

## In the October 2006 issue

- Pensions disclosure
- Concepts: the debate heats up
- Convergence: a progress report

# Improving pensions disclosures

Project Director Michelle Crisp gives an outline of progress on this project.

In May, the ASB issued two exposure drafts, a proposed amendment to FRS 17 '*Retirement Benefits*' and Reporting Statement '*Retirement Benefits - Disclosures*'. The comment period for the exposure draft ended on 11 September 2006. Some 45 responses have been received, which the ASB is now considering.

The exposure draft aimed to see whether the disclosures for retirement benefit schemes could be improved in the short-term. This project is distinct from the wider research project the ASB is undertaking on accounting for pensions (see page 5).

## Amendment to FRS 17

The exposure draft proposed to amend FRS 17 by replacing the existing disclosure requirements of FRS 17 with those of IAS 19 '*Employee Benefits*'. The majority of respondents supported this proposal. A number of respondents did, however, raise a concern that some disclosures, required by the existing FRS 17, would no longer be required by the amended FRS 17.

The ASB has reviewed this concern. The ASB considers that if it was to retain some of the disclosures required by the existing FRS 17 in the amended FRS then this will extend disclosure requirements for entities reporting in accordance with UK Financial Reporting Standards in contrast to entities reporting in accordance with International Financial Reporting Standards (IFRS). The ASB considers that this might be viewed as "gold-plating" UK standards and has tentatively decided not to amend the disclosures requirements from those set out in the exposure draft. The ASB will, however, review whether any of the disclosures that will no longer be required by FRS 17 should be recommended in the reporting statement.

The ASB has also tentatively decided to progress publication of the proposed amendment to FRS 17 as quickly as possible. In view of comments raised by respondents regarding the effective date, the ASB has decided to review the effective date - giving consideration to any new disclosures that will be required by the amendment.

## Proposed reporting statement

The ASB is also reviewing the comments raised in relation to the draft reporting statement. Some respondents have questioned the role of the reporting statement. The ASB has tentatively agreed that the reporting statement should clearly set out that the statement is a recommendation of best practice and can be adopted by any entity that operates a defined benefit scheme, whether applying UK standards or IFRS.

In relation to the draft reporting statement, the ASB has reviewed the responses to the question in the exposure draft's invitation to comment regarding the proposal to disclose the buy-out amount. The ASB notes the strength of concern regarding this proposal and is researching the circumstances where an entity is required by legislation to disclose the buy-out amount.

# Conceptual framework: the debate hots up

Project Director Seema Jamil-O'Neill gives a summary of progress on the debate that has been generated by the preliminary views discussion paper on the first phase of the joint project by the IASB and FASB to revisit their conceptual frameworks.

As reported previously in *Inside Track*, the goal of the IASB and FASB project is to develop a common conceptual framework that both Boards can use in developing new and revised accounting standards. The ASB continues to monitor closely the project and we will provide updates on developments.

The first discussion paper (DP), published on 6 July, sets out the preliminary views of the IASB and the FASB on the objective of financial reporting and the qualities that make the information useful for decision-making. Responses are due in by 3 November. The ASB response to the IASB can be accessed via the ASB website at [www.frc.org.uk/asb](http://www.frc.org.uk/asb). The ASB developed its response following discussion at its own meetings as well as at public meetings with constituents. The ASB hosted a major public meeting on the proposals in the DP on 21 September, which attracted around 100 people. Copies of the presentations and papers for that meeting, as well as a summary of the proceedings, can be accessed from the ASB website at: <http://www.frc.org.uk/asb/about/pub1171.html>

The ASB has a number of fundamental concerns with the proposals set out in the IASB's DP, as outlined below.

## The objective of financial reporting

The first major issue for the ASB is the proposal that the objective of financial reporting should focus only on decision-usefulness, with stewardship being subsumed within this rather than being referred to as a specific part of the objective, or a separate objective. This, linked with an emphasis that the financial information should be useful in assessing future cash flows, is of great concern. The ASB supports the Alternative View from two members of the IASB set out in Chapter 1 of the DP that stewardship should be identified as a separate objective of

financial reporting, or as part of the decision-usefulness objective.

