologies were received from Neil Armstrong, Anthony Carey, Rochelle Duffy, David Hough Gary Jones and Tim Ward.

## 2. MINUTES OF LAST MEETING (18 September 2017)

The minutes were approved.

## 3. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	<b>FRED 69 – FRS 101 Reduced Disclosure Framework: 2017/18 cycle</b>  The Expert Group agreed that no response was required.	None to note.
b)	<b>Prospective engagement with the FRC following its Annual Open Meeting</b>  MH highlighted two points discussed at the FRC's Annual Open Meeting: the prospective equivalence of the system of regulatory oversight and quality assurance in the UK with its EU counterpart; and the potential bolstering of the Ethical Standard.  The Expert Group agreed that there was no evidence that the FRC was adequately planning on how it would seek to be equivalent with the EU vis-à-vis audit regulations after March 2019. There was an exchange of views on whether this wise considering the genuine prospect of a 'Hard Brexit' taking place.	<b>Expert Group</b> to draft letter to the FRC to request greater clarity regarding how it intends to provide an equivalent system of regulatory oversight in the UK with the EU.

	<p>The Expert Group agreed that it should write a letter to the FRC requesting clarification it was taking in this regard. MS commented that there should be differentiation between equivalence of outcome and equivalence of process.</p> <p>The Expert Group considered the consequences for small and mid-size quoted companies if the FRC did not gain equivalence as a result of a Hard Brexit. There was broad consensus that the FRC would most likely need to adopt an adoption regime similar to EU IFRS. It was noted that this would be important to sustain the UK's influence with IASB.</p> <p>The Expert Group also discussed the potential of a greater level of engagement with the FRC with respect to its smaller companies reporting project and its thematic review of smaller listed and AIM company reporting. There was agreement that the QCA could play an important role in facilitating dialogue between smaller company finance directors, investors and the FRC; this could be done in the form of a discussion roundtable.</p>	
<p><b>c)</b></p>	<p><b>QCA Financial Reporting Expert Group engagement with QCA corporate members</b></p> <p>MH explained that the QCA board had requested a higher level of engagement between the Expert Group and corporate members in the coming months.</p> <p>The Expert Group discussed the best possible ways to do this. There was agreement that all Expert Group members would be able to produce material developed within their own firms regarding relevant financial reporting subjects. This could be in the form of better practice guidance, analysis of FRC announcements.</p> <p>The Expert Group discussed the possibility of organising a forum where corporate members would be invited to gain and share insights on challenging areas of financial reporting.</p>	<p><b>ALL</b> to send articles – which are able to be published on the QCA website – relating to smaller quoted companies to CA.</p> <p><b>CA</b> to discuss the potential for forums with QCA events colleagues.</p>
<p><b>d)</b></p>	<p><b>Brexit</b></p> <p>This was covered in item (b).</p>	<p>None to note.</p>

#### 4. COMMUNICATIONS AND FUTURE MEETINGS

	ITEM	ACTION
a)	<p><b>FRC announcement of 2018/19 thematic reviews into targeted aspects of smaller listed and AIM quoted company reports and accounts</b></p> <p>This was tabled for information only and was not discussed.</p>	None to note
b)	<p><b>FRC issues advice for preparing 2017/18 annual reports</b></p> <p>This was tabled for information only and was not discussed.</p>	None to note.
c)	<p><b>FRC publishes annual review of corporate reporting for 2016/17</b></p> <p>This was tabled for information only and was not discussed.</p>	None to note.
d)	<p><b>Policy Update (October 2017)</b></p> <p>This was tabled for information only and was not discussed.</p>	None to note.
e)	<p><b>Guest invitations to future meetings</b></p> <p>The Expert Group suggested inviting the new Executive Technical Director of the IFRS Foundation to provide an updates on the research projects Primary Financial Statements, Principles of Disclosure and Goodwill and Impairment projects, as well as an official from the FRC to discuss the FRC's approach to Brexit.</p>	<b>CA</b> to invite guests to future meetings.

#### 5. ANY OTHER BUSINESS

It was also noted that there was a dearth of finance directors on the Expert Group and that this should be rectified to make the group more diverse. CA explained that this had been acknowledged by the QCA and that steps would be taken in the coming months to increase the number of group members.

#### 6. NEXT MEETING

Tuesday 30 January 2018, 4.30pm – 6.00pm (Venue: Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY)