

Consultation response summary

June and July 2015

This summary document provides an overview of AAT's responses to the consultation opportunities that have arisen in the prior two months. AAT responds to consultations on behalf of the membership encompassing a variety of subjects including tax, business related issues and accounting standards.

During June and July 2015, AAT has responded to 11 consultations and these are summarised below. If you would like to read any of the responses in full or find out more about the consultation, please click on the related link/s within each summary.

Consultation name	FRED 61 - FRC consults on limited amendments to FRS 102
Issuer	Financial Reporting Council
Submission date	1 June 2015
Outline of consultation: <ul style="list-style-type: none"> FRED 61 proposed an amendment to the accounting requirements in respect of share-based payment transactions with cash alternatives. As FRS 102 currently requires that share-based payment transactions are accounted for as cash-settled, unless the entity has a past practice of settling such arrangements by issuing equity instruments, or there is no commercial substance in the cash-settlement option (FRS 102 para 26.15 (a) and (b)). The Financial Reporting Council (FRC) was informed of potential unintended consequences in situations where an entity chooses to settle a share-based-payment transaction in cash or equity instruments (e.g. shares). 	
AAT's response observed: <ul style="list-style-type: none"> AAT took an alternative view that entities which have adopted FRS 102 early may have accounted for share-based payment transactions in accordance with current paragraph 26.15 requirements. Such entities should have some clarification on the classification of these existing transactions and on subsequent share-based payment awards after the date of transition to the new requirements. 	
More information on the consultation can be found here AAT's full response to the consultation can be found here	

Consultation name	Classification of liabilities (proposed amendments to IAS1), exposure draft
Issuer	IFSR
Submission date	10 June 2015
Outline of consultation: <ul style="list-style-type: none"> The Exposure Draft sought to clarify how entities classify debt, particularly at the time of renewal. The proposed amendments were designed to improve presentation in financial statements by clarifying the criteria for the classification of a liability either as current or non-current. 	
AAT's response included: <ul style="list-style-type: none"> Support for the proposed amendments to International Accounting Standard (IAS 1) and also the classification of a liability as either being current or non-current based on the reporting entity's rights at the end of the reporting period. 	

- AAT further supported the retrospective application proposal as it was felt it would achieve comparability and consistency in addition to compliance with of paragraph 46 of IAS 46 (a change in presentation to be applied retrospectively) and IAS 8 (a change in accounting policy)

More information on the consultation can be found [here](#)
AAT's full response to the consultation can be found [here](#)

Consultation name	Amendments to IAS 1 - Classification of liabilities (comments requested on EFRAG draft letter)
Issuer	EFRAG
Submission date	1 June 2015
Outline: European Financial Reporting Advisory Group (EFRAG) published its draft response to the above AS exposure draft for comment	
AAT's : <ul style="list-style-type: none"> ▪ Agreed with the EFRAG's draft comment letter. ▪ Supported EFRAG's suggestion that to avoid unintended consequences the International Financial Reporting Standards (IFRS) should clarify the guidance in para 69(d). ▪ Agreed with EFRAG's suggestion that the International Accounting Standards Board (IASB) enters into additional research in order to establish whether current guidance provides the most relevant information when rights to deferred settlement of a liability are not substantive as at the reporting date. 	
More information on the consultation can be found here AAT's full response to the consultation can be found here	

Consultation name	Business rates review
Issuer	HM Treasury
Submission date	12 June 2015
Outline of consultation: <ul style="list-style-type: none"> ▪ The aim of the published document was to help the Government with a review of business rates in England to make it fit for a 21st century economy. 	
AAT's response included: <ul style="list-style-type: none"> ▪ AAT agreed that the current system was unsustainable, unfairly targeted and insufficiently flexible. ▪ AAT recommended that, as part of the Business Rates review, consideration in the form of a structured evaluation, should be given to the possible introduction of a system of calculation based on business turnover and gross value added (GVA). 	
More information on the consultation can be found here AAT's full response to the consultation can be found here	