As a useful contribution to the debate, Andrew Lennard, the ASB's Director of Research, has prepared a paper on stewardship which sets out a view of what stewardship is and why it is important. Andrew's paper, which can be accessed at the above web address, makes clear that stewardship should be seen not simply as information to assist in the assessment of the competence and integrity of 'stewards' (the management and directors) but as the provision of information that provides a foundation for a constructive dialogue between management and shareholders.

## The primary users

The IASB and FASB have identified as the primary users of financial reports "present and potential investors and creditors, and their advisors". In the ASB's view, a number of problems arising from this have not been dealt with in any detail by the DP, including: the reasons for choosing the entity perspective at the expense of the shareholder perspective; whether users of the financial reports of listed, unlisted and small and medium-sized entities (SMEs) have the same information needs; and the contradiction between the entity perspective chosen and the primary user group identified. The ASB is recommending that the IASB and FASB should conduct more research in this area to address these issues before reaching any conclusions on the primary user group,

## Qualitative characteristics: what happens to reliability?

The DP proposes replacing the qualitative characteristic of "reliability" in the current Framework with "faithful representation". The ASB believes that faithful representation is a softer notion which, when combined with a lack of specific identification of substance over form as a principle, could lead to a number of problems. The Board is also concerned about the introduction of

"verifiability" as a component of faithful representation, which appears to be a weak notion which requires agreement between two parties of a calculation using the same assumptions, rather than requiring testing of the underlying assumptions. The ASB has suggested that the IASB should instead seek to clarify what is meant by "reliability" as a qualitative characteristic, rather than remove it.

## Financial statements, or financial reporting?

The focus of the IASB and FASB discussion paper is on financial reporting. The two Boards have concluded that the objective should be broad enough to encompass information that might eventually be provided by financial reporting outside the financial statements. But the Boards have yet to consider of specific issues concerning the boundaries of financial reporting and distinctions between financial statements and other parts of financial reporting is to be deferred to a later phase of the project. In the ASB's view, the IASB and FASB should define financial reporting sooner, rather than later, as the Board remains to be convinced that the Framework can be widened to encompass all financial reporting.

## And there's more ...

The ASB also has other concerns with the proposals in the DP. These can be summarised as follows:

- the ASB is concerned about the limitation of the scope of the Framework to business entities in the private sector and the proposal to consider the impact on not-for-profit entities towards the end of the project. In the ASB's view, the implications for not-for-profit entities should be considered as the project progresses; and
- the current IASB Framework is used by standard setters, preparers and auditors alike. The ASB is concerned that if the length and theoretical arguments contained in the DP were replicated in the final Framework it will alienate preparers and auditors. As such the ASB is urging the IASB to make every effort to ensure that the final Framework is not so theoretical and long that it acts only as a reference manual for standard setters.

# ASB Convergence strategy - a progress report

As reported in *Inside Track 48*, the ASB has been consulting on its tentative proposals for the convergence of UK standards with International Financial Reporting Standards (IFRS). Project Director Peter Godsall provides an overview of responses to the consultation and the ASB's next steps.

On 10 May, the ASB issued a press release setting out the Board's tentative proposals and seeking the views of constituents. The consultation attracted 43 responses. A summary of the responses on each of the four tentative proposals put forward by the ASB is set out below. The summary and a more detailed analysis of the responses can be accessed via the ASB website at: <http://www.frc.org.uk/asb/technical/projects/project0072.html>.

## **1. All UK public quoted companies and other publicly accountable should be required to apply full IFRS.**

Views on this were mixed. Sixteen respondents agreed; another eight agreed but not for publicly accountable companies; six respondents disagreed; while thirteen did not answer the question.

The respondents who agreed with the proposals welcomed the adoption of IFRS if that would enhance transparency of reporting and provide long term benefit to users of financial statements. Other respondents agreed that the extension of IFRS is understandable but would expect there to be consultation with the relevant bodies to ensure that a pragmatic transition timetable is agreed for the conversion to full IFRS.

