

Amendment to Financial Reporting Exposure Draft 48

Draft FRS 102 'The Financial Reporting Standard applicable in the
UK and Republic of Ireland'

- Section 28 'Employee Benefits'
- Section 34 'Specialised Activities'

response to exposure draft

29 November 2012

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As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

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Our ref: Responses/ 121129 SC0188
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Dear Jenny Carter

Amendment to Financial Reporting Exposure Draft 48

Draft FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'

Section 28 'Employee Benefits'

Section 34 'Specialised Activities'

CIPFA is pleased to provide comments on the proposals in this exposure draft, which have been reviewed by CIPFA's Accounting and Auditing Standards Panel.

Question 1

Do you agree with the proposed additions to Section 28 'Employee benefits'? If not, why not?

CIPFA strongly agrees with the proposed addition to Section 28. While we accept that FRS 17 is not being amended, we suggest that in the interests of improved financial reporting the FRC might encourage preparers to move early to the treatment which will be required under FRS 102.

Question 2

Do you agree with the proposed amendment to Section 34 'Specialised activities' setting out the accounting requirements for grantors of service concession arrangements? If not, why not?

CIPFA is content with the proposal. It is perhaps a shame that the treatment is not consistent with IPSAS 32 'Service Concession Arrangements: Grantor'. While we understand the Accounting Council's reservations in connection with the grant of right to the operator model, we are not sure that the treatment resulting from the application of the proposal at 34.12I is conceptually superior. Some would argue that at inception the infrastructure asset has disappeared, has no value on either grantor or contractor balance sheets, and that this is a problem. Balancing this we would note that the proposed accounting is relatively simple, and we are unsure that there will be many, if any cases where this issue will arise for entities reporting under FRS 102.

I hope this is a helpful contribution to the finalisation of FRS 102.

Yours sincerely

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