Accounting Standards Board January 2012

Part One

The Future of Financial Reporting in the UK and Republic of Ireland

Revised Financial Reporting Exposure Drafts

FINANCIAL REPORTING

EXPOSURE DRAFT

PART ONE: EXPLANATION

ACCOUNTING STANDARDS BOARD

This draft is issued by the Accounting Standards Board for comment. It should be noted that the draft may be modified in the light of comments received before being issued in final form.

For ease of handling, we prefer comments to be sent by email to:

asbcommentletters@frc-asb.org.uk

Comments may also be sent in hard copy form to:

Michelle Sansom
ACCOUNTING STANDARDS BOARD
5th Floor, Aldwych House
71-91 Aldwych
London
WC2B 4HN

Comments should be despatched so as to be received no later than 30 April 2012. All replies will be regarded as on the public record, unless confidentiality is requested by the commentator.

The FRC's policy is to publish on its website all responses to formal consultations issued by the FRC and/or any of its operating bodies unless the respondent explicitly requests otherwise. A standard confidentiality statement in an email message will not be regarded as a request for non-disclosure.
We do not edit personal information (such as telephone numbers or email addresses) from submissions; therefore, only information that you wish to be published should be submitted.

We aim to publish responses within 10 working days of receipt.

We will publish a summary of the consultation responses, either as part of, or alongside, our final decision.

Revised Financial Reporting Exposure Drafts

Part One: Explanation

FINANCIAL REPORTING
EXPOSURE DRAFT

ACCOUNTING
STANDARDS
BOARD

CONTENTS

SECTION 1: OVERVIEW OF THE PROPOSALS

INTRODUCTION

1.1 This Financial Reporting Exposure Draft (FRED) sets out the revised proposals of the Accounting Standards Board (ASB) for the future of financial reporting in the United Kingdom and Republic of Ireland.

1.2 The revised proposals replace FREDs 43, 44 and 45, which were issued in October 2010 (FREDs 43 and 44*) and March 2011 (FRED 45†). The revised proposals are set out in the following three draft Financial Reporting Standards (FRS):

FRED 46 'Application of Financial Reporting Requirements' (draft FRS 100);

FRED 47 'Reduced Disclosure Framework' (draft FRS 101); and

FRED 48 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (draft FRS102).

1.3 Respondents to FREDs 43 and 44 were encouraged to consider whether the proposals would provide the optimal outcome or whether different proposals would be better. The ASB has carefully considered the feedback it received and has made significant changes.

WHAT ARE THE MAIN PROPOSALS?

1.4 The revised proposals recommend:

(a) replacing all extant FRSs, Statements of Standard Accounting Practice and Urgent Issues Task Force Abstracts (current FRSs) in the UK and Republic of Ireland with a single FRS;

(b) introducing a reduced disclosure framework for the financial reporting of certain qualifying entities; and

(c) retaining the 'Financial Reporting Standard for Smaller Entities' with a further consultation on how to update it following the European Commission proposals for the future of financial reporting for small and micro companies.

1.5 The ASB, consistent with its previous approach, is proposing an adaptation of the IFRS for SMEs to replace current FRSs – 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (draft FRS 102). By adapting the IFRS for SMEs, the UK and Republic of Ireland will operate under one consistent, international accounting framework. FRED 48 (draft FRS 102) is a single book that sets out clear, concise and cost-effective accounting requirements, whilst addressing some areas in current FRS that are in need of updating.

1.6 The introduction of a reduced disclosure framework for qualifying entities recognises that it is cost effective for a group to maintain accounting records using consistent accounting policies, but that the disclosure requirements in EU-adopted IFRS (or an equivalent) give rise to reporting costs that may not be balanced by benefits to the users of the financial statements.

1.7 The ASB's proposal to retain the FRSSE follows recent proposals from the European Commission on small and micro companies' financial reporting. The proposals, which are

---

* *The Future of Financial Reporting in the UK and Republic of Ireland: FRED 43 'Application of Financial Reporting Standards' and FRED 44 'Financial Reporting Standard for Medium-sized Entities'.*

† *The Future of Financial Reporting in the UK and Republic of Ireland: FRED 45 'Financial Reporting Standard for Public Benefit Entities and Consequential amendments to FRED 43'.*

currently being considered by the European Council and European Parliament, will require the FRSSE to be updated.

1.8 The proposals are aligned with the requirements of company law and do not extend the application of EU-adopted IFRS beyond that set out in company law or other relevant Regulations. EU Regulation* requires all listed EU groups to prepare their consolidated financial statements in accordance with standards and interpretations issued (or adopted) by the IASB that have been adopted in the EU (EU-adopted IFRS).

WHY IS THE ASB PROPOSING THESE CHANGES?

1.9 The ASB considers, based on feedback from previous consultations, that current FRSs require fundamental overhaul. Support for this is evidenced by:

(a) Extensive consultation undertaken by the ASB on the future of financial reporting in the UK and Republic of Ireland. Although views have sometimes been mixed, there is agreement that current FRSs are an uncomfortable mismatch of accounting standards of different origin that lack cohesion or unifying principles. They are a mixture of Statements of Standard Accounting Practice (SSAPs) issued by the Consultative Committee of Accounting Bodies, FRSs developed and issued by the ASB, and IFRS-based standards issued by the ASB to converge with international standards.

(b) The need to update financial reporting for financial instruments. Current FRSs permit certain transactions to remain unrecognised that are relevant to the assessment of the financial position of an entity.

(c) The programme of activities that took place following the issue of FREDs 43 and 44, which highlighted practical issues associated with maintaining two accounting frameworks. These included the cost associated with training accountants in both IFRS and current FRSs.

WHAT DOES THE ASB HOPE TO ACHIEVE FROM THESE PROPOSALS?

1.10 In proposing a fundamental overhaul, the ASB has identified the following 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.

