INSIDE TRACK 43

ACCOUNTING STANDARDS BOARD

**In the April 2005 issue**



# ASB consults on its future role

On 16 March the ASB published an Exposure Draft of its Policy Statement 'Accounting Standard-setting in a Changing Environment: The Role of the Accounting Standards Board'. The Exposure Draft sets out the ASB's views on its future role.

With the advent of 2005, the environment for accounting standard-setting has changed dramatically. The draft Policy Statement argues that the most significant future role of the ASB will be in contributing to the development, with the International Accounting Standards Board (IASB) and others, of a set of high quality global accounting standards. The ASB has the capacity as an established national standard-setter to be a valuable source of accounting thought and insight for the IASB and an influential voice in debates on new accounting standards.

The ASB believes that its fundamental aim remains appropriate:

*To contribute to the establishment and improvement of standards of financial accounting and reporting for the benefit of users, preparers and auditors of financial information.*

Supporting this aim the ASB has identified its major activities as:

(a) contributing to the development and implementation of International Financial Reporting Standards (IFRS);
(b) influencing European Union policy on accounting standards, including the endorsement of IFRS;
(c) achieving convergence of UK accounting standards with IFRS;
(d) improving other aspects of UK accounting standards;
(e) improving communication between companies and investors, including developing and implementing standards for the OFR.

Effective communication goes to the heart of the ASB's policy; including communication with IASB, other national standard-setters, EFRAG and constituents.

In relation to influencing the IASB the ED suggests the ASB has a role as the natural focus for a debate on accounting issues in the UK. A two-way dialogue with UK constituents will allow the ASB to formulate its own views on IASB proposals, but also reflect on the views and concerns of UK constituents. The ASB can then provide its comments to the IASB in a constructive manner that also demonstrates an understanding of IASB thinking, as a result of its continual contact with IASB at various levels.

The ASB also provides a focus for a UK voice in Europe. For example the ASB is actively involved in EFRAG's research-type projects and will work with other European standard-setters to share views and support the development of these projects.

The Board will work towards the convergence of UK accounting standards and IFRS, with a current aim of bringing UK standards fully into line within a period of 3-4 years. This process has already started and the ASB's Technical Plan (also published on 16 March) sets out in detail the publications expected for the remainder of 2005 and the strategy the ASB plans to adopt in relation to the

*Continued ...*

# ASB consults on its future role

*continued*

introduction of other UK IFRS-based accounting standards. However, the ASB will not commit itself, as a matter of policy, to converging with all IFRS, although any exceptions are expected to be extremely rare.

In setting UK IFRS-based accounting standards the ASB may vary the requirements from those in the equivalent IFRS, where it is justifiable to do so. This will generally involve making a standard more appropriate for the entities that have to apply it, or giving a later implementation date. However, this will not result in multiple sets of accounting standards for different classes of entities: the standards will all be based on the same core set of principles: only in relatively minor respects (such as disclosure) will the requirements differ.

The ASB has also set out its thoughts on the future of its SORP regime, how the process of dealing with urgent issues might change and the development of reporting standards for other area of corporate reporting complementary to financial reporting.

Comments on the draft Policy Statement are requested by 15 September.

Comments are also welcome (at any time) on the Technical Plan, which will be regularly updated. It includes 'Expected publications in 2005' which is reproduced on this page. The full Technical Plan is available from the ASB's website at www.frc.org.uk/asb/technical/techplan.cfm.