The respondents who disagreed with the proposal considered that it should remain a voluntary matter for individual companies and issues such as distributable reserves need to be resolved before individual companies can be required to use IFRS. The respondents who disagreed with requiring other publicly accountable

companies to apply full IFRS consider that the definition of the category is wrong. IFRS has not been designed for organisations such as charities. There is a need for much more debate on the definition before any changes are made.

## **2. The extension of the ASB's Financial Reporting Standard for Smaller Entities (FRSSE) to include medium-sized companies.**

This question also received a mixed response; eighteen respondents agreed with the proposal; four considered the most desirable approach would be a 'two tier system'; seven disagreed with the proposal; while the remaining fourteen respondents did not answer the question.

The respondents who agreed with the proposals considered that the use of the ASB's FRSSE would enable medium-sized companies to take advantage of simplified requirements; anything which reduces the level of disclosure for small and medium-sized companies would be welcome.

Those who disagreed with the proposal considered the extension of the standard for smaller entities could result in the scope of the standard becoming too broad. A consequence of this could be that it will no longer be possible to keep FRSSE simple because it will be necessary to consider the wider group of users of financial statements.

## **3. The reporting requirements for UK subsidiaries of group companies applying full IFRS.**

Twenty respondents agreed that UK subsidiaries of group companies that apply full IFRS also be required to apply full IFRS in respect of measurement and recognition but with reduced disclosure requirements; eight respondents disagreed; while the remaining fifteen did not answer the question.

Those who agreed with the proposals were supportive of converging UK GAAP to IFRS recognition and measurement principles providing the time scales are realistic and take into account the practical consequences of change.

The respondents who disagreed were largely listed companies who would like to move their subsidiaries onto IFRS as soon as possible in order to avoid the burden of maintaining two sets of books. However, like many UK listed groups, they have not converted their UK subsidiaries to IFRS for specific practical points.

## **4. The treatment of entities that did not fall within the first three groups**

This proposal was designed to elicit views on what should happen in respect of the 7,000 or so companies that do not fall within 1, 2 or 3 above.

The response favoured by far the majority of respondents was that there should only be two options - all companies should report under either IFRS or the FRSSE. There should not be a third tier. In this way the UK version of the IASB's proposed IFRS for SMEs could replace FRSSE, although these opinions are based on the assumption that the IFRS for SMEs would be an acceptable replacement for the FRSSE.

## **5. Next Steps**

In summary, the ASB's current line is that the responses to the consultation broadly support a two-tier approach, with the lower level potentially (and ideally) being based on the outcome of the IASB's IFRS SME project. The ASB has decided to defer any final decisions on convergence until there is a much clearer understanding of the outcome of the IASB project on SMEs, at which time a judgement can be made as to whether or not it is suitable for the UK's needs.

# Update on Current

## Heritage Assets

This project aims to address concerns about the current accounting requirements for heritage assets. Following strong support for the proposals set out in a Discussion Paper '*Heritage Assets - Can Accounting do Better?*', the Board is finalising work on an exposure draft which it expects to publish around the end of November. In taking this work forward, the Board remains firmly of the view that the best financial reporting requires heritage assets to be reported as assets at current value.

The Board is keen for the standard to emphasise that, where valuations are available and these provide useful and relevant information to assist in an assessment of the value of heritage assets held by an entity, a valuation approach should be required. The Board is also exploring whether the accounting policy should be applied at the level of an individual collection rather than at the level of an entity's total holding of heritage assets.

The International Public Sector Accounting Standards Board (IPSASB) has also published their own Consultation Paper on Accounting for Heritage Assets which includes the ASB Discussion Paper. IPSASB requested comments by 30 June 2006, which will be considered at the IPSASB meeting in November 2006.

## Interpretation of the Statement of Principles for Public Benefit Entities

As reported previously in *Inside Track*, ASB staff are continuing to work on the proposed Interpretation.

The '*Statement of Principles for Financial Reporting*' focuses on the profit-oriented sector. It recognises that its principles are broadly relevant to not-for-profit entities, but acknowledges they may need some re-expression or change of emphasis in order to make them most relevant and useful to these entities.

