

In the April 2007 issue

- ASB consults on ED of IFRS for SMEs
- ASB responds to IASB on fair value
- Pensions project developments

ASB consults on proposed IFRS for SMEs

Project Director Peter Godsall reports on the publication by the IASB of an Exposure Draft of an IFRS for Small and Medium-sized Entities (SMEs) and outlines the ASB's own consultation and next steps.

In February the International Accounting Standards Board (IASB) published an Exposure Draft (ED) of its proposed International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). The IASB is seeking comments to 11 questions to be submitted no later than 1 October 2007.

The IASB is developing the IFRS for SMEs to:

- provide high quality, understandable and enforceable accounting standards suitable for SMEs globally;
- reduce the financial reporting burden on SMEs that want to use global standards; and
- meet the needs of users of SME financial statements.

The IASB uses the term 'SMEs', but in fact defines them as entities that (a) do not have public accountability and (b) publish general purpose financial statements for external users.

The ED has been eagerly awaited and is already provoking a good deal of reaction.

Given the importance of the document, the ASB is issuing in April 2007 the ED of the IFRS for SMEs in full for consultation together with an accompanying ASB invitation to comment (ITC) on the ED and the potential implications for UK and Irish entities. The ASB is publishing this ITC for two reasons: a) to help inform its response to the IASB on the SME document; and b) to receive further feedback from constituents as to how the SME document might fit into the Board's strategy for convergence of UK standards with IFRS (last reported on in *Inside Track* 49).

To help constituents, the ITC provides an analysis of the significant differences between UK GAAP and the proposed IFRS for SMEs and an analysis of the significant differences between the ASB's existing Financial Reporting Standard for Smaller Entities

(FRSSE) and the proposed IFRS for SMEs it also makes reference to the significant differences between full IFRS and the IFRS for SMEs - as published in the Basis of Conclusions of the IASB's ED.

The ASB is of the opinion that there are three main implications that need to be considered by constituents. Firstly, constituents need to consider what other role the IFRS for SMEs may play within the ASB's convergence project i.e. is it suitable for a mid-tier of companies above the current range for the FRSSE but below those currently required to apply full IFRS? Secondly, is the IFRS for SMEs an appropriate replacement for the FRSSE? Finally, if the IFRS for SMEs is to be considered a suitable basis for middle tier companies, or as a replacement for the FRSSE, what changes should to be made? The ASB is inviting constituents' views by 31 July 2007. The document is available on the website at www.frc.org.uk/asb.

Continued ...

ASB consults on proposed IFRS for SMEs

Continued

In summary, the ASB's previous tentative decision on UK convergence was to support a two-tier approach, with the lower level potentially (and ideally) being based on the outcome of the IASB's IFRS for SMEs project. Consequently, the ASB has decided to defer any final decisions on convergence until feedback from the above ITC has been analysed and discussed by the ASB; at which time a judgement can be made as to whether or not it is suitable for the needs of the UK and Republic of Ireland.

As part of the consultation process, the ASB is participating in a number of public roundtable meetings to discuss the IASB's proposals and their implications. The first of these meetings, organised with the Institute of Chartered Accountants of Scotland (ICAS), took place in March in Edinburgh, and further events are planned in London in May (at the Institute of Chartered Accountants in England and Wales) and in Dublin in June (at the Institute of Chartered Accountants in Ireland).

Measurement

The ASB responds to IASB's November 2006 Discussion Paper (DP) 'Fair Value Measurements'

As reported in *Inside Track 50* the DP sets out the text of an American standard, SFAS 157 and IASB's preliminary views on certain of the issues that arise. The purpose of the DP is to codify, clarify and simplify existing guidance in IFRS, rather than propose any extension of the use of fair value for financial reporting purposes, but it does have implications for the wider debate on measurement that has now been started as part of the IASB-FASB joint project on the conceptual framework (see page 4).

Given the fundamental importance to financial reporting of the basis of measurement to be used, on 5 March the ASB took the unusual step of publishing on its website for comment a draft of its response to the DP. Responses to that draft have been taken into account in the ASB's formal response to the IASB, which can be accessed from 4 May at www.frc.org.uk/asb.

The ASB's response highlights a number of key messages:

- it acknowledges that the text of SFAS 157 might be useful as a methodology for determining market-based exit prices, but questions the assumption that fair value should always be equated with exit value;
- it recommends that how the appropriate basis of value is reflected in IFRS should be considered standard by standard;
- it questions the assumption that fair value should always be assessed from the perspective of a market participant rather than that of the entity; and
- it recommends that more prominence be given to the importance of entity-specific measures.

