ICAEW representation

ICAEW REP 11/06

AIM RULES – IAS CONFIRMATION & CONSULTATION

Memorandum of comment submitted in January 2006 by the Institute of Chartered Accountants in England and Wales, in response Stock Exchange AIM Notice 15, published on 21 December 2005.

Contents **Paragraph**

dw\26.01.06

Chartered Accountants' Hall PO Box 433 Moorgate Place London EC2P 2BJ
Tel 020 7920 8100 **Fax** 020 7920 0547 DX 877 London/City **www.icaew.co.uk**

INTRODUCTION

1. The Institute of Chartered Accountants in England and Wales welcomes the opportunity to comment on Stock Exchange AIM Notice 15 *AIM Rules – IAS Confirmation & Consultation* published on 21 December 2005. We have reviewed the proposals and set out below our responses to the questions posed in the consultation paper.

WHO WE ARE

2. The Institute of Chartered Accountants in England and Wales (the 'Institute') is the largest accountancy body in Europe, with more than 127,000 members. Three thousand new members qualify each year. The prestigious qualifications offered by the Institute are recognised around the world and allow members to call themselves Chartered Accountants and to use the designatory letters ACA or FCA.

3. The Institute operates under a Royal Charter, working in the public interest. It is regulated by the Department of Trade and Industry through the Financial Reporting Council. Its primary objectives are to educate and train Chartered Accountants, to maintain high standards for professional conduct among members, to provide services to its members and students, and to advance the theory and practice of accountancy.

SPECIFIC QUESTIONS

Question 1 – Do you agree with the accounting standards proposed?

4. We note that the Exchange is proposing that the accounting standards acceptable to AIM for both historical information and on an ongoing basis will include Canadian GAAP, Japanese GAAP and Australian IFRS, in addition to IAS and US GAAP as at present. No other GAAPs will be allowed, even with a reconciliation to IAS.

5. There are a number of national GAAPs, such as those of Hong Kong and South Africa, that are in fact now closer to IAS than, for example, Japanese GAAP. We therefore find it difficult to understand the justification for excluding such GAAPs, particularly as the alternative of a reconciliation statement will no longer be permitted. We suggest that the Exchange considers whether the list should be extended to include other GAAPs that are of equivalent quality to IAS.

Question 2 – Do you agree that no reconciliation to IAS be required where a company is not producing results under IAS?

6. As we note above, not all the GAAPs that the Exchange proposes allow are as close to IAS as some that will be excluded, and such excluded GAAPs will not be allowed to comply by means of a reconciliation. We suggest that if such GAAPs are to be excluded then companies affected should be allowed to reconcile to IAS (but not to other allowed GAAPs).