Both the Board and the Committee on Accounting for public Benefit Entities (CAPE) considered in July responses to the Exposure Draft of the proposed Interpretation. As a result, further work has been carried out, mainly in the areas of liabilities and capital grants. Other areas such as business combinations and donated goods and services have also been reviewed with the aim of expressing the underlying principles more clearly.

It is hoped that a revised draft will be submitted for the Board to consider in the near future.

On the international front, IPSASB - at its meeting in November - will be discussing a brief on how to take forward its collaborative project with National Standard-Setters (including the ASB) and other bodies to develop a conceptual framework for public sector entities.

## Financial Reporting Standard for Smaller Entities (FRSSE)

The latest version of the FRSSE, which covers both the accounting and company law requirements for smaller entities, was published on 22 April 2005 and is effective for accounting periods beginning 1 January 2005.

An Exposure Draft of an amendment to the FRSSE was published on 28 April 2006 with a comment period until 31 July. The main issue in the consultation was whether the FRSSE should reflect the key principles of FRS 20 '*Share-based Payment*'. Some respondents supported a simplified approach, particularly in terms of disclosure only requirements for equity settled share-based payments. However, the Board's preference is to broadly retain the approach proposed in the Exposure Draft and require smaller entities to apply the key principles of FRS 20. Where the fair value of equity-settled share-based payment transactions cannot be reliably determined, intrinsic value should be used.

It is expected that the updated FRSSE will be published in December and apply for accounting periods starting on or after 1 January 2007. Early adoption will be permitted. In addition to FRS 20, the updated FRSSE will also reflect recent changes in company law and provide updated guidance on the disclosures required for defined benefit pension schemes and the classification of preference shares as debt or equity.

## Amendment to FRS 25 'Financial Instruments: Presentation'

In July the ASB issued a proposed amendment to FRS 25 '*Financial Instruments: Presentation*' addressing the classification of instruments puttable at fair value. This followed the IASB's similar proposed amendment to IAS 32. The comment period closed in October.

The ASB has responded to the IASB's proposals. A copy of the response is available on the website via the attached link: <http://www.frc.org.uk/asp/publications/other.cfm>.

The ASB has made clear that it does not support the implementation of the proposals in the ED on the following grounds:

- the ASB agrees with the alternative view to the proposed amendment that the shares puttable at fair value clearly meet the definition of a liability in the Framework;
- the exception is not based on a clear principle but instead comprises detailed rules put together to achieve a preset accounting result. As such it will lead to confusion by users, give rise to inconsistencies where very similar instruments are treated differently, and has the potential to provide structuring opportunities; and

# ent projects

- that it is likely that there will be further changes in the classification of instruments of this kind after the completion of the longer-term project addressing the distinction between liabilities and equity that the IASB is working on with the US FASB. The ASB is participating in an EFRAG working group on the topic.

The IASB is expected in the near future to start redeliberating the proposals in the light of comments received, and the ASB will then consider whether to proceed with the amendment.

## Borrowing costs

The IASB recently issued a proposed amendment to IAS 23 *'Borrowing Costs'* that would remove the option for expensing all borrowing costs and require the capitalisation of those costs that related to the period of production of an asset. The ASB does not intend to amend the UK standard, FRS 15 *'Tangible fixed Assets'* as this is not a converged standard; FRS 15 will therefore continue to permit entities to choose between capitalisation and expense of borrowing costs.

## Leases

The IASB is commencing to form an advisory working group on leases, following the decision to add the project to its agenda in July. The membership of the working group is expected to be announced shortly, but it is unlikely to meet until 2007.

## Insurance contracts

The IASB is continuing to work towards a discussion paper setting out its preliminary views on a comprehensive proposal for accounting for insurance contracts, expected to be issued in the first quarter of 2007.

## Financial Statement Presentation

The IASB has started to consider further proposals for a revised presentation of items within the performance statement and other financial statements, and will shortly be considering comments received on the exposure draft of the first stage of this project.