Separately, the IASB is consulting on a draft Memorandum of Understanding on the role of national standard-setters and their future relationship with the IASB. Comments are sought by 29 July. The draft MoU is available on the IASB website at www.iasb.org

## Expected publications in 2005

| | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| **CONVERGENCE STANDARDS** | | | | |
| Business combinations (Table 2) | | | | |
| • Business combinations | | ED | | |
| • Minority interests | | ED | | |
| • Intangible assets | | ED | | |
| • Impairment of assets | | ED | | |
| • Provisions, contingent assets and contingent liabilities | | ED | | |
| Revenue recognition and inventory | | | | |
| • Inventories | | | | FRS |
| • Construction contracts | | | | FRS |
| • Revenue | | ED | | FRS |
| • Agriculture | | ED | | FRS |
| Presentation | | | | |
| • Non-current assets held for sale and discontinued operations | | | | |
| • Presentation of financial statements | | | | |
| • Cash flow statements | | | | |
| • Accounting policies, changes in accounting estimates and errors | | | | |
| • Segment reporting | | | ED | |
| Financial instruments | | | | |
| • Financial instruments: measurement | | FRS | | |
| • Financial instruments: measurement (Scope and derecognition) | | ED | | FRS |
| • Financial instruments: disclosures | | FRS | | |
| Other standards | | | | |
| • Income taxes | | | ED | |
| • Government grants | | ED | | |
| • Related party disclosures | | | | FRS |
| **OTHER ASB PROJECTS** | | | | |
| Corresponding amounts | ED | | FRS | |
| Financial Reporting Standard for Smaller Entities (Effective January 2005) | | FRS | | |
| Operating and financial review | | RS | | |
| Statement of Principles for Financial Reporting: Proposed Interpretation for Public Benefit Entities | | | ED | |
| Heritage Assets | | | DP | |

# UITF Abstract on service contracts

UITF Abstract 40 'Revenue recognition and service contracts' was issued on 10 March, giving guidance on the recognition of turnover derived from contracts for professional and other services.

Since the ASB issued Application Note G: Revenue Recognition as an Amendment to FRS 5 'Reporting the Substance of Transactions', questions have arisen as to how revenue should be recognised on contracts for services that are not accounted for as long-term contracts under SSAP 9 'Stocks and long-term contracts'. Although many of the requests for guidance related to professional services rendered by firms of accountants and solicitors, the UITF concluded that the same principles should be applied in accounting for all service contracts and so the Abstract applies generally to contracts involving the rendering of services.

When applying Application Note G and SSAP 9 together, the main point at issue is whether revenue should be recognised as contract activity progresses or on contract completion. The UITF had been advised that conflicting interpretations of the standards were being applied in practice; comments by respondents to the draft Abstract provided further evidence of divergent views.

Application Note G requires a seller to recognise revenue to the extent that the seller obtains a right to consideration in exchange for its performance - this may be when some, but not all, of its contractual obligations have been fulfilled. If the seller has performed some, but not all, of its contractual obligations, it is required to recognise revenue to the extent that it has obtained the right to consideration through its performance. The UITF concluded that the principles of revenue recognition in Application Note G are the same for long-term and other contracts for services. The overriding consideration is whether the seller has performed, or partially performed, its contractual obligations.

Abstract 40 provides additional guidance on the considerations that should inform the choice of appropriate accounting polices. These should have regard to the substance of contracts. A principal conclusion is that where the substance of a contract is that the seller's contractual obligations are performed gradually over time, revenue should be recognised as contract activity progresses to reflect the seller's partial performance of its contractual obligations. In these circumstances it is inappropriate to defer recognition of revenue until contract completion. The amount of revenue should reflect the accrual of the right to consideration as contract activity progresses, taking account of both the value of the work performed and any uncertainties as to the amount that the customer will accept and pay. When, on the other hand, the right to consideration is contingent on a specified future event or outcome outside the seller's control, revenue is not recognised until that event occurs.

The accounting required by Abstract 40 is similar to IAS 18 'Revenue' in relation to the rendering of services. Abstract 40 is mandatory for accounting periods ending on or after 22 June 2005.

