

## URGENT ISSUES TASK FORCE

### Summary Minutes of the 101<sup>st</sup> meeting of the Urgent Issues Task Force (UITF:101)

held on 26 May 2010 at Aldwych House, 71-91 Aldwych, London WC2

#### PRESENT:

Ian Mackintosh	Chairman
Tim Bush	
Kathryn Cearns	
Matthew Curtis	
Howard Evans	
Peter Holgate	
Marian MacBryde	
Veronica Poole	
Brian Shearer	
Andrew Vials	
Iain Lawson	<i>(named alternate to Peter Chidgey)</i>
Terry O'Rourke	<i>(named alternate to John McDonnell)</i>

#### IN ATTENDANCE:

Matt Blake	HMRC
Michelle Sansom	UITF Technical Director
Grant Chatterton	ASB Project Director
Katherine Martin	ASB Project Director
Helen Poole	ASB Project Director
Deepa Raval	ASB Project Director
Roger Nicklen	Minutes Secretary

Apologies for absence were received from Una Curtis, Bill Hicks and Geoffrey Mitchell

#### 1 MINUTES

1.1 UITF members noted the Summary Minutes of the meeting held on 24 March 2010, which had already been approved for publication.

#### 2 APPROVAL OF UITF ABSTRACT 47 (IFRIC 19) 'EXTINGUISHING FINANCIAL LIABILITIES WITH EQUITY INSTRUMENTS'

2.1 The UITF considered whether to publish UITF Abstract 47 'Extinguishing Financial Liabilities with Equity Instruments', bringing the requirements of IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' into UK GAAP for entities applying FRS 26 'Financial Instruments: Recognition and Measurement', a draft of which

had been exposed for comment and had received two supportive responses.

- 2.2 All UITF members present approved the issue of UITF Abstract 47 (IFRIC Interpretation 19) 'Extinguishing Financial Liabilities with Equity', subject to incorporation of a number of minor drafting changes to the preface and legal appendix of the Abstract.

### 3 THE FUTURE OF UK GAAP

- 3.1 The UITF considered a paper updating UITF members on the Board's tentative decisions during re-deliberation of its proposals for the future of UK GAAP.

- 3.2 The UITF discussed:

- a) the need to refine the definition of public accountability (and a concern, raised by one member, who argued that the IASB's approach was not consistent with the creditor protection basis of the UK's statutory accounting requirements) as a means of distinguishing the entities that should be required to use EU-adopted IFRS,
- b) the case for and approach to reduction of disclosure requirements for wholly-owned subsidiaries, and
- c) the grounds for amending the IFRS for SMEs for use in the UK in relation to income tax and conflicts with UK Law and the Accounting Directives.

### 4 FOREWORD TO UITF ABSTRACTS

- 4.1 The UITF considered a draft update of the Foreword to UITF Abstracts that would:

- a) enable UITF members to vote by electronic mail,
- b) amend the requirements as to how issues may be introduced onto the UITF agenda, and
- c) update the description of the UITF's role to reflect its relationship with IFRIC.

- 4.2 The UITF discussed a number of improvements to the draft and commissioned a redraft to be circulated for approval by electronic mail.

- 4.3 UITF members agreed that the draft should be exposed for comment before the new Foreword was put into operation.

### 5 IFRS INTERPRETATIONS COMMITTEE (IFRIC) UPDATE

- 5.1 The UITF considered an IFRIC Update which included discussion of accounting for stripping costs, vesting and non-vesting conditions and put options written over non-controlling interests.

6 ANY OTHER BUSINESS

- 6.1 The UITF considered two enquiries seeking views on IAS 36 and on Pensions Funding Partnership Arrangements.

*IAS 36 'Impairment of Assets' - calculation of value in use*

- 6.2 The UITF considered a request from Organismo Italiano di Contabilità (OIC) for views on whether IAS 36 permitted the use of the dividend discount model (DDM) and the Dividend Discount Model - Excess Capital version (DDM-EC) when determining the value in use of a cash generating unit that was also a legal entity.

- 6.3 The UITF concluded that, in principle, it was the total cash distributions, including the ultimate disposal, that should be used and that there was not enough information to determine whether an Interpretation was needed.

- 6.4 The UITF agreed that a draft response should be circulated for comment by electronic mail.

*Pensions Funding Partnership Arrangements*

- 6.5 The UITF considered a request for views on Pensions Funding Partnership Arrangements.

- 6.6 The UITF concluded that Pensions Funding Partnership Arrangements appeared to have a commercial basis and were not just accounting constructs. The UITF agreed there were no grounds for it to take action, other than to emphasise the importance of appropriate disclosure.

7 NEXT MEETING

Wednesday 21 July, 9.30 a.m.