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Strengthening the European contribution to international standard setting

ASB Technical Director David Loweth describes how the European Financial Reporting Advisory Group (EFRAG) has been consulting on proposals to enhance the European arrangements for dealing with international financial reporting issues, in particular to strengthen the capability to provide timely and effective proactive input in the early phase of the IASB's due process.

The EFRAG Supervisory Board consultation document was issued in July this year and sets out the proposed governance structure of the 'new' EFRAG. The proposed structure envisages:

- at the top level, a General Assembly (GA), consisting of representatives of the European organisations that founded EFRAG or will join EFRAG with the possibility of "associate membership" of the GA (ie the right to attend the GA but not to vote) to enable other organisations to play a limited role in EFRAG in return for a lower contribution;
- a Governance and Nominating Committee, consisting of two-thirds of the members from within the GA membership and one-third from National Funding Mechanisms ie Member State bodies, such as the UK Financial Reporting Council (FRC), which organise funding contributions to EFRAG – the Committee would be responsible for making recommendations to the GA on the appointment of Supervisory Board members;
- a Supervisory Board (SB), consisting of 17 members (plus an observer from the Commission), who will be "high level persons with an interest in the global development of financial reporting and with an appropriate balance of professional backgrounds". The SB will be responsible for funding, strategy, liaison and appointing the members of EFRAG's 'operational' committees, as well as exercising monitoring, oversight and review of their work;
- a Planning and Resources Committee (PRC), consisting of 9 members: 4 senior representatives of National Standard-Setters (NSS), normally the Chairs of those bodies; two SB members; two additional members (who may or may not be SB members); plus the Chair of EFRAG's Technical Experts Group (TEG). The role of the PRC is to set the agenda for pro-active work (ie the 'new' Pro-active Accounting Activities in Europe, PAAinE);
- the TEG, consisting of 9-12 voting members, up to 3 non-voting members (in principle, chairs of 3 NSS), and a number of observers. The role of the TEG would be largely unchanged from its present responsibilities; and
- a Consultative Group, to replace the present Advisory Forum, which might consist of CFOs of major European enterprises, and "high level" representatives from the accountancy profession, users and the academic world.

The consultation period closed on 22 September. The FRC submitted a response broadly welcoming the proposals. ASB Chairman Ian Mackintosh is continuing his discussions with the Chairman of EFRAG, the Chairs of the French and German standard-setters, and the European Commission, on how to put the proposals in practice so that Europe can work together more effectively to strengthen its voice in seeking to influence the development of IFRS.

Credit Crunch

The recent market uncertainties across the world have resulted in extensive discussion on the operating and regulation of markets and financial information. Some commentators have gone further by questioning the adequacy of financial reporting requirements including consolidation requirements and the use of fair values in illiquid markets.

In October the **IASB** made an amendment to IAS 39, effective from 1 July 2008, permitting entities to reclassify certain financial instruments. The main effect is to permit reclassifications from held for trading or available for sale into the loans and receivables category (and therefore accounted for at amortised cost rather than at fair value) if the entity has the intention and ability to hold the instrument for the foreseeable future or until maturity. Reclassifications are made at fair value at the date of the transfer. Other transfers from the held for trading category are permitted in rare circumstances. These amendments bring this aspect of IAS 39 closer into line with US GAAP. Amendments have also been made to the disclosure requirements in IFRS 7.

The **ASB** has agreed to make equivalent amendments to FRS 26 and FRS 29, and will issue these amendments immediately. In view of the need to take urgent action, the ASB – like the IASB – has not followed normal due process.

Fair Value in inactive markets

The IASB's Expert Advisory Panel (EAP) on Fair Value Measurements when markets are no longer active is continuing to meet. The remit of the EAP is only to consider how to measure the fair value of financial instruments when markets are no longer active. On 16 September, the IASB issued a draft report summarising the panel's discussions on fair value measurement and the related disclosures. The IASB was seeking comments on the draft by 3 October. A final version will be issued shortly.

The draft states that it "provides useful information and educational guidance" for measuring and disclosing fair values and does not establish new requirements for entities applying IFRS or any other GAAP.