1.11 In meeting its objective the ASB will provide succinct financial reporting standards that:

- have consistency with global accounting standards through the application of an IFRS-based solution, unless an alternative clearly better meets the overriding objective;
- reflect up-to-date thinking and developments in the way businesses operate and the transactions they undertake;
- balance consistent principles for accounting by all UK and Republic of Ireland entities with pragmatic solutions, based on size, complexity, public interest and users' information needs;
- promote efficiency within groups; and
- are cost-effective to apply.

---

* *EU Regulation 1606/2002 (IAS Regulation)*

WHAT WILL BE THE EFFECT?

1.12 In developing the revised proposals, the ASB has carefully considered the effect on the draft impact assessment published alongside FREDs 43 and 44 and that of FRED 45. A revised draft impact assessment is set out in part III of this FRED.

1.13 The ASB considers that the decisions reached in developing FREDs 46, 47 and 48 reduce the costs of transition and the annual financial reporting costs of applying the proposals set out in FREDs 43, 44 and 45. It retains its view, therefore, that the proposals will have a positive and cost-effective impact on financial reporting.

WHO WILL BE AFFECTED BY THE PROPOSALS?

1.14 FREDs 46, 47 and 48, like FREDs 43 and 44, are intended to encompass all entities that are required to prepare financial statements that give a true and fair view. This includes companies and entities established under non-corporate structures.

1.15 The financial reporting framework for the public sector is determined by the Relevant Authority*. This includes those entities classified by the Office for National Statistics as being in the public sector. As these entities will be operating in the public interest, it is likely that they will be required to prepare financial statements in accordance with EU-adopted IFRS and any additional financial reporting requirements of the Relevant Authority.

HOW HAVE THE PROPOSALS BEEN DEVELOPED?

1.16 The proposals in this FRED have been developed as a result of extensive consultation by the ASB, over a number of years. Part III of this FRED includes a summary of the ASB's considerations in developing the revised proposals and also provides a history of previous consultations on the future of financial reporting in the UK and Republic of Ireland.

1.17 Following the issue of FREDs 43 and 44 in October 2010, the ASB undertook a programme of activities that aimed to raise awareness of its proposals and seek feedback. This included discussions with the providers of finance to small and medium-sized entities. A key finding was that financial statements are often the only reliable source of information available when small and medium-sized entities raise finance or seek trade credit. Users acknowledge their ability to request information, but noted that financial statements are a source of verification.

MAJOR CHANGES SINCE FREDs 43, 44 AND 45

1.18 The ASB is issuing FREDs 46, 47 and 48 to replace FREDs 43, 44 and 45 because it has made significant changes to the superseded proposals. These changes include:

Elimination of the reference to 'public accountability'

(a) FRED 43 set out a differential reporting framework based on public accountability. This would have extended the requirement to report under EU-adopted IFRS to a group of unquoted entities, notably in the financial services sector, deemed to be publicly accountable.

(b) Whilst many respondents were supportive of the proposed framework, it was challenged by some of the entities considered to have public accountability. They argued that the costs of reporting under EU-adopted IFRS would outweigh the benefits.

---

* *The Relevant Authorities are determined by the UK Government and the devolved administrations. At present they are HM Treasury, the Welsh Assembly Government, the Scottish Government, the Northern Ireland Assembly, CIFPA/LASAAC, the Department of Health and Monitor (Independent Regulator for NHS Foundation Trusts).*

(c) In addition, there was concern about the practical application of the definition of public accountability. Although the ASB had provided guidance, respondents sought further clarification.

(d) The ASB considered the cost-benefit concerns and undertook analysis to determine whether FRED 44 could be amended to address the needs of entities previously deemed to have public accountability.

(e) The ASB identified areas not addressed by FRED 44, where a broader group of entities would needed accounting requirements. The ASB decided the identified areas could be addressed by cross-referring to EU-adopted IFRS, for example in relation to earnings per share and segmental reporting.

(f) The analysis also identified that disclosure requirements would need to be expanded for entities seeking to generate wealth from financial instruments. The ASB is proposing greater disclosure of the risks associated with financial instruments for financial institutions.

(g) The ASB decided not to proceed with a differential financial reporting framework based on public accountability. It has instead proposed changes, in draft FRS 102 (FRED 48), that reflect the needs of preparers and users concerned with entities previously considered to have public accountability.

(h) The ASB wished to avoid introducing complexity into the proposals that would not apply to the majority of preparers. It considers the approach of cross-referring to EU-adopted IFRS, where relevant, achieves this.

Amending the IFRS for SMEs

(i) FRED 43 proposed replacing the majority of current FRSs with a draft FRS set out in FRED 44 (the FRSME). FRED 44 was based on the IFRS for SMEs with changes only made where necessary to comply with company law, or where consultation provided evidence of a clear need.

(j) Respondents to FREDs 43 and 44 were supportive of a single accounting standard based on the IFRS for SMEs, but questioned the removal of certain accounting treatments permitted in current FRSs. They believed this would create inconsistency between the proposals in FRED 44 and EU-adopted IFRS, which would reduce the comparability of entities.

(k) The ASB accepted the respondents' comments and revised its principles for amending the IFRS for SMEs. The principles and changes made are discussed in paragraphs 3.24 to 3.31.

Restructuring the draft FRSs

(l) As already noted, the ASB previously issued three draft FRSs setting out its proposals for the future of financial reporting in the UK and Republic of Ireland:

FRED 43 – 'Application of Financial Reporting Requirements';

FRED 44 – 'Financial Reporting Standard for Medium-sized Entities'; and

FRED 45 –'Financial Reporting Standard for Public Benefit Entities'.

(m) Evidence gathered during the consultation on FRED 45 suggested that preparers were unclear as to when to apply the supplementary requirements of that FRED or those in FRED 44. To avoid this confusion, the ASB decided that it would include the requirements for public benefit entities in draft FRS 102 (FRED 48).

(n) The ASB agreed with respondents that did not support the name 'The Financial Reporting Standard for Medium-sized Entities'; in particular, it was unsuitable given the broader scope of entities eligible to apply the final FRS. Consequently it decided to name the revised draft FRS 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (draft FRS 102).

