



Minutes of the QCA Financial Reporting Expert Group

Held on: Tuesday 24 January 2017 at 4.30pm
Venue: Crowe Clark Whitehill, St. Bride's House, 10 Salisbury Square, London EC4Y 8EH (Host: Matthew Stallabross)

Present:

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| Matthew Stallabross (Chairman) | Crowe Clark Whitehill | MS |
| Matthew Howells (Deputy Chairman) | Smith & Williamson LLP | MH |
| Neil Armstrong | | NA |
| Jonathan Compton | BDO LLP | JC |
| Amy Shepheard | Deloitte LLP | AS |
| Lisa Vainio | Quoted Companies Alliance | LV |
| Callum Anderson (minutes) | Quoted Companies Alliance | CA |

1. APOLOGIES

Apologies were received from Edward Beale, Thin Chambers, Gary Jones, Tim Ward and Andrew Westbrook.

2. MINUTES OF LAST MEETING (22 November 2016)

The minutes were approved.

3. APPROVAL OF THE FINANCIAL REPORTING EXPERT GROUP TERMS OF REFERENCE

The terms of reference were approved.

4. ISSUES FOR DISCUSSION

| | ITEM | ACTION |
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| a) | <p>FRC Draft Plan & Budget and Levy Proposals 2017/18</p> <p>MS outlined the FRC's draft plan, budget and levy proposals for 2017/18. He noted that the indicators did not appear to align that closely with the stated priorities and, as such, should be strengthened. The group agreed that, as has been pointed out previously, the FRC should more clearly define what they mean by 'high quality reporting'.</p> <p>The group welcomed that the FRC planned to increase the levy on AIM companies at a lower rate than for larger companies.</p> <p>The group also agreed that the speed at which CRR reviews become known should be faster for AIM companies so that they are in a better position to answer queries on their annual reports.</p> | <p>CA / LV to draft response.</p> <p>ALL to comment on draft response.</p> |

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| b) | <p>The Financial Reporting Council's Corporate Reporting Research Activities</p> <p>MS noted that the four topics that the FRC had identified to undertake research on were relatively satisfactory. He noted that, with a high number of AIM companies operating in extractive industries, it may have been more prudent for the FRC to conduct research in an area of relevance to these companies.</p> <p>The group noted that there was much scope for the FRC to provide thought leadership, particularly with regards to both financial statements and the purpose of communications.</p> | <p>CA / LV to draft response.</p> <p>ALL to comment on draft response.</p> |
| c) | <p>FRC Consultation – FRED 66 Draft Amendments to FRS 101 Reduced Disclosure Framework 2016/17 cycle</p> <p>MS briefly summarised the draft amendments to FRS 101 contained within FRED 66. He noted that the exemptions outlined were sensible and struck a sensible balance.</p> | <p>None to note.</p> |
| d) | <p>ESMA Feedback Statement on the Consultation Paper on the Regulatory Technical Standard on the European Single Electronic Framework (ESEF)</p> <p>MS noted that the ESMA had proposed that issuers in the EU must report company information in Inline XBRL from 1 January 2020. He noted that company information must already be XBRL tagged for HMRC. He added that it was questionable whether this would apply to UK issuers as the applicable date was a date after which the UK is assumed to have left the European Union.</p> | <p>None to note.</p> |
| e) | <p>QCA communication to members regarding IFRS 9 and IFRS 15</p> <p>MS noted that IFRS 9 and IFRS 15 have now been endorsed and affect all accounts with a December 2018 year-end onwards.</p> <p>The group agreed that it would be valuable to explain to members the impact that these new standards will have. It was decided that the best way to do this would be for two separate articles on IFRS 9 and IFRS 15, as well as one for IFRS 16, which is also due to be endorsed.</p> | <p>MH to draft article regarding IFRS 9 for QCA's February newsletter.</p> <p>MS to draft article regarding IFRS 15 for QCA's March newsletter.</p> <p>JC to draft article regarding IFRS 16 when it has been endorsed.</p> |
| f) | <p>Financial Reporting Expert Group work plan for 2017</p> <p>MS noted that the main issues relevant to the Expert Group in the coming year would be in relation to IFRS 9, IFRS 15 and IFRS 16 (as</p> | <p>None to note.</p> |

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| | detailed above), Brexit and the IASB's projects: Disclosure Initiative; Primary Financial Statements and the Conceptual Framework. | |
| g) | <p>Brexit</p> <p>The Expert Group noted that an FRC Working Group was assessing how the UK would endorse IFRS standards post-Brexit. It agreed that some form of light-touch FRC endorsement process, which largely kept in line with EU IFRS endorsements, was the most likely scenario.</p> | None to note. |

5. COMMUNICATIONS AND FUTURE MEETINGS

| | ITEM | ACTION |
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| a) | <p>FRC publishes corporate reporting review of alternative performance measure</p> <p>This was tabled for information only and was not discussed.</p> | None to note. |
| b) | <p>FRC removes requirement to notify shareholders from FRS 101 and FRS 102</p> <p>This was tabled for information only and was not discussed.</p> | None to note. |
| c) | <p>EFRAG letter to the European Commission regarding Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)</p> <p>This was tabled for information only and was not discussed.</p> | None to note. |
| d) | <p>FRC's Financial Reporting Lab published implementation study on disclosure of dividends</p> <p>This was tabled for information only and was not discussed.</p> | None to note. |
| e) | <p>FRC announced 2017/18 thematic reviews</p> <p>This was tabled for information only and was not discussed.</p> | None to note. |
| f) | <p>Policy Update (January 2017)</p> <p>This was tabled for information only and was not discussed.</p> | None to note. |
| g) | <p>Guest invitations to future meetings</p> <p>This was not discussed.</p> | None to note. |

6. NEXT MEETING

Tuesday 14 March 2017, 4.30pm – 6pm, with Anna Colban, Project Manager – Corporate Governance and Reporting, Financial Reporting Council, as guest, to discuss the smaller companies project (Venue: Smith & Williamson, 25 Moorgate, London, EC2R 6AY (Host: Matthew Howells)).