On **measurement**, the draft notes that – in inactive markets – a thorough understanding of the instrument subject to valuation is important so that all relevant available market information is considered. Other main points and guidance include:

- The draft quashes the suggestion that, in stressed markets, fair value could be determined using a 'fundamental value' approach based primarily on management's estimate of future cash flows. The basis provided for this view is that fundamental value is not consistent with the objective of a fair value measurement;
- The draft suggests that, even where markets are inactive, where a current transaction price for the same or a similar instrument can be found it provides evidence of fair value. It notes that forced transactions, involuntary liquidations and distress sales are rare and evidence is needed before it is determined that a transaction has not taken place at fair value;
- When valuing instruments for which there is not an active market, an entity uses a valuation technique

involving models and assumptions calibrated on a regular basis;

- The need for judgement is emphasised and the draft acknowledges that, in exercising such judgement, different entities might arrive at different estimates of fair value for the same instrument and both entities might still meet the objective of fair value measurement.

On **disclosure**, the draft highlights the requirements of IFRS 7 and notes that the requirement for entities to use judgement in deciding how they disclose information about fair value measurement allows the most relevant information in the most understandable format to be provided on how entities measure fair value and the assumptions used. The section highlights areas which would be helpful for entities to consider when providing the disclosures and a number of recent examples of such disclosures.

Separately, the IASB has noted the clarification made on 30 September by the **Office of the Chief Accountant of the US Securities and Exchange Commission (SEC)** and the staff of the **Financial Accounting Standards Board (FASB)** (available at <http://www.sec.gov/news/press/2008/2008-234.htm>). The clarification is not an amendment of FAS 157 Fair Value Measurements, but rather provides additional guidance for determining fair value in inactive markets. The IASB staff has reviewed the clarification and considers it consistent with IAS 39 Financial Instruments: Recognition and Measurement. The FASB has also published for comment a Proposed FASB Staff Position (No. FAS 157-d) which proposes inserting an additional example into SFAS 157 to provide further guidance on measuring fair value when observable data do not exist, or when observable market information relates to a market that is not active.

ASB responds to IASB on Conceptual Framework

Project Director Seema Jamil-O'Neill explains ASB's views on IASB's recent consultations.

As noted in *Inside Track 56* the IASB and FASB published two separate consultation documents on the conceptual framework project during May 2008:

- an exposure draft of chapters 1 and 2 of the framework on the objectives of financial reporting and the qualitative characteristics of financial reporting; and
- a discussion paper on the reporting entity concept.

The responses were due on 29 September 2008. The ASB has now submitted its responses on these documents which are available on the ASB website. In summary the responses raise the following concerns with the proposals.

ASB response to Exposure draft of Chapters 1 and 2 of the framework

The key concerns on Chapters 1 and 2 of the framework include:

- The piecemeal finalisation of the Framework project as currently proposed by the IASB is likely to lead to an internally inconsistent Framework will not be useful in either one of its purposes – as a backdrop to the standard-setting process or as part of the hierarchy of IFRS;
- The entity perspective is adopted without an in-depth comparison with other possible perspectives (such as the proprietary perspective, the parent shareholder perspective and

other hybrid models). The ASB is concerned that the consequences of adopting the entity approach on the remainder of the Framework may be extensive. For example, there is a link between the stewardship objective and the proprietary view and that by dismissing that view from the Framework entirely may lead to difficulties for entities in providing information in the financial reports that fulfils that objective;

- Boundaries of financial reporting have yet to be considered. The Framework currently applies only to financial statements; to widen its scope to include all financial reporting (which can include corporate annual reports, prospectuses, news releases, managements forecasts, etc) would include fundamentally different things in the scope;
- The concept of “reliability” is replaced by the notion of “faithful representation”. The ASB believes that the term “faithful representation” as defined in the ED is not well understood outside of the United States. The ASB is not in favour of this change, but if “faithful representation” is retained it need more rigorous definition;
- The differentiation between fundamental and enhancing qualitative characteristics is artificial. The ASB believes that which QCs are more important depends on the circumstances and the information being conveyed. The ASB would recommend that this differentiation is removed; and
- The ASB also continues to have concerns with the qualitative characteristic of verifiability which were also raised in its response

to the IASB discussion paper on Chapter 1 and Chapter 2 dated 2 November 2006.