# IASB Update

## Financial instruments - Amendments to IAS 39

In December 2004 the IASB made a minor amendment to IAS 39 relating to transition and day one profit recognition, and in April 2005 a further amendment relating to cash flow hedging of forecast intragroup transactions was made. Further amendments to the standard are under consideration by the IASB, including restrictions to the fair value option, and in relation to credit derivatives and financial guarantees, which may be issued in the second quarter of 2005. The ASB issued as FRED 30 Third Supplement the IASB exposure drafts preceding these amendments, and will consider the issue of a single 'omnibus' amendment to FRS 26 in due course reflecting the changes made by the IASB.

## Financial instrument disclosures

In July 2004 the IASB issued an exposure draft ED 7 'Financial Instruments: Disclosures', proposing substantial revisions to the disclosure requirements of IAS 32. These proposals were also issued by the ASB as FRED 33. A final standard is expected to be issued this summer, effective for accounting periods commencing on or after 1 January 2007, but with earlier adoption permitted. The UK standard would replace FRS 25, and thus be applicable to entities applying FRS 26. However, if the ASB defers the effective date of the extension of scope of FRS 26, it may nevertheless decide that some of the new disclosure requirements should apply to all entities from 2007 and not just to those entities within the scope of FRS 26.

# UITF and IFRIC Update

## IFRIC draft Interpretations on Service Concessions

On 3 March, IFRIC published three draft Interpretations on service concession arrangements, with a consultation period ending on 31 May. As reported in previous editions of *Inside Track*, these have significant potential implications for the UK, given the scale of Private Finance Initiative (PFI) contracts.

The three IFRIC draft Interpretations are:
- D12: Determining the Accounting Model;
- D13: The Financial Asset Model; and
- D14: The Intangible Asset Model.

In summary, the draft Interpretations deal only with the accounting by operators. They do not specify the accounting by grantors. The draft Interpretations are also restricted to public-to-private service concession arrangements involving public service obligations where:

(a) the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price. For the purpose of this condition, the grantor does not need to have complete control of the price: it is sufficient for the price to be regulated by the grantor, for example by a capping mechanism; and

(b) the grantor controls - through ownership, beneficial entitlement or otherwise - the residual interest in the infrastructure at the end of the concession, and the residual interest is significant.

D12 specifies how an operator should account for its rights under a service concession arrangement. Given that the draft is restricted to circumstances in which the operator is deemed not to control the use of the infrastructure, D12 proposes that the operator should not recognise that infrastructure as its own property, plant and equipment. Instead, it should account for the rights it receives in return for providing construction services to the grantor.

D12 proposes that the classification of the operator's rights should depend on who is required to pay the operator for the concession services:

(a) if the grantor itself has the "primary responsibility" to pay for those services (ie the operator looks first to the grantor for payment), the operator has a contractual right to receive cash in exchange for the construction services. D12 proposes that such a right to receive cash meets the definition of a financial asset and should be accounted for as such. The proposed accounting for the financial asset model is set out in D13; or

(b) if the users of the concession services pay - for example, by paying tolls to use a road - D12 proposes that the operator does not have a contractual right to receive cash. Rather, it has a right to charge users as and when they use the concession services - a right that meets the definition of an intangible asset. The proposed accounting for the intangible asset model is set out in D14.

The ASB is responding to the drafts and is working with EFRAG on its response. The ASB has a number of concerns with the drafts, including:

- the limited scope of application, which will mean that many service concession arrangements, including private-to-private concessions, will not be covered;
- the way in which IFRIC has defined 'control' and the ruling out of any assessment of risks and rewards as a basis for determining control;
- the distinction of whether the operator has a financial asset or an intangible asset on the basis of who pays, which can lead to very different accounting for arrangements that are economically very similar; and
- the requirement under the financial asset model to revalue the asset at fair value where the future cash flows are subject to operating risks.

Copies of the draft Interpretations are available to download from the IASB website at www.iasb.org/current/ifricdrafts.asp.