National Standard-Setters (NSS) meeting in March

As part of the ASB's influencing role, on 24-25 March ASB Chairman Ian Mackintosh chaired a meeting of National Standard-Setters (NSS) in Hong Kong. Delegates from 15 countries plus EFRAG and the IASB attended. In addition, representatives of standard-setters from a number of other countries observed the meeting. The meeting was very successful and generated some good discussion on a range of topical issues, a number of which are reported on elsewhere in this edition of *Inside Track*, including the ED of the IFRS for SMEs, the conceptual framework and a number of the PAAinE projects. The aim of the group is to facilitate research into accounting issues and to exchange ideas on that research.

EFRAG Meeting with IASB

On 17 April, an EFRAG delegation, including representatives from the ASB, met with IASB Board members to discuss a number of topical issues on the IASB/FASB convergence agenda. The observer notes for the meeting can be accessed via the IASB's website www.iasb.org. The meeting included discussions on revenue recognition, the equity/liability distinction, business combinations, the conceptual framework project and measurement.

Pensions

As reported previously in *Inside Track*, the ASB is undertaking a major research project into accounting for pensions. Project Director Hans Nailor outlines the latest developments.

A number of discussion summaries have recently been added to the ASB website: <http://www.frc.org.uk/asb/technical/projects/project0065.html>. They are staff papers that represent work-in-progress towards a discussion paper and set out various viewpoints that have been discussed by the advisory groups on the following topics (these are not official views of the ASB).

Measurement of liabilities to pay benefits

This paper discusses the measurement principles used elsewhere in accounting for liabilities and suggests that the most relevant attributes for pension liabilities are a current value and a 'settlement amount' (reflecting a measure of the cash outflows needed now or in the future to settle the liability). The paper then evaluates a number of possible measurement bases (fair value, current settlement amount and regulatory measures of the liability) and includes a discussion of alternative views on whether or not the measurement of the liability should reflect the risk that the promised pension will not be paid if the sponsoring employer becomes insolvent. The staff believe that the discussion of underlying measurement principles will inform the ongoing discussions in the advisory groups

about an appropriate discount rate when a present value measurement is required.

Measurement of assets held to pay benefits

Some argue that the practice of representing assets at market values on a single date is a questionable way of representing the long-term values of assets that are held to provide funds for long-term liabilities. Accordingly, they argue that the model drives entities to take decisions about funding and investment strategy (and perhaps benefits) that they would not otherwise have taken (and, it is sometimes claimed, they ought not to have taken). The paper considers, but does not accept, the arguments for using an entity-specific (or actuarial) value for assets that are traded on active markets.

One of the limitations of accounting, particularly in the context of retirement benefits, is that any accounting measure can only provide a snapshot of the financial position at a point in time. Most would agree that single point values for assets and liabilities – no matter how they are measured – cannot tell a sufficiently full story about either item, or about the dynamic of the relationship between them. In addition, a single accounting measure cannot itself provide the information that is necessary for a user to understand what the risks are from the promises that have been made or the assets that have been set aside to cover them. For example, a measure of an asset or liability at a certain date does not give any indication as to how it might change in the future. For this reason, the project is considering concurrently the adequacy of disclosures necessary to support the accounting measures that are required at the balance sheet date.

Consolidation of retirement benefit funds

This paper addresses the question of whether liabilities to pay benefits and assets that are held to settle them, which belong to a separate entity, should be consolidated by the employing entity. It suggests that the present 'blanket exemption' that exempts retirement benefit funds from being consolidated should be reconsidered in the light of the principles for consolidation that emerge from the IASB's project on consolidation. For example, if consolidation were determined by reference to control, there seems little justification for not consolidating a retirement benefit fund that an entity controls.

Reporting changes in assets and liabilities

This paper concludes that corridor and deferral mechanisms, as allowed by IAS 19, are inappropriate. It also challenges both the special accounting treatment given to actuarial gains and losses on liabilities (suggesting that changes in estimates of pension liabilities should be reported in profit and loss) and the concept of recognising only the 'expected' return on assets in the profit and loss account. It begins to explore how remeasurements of items from prior years might be presented in order to facilitate analysis of each year's current performance.

Pension scheme reporting

This paper explores some fundamental issues such as the purpose and main users of pension scheme reports.