(o) The ASB also decided to separate the reduced disclosure framework from the draft FRS 'Application of Financial Reporting Requirements'. It was noted that this framework will require updating as and when new IFRSs are introduced, whereas draft FRS 100 was unlikely to change on a frequent basis. Separating the two sets of requirements will facilitate the future maintenance and development of the draft FRSs.

ALTERNATIVE VIEW

1.19 One member of the ASB has set out an alternative view to the proposals in FRED 48. The alternative view is available on the ASB website (www.frc.org.uk/asb).

In summary, this member believes that:

(a) accounts are prepared solely to communicate information to users. Users' information needs for the entities that will be subject to FRED 48 primarily revolve around whether an entity has sufficient funding to remain a going concern and execute its business plan, with other stewardship issues being of a secondary concern;

(b) the objective of this project should be redrafted as being "to provide users of accounts with the information that they need, in an accessible format, subject only to cost/benefit constraints";

(c) the ASB should have set out a clear exposition of the nature of information that major classes of users find useful; in the absence of this benchmark, the ASB is unable to assess whether its proposals meet the objective set out by the FRC in "Louder than Words" that regulation should be "targeted"; and

(d) as a consequence of focussing on the information needs of users, FRED 48 should be redrafted, particularly in the areas of financial instruments, defined benefit pension schemes, deferred tax and equity settled share-based payments.

1.20 The member believes that a redrafting of these sections in terms that the vast majority of both users and preparers can understand will lead to improved confidence in accounts, significantly enhance their usability, and consequently substantially increase the benefits that can flow from such high quality financial reporting.

1.21 The member considers that by eliminating unnecessary complexity and cutting clutter in such a manner the ASB would also have:

(a) reduced the burden of regulation significantly further; and

(b) provided an evidence base to influence the future development of IFRS.

EFFECTIVE DATE

1.22 The proposals in FREDs 46, 47 and 48 are to apply for accounting periods beginning on or after 1 January 2015. Early application is permitted for accounting periods beginning on or after the date of issue of corresponding standards, subject to the additional requirement for a public benefit entity that it must also apply a public benefit entity SORP which has been developed in accordance with those standards.

1.23 The ASB has set out draft transitional provisions in the relevant draft FRSs.

SECTION 2: INVITATION TO COMMENT

2.1 The ASB is requesting comments by 30 April 2012. The ASB is committed to developing standards based on evidence from consultation with users, preparers and others. Sections 3 to 6 of this document provide an overview of the proposals in the FRED, details of an alternative view are set out in part III of this FRED. Comments are invited on all aspects of the proposals (including the alternative view). In particular, comments are sought on the questions below.

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?

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?

QUESTION 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.

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.

QUESTION 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?

QUESTION 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?

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?

QUESTION 8

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

QUESTION 9

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

SECTION 3: THE DRAFT FINANCIAL REPORTING STANDARDS

3.1 Part II of this document sets out the draft financial reporting standards that the ASB is proposing as a replacement for current FRSs. There are three draft FRSs:

FRED 46 'Application of Financial Reporting Requirements' (draft FRS 100);

FRED 47 'Reduced Disclosure Framework' (draft FRS 101); and

FRED 48 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (draft FRS 102).

FRED 46 'APPLICATION OF FINANCIAL REPORTING REQUIREMENTS'

3.2 FRED 46 (draft FRS 100) applies to all UK and Republic of Ireland entities preparing financial statements that are intended to give a true and fair view.

3.3 FRED 46 proposes:

An entity that is required by the IAS Regulation (or other legislation) to prepare consolidated financial statements in accordance with EU-adopted IFRS must do so. The individual accounts of such an entity, or the individual accounts or consolidated financial statements of any other entity, must be prepared in accordance with the following requirements:

(a) If the entity is eligible to apply the FRSSE, it may prepare its financial statements in accordance with that standard; and

(b) If the entity is not eligible to apply the FRSSE, or if the entity is eligible to apply the FRSSE but chooses not to do so, the entity must apply draft FRS 102, EU-adopted IFRS or, for financial statements that are the individual accounts of a qualifying entity, draft FRS 101.*

3.4 FRED 46 also sets out when an entity should comply with a SORP, and certain transition arrangements.

Changes from FRED 43 to FRED 46

3.5 As outlined above, the proposals in FREDs 46, 47 and 48 replace those in FREDs 43, 44 and 45. More specifically, FRED 46 replaces FRED 43.

3.6 The significant change between the proposals in FRED 43 and FRED 46 is the elimination of public accountability as the basis for a differential reporting framework which would have required all entities with public accountability to apply EU-adopted IFRS.

---

* *Individual accounts that are prepared by a company in accordance with [draft] FRS 101 or [draft] FRS 102 are Companies Act individual accounts (section 395(1)(a) of the Act), whereas individual accounts that are prepared by a company in accordance with EU-adopted IFRS are IAS individual accounts (section 395(1)(b) of the Act).*

FRED 47 'THE REDUCED DISCLOSURE FRAMEWORK'

3.7 The proposals for a reduced disclosure framework (RDF), in FRED 43, received strong support from respondents. FRED 47 builds on this and aligns the framework with revisions in FRED 46.

Changes from FRED 43 to FRED 47

Entities eligible to apply the reduced disclosure framework

3.8 FRED 43 proposed that all subsidiary entities could apply the RDF except those with public accountability. The elimination of the definition of public accountability required the ASB to reconsider which entities should be eligible to apply the reduced disclosure framework.

3.9 As outlined above, the ASB is proposing additional disclosure requirements for financial institutions that are eligible to apply FRED 48. Consistent with this, FRED 47 proposes that:

(a) a qualifying entity that is not a financial institution may take advantage in its individual accounts of the disclosure exemptions set out in FRED 47*; and

(b) a qualifying entity that is a financial institution may take advantage in its individual accounts of the disclosure exemptions set out in FRED 47 other than those for IFRS 7 and IFRS 13.

