

The Future of Irish/UK GAAP

- ACCA Ireland Financial Services Panel

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Disclaimer and confidentiality

Disclaimer

The views expressed are ours 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

Presentation overview

- IAASA's financial reporting supervision functions
- Future of Irish/UK GAAP from financial services perspective

Principal Functions of IAASA's FRSU

- To examine whether the financial reports of issuers whose Home Member State is Ireland under the Transparency Regulations complies with the relevant reporting framework
 - Liaising with other countries' financial reporting monitoring bodies
- 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

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

- ASB has consultedextensively, and listened
 - 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
- **Strong and consistent view that two different accounting frameworks cannot be sustained**

What did the ASB originally propose?

- ASB published a Policy Proposal: 'The Future of UK GAAP' on 11 August 2009
- The consultation period closed 1 February 2010
- Over 150 responses received

What did the ASB originally propose?

Summary from an Irish perspective

Accounting Framework	Accounting Regime	Type/Nature of Entities	Potential implications for...
IFRS	IFRS (EU Endorsed)	<ul style="list-style-type: none"> •EU listed –consolidated accounts •IEX listed 	<ul style="list-style-type: none"> •No change
Converged Irish/UK GAAP	IFRS (EU endorsed)	<ul style="list-style-type: none"> •Publicly accountable entities, including 100% publicly accountable subsidiaries 	<ul style="list-style-type: none"> •Irish Debt and Fund listed entities; •Building societies; •Friendly societies; •Credit Unions
Converged Irish/UK GAAP	IFRS for SMEs	<ul style="list-style-type: none"> •Large and Medium Non-Publicly Accountable Entities (NPAs) 	<ul style="list-style-type: none"> •NPA groups; •NPA entities; •NPA subsidiaries
Converged Irish/UK GAAP	FRSSE	<ul style="list-style-type: none"> •Small companies 	<ul style="list-style-type: none"> •Small companies

What did the ASB originally propose? Framework

- Under these proposals all entities will have the option to adopt a higher tier voluntarily
- No reduced disclosures for subsidiaries
- No exceptions to public accountability

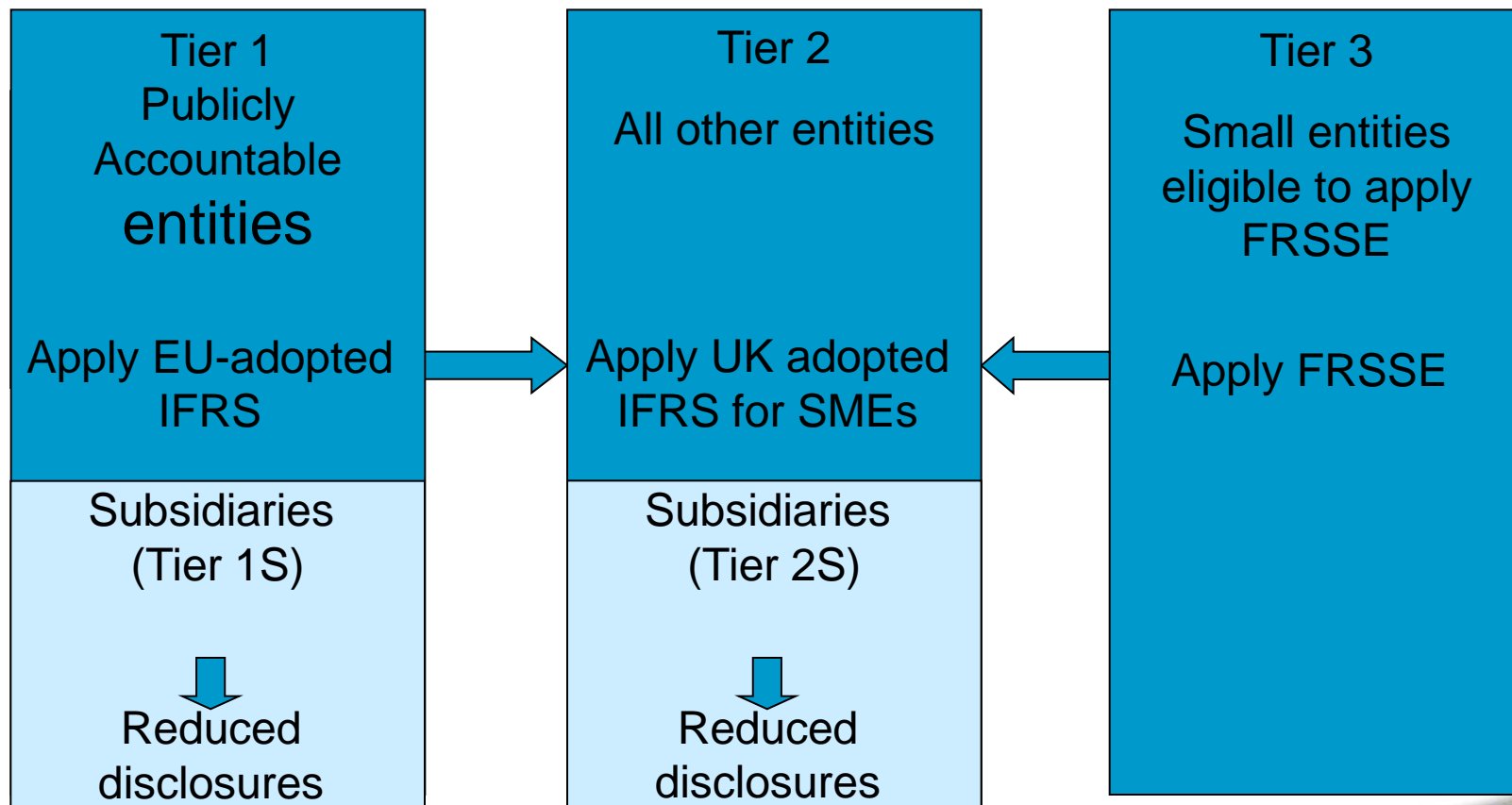
What did Irish respondents say? Framework

- Strong support for public accountability determining which entities in Tier 1

But:

- Subsidiaries

ASB Decision – post consultation: Framework



What did ASB originally propose: Tier 1

An entity has public accountability if:

- Its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market including local and regional markets); OR
- It is a deposit-taking entity and/or holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. This is typically the case for banks, credit unions, insurance companies, securities brokers/dealers, mutual funds or investment banks.

What did UK and Irish respondents say?

Tier 1

- More clarity required about definition
- Questions about application to certain entities:
 - Funds and debt issuers in Ireland
 - pension plans
 - co-operatives
 - Credit Unions
 - Captive Insurance entities

ASB Decisions post consultation: Tier 1

- Irish Funds issue discussed at ASB
- Decision that Irish Funds and Debt entities are publicly accountable
- Provide application guidance on definition
- Clarify certain entities have public accountability

ASB Decisions: Tier 1

- Provide an exception for small entities with public accountability
 - *Will impact Irish Credit Unions*
- Decision that Co-ops are not publicly accountable
- Provide application guidance on definition

ASB proposals for Tier 2 and Tier 3

- Tier 2 – Financial Reporting Standard for Medium-sized Entities (FRSME)
- Tier 3 - Financial Reporting Standard for Smaller Entities (FRSSE)

Discussion

Responses so far

ASB want to hear from you:

- The FRED includes 27 questions – don't be put off by the amount, just answer the ones you're most interested in/apply to you.
- Comments due by 30 April 2011

Further Information

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

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