

Future of Irish/UK GAAP

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Training and Briefing Seminar
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Irish Auditing &
Accounting Supervisory Authority

Principal Functions of the Financial Reporting Supervision Unit of IAASA

- Accounting enforcer in Ireland
- **Co-operating in the development of accounting standards and practice notes**
- Assisting the Board to discharge its functions as an advisor to the Minister on accounting related matters



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Disclaimer and confidentiality

Disclaimer

The views expressed are mine and do not necessarily reflect the views of the Board, individual Board members or the staff of IAASA

Section 31

- No person shall disclose, except in accordance with law, information that –
- a) is obtained in performing the functions or exercising the powers of the Supervisory Authority, and
 - b) has not otherwise come to the notice of members of the public...

Certain exemptions provided for in law



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Presentation overview

- Recap on the current accounting regimes operating in Ireland
- 2010 proposals on future of Irish/UK GAAP
- 2012 proposals on the future of financial reporting in the UK and Republic of Ireland
- Update on where the current debate is at
- Main changes to current Irish/UK GAAP



The Future of Irish/UK GAAP: The Debate So Far

- ASB (now AC of FRC) has consulted ...extensively
 - March 2004 Discussion Paper
 - March 2005 Policy Statement Exposure Draft
 - January 2006 Public Meeting and Proposals for Comment
 - May 2006 Tentative Proposals
 - April 2007 IASB's proposed IFRS for SMEs
 - August 2009 Policy Proposal: The Future of UK GAAP
 - October 2010 FRED: The Future of Financial Reporting
 - March 2011 FRED: Public Benefit Entities
 - January 2012 Revised FRED: The Future of Financial Reporting
- **Strong and consistent view that two different accounting frameworks cannot be sustained**



Re-cap on current accounting regimes operating in Ireland

- International Financial Reporting Standards
- UK/Irish GAAP
- Alternative Bodies of Accounting Standards



What did 2010 FRED propose? Summary from an Irish perspective

Accounting Framework	Accounting Regime	Type/Nature of Entities	Potential implications for...
IFRS	IFRS (EU Endorsed)	*EU listed –consolidated accounts *IEX listed	*No change
Converged Irish/UK GAAP	IFRS (EU endorsed)	*Publicly accountable entities, including 100% publicly accountable subsidiaries	*Irish Debt and Fund listed entities; *Building societies; *Friendly societies; *Credit Unions
Converged Irish/UK GAAP	IFRS for SMEs	*Large and Medium Non-Publicly Accountable Entities (NPAs)	*NPA groups; *NPA entities; *NPA subsidiaries
Converged Irish/UK GAAP	FRSSE	*Small companies	*Small companies

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Deliberations on 2010 proposal: Publication of FREDs 46/47/48 in 2012

- The FREDs were published in January 2012
- Three-month comment period closed on 30 April 2012
- Radical changes to 2010 FRED

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Changes from 2010 proposals Summary from an Irish perspective

Accounting Framework	Accounting Regime	Type/Nature of Entities	Potential implications for...
IFRS	IFRS (EU Endorsed)	*EU listed –consolidated accounts *IEX listed	*No change
Converged Irish/UK GAAP	IFRS (EU endorsed)	*Publicly accountable entities, including 100% publicly accountable subsidiaries	*Irish Debt and Fund listed entities; *Building societies; *Friendly societies; *Credit Unions
Converged Irish/UK GAAP	IFRS for SMEs FRS 102	*Large and Medium Non-Publicly Accountable Entities (NPAs)	*NPA groups; *NPA entities; *NPA subsidiaries
Converged Irish/UK GAAP	FRSSE	*Small companies	*Small companies

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Reduced disclosure regime for qualifying entities

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2012 Proposals

- FRS 100 ‘Application of Financial Reporting Requirements’ (FRED 46)
- FRS 101 ‘Reduced Disclosure Framework’ (FRED 47)
- FRED 48 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (Draft FRS 102)



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Key facts about the proposals: What is FRS 101?

- FRS 101 sets out reduced disclosures for qualifying entities that otherwise apply the requirements of EU-adopted IFRS.
- A **qualifying entity** is a subsidiary or an ultimate parent.



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Key facts about the proposals: What is FRED 48?

- ‘The Financial Reporting Standard Applicable in the UK and Republic of Ireland’ is:
 - A standard based on the IFRS for SMEs (but deviates from it in material respects)
 - A single standard addressing all areas of accounting
 - To be updated in three year intervals.



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Summary of main changes from current UK/Irish GAAP

Different terminology
Investment properties
Financial instruments
Intangible assets and goodwill
Defined benefit schemes
Agricultural assets
Foreign exchange

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Key facts about the proposals: Effective date

- Effective date of 1 January 2015
- Early adoption will be permitted

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Further Information

- Further information on IAASA and its activities may be obtained from:

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