Update on Current

Conceptual Framework

As reported previously in *Inside Track*, the IASB and FASB are developing a common conceptual framework that they can both use in preparing new and revised accounting standards.

The first Discussion Paper (DP) was issued in July 2006, setting out the preliminary views of the two Boards on the objective of financial reporting and the qualitative characteristics of decision-useful financial reporting information. In recent months, the Boards have been considering the responses to that DP, with the aim of issuing an Exposure Draft (ED) in the third quarter of 2007.

The Boards are taking forward work on a number of other phases of the project; for example, a DP on the reporting entity is scheduled to be issued during the second quarter of 2007. In addition, work has begun on the measurement phase of the project, with a series of public roundtable meetings, one of which was held in London at the end of January, in which the ASB participated.

As reported previously, the ASB continues to work with the standard-setters in Australia, Canada and New Zealand (the 'Group of Four') to monitor the implications of the IASB/FASB project for public-benefit entities. In addition, the International Public Sector Accounting Standards Board (IPSASB) has started a project on a conceptual framework for the public sector, in which ASB staff are participating. The ASB is leading the work on developing proposals on the objectives of public sector financial reporting.

Leases

The IASB and FASB have commenced deliberation on their joint project for a revision of the leasing standards. The Boards considered an analysis of the assets and liabilities arising in a simple lease contract. They agreed that the 'right of use' model, where the lessee recognises an asset representing its right to use the leased item for the lease term and a corresponding liability for the lease rentals, whatever the term of the lease, was the only approach which recognised assets and liabilities that corresponded to the conceptual framework definitions. Staff were asked to develop this model further.

In February the ASB held a joint roundtable with the Finance Leasing Association (FLA) to discuss the IASB project and the proposed new approach. A summary of the discussion at the meeting is available on the ASB's website at <http://www.frc.org.uk/asb/about/pub1216.html>.

Insurance

The IASB is shortly expected to issue its discussion paper on insurance contracts. This will set out proposals for a radical change in the way insurance business is accounted for, and would apply to all types of insurance, both general and life. It proposes a move to current values for all insurance liabilities, and would have a very significant effect for some types of insurance:

- general insurance liabilities would need to be based on best estimates of claims outcomes, taking account of current market-based risk margins and discount rates, rather than the present basis; and
- life assurance, although measured using a prospective calculation

similar to that currently adopted by larger insurers, would also need to incorporate risk margins and other variables based on market rates.

The ASB will be considering the implications of the DP for insurance accounting in the UK, which is currently governed by the Companies Act, the Statement of Recommended Practice (SORP) on insurance business issued by the Association of British Insurers (ABI), and FRS 27 'Life Assurance' or, for those insurance entities adopting international standards, IFRS 4 'Insurance Contracts'.

Earnings per share

The IASB is considering an amendment to IAS 33 'Earnings per share' relating to the dilutive effect of options and warrants that are classified as liabilities. These would be excluded from diluted earnings per share as the fair value adjustments recognised on these instruments is a better reflection of the dilutive effect. One purpose of the amendment is to achieve convergence with the FASB on this issue, and the proposals replace previous decisions to amend the treasury stock method of calculating diluted earnings per share. An exposure draft is expected later this year. Given that FRS 22 'Earnings per share' is fully converged with IAS 33, the ASB will consider making the same amendment.

Financial Statement Presentation

The IASB has redeliberated its proposals on the first phase of this project, set out in an exposure draft in 2006; the main proposals have been confirmed, including the requirement for all non-owner changes in equity

Projects

in the period to be included in either a single statement of performance, or in a two statement form, an income statement and a separate statement of other income and expenditure. A final standard on this aspect of the project is expected in the second quarter of 2007.

Borrowing costs

The IASB has issued an amendment to IAS 23 *'Borrowing Costs'*, the main effect of which is to remove the option of expensing borrowing costs relating to the period of production of an asset. As previously stated in *Inside Track 49*, the ASB does not intend to amend the corresponding UK standard, FRS 15 *'Tangible Fixed Assets'* as this is not a converged standard.

Amendment to FRS 20 (IFRS 2) *'Share-based Payment'*

The IASB will shortly be issuing in final form an amendment to IFRS 2 to clarify the treatment of a cancellation of share options by the holder – such as the decision in a Save-As-You-Earn (SAYE) scheme to cease contributions. The ASB proposed an equivalent amendment to FRS 20 as an exposure draft in March 2006, and will consider whether to make a corresponding amendment to FRS 20.

