



**Minutes of a meeting of the Accounting Standards Board (2011:10)
held on 8 September 2011 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Roger Marshall	Chairman
David Loweth	Technical Director
Nick Anderson	
Edward Beale	
Robert Overend	
Andy Simmonds	
Pauline Wallace	(For Item 1)

IN ATTENDANCE

Mario Abela	EFRAG (for Item 8)
Richard Carter	BIS (for Item 1)
Garrett Ryan	IAASA
Andrew Lennard	ASB Research Director
Iwona Nowicka	GASB (for Item 9)
Alison Ring	HMRC
Chris Wobschall	HM Treasury (for Item 1)
Roger Nicklen	Minutes Secretary

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

APOLOGIES FOR ABSENCE were received from Peter Elwin and Ken Lever.

- 1 FUTURE OF FINANCIAL REPORTING IN THE UK AND ROI
 - 1.1 The Board continued redeliberation of its proposals on the future of UK GAAP and confirmed that its revised proposals should be re-exposed.
 - 1.2 The Board considered the scope and principles of the reduced disclosure framework and tentatively agreed:
 - a. that subsidiaries that were also intermediate parent companies should not be permitted to apply the RDF to their group accounts and to seek views on the options of permitting them to apply the RDF to their group accounts if they voluntarily chose or were required to prepare group accounts or permitting them to apply the RDF to their group accounts if they voluntarily prepared group accounts but not if they were required to produce group accounts; and

- b. agreed a revised set of principles for determining which disclosure exemptions should be allowed.
- 1.3 The Board reviewed a set of proposals for disclosure exemption and tentatively agreed that the current exemption for related parties should remain in the final standard with an invitation to be issued on re-exposure for respondents to justify its removal.
- 1.4 The Board considered the accounting for income tax and tentatively decided that the FRSME requirements on tax should be based on a 'timing differences plus' approach.
- 1.5 The Board considered the additional disclosure requirements for financial institutions, agreed that these should be extended to pension funds, noted that discussions with building societies and credit unions were not yet concluded and approved the basis on which the disclosure requirements were being developed.
- 1.6 The Board reviewed the issues relating to financial instruments raised in comment letters and during outreach, approved the basis on which these were to be addressed and agreed to consider further how to present the material on financial instruments.
- 1.7 The Board gave further consideration to its tentative decision that company law formats should be used by all FRSME users and tentatively decided that the FRSME should be amended to require entities to apply one of the formats in company law subject to an additional requirement to disclose post acquisition revenue and results for acquirers.
- 1.8 The Board also tentatively decided:
- a. not to mandate an operating profit line;
 - b. to include an explicit requirement to disclose material items;
 - c. not to retain the existing requirement to show separately on the face of the profit and loss account profits or losses on sale or termination of an operation, costs of a fundamental reorganisation materially affecting the operation and profits and losses on disposal of fixed assets (all of which would still have to be disclosed where material); and
 - d. to delete the requirement to have a single discontinued operations item below tax and to provide an example of the use of the columnar approach for presenting discontinued operations information.
- 1.9 The Board commissioned further work on whether to point to the things needing to be considered if an operating profit was to be shown and on whether there might be actuarial movements in relation to discontinued operations that would need to be shown in the Statement of Comprehensive Income.
- 1.10 The Board agreed that options should be included in the FRSME so as to keep UK GAAP close to IFRS.

Impact of new IFRS

- 1.11 The Board reviewed the impact of new IFRS on the proposed reduced disclosure framework and commissioned further work in relation to IAS 19 to clarify the requirement for members of group schemes to make reference to group accounts and for sponsoring entities to make IAS 19 disclosures.

2 APPOINTMENTS TO THE COMMITTEE ON ACCOUNTING FOR SMALLER ENTITIES (CASE) AND TO THE COMMITTEE ON ACCOUNTING FOR PUBLIC-BENEFIT ENTITIES (CAPE)

- 2.1 The Board approved the re-appointment to CASE of Liam McQuaid for a further two year period to 31 August 2013, of John Coombs and Kenneth McDowell for a further two-year period to 30 September 2013 and of Steve Bailey for a further two-year period to 31 October 2013.
- 2.2 The Board also approved the appointment of Bob Humphreys as a CAPE member for the two-year period to 30 Sept 2013.

3 MINUTES OF MEETING

- 3.1 The minutes of the meeting held on 21 July 2011 (2011:09) were agreed and approved for publication.

4 TECHNICAL DIRECTOR'S UPDATE AND REPORTS

- 4.1 The Board received an update on:
- a. International Accounting Standards Board (IASB) and further international accounting developments;
 - b. European Financial Reporting Advisory Group (EFRAG) and other European developments; and
 - c. UK (including FRC) developments.
- 4.2 The Board noted publication of:
- a. the Office of Tax Simplification discussion paper 'A simpler tax for the smallest businesses';
 - b. the BIS/FRC joint discussion paper 'Simpler Reporting for Smaller Businesses';
 - c. the FRC discussion paper 'Effective Company Stewardship: Next Steps'; and
 - d. the FRC publication 'Boards and Risk: A Summary of Discussions with Companies, Investors and Advisers'.
- 4.3 The Board noted the Status Report and approved its publication.

5 UPDATE ON RESEARCH ACTIVITIES AND DEVELOPMENTS

5.1 The Board received an update on the agenda for the forthcoming National Standard-setters (NSS) meeting and on various PRC projects.

6 REPORTS OF THE JULY MEETINGS OF EFRAG'S TECHNICAL EXPERTS GROUP (TEG)

6.1 The Board noted the reports of:

- a. EFRAG TEG's 13-15 July meeting;
- b. The IASB and joint IASB/FASB meetings on 20-22 July; and
- c. The IASB meeting on 28 July.

7 NEXT MEETING ON 29 SEPTEMBER

7.1 The Board approved the proposed agenda for the meeting on 8 September at 9.00 a.m.

8 THE ROLE OF THE BUSINESS MODEL IN FINANCIAL REPORTING

8.1 The Board considered an outline of the PRC project on the Role of the Business Model in Financial Reporting and made a number of suggestions about the structure of the project.

9 THE FINANCIAL REPORTING OF INCOME TAX

9.1 The Board considered whether to approve publication of the PRC discussion paper on the reporting of income tax.

9.2 The Board noted that while the paper had been supported by EFRAG TEG, GASB had decided that it could not support publication in its present form.

9.3 The Board approved publication of the discussion paper subject to Board members being given sight of the final draft.

10 ACCOUNTING FOR BUSINESSES UNDER COMMON CONTROL

10.1 The Board considered whether to provide its support for the publication of the PRC discussion paper on Accounting for Businesses Under Common Control.

10.2 The Board noted proposals made at TEG for the improvement of the discussion paper and agreed to support its publication, carrying the ASB logo.