3.10 The ASB is also proposing:

(a) to extend the application of the RDF to the individual accounts of ultimate parents, acknowledging that users focus on the consolidated financial statements. The RDF is therefore applicable to both ultimate parents and qualifying subsidiaries, so the term qualifying entity is used. A qualifying entity is a member of a group that prepares publicly available financial statements in which that member is consolidated; and

(b) that the RDF may not be applied in the consolidated financial statements of entities that are required or voluntarily choose to prepare consolidated financial statements.

Principles for determining reduced disclosures

3.11 In considering the responses to FRED 43, the ASB noted that it had developed the RDF without clearly identifying the principles to be used in the future for determining which of the disclosure requirements in IFRS should be applied by qualifying entities. The ASB has devised the following principles to be applied in future development of the RDF:

(a) ***Relevance:*** Does the disclosure requirement provide information that is capable of making a difference to the decisions made by the users of the financial statements?

(b) ***Cost constraint on useful financial reporting****:* Does the disclosure requirement impose costs on the preparers of the financial statements of a qualifying entity that are not justified by the benefits to the users of those financial statements?

(c) ***Avoid gold plating***: Does the disclosure requirement override an existing exemption provided by company law.

3.12 Having determined these principles, the ASB applied them to the disclosure requirements of IFRS published subsequent to FRED 43.

* *To comply with company law, an entity that has financial liabilities held at fair value that are neither held in a trading portfolio nor are derivatives must apply certain specific disclosure requirements under IFRS 7.*

3.13 In applying the principles, the ASB considered that the disclosure exemptions provided for IFRS 13 should be consistent with those provided for IFRS 7 'Financial Instruments: Disclosures'. FRED 47 proposes that:

(a) A qualifying entity that is **not** a financial institution is exempt from all of the disclosure requirements in both IFRS 7 and IFRS 13, provided that equivalent disclosures are included in the consolidated financial statements; whereas

(b) A qualifying entity which is a financial institution is not exempt from any of the disclosure requirements in either IFRS 7 or IFRS 13.

3.14 The ASB also considered that a possible alternative for financial institutions would be to provide an exemption in 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 (this would provide consistency with disclosures required by FRED 48 for financial institutions, that is paragraphs 34.19 to 34.30 of FRED 48), and from paragraphs 92-99 of IFRS 13 (all disclosure requirements except the disclosure objectives).

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?

FRED 48 'THE FINANCIAL REPORTING STANDARD APPLICABLE IN THE UNITED KINGDOM AND REPUBLIC OF IRELAND'

3.15 FRED 48 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' replaces the proposals in FRED 44 'The Financial Reporting Standard for Medium-sized Entities', and sets out the ASB's revised proposals to replace current FRSs.

3.16 As outlined above, the proposals in FRED 44 have been amended:

(a) to address the requirements of a broader group of entities;

(b) to reflect a reconsideration of the principles for amending the IFRS for SMEs for application in the UK and Republic of Ireland; and

(c) to include the accounting requirements for public benefit entities, previously set out in FRED 45.

The requirements of a broader group of entities

3.17 As described in paragraph 1.18, the ASB is proposing to align financial reporting requirements with company law and not to proceed with a differential financial reporting framework based on public accountability. Should it proceed to an FRS, the proposals in FRED 48 will apply to a broader group of entities than was considered when the IASB developed the IFRS for SMEs. The proposals have also been adapted for application in the UK and Republic of Ireland.

3.18 In developing the requirements proposed in FRED 48, two categories of entity were identified as being eligible to apply the draft FRS that, under the previous proposals, would have been considered publicly accountable. The two categories are 'listed but not traded on a regulated market' and 'financial institutions'.

3.19 For entities listed but not traded on a regulated market, the ASB identified the following areas where FRED 44 did not adequately address their accounting needs:

(a) earnings per share;

(b) interim financial reporting;

(c) operating segments; and

(d) accounting for insurance contracts.

3.20 In assessing how to address these areas, the ASB applied its objective of promoting high-quality, understandable financial reporting, proportionate to the size and complexity of the entity, in the context of the more extensive user needs associated with this category of entity. The ASB decided the optimal way to do this was to direct entities to the relevant area in EU-adopted IFRS. FRED 48, therefore, proposes a revised scope section (section 1) setting out which entities should apply the relevant EU-adopted IFRS for the above areas.

3.21 The ASB noted that this meant a change in requirements from current FRSs; for example, the ASB does not have a standard addressing interim financial reporting but provides non-mandatory guidance on interim reports.

QUESTION 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.

3.22 For the second category of entity, financial institutions, the ASB considered that, although FRED 44 contained adequate requirements for the recognition and measurement of financial instruments, it did not contain adequate disclosure requirements for entities seeking to generate wealth from financial instruments. The ASB considered whether to require financial institutions to comply with IFRS 7, but concluded that these requirements would be unduly burdensome given the relative size of these entities (based on feedback from its consultation). As a consequence, it developed disclosures aligned with the principles that underlie IFRS 7.

3.23 Having identified the need for greater disclosure from entities seeking to generate wealth from financial instruments, the ASB needed to define clearly which entities would be required to provide the disclosures. The ASB is proposing that financial institutions provide additional disclosures. Having informally discussed the proposed definition with various representative bodies, the ASB is proposing the following definition:

Financial institution refers to:

(a) a bank that is:

  (i) a firm with a Part IV permission*, which includes accepting deposits; and:

    a. is a credit institution; or

    b. whose Part IV permission includes a requirement that it complies with the rules in the General Prudential sourcebook and the Prudential sourcebook for Banks, Building Societies and Investment Firms relating to banks, but which is not a building society, friendly society or credit union; or

  (ii) an EEA bank which is a full credit institution; or

(b) a building society as defined in section 119(1) of the Building Societies Act 1986 and incorporated (or deemed to be incorporated) under that Act; or

(c) an entity that undertakes the business of effecting or carrying out insurance contracts, including general and life assurance entities; or

(d) an investment trust, Irish Investment Company†, venture capital trust, mutual fund, exchange traded fund, unit trust, open-ended investment company (OEIC), custodian bank or stockbroker; or

(e) a credit union, being a corporate body registered under the Industrial and Provident Societies Act 1965 as a credit union in accordance with the Credit Unions Act 1979, which is an authorised person; or

(f) an incorporated friendly society or a registered friendly society; or

(g) a retirement benefit plan.

