

## URGENT ISSUES TASK FORCE

### Summary minutes of the 100th meeting of the Urgent Issues Task Force (UITF:100) held on 24 March 2010 at Aldwych House, 71-91 Aldwych, London WC2

#### PRESENT:

|                 |   |
|-----------------|---|
| Ian Mackintosh  | Chairman  |
| Tim Bush        |   |
| Kathryn Cearns  |   |
| Peter Chidgey   |   |
| Matthew Curtis  |   |
| Una Curtis      |   |
| Howard Evans    |   |
| Peter Holgate   |   |
| Marian MacBryde |   |
| John McDonnell  |   |
| Veronica Poole  |   |
| Brian Shearer   |   |
| Lynn Percy      | <i>(named alternate to Andrew Vials)</i>        |
| Sondra Tarshis  | <i>(named alternative to Geoffrey Mitchell)</i> |

#### IN ATTENDANCE:

|                 |                         |
|-----------------|-------------------------|
| Matt Blake      | HMRC                    |
| David Tyrrall   | BIS                     |
| Michelle Sansom | UITF Technical Director |
| Roger Nicklen   | Minutes Secretary       |

Apologies for absence were received from Bill Hicks.

#### 1 MINUTES

- 1.1 UITF members noted the Summary Minutes of the meeting held on 16 September 2009, which had already been approved for publication.
- 2 IFRIC 19 'EXTINGUISHING FINANCIAL LIABILITIES WITH EQUITY INSTRUMENTS'
  - 2.1 The UITF considered whether to adopt IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'.
  - 2.2 The UITF noted that IFRIC had taken a different view to its own on the preferred measurement basis for equity instruments.
  - 2.3 The UITF discussed whether to:
    - a) issue no Abstract at all,

- b) issue an Abstract applicable only to entities applying FRS 26 'Financial Instruments: Measurement', or
  - c) issue an Abstract applicable to all entities.
- 2.4 The discussion took into account the argument that FRS 26 as a converged standard needed to be maintained as a converged standard, the fact that UK GAAP currently had a split regime with some entities applying FRS 26 and some applying FRS 4 'Capital Instruments', which was not a converged standard, and the fact that there was no evidence, IFRIC 19 apart, of UITF guidance on debt/equity swaps being required.
- 2.5 The UITF agreed to issue a UITF Abstract applicable only to entities applying FRS 26 and that a draft Abstract should be developed and sent round for approval outside the meeting.
- 3 IFRIC 17 'DISTRIBUTION OF NON-CASH ASSETS' AND IFRIC 18 'TRANSFERS OF ASSETS FROM CUSTOMERS'
- 3.1 The UITF considered whether to adopt IFRIC 17 'Distribution of Non-Cash Assets' and IFRIC 18 'Transfers of Assets from Customers'.
- 3.2 The UITF agreed:
- a) not to adopt IFRIC 17 or IFRIC 18; and
  - b) that an Information Sheet should be developed conveying the decision and updating the list of IFRIC Interpretations adopted in the UK and sent round for approval outside the meeting.
- 4 THE FUTURE OF UK GAAP
- 4.1 The UITF reviewed the key messages in the responses to the ASB's consultation paper 'Policy Proposal: the Future of UK GAAP'.
- 4.2 The UITF discussed a concern that there was a risk of the IFRS for SMEs developing in future in ways that would not be acceptable in the UK but noted that this could be countered by the ASB's commitment to retaining sovereignty over UK GAAP.
- 4.3 The UITF discussed the extent to which it would be appropriate to amend the IFRS for SMEs for use in the UK and noted that amendment to reflect the EU Accounting Directives and UK Law was inevitable.
- 4.4 The UITF considered:
- a) the particular difficulty arising from the provisions on deferred tax being based on proposals for full IFRS that the IASB was not proceeding with;
  - b) the case for and means by which exemptions currently available could be retained, and the possibility of using complementary amendments to both the IFRS for SMEs and to the Companies Act;

- c) the need to ensure that the cost and effort for all entities in aggregate was sufficient to justify any proposed amendments to the IFRS for SMEs; and
- d) the distinction between removal of particular requirements from the IFRS for SMEs and amending recognition and measurement rules.

## 5 FOREWORD TO UITF ABSTRACTS

- 5.1 UITF members considered whether the Foreword to UITF Abstracts needed to be updated, with particular reference to the arrangements for placing items on its agenda and to the arrangements for postal voting.
- 5.2 The UITF agreed that the Foreword should be amended to the minimum extent necessary to enable its business to continue smoothly and that a draft should be prepared for consideration at a future meeting.

## 6 IFRIC UPDATE

- 6.1 The UITF noted the latest statement on the IFRIC work programme.

## 7 OTHER BUSINESS

### *Status of the true and fair override*

- 7.1 The UITF considered and concern raised by one of its members about the current status of the true and fair override in the particular context of the application of the incurred loss model in IAS 39 'Financial Instruments: Recognition and Measurement' and agreed that documents illustrating the basis for this concern should be made available to all UITF members.

### *IFRS 1 derecognition exception*

- 7.2 The UITF considered a request for advice from IFRIC in relation to a request to replace the fixed derecognition exception date in IFRS 1 with the date of transition to IFRS.
- 7.3 A consensus was arrived at to accede to the request.

## 8 NEXT MEETING

Wednesday 26 May, 9.30 a.m.