



**Minutes of a meeting of the Accounting Standards Board (2009:15)  
held on 17 December 2009 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Ian Mackintosh	Chairman
David Loweth	Technical Director
Nick Anderson	
Mike Ashley	
Edward Beale	
Peter Elwin	
Ken Lever	
Andy Simmonds	
Robert Overend	

IN ATTENDANCE

Mario Abela (CMA)	EFRAG Acting Secretariat Director and Research Director (for Item 7)
Stephen Haddrill	FRC Chief Executive (for Items 3-11)
Michael Kavanagh	IAASA Observer
Andrew Lennard	ASB Director of Research
David Tyrrall	BIS
Ian Wright	FRC Director of Corporate Reporting (for Items 3-6)
Peter Godsall	Secretary
Simon Peerless	Minutes Secretary

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

APOLOGIES FOR ABSENCE were received from Marisa Cassoni.

1 MINUTES AND NOTE OF MEETING

- 1.1 The minutes of the meeting held on 26 November (2009:14) were agreed and approved for publication.

## 2 UPDATE AND REPORTS

2.1 The Board received an update on recent developments relating to the global financial crisis, other IASB and international developments, EFRAG and other European developments, and FRC and ASB developments.

2.2 The Board noted:

- a. a report of the first meeting of the IASB's Expert Advisory Panel on impairment, on 8 December;
- b. a report of the IASB Financial Instruments Working Group meeting on 9 December;
- c. a report of the IASB's fair value measurement round-table held on 11 December;
- d. a report of deliberations at the IASB meeting in the week commencing 14 December;
- e. a report of the Financial Crisis Advisory Group meeting on 15 December;
- f. a report of the ICAEW Information for Better Markets conference held on 14-15 December;
- g. the request from the Trustees of the IASC Foundation for nominations for the position of chairman of the IASB;
- h. proposals put forward to the Copenhagen Convention on Climate Change for standards on climate change disclosures;
- i. a report of the EFRAG TEG meeting held on 9 - 11 December; and
- j. the announcement that Baroness Sarah Hogg is to succeed Sir Christopher Hogg as Chair of the FRC from May 2010.

2.3 The Board noted that Mike Ashley completed his term of appointment as a Board member at the end of the year, and agreed to invite him to attend future meetings as EFRAG TEG Observer.

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

## 3 IASB DERECOGNITION PROJECT

3.1 The Board:

- a. received an update on the IASB's project on derecognition of financial instruments; and
- b. noted the staff's plans for consulting with a group of preparers, auditors and users on the IASB's proposals for impairment and derecognition.

3.2 The Board:

- a. expressed concerns over the acceptability of the derecognition model currently being developed by the IASB; and
  - b. agreed to continue to examine the IASB approach with the assistance of the group of consultants.
- 4 IASB EXPOSURE DRAFT 'LIMITED EXEMPTION FROM COMPARATIVE IFRS 7 DISCLOSURES FOR FIRST TIME ADOPTERS'
- 4.1 The Board considered the IASB's exposure draft of amendments to IFRS 1 'Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters'.
  - 4.2 The Board approved responses to the IASB and to EFRAG on its draft comment letter, supporting the proposed amendment.
- 5 MG ROVER GROUP: RELATED PARTY TRANSACTIONS AND GOING CONCERN ISSUES AND IMPLICATIONS FOR ACCOUNTING STANDARDS
- 5.1 The Board gave further consideration to 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 (BIS).
  - 5.2 The Board:
    - a. agreed that any changes to UK standards needed to be made in the context of the Board's plans for and consultation on the future of UK GAAP;
    - b. noted that the recent FRC guidance on going concern was helpful in interpreting FRS 18 disclosures on going concern;
    - c. agreed that additional disclosures on related party transactions would result in significant costs for preparers, and it was unclear whether these would be useful; and
    - d. requested a second draft response to The Inspector of Companies setting out its conclusions, to be circulated first to the ASB and once approved to the FRC Board for comment.
- 6 PROPOSAL FOR INVESTMENTS MANAGED ON A FAIR VALUE BASIS
- 6.1 The Board gave further consideration to a proposal submitted to the International Accounting Standards Board (IASB) by the Investment Funds Institute of Canada (IFIC), relating to when a reporting entity should measure controlled investments at fair value and so thereby be exempt from the requirement to consolidate controlled investments. The Canadian Institute of

Chartered Accountants (CICA) was seeking Board support similar to that already given by itself to the proposal submitted.

6.2 The Board noted that staff had solicited the views of the British Venture Capital Association, the Association of Investment Companies, the Investment Management Association and the Irish Funds Industry Association on the proposals.

6.3 The Board agreed:

- a. that there were circumstances in which fair value accounting for controlled investments would be more useful than consolidation;
- b. that fair value accounting for controlled investments should be supplemented by additional information on the investments;
- c. that further research was needed to define the circumstances in which fair value accounting was more useful; and
- d. that a response should be sent to CICA setting out these conclusions.

## 7 ASB/DRSC RESEARCH PROJECT ON ACCOUNTING FOR CORPORATE INCOME TAX

7.1 The Board received an update on the ASB/DRSC research project on corporate income tax.

7.2 The Board noted the overall approach that was being adopted and the proposed timetable.

## 8 PAAinE DISCUSSION PAPER 'PERFORMANCE REPORTING'

8.1 The Board considered the Pro-active Accounting Activities in Europe (PAAinE) discussion paper (DP) 'Performance Reporting: A European Discussion Paper' issued by EFRAG in March 2009.

8.2 The Board approved a response to EFRAG:

- a. welcoming the contribution made to the debate on performance reporting by the DP;
- b. supporting several of the key messages set out in the DP; and
- c. expressing the view that the 'business model' approach to disaggregation explained in the DP was insufficiently developed, and that apart from this, the DP put forward no new alternative methods of disaggregation.

## 9 EFRAG ASSESSMENT ON THE ENDORSEMENT OF IASB'S NOVEMBER 2009 REVISED VERSION OF IAS 24 'RELATED PARTY TRANSACTIONS'

9.1 The Board considered the request from EFRAG for comments on its draft endorsement advice on the November 2009 revised version of IAS 24 'Related Party Transactions'.

9.2 The Board approved a response supporting EFRAG's positive endorsement advice.

## 10 RE-APPOINTMENTS TO THE BOARD'S COMMITTEE ON ACCOUNTING FOR SMALLER ENTITIES (CASE) AND COMMITTEE ON ACCOUNTING FOR PUBLIC BENEFIT ENTITIES (CAPE)

10.1 The Board approved the reappointment of:

- a. Steve Bailey to the Committee on Accounting for Smaller Entities (CASE) for a two year period to 30 November 2011; and
- b. Lynn Hine to the Committee on Accounting for Public Benefit Entities (CAPE) for a two year period to 31 December 2011.

## 11 REPORTS OF THE NOVEMBER 2009 MEETINGS OF EFRAG'S TECHNICAL EXPERTS GROUP (TEG) AND OF THE NOVEMBER 2009 MEETING OF THE IASB

11.1 The Board noted the reports of the November 2009 meetings of EFRAG's Technical Experts Group (TEG) (paper 11A) and of the November 2009 meeting of the IASB (paper 11B).

## 12 OTHER BUSINESS

The Chairman expressed the Board's thanks to MA for his services as a member of the Board, noting he would be continuing to attend as an observer.

## 13 NEXT MEETING

Thursday 14 January 2010, 9.00 a.m.