## Employee Share Purchase Plans

A draft UITF Abstract 'Changes in Contributions to Employee Share Purchase Plans' was issued on 14 February for comment by 24 March (see Information Sheet 73). The draft sets out the text of draft IFRIC Interpretation D11, addressing the accounting under FRS 20 (IFRS 2) 'Share-based Payment' when a member of an SAYE scheme withdraws from the scheme or changes from one scheme to another.

The main practical effect of the interpretation in D11 is that, if an employee withdraws from a SAYE plan (without starting another), the whole of the charge that would have been recognised over the vesting period had the employee remained in the plan would be recognised immediately in the profit and loss account. The UITF concluded that the proposed accounting was unsatisfactory and, in its response to IFRIC, asked IFRIC to reconsider its conclusions.

After considering respondents' comments, the IFRIC was unable to reach a consensus. Instead the IASB will be asked to amend IFRS 2 to clarify whether the requirements relating to cancellations apply to both cancellations by the entity and by the employee. If, as indicated, the IFRIC does not issue a final Interpretation, the UITF will not issue an Abstract.

## Embedded derivatives

A draft UITF Abstract 'Reassessment of Embedded Derivatives' was issued on 31 March 2005 for comment by 31 May (see Information Sheet 75). The draft sets out the text of draft IFRIC Interpretation D15, clarifying when an entity should assess whether an embedded derivative meets the conditions requiring it to be accounted for separately from the host contract under FRS 26(IAS 39) 'Financial instruments: Measurement'.

## Hyperinflation

The IFRIC is expected shortly to issue IFRIC Interpretation 6 'Applying the

Restatement Approach under IAS 29 *Financial Reporting in Hyperinflationary Economies*'. IFRIC 6 will provide guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency (where that economy was not hyperinflationary in the prior period).

The UITF decided not to develop an equivalent Abstract because it expects the Interpretation will have very limited relevance to the circumstances of entities preparing their financial statements in accordance with UK standards.

### Status of other draft Abstracts

*Emission Rights*. IFRIC 3 'Emission Rights' was issued in December 2004 and is effective for periods beginning on or after 1 March 2005. The UITF announced in December that it would not issue a UITF Abstract based on IFRIC 3 (see Information Sheet 71). EFRAG has proposed to advise the EU Commission not to endorse IFRIC 3. The IFRIC is considering ways of changing the accounting that results from IFRIC 3, including an amendment to IAS 38 'Intangible Assets' that would require emission allowances traded in an active market to be measured at fair value with gains and losses recognised in profit or loss.

*Retirement Benefits*. In July 2004 the UITF issued a draft Abstract 'Retirement Benefit Schemes with a Promised Return on Contributions or Notional Contributions', an adapted version of IFRIC D9 (in Information Sheet 67). The IFRIC is considering the comments to D9.

*Waste Electrical and Electronic Equipment*. In November 2004 the UITF issued a draft Abstract 'Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment', setting out the text of IFRIC D10. A final IFRIC Interpretation is expected to be issued shortly.

# IFRIC: Operating lease incentives

The IFRIC Agenda Committee has considered the question of the period over which a lease incentive should be recognised as a reduction in rental expense (by a lessee) or a reduction of rental income (by a lessor) in the case of a lease that provides that, during its term, the rental shall be repriced to market rates. UITF Abstract 28 specifically addresses this issue; SIC-15 'Operating Leases - Incentives' does not.

The Agenda Committee has recommended that this issue should not be taken on to IFRIC's agenda. The draft reasons for rejection, as published in IFRIC Update April 2005, are reproduced below:

"The IFRIC considered the appropriate period over which to recognise an incentive for an operating lease, when an incentive is provided and the lease contains a clause that requires rents to be repriced to market rates.

Two possible approaches for the period over which to recognise the incentive:

- recognise the incentive over the full term of the operating lease;
- recognise the incentive over the shorter of the lease term and a period ending on a date from which it is expected that the prevailing market rentals will be payable. [as required by UITF Abstract 28]

The IFRIC noted that SIC-15.5 states:

> 'the lessee shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.'