## Amendment to FRS 20 'Share-based Payment'

In March 2006 the ASB issued an exposure draft proposing clarification of the FRS 20 treatment of cancellation of share options by the holder (such as the decision by a participant in an Save-As-You-Earn, SAYE, scheme to cease contributions). This was based on equivalent proposals from IASB to amend IFRS 2. The IASB is completing its redeliberations of the proposals and is expected to issue a final amendment shortly. As reported previously in *Inside Track*, the ASB will then consider the need to keep FRS 20 converged with IFRS 2.

## Earnings per share

As reported in *Inside Track 48*, the IASB is still expected to issue shortly an exposure draft of a limited amendment of IAS 33 *'Earnings per Share'* proposing modifications to the treasury stock method of calculating diluted earnings per share, to include in the assumed proceeds resulting from the exercise of options and warrants the carrying amount of the instrument in liabilities. The ASB will consider proposing a similar amendment to FRS 22 so that the standard remains converged with the international standard.

# Accounting for Pensions

Project Director  
Hans Nailor provides a progress report on this important project.

As reported previously in *Inside Track*, the ASB is undertaking a major research project into accounting for pensions. In addition, the European Financial Reporting Advisory Group (EFRAG) and European national standard setters have agreed to work more closely together so as to enable Europe as a whole to participate more fully in the development of global standards. These co-ordinated proactive activities are referred to by the acronym 'PAAinE', which stands for 'Proactive Accounting Activities in Europe'. Accounting for pensions was selected as a PAAinE project, which the ASB is leading. The ASB is being assisted in this project by a Pensions Advisory Panel appointed by the Board and a pan-European Working Group selected by EFRAG.

A project update/ discussion summary was published on the website on 30 June, consolidating the ground covered by the Pensions Advisory Panel and the EFRAG Working Group up to then. At subsequent meetings, the groups have debated several more problem areas, including possible principles for measuring post-employment benefit liabilities, measurement of assets held to pay benefits, the effects of regulatory requirements, the reporting of changes in assets and liabilities and accounting for interests in multi-employer plans. In September and October, staff of the ASB have discussed issues arising from the project at meetings of national standard setters and the EFRAG Technical Experts Group.

# European developments

## Commission roundtable on consistent application of IFRS

On 20 September, the European Commission hosted its second roundtable on the consistent application of IFRS. The event was attended by representatives of national standard-setters (including the ASB), regulators, preparers, the IASB and EFRAG. The roundtable is designed to be an informal and temporary mechanism to share and discuss potential issues that might give rise to problems of consistent application and which might be submitted to the International Financial Reporting Interpretations Committee (IFRIC). The roundtable acts as a filter.

A number of issues were discussed at the meeting, and three of those issues were considered to give rise to common concern for referral to the IASB or IFRIC:

1. De facto control - the IASB has confirmed that IAS 27 contemplates circumstances in which one entity can control another without owning more than half the voting power. This issue is already on the IASB's agenda as part of its consolidations project, but the roundtable raised concerns about the length of time this would take to come to a final view and agreed that the Commission should write to the IASB about the importance of this issue.
2. IFRIC 9 '*Reassessment of Embedded Derivatives*' - the roundtable view is that the scope should be extended to cover all financial instruments in a business combination and the Commission will refer this issue to IFRIC.
3. Common control transactions - accounting for business combinations under common control is excluded from the scope of IFRS 3 and has not been included in Phase II of the IASB's

business combinations project. The roundtable view is that this is an outstanding important accounting issue and the Commission will write to the IASB.

Papers relating to the roundtable meetings and the issues discussed can be accessed on the Commission's website at:  
[http://ec.europa.eu/internal\\_market/accounting/ias\\_en.htm](http://ec.europa.eu/internal_market/accounting/ias_en.htm)

## Amendment to Accounting Directives published

On 16 August, EU Directive 2006/46/EC was published in the Official Journal (OJ). The Directive amends the 4th and 7th Company Law Directives, the Bank Accounts Directive, and the Insurance Undertakings Directive (collectively, the Accounting Directives). The amendments have been introduced as part of the Commission's 'post-Enron' response to achieve greater transparency in, and collective responsibility for, financial statements, and to require an annual corporate governance statement.