Preliminary views on the reporting entity concept

The key concerns raised in the ASB response to the DP on the reporting entity include:

- The importance of the risks and rewards model to the conceptual framework – the ASB is concerned that by choosing not to develop the risks and rewards model at the conceptual level the IASB will no longer have available a model that in the ASB's view continues to play a key role in providing answers in the more difficult cases, particularly in relation to consolidation;
- The deficiencies in the definition of control – the ASB recommends that the control definition in the DP should make an overt reference to the benefits as well as the exposure to risks that arises from one entity controlling another entity;
- Adoption of the entity perspective – the ASB does not consider that the IASB analysis of the issues and potential implications of adopting this perspective at the expense of the others – proprietary, parent-only – have been sufficiently thought through for a conclusion to be made; and
- Applicability of the decisions in the DP to not-for-profit entities – in particular, the description of the reporting entity and the concept of control need further work before they can be applied to these entities.

Measurement

The ASB is continuing to follow closely IASB developments on the subject of measurement. There are two distinct strands to this work.

- Firstly, IASB is seeking to clarify or amend references for 'fair value' in current IFRS. It has published as a Discussion Paper the US Standard, SFAS 157 'Fair Value Measurements', as a preliminary step to obtain constituents' views as to how this might be done.
- Secondly, the IASB is revising its Conceptual Framework with the aim of converging with its US counterpart and making good some omissions. One of the more important of these omissions is the basis of measurement about which the existing Frameworks have little to say.

The ASB is not convinced that the objective of a market-based exit value is generally appropriate, given that businesses generally transact in markets that are incomplete and imperfect. Market values are therefore often unavailable and the market-based objective may require recourse to purely hypothetical markets. In real world markets there are often significant differences between exit and entry values, and it is therefore necessary for the Framework to justify the choice between these. The ASB's Statement of Principles adopts the 'value to the owner' or deprival value model which provides one framework for thinking about these issues.

Measurement issues cannot be considered in isolation. Because the amount of profit that is recognised in an accounting period must be reflected in assets and liabilities, the view taken on measurement directly affects issues of revenue recognition. There are also links to the project on financial statement presentation, as it is important to differentiate changes on values that simply reflect changes in prices from those that reflect changes in the assets and liabilities themselves. The ASB hopes to publish shortly a paper that sets out its views as to how some of these issues might be approached.

New Project on Income Tax

The ASB is undertaking a joint project with the German standard setter DRSC to look at accounting for income tax from first principles. Some have been critical of IAS 12 'Income Taxes' suggesting that tax accounting is too complex and have questioned the relevance of information about tax effects in the financial report. The project will produce a discussion paper which is intended to inform future development of IAS 12. To support the work of the project, the Boards are establishing an expert panel to provide advice during the development of the discussion paper. It is expected that the Boards will finalise arrangements for the project at their joint meeting on 27 November.

Delay in using the new FRSSSE for small LLPs

In June 2008, the ASB issued a revised version of the Financial Reporting Standard for Smaller Entities (FRSSE) (effective April 2008) to reflect changes in company law arising from the Companies Act 2006. No changes were made to the requirements based upon accounting standards.

The updated FRSSE applies to accounting periods beginning on or after 6 April 2008, the date from which the accounting and reporting regime for smaller companies in the 2006 Act becomes effective. There is however a complication for small Limited Liability Partnerships (LLPs) that are entitled to use the FRSSE in accordance with the Statement of Recommended Practice (SORP) for LLPs that was issued by the Consultative Committee of Accountancy Bodies (CCAB) in March 2006.

The complication arises because specific Regulations have been issued under the Limited Liability Partnerships Act 2000; *Statutory Instrument 2008 No. 1912; The Small Limited Liability Partnerships (Accounts) Regulations 2008*. These Regulations specify the form and content of the accounts of limited liability partnerships subject to the small LLPs regime under Part 15 of the Companies Act 2006 and do not come into force until 1 October 2008.

This means that small LLPs should not use the updated version of the FRSSE (effective April 2008) until accounting periods beginning on or after this date. The requirements in SI 2008 No. 1912 are largely consistent with the company law requirements in the FRSSE but there are some modifications (as there was under the Companies Act 1985 and equivalent legislation in Northern Ireland) to take account of the particular characteristics of LLPs. For this reason, small LLPs that choose to adopt the FRSSE should also ensure they comply with SI 2008 No. 1912.

A footnote to this effect will be included in the company law derivation table that is included on the FRSSE page of the ASB website (<http://www.frc.org.uk/asb/technical/frsse.cfm>).

