

URGENT ISSUES TASK FORCE

Summary Minutes of the 104th meeting of the Urgent Issues Task Force (UITF:104) held on 7 December 2011 at Aldwych House, 71-91 Aldwych, London WC2

PRESENT:

Michelle Sansom	UITF Technical Director and Acting Chairman
Kathryn Cearnns	
Peter Chidgey	
Matthew Curtis	
Howard Evans	
Bill Hicks	(for Items 2-5)
Peter Holgate	(for Items 2-5)
Brian Shearer	
Andrew Vials	
Phil Barden	<i>named alternate to Veronica Poole</i>
Andrew Jones	<i>named alternate to Marian MacBryde</i>
David Littleford	<i>non-voting alternate to Andrew Vials</i>
Sondra Tarshis	<i>named alternate to Geoffrey Mitchell</i>

IN ATTENDANCE:

Jennifer Guest	ASB Project Director
Roger Nicklen	Minutes Secretary

Apologies for absence were received from Tim Bush, Una Curtis, Roger Marshall and John McDonnell.

Ms Sansom informed the UITF that she had been asked by Roger Marshall to chair the meeting in his absence.

1 MINUTES

1.1 UITF members noted the circulation of the approved summary minutes of the meeting held on 1 December 2010.

2 ACCOUNTING FOR RESIDENTIAL SERVICE CHARGES

2.1 The UITF considered whether to take on to its agenda an issue around the accounting for residential service charges which had been brought to its attention by a joint working party during the development of guidance on accounting for residential service charges. A divergence of views had arisen around whether residential service charge transactions should be recorded in the income and expenditure accounts of residents' management companies (RMCs) and on whether RMCs were disclosed/undisclosed agents or principals. Conflicting interpretations

and diversity in practice had been identified by the ICAEW's Financial Reporting Committee and the joint working party had reported that, in the absence of a consensus, they were unable to take the matter further.

2.2 The UITF:

- a. noted that any Abstract on accounting for residential service charges would inevitably need to touch on both agent/principal accounting and 'trustee' accounting and that, as it may be difficult to limit the application of an Abstract, it might not be possible to do more than give some general guidance on the questions to be considered in determining where liabilities lay;
- b. discussed the potential accounting implications of differing fact patterns in the arrangements for residential service charges, including the status of RMCs as trustees and as principals; and
- c. commissioned an analysis of the fact patterns in relation to the trustee company aspect of accounting for residential service charges to be presented to the next meeting.

3 FRS 17 'RETIREMENT BENEFITS' - ACCOUNTING FOR MULTI-EMPLOYER FUNDS WHERE THE EMPLOYER IS UNABLE TO IDENTIFY ITS SHARE OF UNDERLYING ASSETS OR LIABILITIES

3.1 The UITF considered whether to take on to its agenda the accounting for multi-employer scheme where the employer was unable to identify its share of the underlying assets or liabilities. The request for UITF consideration had arisen following press comment where an entity had been unable to identify its share of the underlying assets and liabilities of a multi-employer scheme and thereby not provided for pension deficit, although agreements were in place for funding the deficit. The liability had been disclosed as a contingent liability.

3.2 The UITF:

- a. reviewed the position taken by the entity and that of its auditors in its published financial statements and the reasons for the conclusion that the liability should be disclosed as a contingent liability and considered the issues facing multi-employer schemes and the accounting implications when entities took the multi-employer exemption;
- b. noted the potentially significant differences between actuarial scheme liabilities and FRS 17/IAS 19 liabilities;
- c. discussed whether to recommend that FRS 17 should be amended to bring the wording in relation to multi-employer schemes in line with IAS 19 'Employee Benefits'; and
- d. noted that the Board had taken a preliminary decision to base the accounting for retirement benefits in the new UK GAAP standard on IAS 19.

3.3 The UITF agreed to commission a paper for the Board (to be agreed with UITF members outside the meeting) on the case for bringing forward the accounting for multi-employer schemes.

4 IFRS INTERPRETATIONS COMMITTEE UPDATE

4.1 The UITF noted:

- a. IFRIC Update November 2011; and
- b. IFRS Staff Paper on IFRIC Work in Progress November 2011.

5 NEXT MEETING

Wednesday 1 February 2012, 9.30 a.m.