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.

The guidelines for amending the IFRS for SMEs

3.24 FRED 44 proposed only minimal changes to the IFRS for SMEs: either to fit with company law or where there was evidence from a consultation that this was appropriate. Respondents to FRED 44 questioned these limitations, most notably a number asked why certain accounting treatments permitted under current FRSs and EU-adopted IFRS were not proposed in FRED 44.

3.25 In view of this feedback, the ASB revisited its guidelines for amending the IFRS for SMEs. It recognised that, if respondents did not support simplification, there was little, if any, justification for proposing to remove a particular accounting treatment permitted by current FRSs where it also existed in EU-adopted IFRS.

---

* *As defined in section 40(4) of the Financial Services and Markets Act 2000.*

† *An Investment Company is a corporate vehicle formed under section 47(3) of the Companies (Amendment) Act 1983 and section 58 of the Companies (Amendment) Act 1986, and regulated by the Irish Financial Regulator.*

3.26 The ASB decided that it would revise the guidelines for amending the IFRS for SMEs as follows:

(a) changes should be made to permit existing accounting treatments in FRSs, at the transition date, that are aligned with EU-adopted IFRS;

(b) changes should be consistent with EU-adopted IFRS;

(c) use should be made, where possible, of existing exemptions in company law to avoid gold plating; and

(d) changes should be made to provide clarification by reference to EU-adopted IFRS that will avoid unnecessary diversity in practice.

3.27 As a consequence of amending the guidelines, the ASB has incorporated the following amendments into FRED 48:

(a) development costs may be capitalised and carried forward in certain circumstances;

(b) property, plant and equipment and intangible assets may be revalued;

(c) merger accounting is permitted for group reconstructions (i.e. business combinations under common control);

(d) hedge accounting is permitted for net investments in a foreign operation; and

(e) investment entities are permitted to account for associates and joint ventures at fair value.

3.28 In introducing the above accounting treatments the ASB has sought (i) to use the relevant text from EU-adopted IFRS and (ii) to clarify the transitional arrangements.

3.29 In line with (d) of its guidelines for amending the IFRS for SMEs (see paragraph 3.26), the ASB sought to clarify the following:

(a) the disclosure requirements for discontinued operations;

(b) the treatment of loan covenants, so that the treatment is consistent with IFRS 9;

(c) that financial instruments treated as equity under IAS 32 are not liabilities in accordance with the proposals set out in FRED 48 when an entity is required to prepare consolidated financial statements;

(d) that an employee benefit trust, ESOP or similar arrangement is a special purpose entity and should be consolidated where the entity is a parent and prepares consolidated financial statements; an entity applies paragraphs 2.53 to 2.55 of FRED 48 in its individual accounts;

(e) that an investor that is not a parent but has an investment in one or more associates and /or jointly controlled entities shall account for those investments and/or jointly controlled entities using either cost or fair value;

(f) the presumed useful life for goodwill, in particular when an entity is otherwise unable to make a reliable estimate, is 5 years and thereby consistent with company law. The presumed useful life of an intangible asset is also amended to 5 years to be consistent;

(g) the accounting treatment for group share-based payments where the award is granted by the parent or another group entity; and

(h) option pricing models are not required for the valuation of shared-based payments, particularly for unquoted shares.

3.30 The ASB was also asked to clarify the presentation requirements for post-employment benefit plans. It decided to amend FRED 44 to reflect the requirements in IAS 19 'Employee Benefits', as revised in 2011.

3.31 The ASB is also proposing to amend the requirements for group pension plans to be consistent with the revised IAS 19.

How the proposals fit with company law

3.32 While respondents supported the idea that changes should be made to the IFRS for SMEs to fit with company law, they questioned the relationship between the presentational requirements set out in FRED 44 and those in company law (i.e. the formats set out in the Regulations*). During the consultation period, ASB staff issued draft case studies outlining how the two sets of requirements might fit together, but a simple solution was not readily available.

3.33 Consequently, the ASB decided that it should remove the Statement of Financial Position and Income Statement requirements from FRED 44 and that entities should apply the requirements set out in company law. This would mirror the position in current FRSs whereby there are only additional presentation requirements in the accounting standards. The ASB decided, however, that it would improve consistency in presentation by requiring entities that are not incorporated under the Companies Act, but which apply draft FRS 102, to comply with the formats in company law.

Accounting for financial instruments

3.34 One of the main areas of change from current FRSs is accounting for financial instruments (for unlisted entities or those that do not apply the fair value accounting rules). Under both FRED 44 and FRED 48, all entities will be required to recognise derivatives on balance sheet at fair value. This fills a gap in current FRSs.

3.35 The International Accounting Standards Board is replacing IAS 39 'Financial Instruments: Recognition and Measurement' with IFRS 9 'Financial Instruments'. The project is divided into phases and IFRS 9 is updated as each phase is completed. Sections 11 and 12 of FRED 48 broadly apply the classification and measurement requirements of IFRS 9, but the impairment and hedge requirements are based on IAS 39 because these phases are still under development by the IASB.

3.36 The ASB has carefully considered what action to take on accounting for financial instruments in FRED 48. Although it could continue with sections 11 and 12 as proposed, this would result in an FRS based on FRED 48 that did not reflect the most up-to-date thinking for financial instruments and that might incorporate weaknesses in IAS 39 identified in the wake of the financial crisis. It could also result in some entities (especially financial institutions) having to change current accounting on adoption of an FRS based on FRED 48 and then make further changes when all the topics for IFRS 9 were completed and incorporated into a future revision of the [draft] FRS. To avoid this possibility the ASB intends to issue a supplementary exposure draft to FRED 48 for financial instruments once the remaining IFRS 9 phases are completed, even if this is after an FRS based on FRED 48 is finalised.