The Board has considered whether to amend FRS 20 to provide relief to subsidiaries that grant options over the equity shares of their parent and, under Urgent Issues Task Force (UITF) Abstract 44, account for these as cash-settled transactions. This followed concerns that companies faced the burden of having to calculate the cost of the share-based transaction for the subsidiary on a basis different from that at which it was measured in the group financial statements.

The ASB has decided not to make an amendment, noting that the benefits of keeping FRS 20 and IFRS 2 aligned outweigh the costs. While an exemption would represent a cost saving for certain companies, it would apply only to the minority of cases where the substance of the arrangement was a grant of options by the subsidiary itself. It would not affect those arrangements where the grant was made by the parent; in such cases there is no additional burden.

Amendment to IFRS 1 *'First-time adoption of International Financial Reporting Standards – Cost of Investment in a Subsidiary'*

In January the IASB issued the above Exposure Draft (ED) which aims to provide relief from difficulties on first-time adoption of IFRS. IFRS 1 requires the cost of an investment in a subsidiary to be measured in accordance with IAS 27 *'Consolidated and Separate Financial Statements'*. IAS 27 requires that distributions received in excess of post-acquisition profits be recognised as a reduction of the cost of the investment – there is no similar requirement in UK financial reporting standards. As a consequence some UK entities have experienced significant difficulties in restating the cost of investments on transition to IFRS.

The ED proposes that a parent entity may use a deemed cost at the date of transition to IFRS instead of restating its cost in accordance with IAS 27. The IASB considered three options for determining deemed cost, these include:

- i cost of the investment under previous GAAP;
- ii the parent's interest in the carrying amount of the subsidiary's net assets using the carrying amounts in accordance with IFRS; and
- iii the fair value of the investment.

The IASB decided not to propose option one above, because it considered that it would provide less useful information than the other two methods proposed.

The ASB's response to the ED welcomes the decision to propose relief. The ASB, however, considers that the root of the problem is the cost method in IAS 27 and would have preferred to see an amendment to IAS 27. The response also asks the IASB reconsider its decision to reject option (i), noting that it considers the proposal to use the previous GAAP amount is consistent with relief in IFRS 1 not to apply IFRS 3 *'Business Combinations'* retrospectively. The response can be accessed via the ASB's website at: www.frc.org.uk/asb.

Business Combinations

The IASB is continuing its redeliberations of its proposals to amend IFRS 3 *'Business Combinations'* and plans to issue a revised standard later this year. The IASB has previously agreed the revised standard will include the principle that all components of a business combination, including non-controlling interests, will be measured at fair value. At its March meeting the IASB agreed a proposed relief from the principle to measure non-controlling interest at fair value, where this would cause undue cost and effort for an entity.

Other ASB projects

Amendment to Financial Reporting Standard (FRS) 3

In March, the ASB issued an ED proposing a limited amendment to FRS 3 '*Reporting Financial Performance*', proposing clarifications to the application of the requirements of the standard in relation to the treatment of gains and losses on remeasurement and derecognition of certain financial instruments for entities within the scope of FRS 26 '*Financial Instruments: Recognition and Measurement*' and FRS 23 '*The Effects of Changes in Foreign Exchange Rates*'. As the amendment is intended to clarify the application of standards already in force, the proposals were exposed for a short comment period ending on 27 April. The responses are currently being considered.

Proposed Interpretation of the Statement of Principles

As reported previously in *Inside Track*, the ASB is aiming to publish an '*Interpretation of the Statement of Principles for Financial Reporting for Public Benefit Entities*'. The Exposure Draft that was published in August 2005 attracted over 70 responses and, whilst there was general support for the project, some concerns were raised, particularly in respect of the proposed interpretations for commitments to provide public benefits and accounting for capital grants.

The Board, as advised by its Committee on Accounting for Public-benefit Entities (CAPE), has considered further those parts of the proposed Interpretation dealing with these issues as well as other issues raised by respondents to the Exposure Draft, such as accounting for donated

goods and services and business combinations.

The Board is hoping to publish a final version of the proposed Interpretation in the next few months.

Half-Yearly Financial Reports

In February, the ASB issued an ED of a Statement '*Half Yearly Financial Reports*', which is designed to provide guidance for entities that are required or voluntarily choose to prepare half-yearly financial reports. The ED can be accessed on the website via: <http://www.frc.org.uk/asb/press/pub1262.html>.