European Developments

EU Endorsement of IFRS

Any new or revised IFRS or IFRIC Interpretation has first to be endorsed for use in the EU before it can be applied by EU-listed companies in their consolidated financial statements under a process first set out in Regulation 1606/2002, and as amended in Regulation 297/2008 (see *Inside Track* 55).

During October, EFRAG issued its latest report showing the status of endorsement for application in the EU of each IFRS and IFRIC Interpretation. The report can be downloaded from the EFRAG website at: <http://www.efrag.org/news/detail.asp?id=256>.

Currently, the following IASB pronouncements have yet to be endorsed for use in Europe:

Revised IFRS 3 *Business Combinations* (January 2008)

Improvements to IFRS (May 2008)

Amendment to IAS 23 *Borrowing Costs* (March 2007)

Amendments to IAS 1 *Presentation of Financial Statements* (September 2007)

Amendments to IAS 27 *Consolidated and Separate Financial Statements* (January 2008)

Amendment to IFRS 2 *Share-based Payment: Vesting Conditions and Cancellations* (January 2008)

Amendments to IAS 32 and IAS 1 *Puttable Financial Instruments and Obligations Arising on Liquidation* (February 2008)

Amendments to IFRS 1 and IAS 27

Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate (May 2008)

Amendment to IAS 39 *Eligible Hedged Items* (July 2008)

IFRIC 12 *Service Concession Arrangements* (November 2006)

IFRIC 13 *Customer Loyalty Programmes* (June 2007)

IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements, and their Interaction* (July 2007)

IFRIC 15 *Agreements for the Construction of Real Estate* (July 2008)
IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* (July 2008).

EFRAG liaison meeting with the IASB

Twice a year, representatives of EFRAG and the major European standard-setters, including the ASB, meet with IASB Board members to discuss a number of topical issues on the IASB's agenda. The latest meeting took place on 13 October. Among the agenda items was a discussion of the accounting issues arising from the current market conditions and an update on activities under the Pro-active Accounting Activities in Europe (PAAinE) initiative.

National Standard-Setters (NSS) September meeting

As part of the ASB's influencing role, Ian Mackintosh chairs a group of national accounting standard-setters from around the world, plus other organisations that have a close involvement in financial reporting issues. The latest meeting of the group, held on 10 September, was attended by 20 NSS, plus representatives of the International Accounting Standards Board (IASB), EFRAG and the International Public Sector Accounting Standards Board (IPSASB). Among other things, the group agreed to support (a) the publication of a DP on intangible assets, authored by the staff of the Australian Accounting Standards Board (AASB), and (b) a proposal by the ASB and the Accounting Standards Committee of Germany to undertake a research project on accounting for tax (see page 4).

ASB responds on financial instruments complexity

The ASB response to the IASB discussion paper on reducing complexity in the reporting of financial instruments is available on the ASB website. The main points we make are:

- the existing standard is complex, but to some extent this reflects the inherent complexity of financial instruments
- the IASB should not move to its proposed long-term solution of fair value for all instruments without much more analysis
- proposals for how gains and losses are presented in the income statement must be more fully developed before a long-term solution can be found
- the existing standard is therefore likely to remain in place for many years, and it is worth spending time and effort improving it – for example, by simplifying the hedge accounting requirements.

Update on Current P

Related party disclosures

As explained in *Inside Track 56*, the ASB was intending to issue a standard based on the revised IAS 24 before the end of the year to avoid inconsistencies with the amended Companies Act requirements. The IASB has now deferred the issue of the revised IAS 24, and the ASB has accordingly decided to issue an amendment to FRS 8 to bring its definition of related parties into line with the revised Companies Act. This will be effective for financial years beginning on or after 6 April 2008.

Pensions Project

The comment period for the PAA in E discussion paper 'The Financial Reporting of Pensions' closed on 14 July 2008 - over 100 responses have been received on the paper. The ASB considers that its first objective of stimulating debate on the topic has been achieved.

The ASB considered a preliminary summary of responses to the Discussion Paper at its meeting on 4 September 2008. At this meeting the ASB decided it should structure its deliberations by reviewing the proposals in the discussion paper on a "chapter-by-chapter" basis. The Board has yet to agree on how it should structure its report following its redeliberations.

Consolidation

The International Accounting Standards Board (IASB) is taking forward work on developing an Exposure Draft of an International Financial Reporting Standard (IFRS) to replace IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities.

