

## URGENT ISSUES TASK FORCE

### **Summary Minutes of the 98th meeting of the Urgent Issues Task Force (UITF:98) held on 18 March 2009 at Aldwych House, 71-91 Aldwych, London WC2**

#### PRESENT:

Ian Mackintosh	Chairman
Kathryn Cearns	
Peter Chidgey	
Matthew Curtis	
Una Curtis	
Howard Evans	
Peter Holgate	
Marian MacBryde	
Geoffrey Mitchell	
Veronica Poole	
Brian Shearer	
Andrew Vials	

#### IN ATTENDANCE:

David Loweth	ASB Technical Director
Andrew Lennard	ASB Director of Research
Simon Peerless	UITF Secretary
Michelle Crisp	ASB Project Director
Roger Nicklen	Minutes Secretary

Apologies for absence were received from Tim Bush, Bill Hicks and John McDonnell.

#### 1 MINUTES

1.1 UITF members noted the Summary Minutes of the meeting held on 17 September 2008, which had already been approved for publication.

#### 2 IFRIC 17 'DISTRIBUTIONS OF NON-CASH ASSETS TO OWNERS'

##### 2.1 The UITF considered:

- a) whether to adopt International Financial Reporting Interpretations Committee (IFRIC) Interpretation 17 (IFRIC 17) 'Distributions of Non-Cash Assets to Owners' into UK GAAP, and
- b) a concern raised by a member of the Consultative Council of Accounting Bodies (CCAB) that IFRIC 17 could be interpreted as requiring interim dividends to be recognised when declared by management.

2.2 The UITF noted that:

- a) adoption of IFRIC 17 could give rise to difficulties in UK GAAP,
- b) the ASB would soon be consulting on the future of UK GAAP,
- c) IFRIC 17 was unlikely to be adopted in the European Union before the end of 2009,
- d) clear guidance on distributable profits was available in an Institute of Chartered Accountants of Scotland (ICAS)/Institute of Chartered Accountants in England and Wales (ICAEW) Technical Release, and
- e) the Basis for Conclusions in IFRIC 17 made clear that the Interpretation did not change the principle of when to recognise a dividend payable.

2.3 The UITF agreed:

- a) to defer consideration of adoption of IFRIC 17 into UK GAAP until it was adopted in the EU,
- b) to recommend to the ASB that it should defer its consideration of amendment to FRS 21 'Events After the Balance Sheet Date' (to preserve consistency with IAS 10 'Events After the Balance Sheet Date') until IFRIC 17 was adopted in the EU, and
- c) include its decision in an Information Sheet that would also draw attention to paragraph BC20 of IFRIC 17 that IFRIC 17 did not change the principle of when to recognise a dividend payable and the guidance available from ICAS and the ICAEW.

### 3 STATUS OF ADOPTION OF IFRIC INTERPRETATIONS

3.1 The UITF reviewed UK adoption of IFRIC Interpretations and considered recommendations on IFRIC Interpretations not already adopted on the basis of whether they related to a UK IFRS-based standard, were otherwise "required" in the UK and their relationship to UK GAAP.

3.2 The UITF noted that the following IFRIC Interpretations had already been adopted into UK GAAP:

- a) IFRIC 2 'Members Shares in Co-operative Entities and Similar Instruments' (UITF 39),
- b) IFRIC 6 'Liabilities arising from Participation in a Specific Market - Waste Electrical and Electronic Equipment' (UITF 45),
- c) IFRIC 8 'Scope of IFRS 2' (UITF 41),
- d) IFRIC 9 'Reassessment of Embedded Derivatives' (UITF 42)

- e) IFRIC 11 'IFRS 2 Group and Treasury Share Transactions' (UITF 44) and
  - f) IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' (UITF 46).
- 3.3 UITF members agreed that they should not revisit earlier decisions not to adopt into UK GAAP:
- a) IFRIC 14 'Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction',
  - b) IFRIC 12 'Service Concession Arrangements',
  - c) IFRIC 7 'Applying the Restatement Approach Under IAS 29 - Reporting in Hyperinflationary Economies',
  - d) IFRIC 5 'Determining whether an Arrangement contains a Lease',
  - e) IFRIC 4 'Rights to Interest arising From Decommissioning, Restoration and Environmental Rehabilitation Funds', and
  - f) IFRIC 1 'Changes in Existing Decommissioning, Restoration and Similar Liabilities'.
- 3.4 UITF members agreed not to adopt into UK GAAP the following IFRIC Interpretations:
- a) IFRIC 18 'Transfers of Assets from Customers' (because it was not a significant issue in the UK and some inconsistencies were noted in relation to existing UK GAAP).
  - b) IFRIC 15 'Agreements for the Construction of Real Estate' (because it was not required in the UK and is a narrowly worded interpretation of IFRS literature and hence would be very difficult to fit into existing UK GAAP).
  - c) IFRIC 13 'Customer Loyalty Programmes' (because specific guidance on recognition of revenue for customer loyalty awards was given in FRS 5 Application Note G).
  - d) IFRIC 10 'Interim Financial Reporting and Impairment' (because interim financial reporting was addressed in the ASB Statement 'Half Yearly Reporting').
- 3.5 UITF members also agreed that an Information Sheet should be prepared summarising the decisions made and sent to members for comment outside the meeting.
- 4 THE ROLE OF THE UITF
- 4.1 The UITF was invited to give consideration to its future role.
- 4.2 The UITF noted that:
- a) the ASB was going to be consulting on the future of UK GAAP, and

- b) introduction of the Simplified IFRS was likely to give rise to a large number of interpretation and guidance issues during the transition period.

4.3 UITF members agreed that:

- a) the role of and arrangements for the UITF should remain unchanged for the present, and
- b) further consideration should be given to the role of the UITF (during the transition to Simplified IFRS and beyond) in the light of responses to the ASB's consultation on the future of UK GAAP.

5 UPDATE ON IFRIC ACTIVITIES

The UITF received an oral update on current IFRIC activities.

6 ANY OTHER BUSINESS

*UITF 43 'The Interpretation of equivalence for the purposes of Section 228A on the Companies Act 1985'*

The UITF considered whether it should review UITF 43 in the light of the European Commission decision on equivalence with IFRS for the purposes of the Transparency and Prospectus Directive and decided that it should not review UITF 43 without first taking advice from the Department for Business, Enterprise and Regulatory Reform on whether UITF 43 was giving rise to any problems.

7 NEXT MEETING

Wednesday 13 May, 9.30 a.m.