In summary, the Directive will introduce changes to UK company law covering:

- (a) an option to raise thresholds for defining Small and Medium-sized Entities (SMEs) (Articles 1.1 to 1.4);
- (b) an option to permit the valuation of financial instruments and associated disclosures at fair value (Article 1.5);
- (c) new disclosure requirements in respect of off-balance sheet arrangements and related party transactions (Article 1.6);
- (d) a requirement for a corporate governance statement (Article 1.7); and
- (e) a requirement covering the collective responsibility of Board members for drawing and publishing the annual accounts and the annual report (Article 1.8).

Member States are required to implement the provisions of the Directive into national law by 5 September 2008. The Government is considering the timetable for implementation and is planning to consult on this by the end of 2006. The main implications for the ASB concern the disclosure requirements referred to in (c) above.

## EFRAG meeting with the IASB

On 17 October, the Chairman of EFRAG, plus the Chairmen of the ASB and the French and German standard-setters, met with representatives of the IASB. This was the second meeting under an arrangement between EFRAG and the IASB for EFRAG to be consulted before each joint meeting of the IASB and the US FASB.

Discussions at the meeting centred around progress on a number of joint IASB/FASB projects, in particular:

- The equity/liability classification;
- Financial statement presentation;
- Business combinations; and
- Conceptual framework.

An updated status report on the endorsement of IFRS in the EU is available on the EFRAG website at [www.efrag.org](http://www.efrag.org).

# UITF and IFRIC Update

## UITF issues Abstract 43 on equivalence

UITF Abstract 43 *'The interpretation of equivalence for the purposes of section 228A of the Companies Act 1985'* was issued on 23 October.

The Abstract applies to intermediate parent undertakings whose parents are not established under the law of an EEA state. The Companies Act was recently changed to make available to such companies an exemption from preparing consolidated accounts. The exemption is conditional on compliance with various conditions, including that the intermediate parent and all of its subsidiaries are included in consolidated accounts for a larger group drawn up in accordance with the provisions of the Seventh Directive or in an equivalent manner.

The UITF developed the Abstract in response to requests for guidance on how companies should judge whether they can use the exemption. In particular questions have been raised as to whether financial statements drawn up in accordance with IFRS, US GAAP and other GAAPs meet the requirement for *equivalence* with the Seventh Directive.

The guidance in Abstract 43 reflects the deregulatory nature of the exemption. It therefore focuses on the consideration of whether consolidated accounts of a higher parent meet the basic requirements of the Directives and in particular the requirement to give a true and fair view. This means that those accounts do not need to conform with the detailed requirements of the Directives in order for the UK intermediate parent to meet the relevant condition for the exemption.

## IFRIC draft Interpretation on minimum funding requirements

The IFRIC issued a draft Interpretation, IFRIC D19 *'IAS 19-The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements'* on 24 August, with a comment period that closed on 30 October.

Regulators around the world (including the UK) have set frameworks for funding defined benefit pension schemes that may result in funding levels either above or below the level of scheme liabilities as calculated for financial reporting purposes under IAS 19 (or FRS 17). In some jurisdictions, the funding requirements would be expected to result mostly in higher funding levels than the IAS 19 measure of liabilities.

An issue addressed by D19 is how obligations to pay contributions that exceed any liability recognised under IAS 19 should be accounted for - in particular when the additional contributions will give rise to (or increase) an accounting surplus in the fund. D19 proposes that if the sponsoring employer has, at the balance sheet date, an obligation to make a payment to the fund that will not be recoverable, an additional loss should be recognised for the amount that will not be recovered. The additional loss should be recognised when the obligation is incurred rather than when the payment is made.

D19 also addresses the more general issue of when an accounting surplus is treated as being recoverable, i.e. when potential refunds or contribution reductions should be treated as available to the entity for the purpose of applying the asset ceiling test in IAS 19.

The UITF response to the IFRIC proposals can be accessed on the ASB's website (in the *'Other Downloads'* section on the Publications page).