3.37 The supplementary exposure draft will align the recognition and measurement requirements in Sections 11 and 12 of FRED 48 with IFRS 9 and avoid entities having to make two sets of changes. In particular, the hedge accounting requirements in IFRS 9 are likely to be more flexible than those in section 12 of FRED 48. To assist readers of FRED 48, those paragraphs

---

* *Regulations refers to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.*

of sections 11 and 12 that are likely to change following the issue of IFRS 9 are shown in shaded text.

3.38 The ASB will reconsider the transition provisions relating to financial instruments when the supplementary exposure drafts are developed. This will enable the ASB to determine whether additional transitional relief is required.

Accounting for income tax

3.39 Respondents to the consultation paper 'Policy Proposal: The Future of UK GAAP' issued in August 2009 did not support the tax section as set out in the IFRS for SMEs because it was based on proposals that did not proceed to a standard. FRED 44 proposed incorporating the text of IAS 12 'Income Tax' in place of the IFRS for SMEs section on Income Tax. However, respondents to FRED 44 did not support using the full text, preferring a simplified approach.

3.40 FRED 48 proposes the following simplification: The calculation of deferred tax is based on timing differences (i.e. when an item of income or expense is recognised in different periods for financial reporting and tax purposes) with additional recognition requirements for certain other differences. This is referred to as a 'timing differences plus' approach. The ASB concluded that this approach would:

(a) provide useful information to users of financial statements;

(b) be consistent with its objective of convergence to an IFRS-based framework; and

(c) provide the simple solution preparers were looking for, which was close to current FRS and would give the same answers as IFRS in most cases.

3.41 The 'timing difference plus' approach does not, however, ensure complete consistency with the requirements of IAS 12. For example, the proposals do not specifically require the recognition of deferred tax arising from an intra-group transfer of assets. The ASB considered, however, that such differences were likely to be relatively rare and that in most such cases the relevance of the information produced in accordance with IAS 12 was unclear.

Accounting for grants

3.42 FRED 44 proposed that government grants with specified performance conditions should be recognised when the performance condition was met. A number of respondents, particularly those from the public-benefit sector, questioned this proposal. Their concerns focused on what is a performance condition. The ASB decided to retain the accounting for government grants currently permitted in EU-adopted IFRS in addition to that proposed in FRED 44. FRED 48 therefore includes the option to recognise grants in profit and loss on a systematic basis over the periods in which the entity recognises the expenses for which the grants are intended to compensate.

3.43 The ASB decided to permit this accounting treatment on pragmatic grounds, acknowledging that a more fundamental review of the accounting for grants is required. It will undertake a research project on accounting for grants in the near future.

3.44 The ASB also revised the title of this section so that it applies to all grants and not only those from governments.

Investment entities and consolidation

3.45 In September 2011, the IASB issued an exposure draft proposing to exempt qualifying investment entities from consolidating their investments. The ASB noted that investment entities eligible to apply FRED 48 would, in the absence of a similar exemption in FRED 48, need to elect to prepare their financial statements under EU-adopted IFRS in order to take advantage of the exemption. The ASB did not consider this to be a logical or meaningful outcome.

3.46 The Companies Act determines the circumstances in which a subsidiary may be excluded from consolidation and the ASB must work within these requirements. The Act only permits subsidiaries to be excluded from consolidation in limited circumstances and, after careful consideration, the ASB decided it could not provide an overriding exemption. It did, however, note that the Companies Act exempted from consolidation subsidiaries that are held exclusively for resale and that FRS 2 'Subsidiary Undertakings' defined that term. Consequently, the ASB could amend the definition of subsidiaries held exclusively for resale to include subsidiaries that are held as part of an investment portfolio.

3.47 FRED 48 proposes that a subsidiary should be excluded from consolidation where the interest in the subsidiary is held exclusively for resale and as part of an investment portfolio. Holdings are regarded as being part of an investment portfolio if their value to the investor is through their fair value in a basket of investments, held directly or indirectly, rather than as a medium through which the investor carries out business. An indirect holding arises when an investment fund has a single investment in a second fund which, in turn, holds a basket of investments.

Specialised activities – agriculture and service concession arrangements

3.48 Section 34 of FRED 48 sets out the accounting requirements for several specialised activities, including agriculture and service concessions.

3.49 The accounting requirements for agriculture are based on IAS 41 and apply to biological assets (living plant or animal) and associated produce (harvest product of biological assets) through agricultural activity. Section 34 requires a biological asset to be measured at fair value less costs to sell where the fair value is readily determinable without undue cost or effort; the cost model is used for all other biological assets.

3.50 The ASB has received feedback from constituents (in addition to the comment letters received in response to FRED 43 and 44) that the proposed requirements are unduly arduous and would not benefit the users of financial statements. The ASB, however, has been unable to identify why the proposals are considered unduly arduous and is seeking further views.

3.51 In addition the ASB has received feedback that the proposals regarding service concession arrangements do not provide sufficient guidance. The proposals for service concession arrangements are based on IFRIC 12 'Service Concession Arrangements'.

QUESTION 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 its proposals for service concession arrangements are sufficient to meet the needs of preparers and users?

Specialised activities – retirement benefit plans

3.52 FRED 43 proposed that retirement benefit plans were publicly accountable and so should apply EU-adopted IFRS. Having decided to remove the definition of publicly accountable, the ASB reconsidered the accounting for retirement benefit plans. One solution would have been to direct retirement benefit plans to IAS 26 'Accounting & Reporting by Retirement Benefit Plans' and request that the Statement of Recommended Practice (SORP) 'Financial Reports of Pensions Schemes', be updated to be consistent with IAS 26. This option was rejected because:

(a) legal accounting and reporting requirements in the UK are different to those in IAS 26; and

(b) IAS 26 itself makes references to other EU-adopted IFRSs, which would complicate the accounting requirements for retirement benefit plans.

