



**Minutes of a meeting of the Accounting Standards Board (2009:13)  
held on 5 November 2009 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Ian Mackintosh	Chairman (participating by telephone)
David Loweth	Technical Director
Nick Anderson	
Edward Beale	
Ken Lever	
Robert Overend	
Andy Simmonds	

IN ATTENDANCE

Andrew Lennard	ASB Director of Research
David Tyrrall	BIS
Peter Godsall	Secretary
Simon Peerless	Minutes Secretary

Technical Staff: Paul Ebling, Melanie Kerr, Seema Jamil-O'Neill, Deepa Raval and Michelle Sansom.

APOLOGIES FOR ABSENCE were received from Mike Ashley, Marisa Cassoni and Peter Elwin.

The Chairman participated by telephone; the meeting was chaired by DL.

1 MINUTES AND NOTE OF MEETING

1.1 The minutes of the meeting held on 15 October 2009 (2009:12) were agreed and approved for publication.

2 CHAIRMAN'S UPDATE AND REPORTS

2.1 The Board received an update on global financial crisis developments, EFRAG and other European developments.

2.2 The Board noted:

- a. a report of David Tweedie's appearance before the EU Economic and Financial Affairs Committee (ECOFIN) and his prepared statement to ECOFIN;

- b. a report commissioned by the French Finance Minister on accounting standards and the financial crisis;
- c. two FSA discussion papers, 'Turner Review Conference Discussion Paper - A regulatory response to the global banking crisis: systemically important banks and assess the cumulative impact' and 'Enhancing financial reporting disclosures by UK credit institutions'; the latter was considered of particular relevance to the Board and would be considered further at a future meeting;
- d. a report of the meeting on 19 October between representatives of EFRAG and the IASB to discuss convergence-related issues;
- e. a report of the meeting of EFRAG's Planning and Resources Committee (PRC) on 19 October, including an update on the various current and proposed proactive projects;
- f. the report issued by the European Commission summarising responses to its February 2009 consultation on the review of the Accounting Directives
- g. an oral report on issues raised at the public meetings held so far to discuss the Board's plans for the future of UK GAAP.

2.3 The Board also noted the Status Report and approved it for publication.

### 3 IFRS 9 'FINANCIAL INSTRUMENTS'

3.1 The Board considered a near-final draft of IFRS 9 'Financial Instruments' and the steps being taken towards its endorsement by the European Commission.

3.2 The Board:

- a. approved a response to EFRAG on its draft endorsement letter supporting the EFRAG positive endorsement advice;
- b. strongly opposed any amendment to the existing endorsed standard IAS 39 by way of 'carve-in', and agreed that this view should be communicated to the Department for Business, Innovation and Skills and to HM Treasury.

### 4 ENDORSEMENT OF AMENDMENT TO IAS 32 AND PROPOSED AMENDMENT TO FRS 25 'CLASSIFICATION OF RIGHTS ISSUES'

4.1 The Board considered:

- a. the IASB's amendment to IAS 32 'Classification of Rights Issues' issued in October 2009 and
- b. a draft exposure draft to make corresponding amendments to FRS 25 (IAS 32) 'Financial Instruments: Disclosure and Presentation'.

4.2 The Board:

- a. approved a response to EFRAG's draft endorsement letter supporting the EFRAG positive endorsement advice;
- b. approved for issue an exposure draft of amendments to FRS 25 with a comment period of one month and a proposed effective date of 1 February 2010

## 5 IMPROVEMENTS TO FINANCIAL REPORTING STANDARDS

### 5.1 The Board considered:

- a. the comment letters received in response to the exposure draft 'Improvements to Financial Reporting Standards 2009' issued by the Board in June 2009; and
- b. a voting draft of a final financial reporting standard.

### 5.2 The Board:

- a. confirmed the proposed amendments to FRS 11 'Impairment of fixed assets and goodwill', FRS 20 (IFRS 2) 'Share-based Payment', and UITF Abstract 42 (IFRIC 9) 'Reassessment of Embedded Derivatives';
- b. concluded that no further amendments need be considered in the light of the comments received in response to the exposure draft; and
- c. approved for issue the FRS 'Improvements to Financial Reporting Standards'.

