ACCOUNTING STANDARDS BOARD

**Minutes of a meeting of the Accounting Standards Board (2010:02)
held on 4 February 2010 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Ian Mackintosh	Chairman
David Loweth	Technical Director
Nick Anderson	
Edward Beale	
Peter Elwin	
Ken Lever	
Robert Overend	
Andy Simmonds	
Pauline Wallace	

IN ATTENDANCE

Mike Ashley	TEG Observer
Stephen Haddrill	FRC Chief Executive
Michael Kavanagh	IAASA Observer
Andrew Lennard	ASB Director of Research
Larry Pinkney	HM Treasury
David Tyrrall	BIS
Isabel Batista	EFRAG (item 5)
Liesel Knorr	Chairman, German Accounting Standards Board (item 5) (participating by telephone)
Iwona Nowicka	German Accounting Standards Board (item 5) (participating by telephone)
Peter Godsall	Secretary
Simon Peerless	Minutes Secretary

Technical Staff: Paul Ebling, Michelle Sansom.

APOLOGIES FOR ABSENCE were received from Marisa Cassoni.

1   MINUTES

1.1   The minutes of the meeting held on 14 January 2010 (2010:01) were agreed
       and approved for publication.

2   UPDATE AND REPORTS

2.1   The Board received an update on recent developments relating to the global financial crisis, other IASB and international developments, EFRAG and other European developments, and FRC and ASB developments.

2.2   The Board noted:

   a.   a speech by the Chairman of the Financial Services Authority, Adair Turner, at the ICAEW conference 'Are banks different?' on 21 January;

   b.   the IASB's recent discussions on hedge accounting at its board meeting in January;

   c.   the meeting of the ASB's Financial Instruments Panel on 20 January, which had discussed derecognition and impairment issues;

   d.   the meeting of the IASCF Trustees on 26-27 January;

   e.   the agenda items for the IASB's Standards Advisory Council meeting to be held on 22-23 February;

   f.   the formal change of name of the French standard setter to Autorité des Normes Comptable and the appointment of its chairman, Jérôme Haas;

   g.   the meeting of the EFRAG Supervisory Board on 14 January;

   h.   the meeting of the EFRAG Planning and Resources Committee on 26 January;

   i.   the meeting of EFRAG TEG on 27-29 January;

   j.   the issue by the FRC of a consultation document on a stewardship code of good practice for institutional investors when engaging with the UK listed companies in which they invested;

   k.   the assessment under the Hampton Review of the compliance of the FRC with the principles for better regulation;

   l.   the recent visit of the Chairman and Technical Director to Japan and their meetings with the Accounting Standards Board of Japan, the Japanese Financial Services Agency and others;

   m.   the approval by e-mail of the Board's concurring response to EFRAG on its draft endorsement advice on the amendment to IFRS 1 giving limited exemption from IFRS 7;

   n.   the responses to the Board's consultation on the future of UK GAAP.

2.3   The Board also noted the Status Report and approved it for publication.

3   IASB EXPOSURE DRAFT 'MEASUREMENT OF LIABILITIES IN IAS 37'

3.1   The Board considered proposals in the IASB's exposure draft (ED) 'Measurement of Liabilities in IAS 37' issued in January 2010.

3.2   The Board:

  a.   expressed concern that only the measurement aspects of the proposed amendment to IAS 37 had been re-exposed;

  b.   expressed concern that in many circumstances the proposed measurement model would not produce a value that was decision-useful to users; and

  c.   questioned the inclusion of a risk and profit margin in the measurement of liabilities.

3.3   The Board:

  a.   requested the Chairman to consider how best take further its concerns over the lack of proper due process, including consultations with other national standard setters; and

  b.   agreed to consider its response to the exposure draft again at its meeting in March, when it was expected that the near-final draft of the full standard and the EFRAG draft comment letter would also be available.

4   INSURANCE CONTRACTS

4.1   The Board received an update on the joint IASB/FASB project on insurance contracts.

4.2   The Board:

  a.   considered the decisions made by the IASB and FASB in their recent deliberations;

  b.   emphasised the urgent need for an international financial reporting standard on insurance ;

  c.   agreed that if the IASB and FASB were unable to agree on a joint exposure draft by the planned issue date, the IASB should be encouraged to issue its own exposure draft.

5   FINANCIAL REPORTING OF CORPORATE INCOME TAXES

5.1   The Board received an update on the ASB/DRSC-led PRC project on the financial reporting of income taxes.

5.2   The Board:

  a.   reviewed draft chapters of the proposed discussion paper covering the basic issues, comprehensive tax allocation methods, no tax allocation methods and partial tax allocation methods;

  b.   made several suggestions for consideration by the project team for further drafting of the discussion paper.

6   FINANCIAL STATEMENT PRESENTATION

6.1   The Board received an update on the joint IASB/FASB project on financial statement presentation.

6.2   The Board:

a.   noted the IASB and FASB decisions in relation to the concerns expressed by the Board in its response to the earlier discussion paper issued in October 2008, and in particular its view that the proposals in the discussion paper would have led to excessive clutter in the financial statements; and

b.   expressed the view that it was of paramount importance that the project resulted in proposals that met the needs of users of financial statements.

7   EFRAG PLANNING AND RESOURCES COMMITTEE PROJECT 'TOWARDS A DISCLOSURE FRAMEWORK'

7.1   The Board received a report on the proposed EFRAG project to develop a disclosure framework.

7.2   The Board:

a.   noted the draft project plan;

b.   expressed concern over the tight timetable for the project;

c.   expressed the hope that the project would be able to develop principles for disclosure rather than merely considering whether existing disclosure requirements could be modified; and

d.   agreed to work closely with EFRAG in taking the project forward, and also with the FASB on their parallel project on disclosures.

8   NEXT MEETING

Thursday 25 February, 9.00 a.m.