3.53 Following this feedback the ASB decided to develop, as part of the specialised activities section, accounting requirements for retirement benefit plans that could be supplemented by the SORP. FRED 48 therefore sets out proposals for the financial statements of retirement benefit plans.

3.54 The proposals require a statement of financial position excluding the liability to pay pension benefits. Disclosure of the liability to pay pension benefits is, however, required.

QUESTION 6

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

(a) Do you consider that the proposal provide sufficient guidance?
(b) Do you agree with the proposed disclosures about the liability to pay pension benefits?

Other changes to the proposals in FRED 44

3.55 After considering the responses to FRED 44 the ASB made the following changes:

(a) To amend the requirement in paragraph 22.18 of FRED 44 so that entities are required only to disclose the fair value of any non-cash assets that have been distributed to their owners. The ASB considers that distribution of assets does not generate a profit and decided to diverge from EU-adopted IFRS in this instance because disclosure was a better solution.

(b) To include from Urgent Issues Task Force Abstracts the following accounting requirements:

(i) Abstract 4 'Presentation of long-term debtors in current assets' in the legal appendix to FRED 48;

(ii) Abstract 31 'Exchanges of businesses or other non-monetary assets for an interest in a subsidiary, joint venture or associate' is withdrawn, the accounting requirements are incorporated in section 9 of FRED 48;

(iii) Abstract 32 'Employee benefit trusts and other intermediate payment arrangements' is withdrawn, the accounting requirements for intermediate payment arrangements has been incorporated into section 2 of FRED 48;

AREAS COMMON TO FREDS 46, 47 AND 48

Disclosure of related party transactions

3.56 The ASB sought feedback as to whether a disclosure exemption should be provided for transactions between wholly-owned subsidiaries, in line with company law. In general, preparers responding to FRED 43 said the exemption should be retained. However, the ASB received feedback from users suggesting that disclosures about related party transactions provided important information when considering the provision of finance to an entity, especially in the small and medium-sized sector. Users said they needed to understand these transactions, including those not at market value.

3.57 The ASB considered that exempting transactions between wholly-owned subsidiaries from disclosure did not affect users because their focus appeared to be more on potential risks from related party transactions, i.e. transactions with directors. The ASB therefore decided to permit an exemption for transactions between wholly-owned subsidiaries and to consult on whether the disclosures for related party transactions proposed in FRED 48 are sufficient to meet users' needs. The European Commission is currently consulting on amending the Accounting Directives. The Commission's current proposals do not include an exemption from disclosure for transactions between wholly-owned subsidiaries. Should these proposals proceed then the ASB would need to amend the proposals in FRED 47 and FRED 48 to be consistent with company law.

3.58 FRED 48, section 33, requires disclosure of:

(a) the relationship between a parent and its subsidiaries;

(b) compensation of key management personnel, including all employee benefits; and

(c) transfers of resources, services or obligations between related parties regardless of whether a price is charged.

QUESTION 7

Do you consider the related party disclosure requirements in section 33 of FRED 48 are sufficient to meet the needs of users?

Proposals to amend the Accounting Directives

3.59 In October 2011 the European Commission issued proposals to amend the Accounting Directives. These proposals aim to:

(a) reduce the administration burden mainly for small companies;

(b) increase the clarity and comparability of financial statements;

(c) protect essential user needs; and

(d) increase transparency on payments to governments.

3.60 The proposals are now subject to negotiation and agreement between European Union Member States and the European Parliament. The ASB has reviewed the amendments in relation to the proposals in FRED 46 to FRED 48 and notes that: (a) as noted above, the exemption for related party transactions between wholly-owned is removed and (b) the amended Directives do not include provisions for the use of merger accounting. Consequently, should the proposals proceed the ASB would need to amend the proposals in these FREDs to comply with the amended Directives and thereby company law.

EFFECTIVE DATE

3.61 The ASB is proposing that the requirements in the FREDs should be effective from accounting periods beginning on or after 1 January 2015. Early application of draft FRS 101 is permitted. Early application of draft FRS 102, however, is restricted to accounting periods beginning on or after the date of issue of the standard. A public benefit entity may adopt early if it also applies an applicable public benefit entity SORP which has been developed in accordance with the draft FRS 102.

QUESTION 8

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

SECTION 4: APPLICATION OF PROPOSALS TO PUBLIC BENEFIT ENTITIES

4.1 The ASB set out its proposals for public benefit entities in FRED 45, which supplemented the requirements in FRED 44. Following feedback, these requirements have been incorporated in FRED 48 as follows:

(a) Property held for the provision of social benefits (see section 16);

(b) Impairment of assets: public benefit considerations (see section 27);

(c) Concessionary loans (see section 34);

(d) Entity combinations (see section 34);

(e) Funding commitments (see section 34);

(f) Incoming resources from non-exchange transactions (see section 34).

4.2 The proposed requirement in FRED 45 to recognise incoming resources (including goods and services) from non-exchange transaction on receipt at fair value unless there are performance conditions to be considered was not supported by respondents. The ASB has clarified, in FRED 48, that in applying the recognition criteria an entity takes into consideration whether the resources can be measured reliably and whether the benefits to recognise the resources outweigh the costs.

4.3 In incorporating the proposals in FRED 45 into FRED 48 the ASB decided to propose an extension to all entities (not just public benefit entities) for:

(a) property held for the provision of social benefits;

(b) impairment of assets held for service potential, to be measured using a value in use based on the present value of future service potential; and

(c) funding commitments.

4.4 The ASB made no other significant changes to the proposals in FRED 45 or its proposals to update the SORP applicable to public benefit entities.

SECTION 5: THE FINANCIAL REPORTING STANDARD FOR SMALLER ENTITIES

5.1 In light of recent proposals from the European Commission on small company reporting the ASB is proposing to retain the Financial Reporting Standard for Smaller Entities (FRSSE). The proposals will, however, require the FRSSE (effective April 2008) to be significantly updated to maintain consistency with company law.