## 6 MG ROVER GROUP: RELATED PARTY TRANSACTIONS AND GOING CONCERN ISSUES AND IMPLICATIONS FOR ACCOUNTING STANDARDS

### 6.1 The Board considered an analysis of issues arising from the inspectors' report into the affairs of Phoenix Venture Holdings Limited, MG Rover Group Limited and 33 Other Companies, published by the Department for Business, Innovation and Skills.

### 6.2 In relation to disclosure requirements in FRS 8 'Related Party Transactions', the Board:

- a. noted that the disclosure requirements for related party transactions and the exemptions in the standard for intra-group transactions were consistent with company law;
- b. noted that both company law requirements and the FRS had been revised recently following consultation in accordance with due process; and
- c. agreed that if company law were to be amended, it would consider a similar amendment to the standard.

### 6.3 In relation to disclosures relating to going concern, the Board:

- a. agreed that no amendment to the requirements of FRS 18 'Accounting Policies' relating to going concern was necessary;
- b. considered that the recent guidance 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' issued by the FRC was consistent with FRS 18 and provided a useful amplification of its requirements; and
- c. that it would be helpful to refer to this FRC guidance on the ASB's website page on FRS 18.

## 7 RATE-REGULATED ACTIVITIES

- 7.1 The Board approved a response to EFRAG on its draft comment letter on the IASB exposure draft 'Rate Regulated Activities' issued in July 2009.

## 8 INTERNATIONAL ACCOUNTING STANDARDS COMMITTEE FOUNDATION (IASCF) GOVERNANCE CONSULTATIONS

- 8.1 The Board considered the IASCF's consultation document 'Proposals for Enhanced Public Accountability'.

- 8.2 The Board agreed that:

- a. 'convergence' should not be an objective in the IASCF constitution, since this was not an objective in itself but a means towards achieving high quality global standards;
- b. under a 'fast track' process, comment periods should never be less than 30 days; and
- c. the IASB should consult more widely on its priorities than was suggested on the consultation document.

- 8.3 The Board approved, for submission to the FRC Executive:

- a. a draft FRC response to IASCF setting out these views; and
- b. a draft FRC response to EFRAG on its draft comment letter on the consultation document.

## 9 IASB PRIORITIES AFTER JUNE 2011

- 9.1 The Board considered the request from EFRAG for views on the IASB's work plan post June 2011.

- 9.2 The Board approved a response to EFRAG expressing the view that:

- a. a period of calm was needed following the heavy work load leading up to June 2011;

- b. a range of projects to achieve longer-term improvements should be carried out;
- c. standards need to be of high quality, principles based and written at a high level, supported by field testing, by clear evidence of need, and by ongoing assessment of costs and benefits, and finalisation procedures that minimise subsequent repair and maintenance work;
- d. after publication, there should be comprehensive post-implementation reviews;
- e. the IASB needed to carry out activities designed to achieve a greater 'buy-in' to new standards, particularly those of a controversial nature, is needed;
- f. a high quality conceptual framework is an urgent priority;
- g. other projects for consideration include lessor accounting, financial statement presentation, a review of share-based payment, pensions, tax, the development of a disclosure framework, and government grants;
- h. the pre-June 2011 work plan is placing too great a burden on the IASB's constituents; and
- i. the objective of all projects should be to improve financial reporting and convergence should not be pursued if the result is a lower quality accounting standard.

10 REPORTS OF THE OCTOBER 2009 MEETINGS OF THE IASB AND OF THE OCTOBER 2009 MEETINGS OF EFRAG'S TECHNICAL EXPERTS GROUP (TEG) AND

10.1 The Board noted the reports of the additional meeting of the IASB to discuss the project to replace IAS 39 held on 15-16 October; the main October meeting of the IASB, held on 19-23 October; and the October meetings of EFRAG's Consultative Forum of Standard-Setters (CFSS) and Technical Experts Group (TEG).

11 NEXT MEETING

Thursday 26 November, 9.00 a.m.