



**Minutes of a meeting of the Accounting Standards Board (2011:11)  
held on 29 September 2011 at Aldwych House, 71-91 Aldwych, London, WC2**

## PRESENT

David Loweth	Technical Director (acting Chairman)
Nick Anderson	
Edward Beale	
Peter Elwin	
Ken Lever	
Robert Overend	
Andy Simmonds	
Pauline Wallace	

## IN ATTENDANCE

Matt Blake	HMRC
Stephen Haddrill	FRC CEO (for Items 1 and 2)
Michael Kavanagh	IAASA
Chris Wobschall	HM Treasury (for Item 2)
Roger Nicklen	Minutes Secretary

Technical Staff: Jenny Carter, Grant Chatterton, Jennifer Guest, Seema Jamil-O'Neill, Deepa Raval, Dave Rice, Michelle Sansom and Joanna Spencer.

APOLOGIES FOR ABSENCE were received from Roger Marshall.

In the absence of Roger Marshall the Board appointed David Loweth to chair the meeting.

- 1 FUTURE OF FINANCIAL REPORTING IN THE UK AND ROI - PUBLIC BENEFIT ENTITIES
  - 1.1 The Board considered the responses to FRED 45 'Financial Reporting Standard for Public Benefit Entities' (PBEs).
  - 1.2 The Board discussed:
    - a. the extent to which the responses reflected the views of users;
    - b. the responses relating to accounting for donated goods, the definition of a PBE, entity combinations, impairment and concessionary loans; and
    - c. noted the importance of having a timetable for the preparation of revised Statements of Recommended Practice (SORPs) that would

ensure all SORPs were ready by the time any new standards were implemented.

## 2 FUTURE OF FINANCIAL REPORTING IN THE UK AND ROI

2.1 The Board resumed re-deliberation of its proposals for the future of financial reporting in the UK and ROI.

2.2 The Board discussed:

- a. the impact of new International Financial Reporting Standards (IFRS) and Amendments to IFRS on its proposals for a Reduced Disclosure Framework (RDF) for subsidiaries of entities reporting under EU-adopted IFRS and on the proposed Financial Reporting Standard for Medium-sized Enterprises (FRSME) and the impact of new IFRIC Interpretations;
- b. the implications of its earlier tentative decisions in relation to use of the RDF by parent entities in their individual accounts;
- c. the issues raised by respondents on the FRSME requirements for grant accounting whether the FRSME should require liabilities to be reported in pension fund accounts;
- d. whether certain UITF Abstracts should be retained;
- e. an updated version of the project objectives;

2.3 The Board tentatively decided:

- a. to extend the RDF to cover recently issued IFRSs and IFRS Amendments (namely IAS 27, IAS 28, IFRS 9, IFRS 10, IFRS 11 and IFRS 12 with further consideration to be given to exemptions from IFRS 13 disclosure requirements);
- b. to update the FRSME for IFRS 9 but not for IAS 27, IAS 28 IFRS 3, IFRS 10, IFRS 11 and IFRS 12;
- c. that the ultimate parent of a group should be permitted to apply the reduced disclosure framework in its individual accounts;
- d. that the requirements in the FRSME relating to grant accounting should remain but that it should mount a project on grant accounting in the UK the results of which might be incorporated into the FRSME at a later stage;
- e. not to remove the option in IAS 26 to report liabilities in pension fund accounts;
- f. to carry forward into the FRSME the exemption for pension funds from the requirement to prepare cash-flow statements;

2.4 The Board agreed to give further consideration to:

- a. the implications for the FRSME of IFRIC 17;

- b. the new ED should explain the Board's intention to set up a project to review grant accounting and the FRSME should be amended to accommodate current accounting practices but eliminate bad practice (subject to further consideration by the Board of the precise drafting);
- c. how best to ensure that the provisions of UITF Abstracts 31, 32, 43 and 44 were retained;
- d. improving the project objectives

2.5 The Board noted:

- a. drafts of new Financial Reporting Exposure Drafts on 'Application of Financial Reporting Requirements' and 'Reduced Disclosure Framework';
- b. drafts of the Sections the FRSME relating to Statement of Financial Position (4), Statement of Comprehensive Income and Income Statement (5), Consolidated and Separate Financial Statements (9), Basic Financial Instruments (11) and Other Financial Instruments (12);
- c. staff proposals for dealing with the requests for clarification received from respondents;
- d. a draft Legal Appendix for the FRSME;
- e. a summary of tentative decisions to date;
- f. the timetable for securing Board approval of new Exposure drafts before the end of 2011.

3 MINUTES

- 3.1 The minutes of the meeting held on 8 September 2011 (2011:10) were agreed and approved for publication.

4 TECHNICAL DIRECTOR'S UPDATE AND REPORTS

- 4.1 The Board received an update from the Technical Director.

4.2 The Board noted publication of:

- a. the International Integrated Reporting Committee Discussion Paper 'Towards Integrated Reporting - Communicating Value in the 21<sup>st</sup> Century';
- b. the final report of the Independent Commission on Banking ;
- c. the Department for Business, Innovation and Skills discussion document 'The Future of Narrative Reporting: Consulting on a new reporting framework';
- d. the Department for Business, Innovation and Skills discussion paper 'Executive Remuneration'; and

e. the Financial Reporting Review Panel annual report.

4.3 The Board also:

- a. noted the summary of comments to the Monitoring Board on its review of IFRS Foundation governance;
- b. noted the Status Report and approved its publication.

5 UPDATE ON RESEARCH ACTIVITIES AND DEVELOPMENTS

5.1 The Board noted:

- a. the update on research activities;
- b. the programme of the 28 September EFRAG PRC meeting; and
- c. the Literature Review from the PRC Business Model Advisory Panel.

6 REPORTS OF THE SEPTEMBER MEETING OF EFRAG'S TECHNICAL EXPERTS GROUP (TEG)

6.1 The Board noted the update report from the EFRAG TEG September meeting.

7 IASB EXPOSURE DRAFT 'MANDATORY EFFECTIVE DATE OF IFRS 9 - FINANCIAL INSTRUMENTS'

7.1 The Board considered the IASB ED 'Mandatory Effective Date of IFRS 9 and EFRAG's draft comment letter.

7.2 The Board supported the ED's proposals and acknowledged the desirability of alignment with the IFRS 4 Phase II project and of convergence with US GAAP but considered that neither should be allowed to delay implementation of IFRS 9.

7.3 The Board approved responses to the IASB and to EFRAG.

8 IASB EXPOSURE DRAFT 'CONSOLIDATION - INVESTMENT COMPANIES'

8.1 The Board gave preliminary consideration to the IASB Exposure Draft 'Investment Entities' and to EFRAG's draft comment letter.

8.2 The Board discussed the implications of restricting the exemption already available in IAS 28 and agreed to consider the ED further.

9 FRS GUIDANCE PAPER 'MORTGAGE FORBEARANCE AND IMPAIRMENT PROVISIONS'

9.1 The Board considered the FSA's post-consultation draft of its Guidance 'Forbearance and Impairment Provisions - Mortgages'

9.2 The Board approved a Press Notice welcoming publication of the Guidance.

10 NEXT MEETING ON 20 OCTOBER

10.1 The Board approved the proposed agenda for the meeting on 20 October at 9.00 a.m.