BACKGROUND

5.2 The FRSSE (effective April 2008) applies to companies eligible for the small companies' regime. Other entities that would qualify for the small companies' regime if they had been incorporated under companies law are also within its scope, with the exception of building societies. However, in some sectors, sector specific guidance prohibits the use of the FRSSE by entities that would otherwise be eligible to apply it.

5.3 The European Directives that set out the accounting requirements for companies in the EU are being revised. The EC issued proposals* in October 2011 which include a specific regime for small companies, which would make the following changes to existing requirements or practice:

(a) raise the thresholds for defining small companies, which would mean that more companies† would be eligible to use the FRSSE, particularly in the Republic of Ireland where the current thresholds are lower than the maximum permitted;

(b) require specific disclosures in the notes to the financial statements, which would focus on information such as commitments, borrowings and arrangements not included in the balance sheet;

(c) make requirements that further reduce the mandatory information provided in small company financial statements, for example through limiting the detailed disclosures currently required on the face of the balance sheet or in the notes, and allow Member State options that could reduce the information provided further through, for example restricting, or not, accounting policy choices.

5.4 In December 2011 the European Council and the European Parliament reached agreement on a revised Directive which gives Member States an option to treat micro-entities as a separate category of company and to exempt than from certain accounting requirements. This Directive complements the Commission's October 2011 proposals and will be integrated into the revised Accounting Directives.

5.5 The final new Accounting Directive is intended to be made effective by Member States by 1 July 2014, although this could change during the legislative process.

IMPLICATIONS FOR THE FRSSE

5.6 When UK and Republic of Ireland legislation implementing the Directive becomes effective the FRSSE (effective April 2008) will no longer be consistent with the law, although many of its requirements may still be valid. In particular as the proposed Directive restricts Member States from requiring additional disclosures to those set out in the proposed Directive, the FRSSE (effective April 2008) will need to be withdrawn.

---

* *http://ec.europa.eu/commission_2010-2014/barnier/headlines/news/2011/10/20111025_en.htm*

† *And by analogy entities not incorporated under companies legislation, but otherwise within the thresholds.*

5.7 The ASB has given some thought to the implications of the proposed Directive for the future of the FRSSE, inevitably these will need to be refined as the Directive is finalised and the UK and Republic of Ireland governments determine their approaches to the Member State options.

5.8 Although some respondents to previous consultations suggested the FRSSE could be withdrawn because the draft FRS 102 would also be suitable for small entities, the ASB believes the requirements of the proposed Directive, in particular in relation to restricting disclosures, now make this impractical. The ASB believes that small entities will benefit from an accounting standard setting out how to apply the financial reporting principles of the proposed Directive. It will promote consistency of accounting policies amongst small entities and reduce the costs to individual entities of trying to apply only a broad framework.

5.9 As a result the ASB currently intends to issue a revised FRSSE, to be effective from the same date as the proposed Directive. This revision of the FRSSE would take into account:

(a) consistency with the proposed Directive, as implemented in the UK and Republic of Ireland, including the specified disclosure requirements;

(b) updating for consistency with the draft FRS 102*, mainly in relation to language. The ASB would also consider any differences in recognition and measurement principles between the draft FRS 102 and the FRSSE.

5.10 The ASB will consult on the options for the revision of the FRSSE, including the extent to which consistency with draft FRS 102 should be achieved, once changes to the Directives are clear; this is expected to be during the first half of 2012.

* *This could be achieved, for example, by amending the current FRSSE, or by using draft FRS 102 as a basis and adapting it accordingly for small entities.*

SECTION 6: STATEMENTS OF RECOMMENDED PRACTICE (SORPS) FOR PROFIT-SEEKING ENTITIES

6.1 The ASB had proposed in FREDs 43 and 44 to streamline the number of SORPs in existence. Whilst respondents to the FREDs supported this approach the ASB's decision to eliminate the definition of public accountability and thereby broaden the scope of entities eligible to apply FRED 44 (as revised by FRED 48) required the reassessment of proposals for the SORPs.

6.2 Building on the strong support for retention of SORPs the ASB is updating its proposals as follows:

SORP	Implication of ASB decision	ASB recommendation
Financial reports of pension funds	All pension funds now in scope of the draft FRS 102 (FRED 48).	Update the SORP to provide guidance on the draft FRS 102 (FRED 48).
Accounting for insurance business	Entities' undertaking insurance activities may now apply the draft FRS 102.	A separate consultation is being undertaken on the future of this SORP.
Accounting for oil & gas	None.	Propose to retain SORP and update for application to entities applying the draft FRS 102 (FRED 48).
Leasing	None.	Withdraw when the proposals in these FREDs become effective.
Limited liability partnerships	None.	Update for the draft FRS 102 (FRED 48).
Investment companies	Will now fall in scope of the draft FRS 102 (FRED 48).	Update for the draft FRS 102 (FRED 48).
Authorised funds	Will now fall in scope of the draft FRS 102 (FRED 48).	Update for the draft FRS 102 (FRED 48).
Banking segments	Will now fall in scope of the draft FRS 102 (FRED 48).	Withdraw as the draft FRS 102 (FRED 48) proposes disclosures for financial institutions.

6.3 The ASB is discussing its proposals with the SORP making bodies and recognises that work will need to be undertaken to update the SORPs in line with its proposed timetable for change.

The ASB is part of the Financial Reporting Council Limited a company
limited by guarantee. Registered in England number 2486368. Registered Office:
5th Floor, Aldwych House, 71-91 Aldwych, London WC2B 4HN

UP/ASBD-BI12523

Further copies. £20.00 post-free, can be obtained from:

FRC Publications
145 London Road
Kingston Upon Thames
Surrey KT2 6SR

Telephone: 020 8247 1264
Fax: 020 8247 1124

OR ORDERED ONLINE AT: www.frcpublications.com