The IASB started its consolidation project five years ago. Recently work has been accelerated as a consequence of the credit crisis. The project now aims to:

- address the definition of control. The objective here is to combine IAS 27 and SIC-12 into a single, control-

based standard, whilst at the same time clarifying and improving the definition of 'control'; and

- enhance disclosures about consolidated and non-consolidated entities.

The IASB is proceeding on the premise that IAS 27 and SIC-12 are not fundamentally flawed and the principles underpinning the requirements are sound. In developing a new IFRS the IASB aims to provide clearer principles and improved application guidance than is currently provided, and to improve the quality of disclosures about the legal entities that, correctly, are not consolidated but which generate some risks for the reporting entity (and are not within the scope of IFRS 7 Financial Instruments: Disclosures).

In providing clearer principles and improved application guidance the IASB staff are focusing on the recognition principle to be included in a future ED. The aim of the definition of control is to enable parent entities to identify subsidiaries to be included in the consolidated financial statements. It is therefore essential any future IFRS includes a clear definition of control that is sufficiently robust to capture the entities a parent controls. Simultaneously, the definition must not be too wide.

In relation to improving disclosures the IASB is focusing on three areas:

- (i) judgements made by management to consolidate or not consolidate an entity;
- (ii) a concern that the consolidated financial statements (which present the resources on individual entities as a single entity) do not provide sufficient information about restrictions (competing claims) on the assets and liabilities of individual entities; and
- (iii) the nature and risk arising from off-balance sheet relationships, particularly in respect of

arrangements that have "come back onto the balance sheet".

Annual Improvements

The IASB released Exposure Draft (ED) 'Improvements to IFRSs' in August with the comment period closing 7 November. The ED proposes a number of amendments including:

- the scope of IFRS 2 'Share-based Payment' on joint control and common control transactions;
- disclosure requirements for non-current assets classified as 'held for sale' or 'discontinued operations' under IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations';
- classification of expenditures on unrecognised assets under IAS 7 'Statement of Cash Flows';
- determining whether an entity is acting as a 'principal' or 'agent' in determining revenue under IAS 18 'Revenue';
- establishing the unit of accounting for impairment testing of goodwill in IAS 36 'Impairment of Assets';
- consequential amendments to IAS 38 'Intangible Assets' arising from the IFRS 3 'Business Combination' and also measuring the fair value of intangibles acquired as part of a business combination;
- a number of amendments to IAS 39 'Financial Instruments: Recognition and Measurement' – scope exemption for business combination; application of fair value option; cash flow hedge accounting and bifurcation of foreign currency derivatives.

The ASB is currently reviewing the amendments and will submit a response to the IASB shortly. The ASB will also consider what consequential amendments will need to be made to UK GAAP once the IASB has finalised its improvements.

Earnings per Share

The IASB issued an Exposure Draft 'Simplifying Earnings per Share' – proposed amendments to IAS 33 in August 2008; inviting comments by

Projects

5 December 2008. The aim is to achieve greater convergence with the US on earnings per share and also to introduce some simplifications to the calculations.

The Exposure Draft was discussed at the September ASB Board meeting. Board members had concerns on the relevance of the standard and whether the proposals are in fact simplifications. It was agreed that the Board should not propose amendments to FRS 23 at this stage but would comment on the IASB's Exposure Draft.

IFRS for Private Entities (small and medium-sized entities)

The IASB have concluded its redeliberation of the proposals in the exposure draft of a proposed IFRS for Private Entities

The IASB will discuss the remaining issues in October and November. The main outstanding issues relate to restructuring the financial instruments section, concepts and pervasive principles, classification of equity and debt, measurement of equity settled share-based payments, accounting for defined benefit plans, impairment of goodwill, income taxes and lessee recognition of rent expense under an operating lease. In addition, at the meeting in September 2008 some IASB members suggested that they should revisit, at a future meeting, several of the tentative decisions made during redeliberations, including the name of the standard, consolidation, amortisation of indefinite-life intangibles, and recognition of actuarial gains and losses.

IASB staff plans to complete a ballot draft of a final IFRS for Private Entities by the end of 2008. The standard is expected to be published in the first half of 2009.

Hedge Accounting

In July 2008 the IASB issued an amendment to IAS 39, 'Eligible Hedged Items', to clarify how the principles

that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. It also decided upon an effective date of 1 July 2009, and that the amendments should be applied retrospectively.