The IFRIC took the view that the wording of SIC 15.5 is clear and did not accept an argument that the lease expense of a lessee after an operating lease re-priced to market ought to be comparable with the lease expense of an entity entering into a new lease at that same time at market rates. Nor did the IFRIC believe that the repricing itself would be reflective of a change in the time patterns referred to in SIC 15.5.

The IFRIC decided not to undertake a project to modify SIC 15."

The Agenda Committee's recommendation confirms there is a significant difference between UK requirements and IFRS on this issue. For example, where the rental is set at a newly-agreed market rental in years 6 and 11 of a 15 year lease, under UITF Abstract 28 the rental expense for years 6-10 and 11-15 is the newly agreed amount; under SIC-15 one fifteenth of the incentive received at lease inception continues to be deducted from the recognised lease expense or income each year. This issue is relevant to many UK and Irish companies that are preparing for the transition to IFRS; they will need to examine all leases on which incentives were given at inception with a view to restating their results to reflect a change in accounting policy.

The Agenda Committee's recommendation will be discussed by the IFRIC at its June meeting.

*Constituents who wish to comment on the issue are advised to write to IFRIC as soon as possible, and before the IFRIC's next meeting on 2-3 June.*

# Updates on current projects

## FRED 35 Corresponding Amounts

FRED 35 'Corresponding Amounts' was issued in March 2005. The proposals in the FRED reflect the draft regulations issued by the Department of Trade and Industry (DTI) 'A consultation on extending use of summary financial statements and other minor changes' (see page 8).

The draft Regulations propose to remove from the law the requirements to restate corresponding amounts where they are not comparable - although it will remain a legal requirement to provide corresponding amounts, and the law will permit restatement where they are not comparable.

The disclosure of corresponding amounts, adjusted onto a comparable basis, is an important part of accepted accounting practice but there are some cases where it is excessive to require adjustment. In particular, the Board intends entities using IFRS-based UK accounting standards to be able to take advantage of the same exemptions as entities adopting IFRS. The amendments to the draft Regulations will enable the Board, where appropriate, to permit the same exemptions as permitted under IFRS.

In summary the FRED proposes:

- corresponding amounts should be shown for items in the primary financial statements and the notes to the financial statements;
- where corresponding amounts are not directly comparable with the amount to be shown in respect of the current financial year, they should be adjusted;
- most of the exemptions from showing corresponding amounts given in the Companies Act 1985 should be maintained;
- the requirements of the [draft ] FRS apply unless an accounting standards or UITF Abstract permits or requires an alternative treatment.

The Companies Act 1985 currently provides a number of specific exemptions from providing corresponding amounts to items in the notes to the financial statements. The exemptions are mainly replicated in FRED 35, as they are often voluminous and provide little benefit to the users of the financial statements.

The exemption provided in the Companies Act 1985 not to present corresponding amounts for loans and other dealings in favour of directors and others is, however, excluded. The corresponding amounts for these items can often be easily provided and would enhance the usefulness of the financial statements. It is difficult to justify these specific exemptions as there is no general exemption for related party transactions. The Board would welcome views on this matter.

The Board would welcome comments on the FRED by 10 June 2005. The comments pages can be download from the ASB website.

## Proposed amendments to FRS 26

The ASB issued in April 2005 an exposure draft of amendments to FRS 26 'Financial Instruments: Measurement'. These amendments would:

- extend the scope of FRS 26, and
- implement the recognition and derecognition material of IAS 39.

These proposals represent another major step towards full convergence with international accounting standards. The exposure draft proposes an effective date of accounting periods commencing on or after 1 January 2007.

FRS 26 applies to listed entities (other than those adopting IFRS under the IAS Regulation) for accounting periods commencing on or after 1 January 2005, and to other entities that use the fair value accounting rules in the Companies Act 1985 for accounting periods commencing on or after 1 January 2006. The new exposure draft proposes extending the FRS to apply to all entities following UK standards, other than those applying the FRSSE.