The ED updates the ASB's 1997 Statement '*Interim Reports*', in particular following the implementation in the UK of the EU Transparency Directive through the Financial Services Authority's (FSA) Disclosure and Transparency Rules (DTR). The FSA has made clear in the DTR that UK issuers reporting under UK GAAP can satisfy the requirement for the half-yearly financial statements to give a true and fair view by a statement that they have been prepared in accordance with pronouncements by the ASB.

The ASB decided to revise its 1997 Statement and rename it '*Half Yearly Financial Reports*' to reflect the requirements of the DTR. Other than that, the ASB has sought to make the minimum number of changes necessary, including changes in terminology. The ASB has adopted this approach in order to have revised guidance prepared in time for the first round of half-yearly financial reports that have to be prepared to meet the requirements of the DTR. The ASB is, however, also seeking views on a proposal to add a longer-term project to its agenda on interim financial reporting.

The comment period for responses closes on 14 May 2007.

UITF issues Abstract 45

In February, the ASB issued Abstract 45 '*Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*'.

The Abstract, which is based on IFRIC 6, gives guidance on accounting for liabilities for waste management costs under the EU Directive on waste electrical and electronic equipment (the WEEE Directive). The UK Regulations implementing the WEEE Directive (S.I. 2006 No.3289 '*The Waste Electrical and Electronic Equipment Regulations 2006*') entered into force in January 2007.

The Abstract addresses a model of attributing waste management costs where an individual producer's obligation arises from its participation in the market during each measurement period. The consensus is that the obligating event giving rise to a liability for waste management costs is participation in the market during a measurement period, i.e. a period in which market shares are determined for the purposes of allocating those costs. This model is applied in the UK Regulations in respect of waste from private households.

The UITF reminds entities to consider disclosure – for example, in the business review part of the directors' report or in an Operating and Financial Review – of information about the effect of future obligations for waste management costs that is relevant to assessing the entity's future performance and financial position.

European Developments

Pro-active Accounting Activities in Europe (PAAinE)

In 2005, the European Financial Reporting Advisory Group (EFRAG) and European National Standard-Setters (NSS) agreed to work more closely together on a number of projects under the PAAinE initiative. The ASB is leading the work on the PAAinE project on pensions accounting (see page 3). Progress on a number of other projects is outlined below.

Discussion Paper (DP) 1 – Conceptual Framework

The work on this project is being led by the French standard-setter, the CNC. As reported in *Inside Track 50*, a first DP 'The Conceptual Framework: Starting from the Right Place?' was issued towards the end of 2006. The DP covers some fundamental questions that the authors believe should be considered by the IASB and FASB in their conceptual framework project (see page 4), in particular: what is the purpose and status of the Framework?; which users should the Framework focus on?; which entities should come within the Framework?; and what should be the scope of financial reporting?

Responses to the DP, including that from the ASB, can be accessed via the EFRAG website at: <http://www.efrag.org/projects/detail.asp?id=59>.

DP2 - Performance Reporting

In November 2006, the second PAAinE DP 'The Performance Reporting Debate: What (if anything) is wrong with the good old income statement?' was published, having been prepared jointly by the staff of EFRAG and the Spanish standard-setter, ICAC.

The paper identifies and analyses the arguments of those who believe that fundamental changes are needed to the existing performance reporting model, and also explains the reasoning of those who believe such changes are not needed. The paper does not reach any conclusions on the issues, but it sets the scene for a subsequent paper that will explore the underlying issues involved

in greater detail. The comment period ended on 31 March 2007. The ASB provided comments and in its comment letter welcomed the DP, although it noted that no reference to the UK's Financial Reporting Standard (FRS) 3 'Reporting Financial Performance', which is relevant to the performance reporting debate, had been made.

Responses to the DP, including that from the ASB, can be accessed via the EFRAG website at: <http://www.efrag.org/projects/detail.asp?id=54>.

Revenue recognition

EFRAG and the German standard-setter, the DRSC, are developing a DP that considers two broad approaches to revenue recognition:

- 'critical event' approaches that involve recognising no revenue under a contract until a particular event or threshold in the contract (the critical event) has been reached; and
- the 'continuous' approach, where revenue is recognised continuously over the course of the contract as the contract progresses and the entity performs.

