



The Institute of Certified
Public Accountants in Ireland

17 Harcourt St, Dublin 2, Ireland

Phone 01 425 1000

Fax 01 425 1001

Email cpa@cpaireland.ie

Web www.cpaireland.ie

Chief Executive: Eamonn Siggins

Michelle Sansom,
Accounting Standards Board,
5th Floor, Aldwych House,
71-91 Aldwych,
London,
WC2B 4HN.

27th April 2012

To whom it may concern,

The Institute of Certified Public Accountants in Ireland welcomes the opportunity to comment on:

**“The Future of Financial Reporting in the UK and Republic of Ireland,
Revised FREDs 46, 47 & 48”**

Question 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?

Yes we agree. We take comfort from a number of proposals in the FREDs including the proposal that there be a review of the new standard every three years.

It would be our opinion that the implementation costs would not be excessive and that the benefits of implementation will outweigh the cost. Additionally, we see this as a positive move towards IFRS convergence.

Question 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?

Our preference is for the second alternative. We are of the opinion that to eliminate the disclosure requirements of IFRS 7 and IFRS 13 in their entirety is too much of a risk in the current environment. We would like to see the disclosures outlined in the IFRS 7 and 13 retained.

Questions 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.

The proposed approach to cross reference to EU -adopted IFRS for the areas that have limited use seems a reasonable approach which will facilitate broadening the scope of FRED 48 without cluttering the FRS.

Question 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.

We agree with the definition of financial institution as drafted.

Questions 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?

We are of the view that some of the requirements included in the Section 34 are unduly arduous. We would question the benefit to be gained from the disclosures required under 34.7 (c).

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

We believe that the proposals are sufficient to meet the needs of preparers.

Questions 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?

The FRED should take into account local reporting requirements under local legislation. This is to ensure that there is no increase in the reporting burden unless it is useful to the users of financial statements.

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

Yes, we agree with the proposal to disclose outstanding pension liabilities; however where a topic is not covered in a SORP there should be a reference to or more convergence with the IAS 26.

Question 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, we consider the related party disclosure requirements in section 33 of FRED 48 are sufficient to meet the needs of preparers and users of financial statements.

Question 8

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

Yes, we agree with the proposed revised implementation date of 1 January 2015. We note the commitment that there will be at least 18 months from the expected date of the issue of the standard and the implementation date which we consider to be reasonable.

Questions 9

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

No, we do not support the alternative view but believe some of the issues contained within the alternative view should be explored further.

There is merit in the view expressed that there is extensive disclosures on the reporting of defined benefit pension schemes and that many if not most users do not understand the disclosures.

There is also merit in the view expressed that the deferred tax number recognised in the statement of financial position does not usually provide useful information to most users of financial statements.

The Institute of Certified Public Accountants would be happy to discuss the above with you.

Yours sincerely,

Noel Browne
Chairperson, Financial Reporting Sub - Committee