Consultation name	Creating a secondary annuity market: call for evidence
Issuer	HM Treasury & Department of Work and Pensions
Submission date	10 June 2015
Outline of consultation: <ul style="list-style-type: none"> ▪ This consultation sought views on a proposal to remove the barriers which currently deter annuity holders from accessing the value of their annuity and suggestions as to how a secondary annuity market should be structured. ▪ The proposal aim was to give, by April 2016, those with existing annuities greater flexibility, in line with those who would be taking their pension flexibly after April 2015. ▪ The main reforms outlined were to: <ul style="list-style-type: none"> • change the tax treatment in relation to annuity holders wishing to realise the value of their annuities. • work with the Financial Conduct Authority (FCA) to ensure appropriate consumer protection would be in place for annuity holders as they consider their options. 	
AAT's response included: <ul style="list-style-type: none"> ▪ AAT's main recommendation was for consideration to be given to the establishment of a clearing-house where providers could only tender to assign annuities on the basis of blind bids, which would ensure that annuitants obtained the best deal. 	
More information on the consultation can be found here AAT's full response to the consultation can be found here	

Consultation name	Draft endorsement advice on the Amendments to IFRS 10, IFRS 12 and IAS 28 (EFRAG request comments)
Issuer	EFRAG
Submission date	16 June 2015
Outline of consultation: <ul style="list-style-type: none"> ▪ EFRAG issued a draft endorsement advice letter and invited comments relating to the endorsement for use in the EU of "Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) (the Amendments)". ▪ EFRAG consulted on both its assessment of the amendments against the technical criteria in the EU and on its assessment of whether the Amendments were conducive to the European public good. 	
AAT's response included: <ul style="list-style-type: none"> ▪ AAT agreed that the amendments met the technical criteria for endorsement, noting that the amendments were sensible and would assist in ensuring the quality of IFRS financial reporting in this area. 	
More information on the consultation can be found here AAT's full response to the consultation can be found here	

Consultation name	Protection of Small Businesses when purchasing goods and services
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Issuer	BIS
Submission date	1 July 2015
Outline of consultation: <ul style="list-style-type: none"> ▪ The call for evidence asked whether, or not: <ul style="list-style-type: none"> • the current legislative framework for the sale and supply of goods and services to micro and small businesses sufficiently protected them; or • there was a gap in the law. 	
AAT's response included: <ul style="list-style-type: none"> ▪ In its response AAT supported a view expressed by the Federation of Small Businesses (FSB) that due to their near monopolistic position utility providers might not operate as efficiently as other smaller-scale providers of goods and services. ▪ AAT concluded that whilst there might be a problem in terms of large suppliers, an extension of consumer protection to encompass all micro and small businesses would not be proportionate or appropriate. 	
More information on the consultation can be found here AAT's full response to the consultation can be found here	

Consultation name	Improving the Quality of Reporting by Smaller Listed and AIM Quoted Companies
Issuer	Financial Reporting Council
Submission date	27 July 2015
Outline of consultation: <ul style="list-style-type: none"> ▪ The FRC proposals included allowing Alternative Investment Market (AIM) companies to apply UK GAAP, to relax auditors ethical standards allowing them to advise companies on Financial Reporting, improving company governance and resources. 	
AAT's response included: <ul style="list-style-type: none"> ▪ Whilst it is generally felt that corporate reporting by smaller listed and AIM quoted companies in the UK is of a good standard there is room for improvement in a number of key areas. ▪ The issue of poorer quality corporate reporting appears to be most significant for smaller listed and AIM quoted companies hence the encouraging of smaller listed and AIM quoted companies to provide better and more relevant information. 	
More information on the consultation can be found here AAT's full response to the consultation can be found here	

Consultation name	A new Assurance Standard: Providing Assurance on Client Assets to the Financial Conduct Authority
Issuer	Financial Reporting Council

Submission date	30 July 2015
Outline of consultation: <ul style="list-style-type: none"> ▪ The Assurance Standard was developed to support and challenge auditors when reporting on compliance, by regulated firms, with the Financial Conduct Authority's Client Asset (CASS) rules designed to ensure the effective safekeeping of client assets and client monies. 	
AAT's response included: <ul style="list-style-type: none"> ▪ Support for the the proposal to issue a single Standard in respect of "Providing Assurance on Client Assets to the Financial Conduct Authority" . ▪ The most important topic which has to be addressed by the Standard is the mind-set required to undertake a Client Assets Sourcebook audit. ▪ The CASS auditor's mind-set should be to not only consider the adequacy of systems in place but to consider and test the facility for unauthorised interventions into the system which could place the security of clients' assets at risk, whether accidentally or intentionally. 	
More information on the consultation can be found here AAT's full response to the consultation can be found here	

End of report