The DRSC has concluded that the continuous approach offers a solution for overcoming the problem of conceptual inconsistencies in current accounting standards and would propose extending the application of such a 'percentage of completion method' to all kinds of transactions, not just long-term construction contracts. Others take a different view. The plan is for the DP to be issued shortly, which will help to bring the debate to a wider audience.

Differentiating liabilities and equity

EFRAG and the DRSC have also been developing a DP proposing a different way of differentiating between liabilities and equity.

The suggestion is that a 'loss absorption capital' approach should be investigated. This focuses on a single attribute of the intuitive concept of

equity – that it is available to absorb losses without the entity going into default or bankruptcy.

The proposals are not fully worked through and are put forward as a starting point for further development rather than as a finished product. The approach was considered by the IASB and FASB at their joint meeting in April.

EU Endorsement of IFRS

The process for the adoption of IFRS for use in the EU is becoming more complicated, with two new developments. The first is the setting up of a Standards Advisory Review Group (SARG), whose task is to advise the European Commission on the objectivity and neutrality of EFRAG's advice on the endorsement of IFRS.

The second concerns the introduction of the so-called 'regulatory procedure with scrutiny', which will give the European Parliament (EP) more powers to scrutinise proposals to adopt IFRS and to block any such proposal on the grounds that it (i) is not compatible with the aim or the content of the basic instrument (ie EU Regulation 1606/2002) or (ii) does not respect the principles of subsidiarity or proportionality under the Treaty. The EP has three months to scrutinise any proposal. This new procedure will start once an amendment to Regulation 1606/2002 has been passed by the European Council and the EP. It remains to be seen how it will operate in practice, but it will lengthen the time taken for any new or amended IFRS to be adopted for use in Europe.

On one specific endorsement issue, EFRAG has now (with ASB support) given positive advice to the Commission on the adoption in the EU of International Financial Reporting Interpretations Committee (IFRIC) on 'Service Concession Arrangements' (IFRIC 12). This remains a controversial issue, which is currently being considered by the EU Accounting Regulatory Committee (ARC).

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.

Pension Scheme Accounts

The Pensions Research Accountants Group (PRAG) issued an exposure draft of a revision to their SORP on pension scheme accounts for comment by 21 March and is currently analysing comments received.

Local Authorities

The comment period for the exposure draft of the 2007 Local Authority SORP closed on 14 February 2007. The draft SORP includes proposals for applying the financial instruments standards (FRS 25, FRS 26 and FRS 29) to all local authorities.

The CIPFA/LASAAC Joint Committee is currently considering the comments raised by over 100 respondents to the exposure draft with a view to submitting a final draft of the 2007 SORP for ASB approval in June 2007.

Charities

With the next update of the Charities SORP expected for 2009, the new Charities SORP Committee is taking forward work that may result in an Information Sheet for SORP 2005 that will clarify interpretational issues such as accounting for grants, the allocation of bank interest and other finance costs; and the relevance of the business review. The Information Sheet is not intended to amend SORP 2005 and therefore does not require consultation or ASB endorsement.

Registered Social Landlords

Following consultation on an exposure draft for an update to the RSL SORP, the RSL SORP Working Party is considering whether to issue a further invitation to comment on the proposed accounting requirements for shared ownership sales and mixed tenure development. A further consultation, which would allow a three month comment period, would delay publication of the SORP update until the end of 2007.

Higher and Further Education

The comment period for the exposure draft for an update to the HEFE SORP closed on 13 April 2007. The exposure draft aims to provide enhanced guidance in key areas such as income recognition and retirement benefits. It also brings the SORP up to date in terms of considering accounting standards that have been issued since the current SORP was published in July 2003.

The Universities UK SORP Board is currently considering responses to the exposure draft with a view to an updated SORP being published in July 2007.

Further Information

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

Email: d.loweth@frc-asb.org.uk

The Board's Publications

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

FRC Publications

145 London Road
Kingston upon Thames
KT2 6BR

Tel: +44(0) 20 8247 1264

Fax: +44(0) 20 8247 1124

Email: customer.services@cch.co.uk

Website: www.frcpublications.com

Accounting Standards Board

5th Floor
Aldwych House
71-91 Aldwych
London WC2B 4HN

Tel: +44(0) 20 7492 2300

Fax: +44(0) 20 7492 2301

Website: www.frc.org.uk/asb



**ACCOUNTING
STANDARDS
BOARD**

People

Edward Beale has been appointed as a member of the ASB. Edward is Chief Executive of City Group plc which provides outsourced company secretarial and head office finance services to small listed companies.