The ASB believes that accounting standards for financial instruments are important for all types of entity, not just those active in financial markets. However, FRS 26 can be complex to understand and apply, and the ASB will consider respondents' views on the practical difficulties of implementation for those entities being brought within the scope of the standard before confirming the timescale.

Entities brought within the scope of the standard will also need to comply with the disclosure requirements of FRS 25 (IAS 32) 'Financial Instruments: Disclosure and Presentation', as well as FRS 23 (IAS 21) 'The Effects of Changes in Foreign Exchange Rates' and FRS 24 (IAS 29) 'Financial Reporting in Hyperinflationary Economies'.

The exposure draft also proposes implementation of the recognition and derecognition parts of IAS 39. The existing requirements of FRS 5 'Reporting the Substance of Transactions' would be superseded for transactions in financial assets that fall within the scope of the new requirements, but FRS 5 would continue to apply to transactions in non-financial assets. The corresponding disclosure requirements in IAS 32 would also be implemented.

## Operating and Financial Review (OFR)

The consultation period on the ASB's Reporting Exposure Draft (RED 1) on the OFR closed on 28 February. Some 60 responses were received and the Board is working to finalise the Reporting Standard as soon as possible.

## Heritage Assets

The Board is undertaking a review of the accounting treatment for 'heritage assets', including collections held by museums and galleries. The project aims to develop practical proposals that will result in greater consistency and transparency in the financial reporting of heritage assets. At its March 2005 meeting the International Public Sector Accounting Standards Board accepted our offer to contribute to its own project to develop proposals on accounting for heritage assets. The ASB aims to issue a UK Discussion Paper in the Autumn.

# ASB issues a 'One-Stop Shop' Standard for Smaller Entities

The ASB published on 22 April 2005 an updated Financial Reporting Standard for Smaller Entities (FRSSE) which is effective for accounting periods beginning on or after 1 January 2005. The standard was developed from the 'one stop shop' proposals set out in the March 2004 Discussion Paper and the recent Exposure Draft.

For the convenience of small companies using the FRSSE, this version reflects the accounting requirements of applicable company law. These are clearly distinguished from the requirements of accounting standards by the use of small capitals throughout the text.

Recent amendments to the Companies Act introduced a requirement, in reporting transactions, to have regard to their substance in accordance with generally accepted accounting principles or practice. One effect of this is that some preference shares will be shown as liabilities. The FRSSE has been amended to reflect this change.

The FRSSE has also been updated to reflect where appropriate the accounting standards and UITF Abstracts issued, or amended, between the last update and October 2004:

- The basic principles of FRS 5 Application Note G 'Revenue recognition' are incorporated into a new section. Guidance on bill and hold arrangements, sales with rights of return and presentation of turnover as principal or as agent is included in an appendix.

- The section on post balance sheet events has been updated to reflect the language used in FRS 21 'Events after the balance sheet date'.

- The change to the effective date of the transitional arrangements for accounting for defined benefit pension schemes is incorporated.

- The treatment of costs incurred in bidding for and securing contracts to supply goods or services set out in UITF Abstract 34 'Pre-contract costs' has been incorporated.

Respondents to the Exposure Draft suggested that the FRSSE should reflect the recently issued UITF Abstract 40 'Revenue recognition and service contracts'. This specific proposal will be subject to consultation in a future update. In the meantime, to assist entities using the FRSSE, the requirements of the Abstract are reflected as guidance in an appendix.

The FRSSE continues to be available for smaller entities to prepare consolidated accounts. The relevant legal requirements for small companies on the form and content of group accounts are summarised together with references to the relevant accounting standards.

In light of comments from respondents the Board intends to consult in a future update on the incorporation of the requirements of FRS 20 'Share-based payment' which requires and entity to recognise chare-based payment transactions (including those with employees or other parties) and the associated assets, liabilities and expenses.

