

**Present:**

Matthew Stallabrass (Chairman)	Crowe Clark Whitehill LLP	MS
Anna Draper	BDO LLP	AD
Jack Easton	UHY Hacker Young	JE
Gary Jones	Grant Thornton UK LLP	GJ
Matthew Howells	Smith & Williamson Ltd	MH
Joseph Archer	Crowe Clark Whitehill LLP	JA
Tim Ward	Quoted Companies Alliance	KJ
Maria Gomes (minutes)	Quoted Companies Alliance	MG

**In attendance:**

Anna Colban	FRC (Guest)	AC
Anthony Appleton	FRC (Observer)	AA

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**ACTIONS**

**1. Welcome to Anna Colban Project Manager, Codes and Standards Division, Financial Reporting Council, to discuss FRC's Smaller listed and AIM company reporting project**

MS welcomed AC and everyone introduced themselves. AC explained that the FRC's 'Smaller listed and AIM company reporting' project aims at achieving a step change in the quality of reporting of smaller listed and AIM companies. The project targets improvements by smaller listed and AIM companies in order to underpin confidence in the quality of reporting in the market as a whole and help foster investment. AC noted that the project is divided into three phases over a three-year period.

AC explained that they are gathering views from preparers and users of annual reports to understand the challenges smaller companies encounter when preparing their annual reports and to obtain input on what might help smaller companies to improve the quality of their reporting. AC noted that it has been a challenge to obtain input from preparers of smaller companies, and they are still looking for NEDs of smaller companies to talk to.

AC explained that the project was initiated following input from the Corporate Review Team regarding the quality of reporting, which mentioned that basic compliance and information not being disclosed appropriately by small companies. AC agreed that many of these companies want to grow and raise their own standards.

AC mentioned that her team was surprised to find out that small cap fund managers do look at the annual reports mostly looking at cashflow, capitalization of RAD and revenue recognition. AC added that they have not seen a great support for moving away from IFRS.

TW mentioned that one of the issues affecting small and mid-size quoted companies at the moment is the legitimacy of inducements being proposed by MiFID II. TW agreed to share our response with AA.

**MG/KJ**

MS commented that it is important to identify what is relevant to investors and what is the bare minimum to comply with the standards. The group agreed that there is a disconnect between the back office and the investor and what commercially makes sense to the business.

The Group commented on the survey questions circulated by the FRC. MS mentioned that the key question is to know what is relevant for companies to be fairly effective. One of the ideas could be understanding

who the audience for their annual report is, who is it being written for and what is reasonable or unreasonable to include in order to achieve quality reporting.

TW added that a principles-based approach, encouraging companies to think could contribute to the solution.

MS offered to send the questionnaire to his clients and QCA members, to provide AC with more input. AC thanked MS for the opportunity and left the meeting.

**MS/KJ/MG**

## **2. Apologies**

Apologies were received from Edward Beale, Anthony Carey, David Gray, Nigel Smethers, Ian Smith, Bill Farren, Jonathan Lowe, Nick Winters and Kate Jalbert.

## **3. Minutes of the last meeting (22 July 2014)**

The minutes were approved.

## **4. Key discussion items:**

- **Effects of using International Financial Reporting Standards (IFRS) in the EU: public consultation**

The group agreed that it would be important for the QCA to submit a response to this consultation. MS suggested that it would be relevant to hear members' views on some of these questions and agreed to select 10/15 questions to be sent to QCA members and form our response.

**MS/MG/KJ**

- **FRED 55 Draft Amendments to FRS 102 – Pension obligations**

MS mentioned that it is surprising that FRS 102 is still being revised. The Group agreed that it would be relevant to draft a short response.

**MG/KJ**

## **5. Communications/Future Meetings**

- **FRC amendments to the new UK GAAP to improve the accounting for certain financial transactions, improve ease of use of the standards and reduce the cost of compliance – For information**

This was not discussed.

- **Financial Reporting Lab insight report on clear and concise reporting: 'Towards Clear & Concise Reporting' – For information**

This was not discussed.

- **FRC revised editions of FRS 101 Reduced Disclosure Framework and FRS 102 The Financial Reporting Standard – For information**

This was not discussed.

- **Financial Reporting Expert Group – December Meeting/Lunch**

The Group agreed to have a lunch meeting in December.

**Chris Stapeley**

- **Policy Update Briefing (August 2014) – For information**

This was not discussed.

- **Guests for future meetings**

The group agreed that it would be interesting to invite someone from the European Commission dealing with the IFRS survey to, if possible, attend one of our meetings next year.

It was also suggested that we should invite IASB's Senior Research Director Alan Teixeira for our meeting in October.

**MG/Chris Stapeley**

## **6. A.O.B.**

No new items were discussed.

## **7. Date of next meeting**

Tuesday 21 October 2014, 4.30pm (Venue: EY, 1 More London Place, London SE1 2AF)

## **8. Action Points**

<b>Action</b>	<b>Person</b>	<b>Timetable</b>
Send MiFID II response to AA	<b>MG/KJ</b>	ASAP
Send FRC's questionnaire to clients/membership	<b>MS/KJ/MG</b>	ASAP
Select questions and send them to QCA membership/ Draft QCA response to EC Effects of using IFRS in the EU	<b>MS/MG/KJ</b>	ASAP (before 31 October 2014)
Draft QCA response to FRC FRED 55 Draft Amendments to FRS 102 – Pension obligations	<b>MG/KJ</b>	ASAP (before 21 November 2014)
Invite guests from European Commission/ IASB	<b>MG/Chris Stapeley</b>	ASAP