

## URGENT ISSUES TASK FORCE

### Summary minutes of the 102<sup>nd</sup> meeting of the Urgent Issues Task Force (UITF:102) held on 29 September 2010 at Aldwych House, 71-91 Aldwych, London WC2

#### PRESENT:

Ian Mackintosh	Chairman
Tim Bush	
Peter Chidgey	
Matthew Curtis	
Howard Evans	
Bill Hicks	
Peter Holgate	
Veronica Poole	
Brian Shearer	(for Items 2-5)
Andrew Vials	
Andrew Jones	(named alternate to Marian MacBryde)(for Items 1-3)
Terry O'Rourke	(named alternate to John McDonnell)
Sondra Tarshis	(named alternate to Geoffrey Mitchell) (for Items 2-5)

#### IN ATTENDANCE:

Jennifer Guest	ASB Project Director
Robert Inglis	BAS Project Director (for Item 3)
Michelle Sansom	UITF Technical Director
Joanna Spencer	ASB Project Director
David Tyrrall	BIS

Roger Nicklen                      Minutes Secretary

Apologies for absence were received from Kathryn Cearns and Una Curtis.

#### 1     MINUTES

- 1.1    UITF members noted the Summary Minutes of the meeting held on 26 May 2010, which had already been approved for publication.
- 2     DRAFT IFRIC INTERPRETATION 'STRIPPING COSTS IN THE PRODUCTION PHASE OF A SURFACE MINE'
- 2.1    The UITF considered the Draft IFRIC Interpretation 'Stripping Costs in the Production Phase of a Surface Mine'.

- 2.2 The UITF discussed:
- a) the proposal to distinguish routine stripping and stripping campaigns;
  - b) how to amortise capitalised costs – by an averaging method over the life of the mine or by some other method;
  - c) pre-production v production costs, and
  - d) transitional provisions.
- 2.3 UITF members were of the view that an Interpretation was not needed but that if an Interpretation was to be issued it should consider the capitalisation of all stripping costs as assets and the amortisation thereof over specific parts of the production, where possible, or over the whole life of the mine otherwise. The UITF agreed that it would be inappropriate simply to use the life of mine averaging method in all cases. UITF members also expressed concern about the effects of the transitional provisions.
- 2.4 The UITF requested preparation of a response based on the views expressed to be cleared with members outside the meeting.
- 3 ACCOUNTING IMPLICATIONS OF THE REPLACEMENT OF THE RETAIL PRICE INDEX WITH THE CONSUMER PRICE INDEX FOR RETIREMENT BENEFITS
- 3.1 The UITF considered the implications of the government decision to replace the Retail Price Index (RPI) with the Consumer Price Index (CPI) for the minimum increase in pensions in defined benefit schemes, and whether it should develop an Abstract.
- 3.2 The UITF agreed that there were accounting issues requiring urgent clarification.
- 3.3 The UITF came to the provisional view that:
- a) in all cases where the change from using RPI to CPI resulted in a change in the obligation to members then it should be treated as a change in benefits. Conversely where there was considered to be no change in obligation to members the change from using RPI to CPI should be treated as a change in assumptions;
  - b) in all cases where there was a change in benefit the change should be recognised in the period in which it is agreed and concluded. In all cases where there is considered to be a change in assumptions measurement should be on the basis of market expectations which would have changed from the date of the announcement of the government's decision.

#### 4 IFRS INTERPRETATIONS COMMITTEE (IFRIC) UPDATES

- 4.1 The UITF noted the September IFRIC Update.
- 4.2 The UITF also noted the intention of the European Financial Reporting Advisory Group (EFRAG) to question the content of the IFRS Interpretations Committee rejection notice on put options written over a non controlling interest and requested that a letter should be sent to the EFRAG stating the in the UITF's view wording of the rejection notice could be made clearer by explaining the accounting at initial recognition and then subsequent measurement in accordance with IAS 27 'Consolidated and Separate Financial Statements', IAS 32 'Financial Instruments: Presentation' and IAS 39. 'Financial Instruments: Recognition and Measurement'. The letter should also reject EFRAG's view that taking this issue to the Financial Instruments with Characteristics of Equity project may be inappropriate as there is a broader issue of whether transactions such as these should be debt or equity.

#### 5 NEXT MEETING

Wednesday 1 December, 9.30 a.m.