Copies of the FRSSE may be downloaded free of charge from the ASB website.

## Non-Publicly Accountable Entities (NPAEs)

The IASB project is developing specific versions of each IAS/IFRS for use by entities which do not have public accountability but do publish general purpose financial statements for external users - known as NPAEs (non-publicly accountable entities). The IASB recently appointed a subcommittee of IASB members to oversee the project which presented its preliminary recommendations in December 2004. The IASB will consider recognition and measurement simplifications for SMEs, as well as disclosure and presentation simplifications, based only on user needs and cost-benefit considerations as provided for in the IASB Framework.

The IASB is currently undertaking a consultation on areas where recognition and measurement modifications might be made to full IFRS to meet the needs of NPAEs. A questionnaire has been prepared by IASB staff as a tool to identify potential modifications and will be discussed at public round-table meetings to be held in September 2005 with preparers and users of NPAE financial statements. The IASB will address presentation and disclosure issues separately, though it acknowledges that recognition and measurement decisions may create presentation and disclosure issues.

The IASB consultation closes on 31 May 2005.

# Public Benefit SORPs update

Statements of Recommended Accounting 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. There are four SORPS currently used in the public benefit entity sector.

The Charity Commission has recently completed its revision of the 2000 SORP. The Board issued its statement on 28 February and the Charity Commission published the 2005 SORP in early March 2005.

The National Housing Federation and the Welsh and Scottish Federations of Housing Associations will shortly issue a 2005 update to the existing SORP used by the social housing sector. It is expected that the Board will review the draft SORP update in May.

Following its recent consultation, the CIPFA/LASAAC joint committee is also currently preparing the 2005 SORP for use by local authorities.

Universities UK, on behalf of the further and higher education sector, is currently considering the extent of an update required to its SORP and aims to consult on this during 2005.

# Board Appointments

**Marisa Cassoni**, Group Finance Director of Royal Mail plc, and **Helen Weir**, Group Finance Director of Lloyds TSB, have been appointed as members of the Board.

This brings the number of Board members up to ten. Marisa has worked for the Royal Mail since 2001, having previously worked for Britannic Assurance, the Prudential and Deloittes. Helen has been with Lloyds TSB since 2004, having previously worked for Kingfisher, B&Q and McKinsey and Co.

# DTI Consultations

The DTI has recently issued three documents for consultation on company law issues:

- 'A consultation on extending use of summary financial statements and other minor changes' - this includes proposals to remove from the law the requirements to restate corresponding amounts where they are not comparable. The Board is consulting in parallel on this issue in FRED 35 (see page 6). Comments are requested by 10 June;

- 'Directive Proposals on Company Reporting, Capital Maintenance and Transfer of the Registered Office of a Company' - the proposals in respect of company reporting include requirements for disclosures relating to 'off balance sheet finance' and 'related party disclosures'. The ASB has responded to the DTI to support the principles of these disclosures, but placing them within the context of a European policy centred on convergence with IFRS. The ASB response also welcomes any move to reform capital maintenance towards a regime based on solvency. The ASB response can be accessed at : www.frc.org.uk/images/uploaded/documents/DTIreReporting&CapMtce.pdf Comments are requested by 3 June;

- 'Company Law Reform' - this White Paper sets out a range of measures for the proposed Company Law Reform Bill, taking forward many of the proposals from the Company Law Review. Comments are requested by 10 June.


**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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# Other Appointments

**Allan Cook**, Senior Technical Advisor and the ASB's former Technical Director, has left the Board to take up a position at the IASB as IFRIC Co-ordinator. Allan has also stepped down from the EFRAG Technical Experts Group (TEG). **Mike Ashley**, ASB member and partner at KPMG, has joined the TEG, as has **Mike Starkie**, Chief Accountant at BP.

Project Director **Paul Ebling** has moved, on secondment, to EFRAG as its Technical Director.