The ASB recently agreed to amend FRS 26 in order to maintain the equivalence between FRS 26 and IAS 39, and plan to issue the amendment in November 2008.

Extractive Industries

At its September meeting the IASB had a final education session for the extractive industries research project. The Board considered a disclosure model for extractive industries and issues related to the drafting of the discussion paper, which is expected before the end of 2008. The paper will contain the views of the project team rather than the Board.

It was noted that the project team's disclosure proposals were not identical to the recent SEC proposals for Modernization of the Oil and Gas Reporting Requirements and that the discussion paper should request feedback on this matter.

Leasing

In July the IASB and FASB agreed to proposals to develop a new standard for lessee accounting based on applying the current finance lease model to all leases. The present split between operating and finance leases would be removed. Some modifications of the finance lease model would be considered for leases that contained options for extension or termination, and for leases that included contingent rentals. No changes would be considered for lessor accounting and the current standards would continue to apply to lessors. A discussion paper is planned to be issued by the end of the year, and a draft of this was discussed at the IASB/FASB leasing working group in early October.

UITF and IFRIC Update

UITF Update

Abstract based on IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'

At its meeting on 17 September the UITF unanimously approved an Abstract based on IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'. It was agreed the implementation date for the Abstract should be consistent with IFRIC 16.

IFRIC Update

D24 - Customer Contributions

At its meeting in September 2008 the IFRIC discussed D24 'Customer Contributions'. The IFRIC will consider a revised draft of the Interpretation at its meeting in November 2008. The IFRIC have tentatively decided to amend the draft Interpretation as follows:

- (i) to provide guidance based on the Framework and exiting IFRS as to who controls the asset contributed; and
- (ii) when an entity concludes it should recognise an asset to provide guidance on how to account for the resulting credit balance by identifying the different components of a single transaction in accordance with IAS 18.

D23 - Distribution of non-cash assets to owners

IFRIC concluded its redeliberations on D23 - Distribution of non-cash assets to owners at its September meeting and approval an Interpretation subject to the IASB approval and final drafting.

The main changes from D 23 relate to:

- clarifying the scope of the Interpretation with respect to common control transactions;

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UITF and IFRIC Update

Continued

- specifying the measurement of the dividend payable without attributing the requirement to a particular standard and therefore also modifying the disclosure requirements;
- providing additional rationale for the conclusion that the settlement gain should be included in profit or loss;
- adding guidance on when to recognise the dividend payable; and
- adding the proposed amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. D 23 requires the dividend liability to be recognised at the fair value of the assets to be distributed.

Regulatory assets and liabilities

IFRIC decided to consider a paper at its next meeting addressing whether to take a project on regulatory assets and liabilities on to its agenda.

Customer related intangible assets

IFRIC agreed to consider the question of customer-related intangible assets, and particularly how to identify non contractual customer relationships. The IFRIC noted that this project may not necessarily lead to an Interpretation but might lead to improved application guidance through the annual improvements process.

SORPs Update

Local Authorities

The CIPFA/LASAAC proposal for the Code of Practice for Local Authority Accounting in the UK (the Code) to move to a FRAB based governance arrangement has now been approved by Ministers. This extension of the Financial Reporting Advisory Board's remit takes place with immediate effect and will apply to the 2010-11 Code onwards.

The transitional arrangements involve the 2009 Code being the last to have SORP status and ASB oversight. In parallel with work on preparing the 2009 SORP, CIPFA/LASAAC has also started preparing the new IFRS based Code for 2010-11 and will operate under FRAB linked terms of reference for this part of its work.

Charities

The Charity Commission and the Office of the Scottish Charity Regulator, as the joint SORP making body for the charity sector, are taking forward a research programme to learn from stakeholders how the next Charities SORP could better reflect their needs in reporting and accounting. Following the Stakeholders' Forum that was held on 25 April, the next phase of the research project involving a series of roundtable events between September 2008 and March 2009 is now underway.

Further information on the roundtable events is available on the Charity Commission website at <http://www.charity-commission.gov.uk/investigations/sorp/comresearch.asp>

People

Mario Abela has joined the ASB staff as a project director.

Further Information

For further information on any of these topics please contact Simon Peerless at Aldwych House.

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**ACCOUNTING
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ISSN 1360-1342

a part of the 
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Registered in England number 2486363.
Registered Office: 5th Floor, Aldwych House, 71-91 Aldwych, London WC2B 4HN.