

Present:

Matthew Stallabrass (Chairman)	MS
Joseph Archer	JA
Edward Beale	EB
Donna Caira	DC
Anna Draper	AD
Jack Easton	JE
Matthew Howells	MH
Gary Jones	GJ
Maria Gomes (minutes)	MG

In attendance:

Andrew Westbrook	AW
Anthony Appleton	AA

ACTIONS**1. Apologies**

Apologies were received from David Gray, David Pugh, Amy Shephard, Jonathan Lowe, Nick Winters, Alan Newman, Tim Ward and Kate Jalbert.

2. Minutes of the last meeting (27 January 2015)

The minutes were approved.

3. Key discussion items:

- **Audit regulations: BIS discussion document on the implications of the EU and wider reforms**

The Group discussed the QCA draft response to the consultation, commenting in detail the responses to each question.

MS explained that the response was put together by a Working Group formed of members of the Financial Reporting and the Corporate Governance Expert Groups. MS added that the focus of the response is on the measures most likely to affect the companies. The response was therefore drafted from a company's perspective.

MS mentioned that the transposition of the Audit Directive and Regulation could impact AIM companies since BIS and the FRC are assessing the possibility of expanding the definition of a public interest entity (PIE) beyond the EU minimum requirement (i.e. listed companies, banks, building societies and insurers), thus imposing stricter requirements to statutory audits of these entities. MS mentioned that our responses emphasise the limited resources of smaller companies and that applying requirements developed for application to PIEs would be costly and time-consuming for our members, with very little perceived benefit for small and mid-size quoted companies or investors.

The Group agreed that our responses to BIS and FRC consultations should highlight that the UK should not be 'goldplating' the implementation of the Audit Directive and Regulation.

MG mentioned that she will make the changes to the draft response reflecting the comments made during the meeting and will circulate the draft responses for final comments ahead of the due in date.

MG/ALL

- **FRC Consultation: Auditing and ethical standards implementation of the EU Audit Directive and Audit Regulation**

This was discussed with the previous point.

The Group discussed the QCA draft response to the consultation, commenting in detail the responses to each question.

MG mentioned that she will make the changes to the draft response reflecting the comments made during the meeting and will circulate the draft responses for final comments ahead of the due in date.

MG/ALL

- **European Commission Consultation: Capital Markets Union Green Paper**

MG explained that the European Commission has launched a Green Paper Consultation on the development of a Capital Markets Union in the European Union. This Green Paper aims at creating a single market for capital, one which would be more appropriate for the present needs of SMEs across the European Union. The Commission aims to find out which policy measures would improve access to finance, increase and diversify sources of funding (from investors in the EU and globally), and would make markets work more effectively and efficiently.

The Green Paper poses questions on issues regarding IFRS, company law, corporate governance, state aid rules and the tax treatment of debt and equity.

Particularly regarding IFRS, MG explained that the Commission is consulting on whether there is a value in developing a common EU level accounting standard for small and medium-sized companies listed on MTFs and whether such a standard should become a feature of SME Growth Markets.

The Group agreed it would not be helpful for the EU to adopt its own set of accounting standards for small and mid-size listed companies on MTFs as this would add complexity and decrease comparability.

The Group also agreed that small companies on SME Growth Markets should have the choice to use local accounting standards, IFRS for SMEs or full IFRS, rather than having to use only full IFRS as at present. MS added that there should be flexibility in allowing markets to choose the most relevant accounting standard for the set of investors locally.

MG mentioned that the draft response will be circulated to this Expert Group for comments ahead of the due in date.

MG/ALL

4. Other Consultations/ Discussion Items:

- **FRC FRED 57: Draft amendments to FRS 101 Reduced Disclosure Framework (2014/15 Cycle)**

The Group agreed to submit a response to this consultation, agreeing with the proposed amendments to FRS 101 set out in the Exposure Draft.

MG mentioned that she will draft the response and circulate it for final comments ahead of the due in date.

MG/ALL

- **IASB Exposure Draft detailing proposed amendments to IFRS 2 Share-based Payment**

The Group agreed to submit a response to this consultation, agreeing with the proposed amendments but mentioning that the standard should be fundamentally reviewed by the IASB.

MG mentioned that she will draft the response and circulate it for final comments ahead of the due in date.

MG/ALL

- **IASB Exposure Draft Disclosure Initiative (Proposed amendments to IAS 7)**

The Group agreed to submit a response mentioning that the amendments generally provide useful information to users, but mentioning that a net debt reconciliation should have been included.

MG mentioned that she will draft the response and circulate it for final comments ahead of the due in date.

MG/ALL

- **FRC Consultations to UK and Irish GAAP**

The Group agreed not to submit responses to these consultations.

- **Corporate Reporting Charter**

This was not discussed.

5. Communications/Future Meetings

- **FRC's compendium of Audit and Assurance Standards and Guidance 2015 – For information**

This was not discussed.

- **IFIAR's 2014 Survey of Inspection Findings – For information**

This was not discussed.

- **Amendments to FRS 102 – Pension obligations to clarify aspects of the accounting for defined benefit pension plans by UK and Irish entities – For information**

This was not discussed.

- **FRC's survey "Extended auditor's reports: A review of experience in the first year" – For information**

This was not discussed.

- **Policy Update Briefing (February 2015) – For information**

This was not discussed.

- **Guests for future meetings**

This was not discussed.

6. A.O.B.

This was not discussed.

7. Date of next meeting

Tuesday, 9 June 2015, 16:30 – 18:00 (Venue: Mazars LLP, Tower Hill House, St Katherine's Way, London E1W 1DD)

8. Action Points

Action	Person	Timetable
Finalise Audit regulations BIS response and circulate to the Group for comments	MG/ALL	ASAP (before 19 March 2015)
Finalise Audit regulations FRC response and circulate to the Group for comments	MG/ALL	ASAP (before 20 March 2015)
Circulate EC Capital Markets Union draft response for comments	MG/ALL	ASAP (before 13 May 2015)
Draft and circulate draft response to FRC FRED 57	MG/ALL	ASAP (before 20 March 2015)
Draft and circulate draft response to IASB Exposure Draft detailing proposed amendments to IFRS 2 Share-based Payment	MG/ALL	ASAP (before 25 March 2015)
Draft and circulate draft response to IASB Exposure Draft Disclosure Initiative (Proposed amendments to IAS 7)	MG/ALL	ASAP (before 17 April 2015)