



## ACCOUNTING STANDARDS BOARD

**Minutes of a meeting of the Accounting Standards Board (2006:07) held on  
29 June 2006 at Aldwych House, 71-91 Aldwych, London, WC2**

### PRESENT

Ian Mackintosh	Chairman
David Loweth	Secretary and Acting Technical Director
Roger Marshall	
Robert Overend	
Jonathan Symonds	
Peter Westlake	
Geoffrey Whittington	IASB Liaison Member

### IN ATTENDANCE

Michael Buschhueter	IASB (Item 2 only)
Amanda Quiring	IASB (Item 2 only)
Alan Teixeira	IASB (Item 2 only)
Andrew Lennard	Director of Research
Michael Kavanagh	IAASA
Ben Higgin	DTI
Chris Jackson	Minutes Secretary

Technical Staff: Michelle Crisp, Hans Nailor, Simon Peerless.

APOLOGIES FOR ABSENCE were received from Mike Ashley, Helen Weir and Marisa Cassoni.

### 1 IASB's PROPOSALS ON BUSINESS COMBINATIONS

The Board discussed with representatives of the staff of the International Accounting Standards Board (IASB) the deliberations that the IASB was undertaking following the comment period ending on the Business Combination (Phase 2) exposure drafts.

The IASB team explained their thinking for taking the project forward. Their intention was that the new standard should be broadly based on International Financial Reporting Standard (IFRS) 3, but also incorporating necessary improvements to that standard. A key objective would be to recast the underlying principles so that they could be applied to most circumstances with the exceptions to the standard being articulated clearly. It was envisaged that the resulting principles should be highlighted upfront in the standard. The final standard should be a much more focussed document than the exposure drafts. All these issues however had

still to be put to and agreed by the IASB and the US Financial Accounting Standards Board (FASB).

The Board expressed support for the project being taken forward in this way but made clear it continued to disagree with the proposals in respect of non-controlling interests and goodwill. It maintained its opinion that this was an issue which should be looked at from the point of view of the shareholders of the controlling entity. The Board also expressed reservations about the proposal to expense acquisition costs.

## 2 MINUTES OF MEETING

The minutes of the meeting held on 15 June (2006:06) were agreed and approved for publication.

## 3 CHAIRMAN'S UPDATE AND STATUS OF ASB PROJECTS

The Board reported on recent developments, including the public roundtable meeting that had been held in Dublin on 19 June. It noted his comments that recent contacts with various parts of the constituency indicated a clearly emerging view that the Board did not need to rush into decisions about the nature of UK convergence, although there was a desire to have certainty and confidence about the timing of such change.

## 4 PROPOSED AMENDMENT TO FINANCIAL REPORTING STANDARD (FRS) 25 RE FINANCIAL INSTRUMENTS PUTTABLE AT FAIR VALUE AND OBLIGATIONS ARISING ON LIQUIDATION

The Board considered a proposed Exposure Draft of an Amendment to FRS 25, as a consequence of the IASB's proposal for a limited and clearly defined change to IAS 32, which was aimed at fixing a specific problem the existing provisions on debt/equity classification would cause for a significant number of entities.

The Board recognised the change would also have implications for some UK entities. The Board had some reservations that - as stated in the IASB exposure draft's own alternative view - the changes were not entirely consistent with the framework. The Board concluded however that these considerations did not outweigh those for the UK adopting the amendment. It therefore agreed a UK exposure draft should be issued which, whilst referring briefly to its reservations about departure from principles, recommended an appropriate amendment to FRS 25.

5 IASB/FASB CONCEPTUAL FRAMEWORK PROJECT: PROGRESS AND VIEWS ON THE PHASE A DISCUSSION PAPER

6 The Board considered three main issues:

- a) latest progress on the project and the position on asset and liability definitions in particular;
- b) parallel work by national standard setters on the project's implications for public benefit entities;
- c) how to respond to proposals in the forthcoming IASB/FASB Phase A preliminary views discussion paper.

The Board discussed the latest progress on the IASB/FASB project and noted ongoing work on implications of the framework project for public benefit entities. It agreed staff should have a press notice ready for issue when IASB's Phase A discussion paper was published in July and that this should underline the significance of the project for the UK constituency as well as trail the Board's roundtable to discuss it scheduled for September.

7 PENSIONS PROJECT UPDATE

The Board received an oral update from the project director leading the project, including reports on latest meetings of the Pensions Advisory Panel and the European Financial Reporting Advisory Group (EFRAG) Working Group as well as presentations to IASB and the EFRAG Consultative Forum of Standard-Setters. Overall the discussion summary (which had been discussed at all these meetings) had been well received. It had now been finalised and would be posted on the ASB website the following day.

8 APPOINTMENTS AND RE-APPOINTMENTS TO FSOSIC, CASE AND CAPE

The Board agreed that:

- a) James MacLeod, Rajan Kapoor and David Cairns should be re-appointed to the Financial Services and Other Special Industries Committee (FSOSIC);
- b) Professor Mike Page should be appointed and Sara Harvey and Paul Flanagan re-appointed to the Committee on Accounting for Smaller Entities (CASE);
- c) Ian Carruthers should be appointed to the Committee on Accounting for Public-benefit Entities (CAPE) and John Stanford's appointment should continue.

9 RECENT AND UPCOMING ASB ACTIVITIES

The Board took note of recent and upcoming ASB activities.

8 JUNE MEETINGS OF EFRAG CONSULTATIVE FORUM OF STANDARD SETTERS AND TECHNICAL EXPERTS GROUP

The Board took note of the reports of the June EFRAG meetings.

9 NEXT MEETING

Thursday 13 July, 9.00am.