## IFRIC draft Interpretation on customer loyalty programmes

The IFRIC issued a draft Interpretation, IFRIC D20 *'Customer Loyalty Programmes'* on 7 September, with a comment period closing on 6 November. Customer loyalty programmes are used by entities to provide customers with incentives to buy their products. Each time a customer buys goods or services, the entity grants the customer award credits. The customer can redeem the award credits for awards such as free or discounted goods or services.

When award credits are granted by an entity to their customers in customer loyalty programmes, the entity enters into an obligation. The issues addressed in D20 are whether such award credits should be accounted for either:

- By recognising all revenue on the initial sale immediately and recognising a provision for any costs of fulfilling the obligation under the award credits (the 'cost/provision' approach); or
- By allocating some of the consideration received from the customer to the award credits and deferring it as a liability until the entity fulfils its obligations to deliver awards to customers (the 'deferred revenue' approach).

D20 proposes the second approach, which is consistent with the guidance in Application Note G: *'Revenue Recognition'* of FRS 5.

The UITF response to the IFRIC proposals can be accessed on the ASB's website.

# SORPs Update

Statements of Recommended Practice (SORPs) supplement accounting standards and other legal and regulatory requirements to reflect factors prevailing or transactions undertaken in a specialised industry or sector. SORPs are issued by the sectoral body recognised for the purpose by the ASB.

## Local Authorities

The CIPFA/LASAAC Joint Committee is taking forward its work on revising the 2006 Code of Practice on Local Authority Accounting in the United Kingdom. An Exposure Draft (ED) and Invitation to Comment (ITC) setting out proposed changes is due to be published in November and will set out the Joint Committee's proposals for how local authorities should apply the financial instruments standards FRS 25, FRS 26 and FRS 29.

## Registered Social Landlords (RSLs)

The National Housing Federation and Welsh and Scottish Federations of Housing Associations published an ED and ITC in July 2006 setting out proposals for a revised SORP for RSLs.

The ITC provides a helpful overview of the proposed changes and sets out a number of questions for social landlords. The ED and ITC are available via the National Housing Federation's website at [www.housing.org](http://www.housing.org). The closing date for comments was 20 October.

## Charities

The ASB has approved a proposal for the Charity Commission and the Office of the Scottish Charities Regulator to work together as a joint SORP-making body for the charities sector with a newly-appointed SORP Committee due to hold its first meeting in November.

## Further and Higher Education

Universities UK, on behalf of the further and higher education sector, is taking forward a review of the current SORP (dated July 2003). The aim is to publish an ED of an updated SORP around the end of 2006 with a three-month comment period.

## National Standard-Setters (NSS) meet in London

As part of the ASB's influencing role, Chairman Ian Mackintosh chairs a group of NSS from around the world. The group met in London during September/ As well as the UK, delegates attended from Australia, Canada, France, Germany, India, Japan, Malaysia, New Zealand, Russia, South Africa and the USA. Observers from a number of other countries were present, together with representatives of the IASB, EFRAG and IPSASB.

The meeting discussed a number of topics. The NSS group received updates on the IASB/FASB conceptual framework and the responses to the Discussion Paper published by the IASB '*Measurement Bases for Financial Accounting - Measurement on Initial Recognition*'. The UK led a session on accounting for pensions. Other substantive discussions covered intangible assets and goodwill (led by Australia), revenue recognition (led by EFRAG), and prospective financial information (led by New Zealand). A round-table session was also held on the accounting requirements for small and medium-sized entities (SMEs) in different jurisdictions and the potential impact of the outcome of the IASB's project on SMEs.

## Further Information

For further information on any of these topics please contact David Loweth at Aldwych House.

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## The Board's Publications

Copies of the Board's publications may, except where otherwise stated, be obtained from  
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## Appointments

**Peter Elwin**, Head of Accounting and Valuation Research at JP Morgan Cazenove (Cazenove Equities) and **Professor Geoff Whittington**, a former member of the IASB, have been appointed to the Board.

**Bill Hicks**, Director of External Financial Reporting with AstraZeneca plc, has been appointed as a member of the UITF.