

TA

01772 450875

27 April 2011

Michelle Sansom  
Accounting Standards Board  
5<sup>th</sup> Floor, Aldwych House  
71-91 Aldwych  
London  
WC2B 4HN

Dear Michelle

**Exposure Draft: *The future of financial reporting in the UK and Republic of Ireland***

Progress Housing Group is pleased to respond to your request for comments on the exposure draft '*The future of financial reporting in the UK and Republic of Ireland*'.

Please do not hesitate to contact me should you wish to discuss any of the points raised in the attached response.

Yours sincerely

Tonnia Abbott  
Group Accountant  
Progress Housing Group

## ***Executive Summary***

Thank you for the opportunity to respond to the ASB exposure draft nos. 46, 47 and 48. Progress Housing Group welcomes the review of UK accounting standards, and is supportive of the aim of harmonising UK and International standards.

It is evidenced in the new exposure drafts, that a number of our key concerns we put to the ASB in the last consultation as a Social Landlord, have been addressed.

Under the new proposed framework the key area which SLs would still seek to change would be to allow entities to deduct capital grants from the carrying value of housing properties which we consider to be the most appropriate treatment, matching development cost.

The remainder of the paper summaries our responses to the specific questions on which the ASB has requested comment.

**1. The ASB is setting out the proposals in this revised FRED following a prolonged period of consultation. The ASB considers that the proposals in FREDs 46 to FRED 48 achieve its project objective:**

**To enable users of accounts to receive high-quality, understandable financial reporting proportionate to the size and complexity of the entity and users' information needs.**

**Do you agree?**

We agree. The exposure drafts have addressed our specific issues and those of the Registered Provider (RP) sector. Specifically permitting treatments currently permitted under existing UK standards, including the ability to hold tangible fixed assets at valuation and capitalising borrowing costs.

Removal of a tiered framework should allow for a set of accounting standards which apply to all Registered Social Landlords (RSLs).

Remaining concerns still lie in impact of grant accounting. Concerns on recognising grants as a liability opposed to being netted off in fixed assets, as permitted under UK GAAP, has not been addressed.

**2. The ASB has decided to seek views on whether:**

**As proposed in FRED 47**

**A qualifying entity that is a financial institution should not be exempt from any of the disclosure requirements in either IFRS 7 or IFRS 13; or**

**Alternatively**

**A qualifying entity that is a financial institution should be exempt in its individual accounts from all of IFRS 7 except for paragraphs 6, 7, 9(b), 16, 27A, 31, 33, 36, 37, 38, 39, 40 and 41 and from paragraphs 92-99 of IFRS 13 (all disclosure requirements except the disclosure objectives).**

**Which alternative do you prefer and why?**

No comment – not applicable to RPs.

**3. Do you agree with the proposed scope for the areas cross-referenced to EU adopted IFRS as set out in section 1 of FRED 48? If not, please state what changes you prefer and why.**

No comment – not applicable to RPs.

**4. Do you agree with the definition of a financial institution? If not, please provide your reasons and suggest how the definition might be improved.**

No comment – not applicable to RPs.

**5. In relation to the proposals for specialist activities, the ASB would welcome views on:**



***(a) Whether and, if so, why the proposals for agriculture activities are considered unduly arduous? What alternatives should be proposed?***

***(b) Whether the proposals for service concession arrangements are sufficient to meet the needs of preparers?***

(a) – No comment – not applicable to RPs

***6. The ASB is requesting comment on the proposals for the financial statements of retirement benefit plans, including:***

***(a) Do you consider that the proposals provide sufficient guidance?***

***(b) Do you agree with the proposed disclosures about the liability to pay pension benefits?***

No comment – not applicable to RPs

***7. Do you consider that the related party disclosure requirements in section 33 of FRED 48 are sufficient to meet the needs of preparers and users?***

Yes it is sufficient and addresses our concern previously expressed that there should be a disclosure exemption for transactions between wholly-owned group undertakings.

***8. Do you agree with the effective date? If not, what alternative date would you prefer and why?***

We perceive the timescale to be reasonable with the caveat that the SORP for RPs will need to be updated in parallel, and releases coordinated.

***9. Do you support the alternative view, or any individual aspect of it?***

**Defined Benefit Disclosures**

Pension disclosures are extensive. In our previous submission on the last consultation a recommendation was suggested on a potential exemption for subsidiaries as such disclosures relating to the pension schemes are made in the Group financial statements. We agree that a review of this disclosure with the objective of making the disclosure more understandable is needed.