



**Minutes of a meeting of the Accounting Standards Board (2012:04)  
held on 12 April 2012 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Roger Marshall	Chairman
Michelle Sansom	Director of Accounting
Nick Anderson	
Edward Beale	
Peter Elwin	
Ken Lever	
Andy Simmonds	
Pauline Wallace	

IN ATTENDANCE

Andrew Lennard	ASB Research Director
Sue Harding	Financial Reporting Lab Director (Item 10)
Simon Peerless	Minutes Secretary

Technical Staff: Grant Chatterton, Janice Lingwood, Seema Jamil-O'Neill and Deepa Raval.

APOLOGIES FOR ABSENCE were received from Robert Overend.

1 MINUTES OF MEETING

1.1 The minutes of the meeting held on 15 March 2012 (2010:03) were agreed and approved for publication.

2 TECHNICAL DIRECTOR'S UPDATE AND REPORTS

2.1 The Board received an update from the Director of Accounting.

2.2 The Board noted:

- a. the IASB's forthcoming meeting on 16-19 April;
- b. the EFRAG TEG and CFSS meetings in Valencia on 2-4 April;
- c. a meeting between ASB staff and representatives of the European Commission on the amendments to the Accounting Directives;
- d. the publication by BIS of the feedback statement on its narrative reporting proposals;

- e. a meeting between FRC staff and representatives of the Bank of England;
  - f. the publication of the BIS feedback statement on the proposals for FRC reform and the forthcoming legislation; and
  - g. recommendations made by PIRC against the re-appointment of auditors.
- 2.3 The Board noted the Status Report and approved its publication.
- 3 UPDATE ON RESEARCH ACTIVITIES AND DEVELOPMENTS
- 3.1 The Board received an update on research activities.
- 3.2 The Board:
- a. considered proposals for developing its research activities; and
  - b. approved a report to the FRC Codes and Standards Committee.
- 4 REPORTS OF MEETINGS OF THE IASB AND EFRAG'S TECHNICAL EXPERTS GROUP
- 4.1 The Board noted the 'Update' report of the 20-25 March meeting of the IASB.
- 5 PROGRESS REPORTS ON FINANCIAL INSTRUMENTS AND INSURANCE CONTRACTS
- 5.1 The Board received an update on the IASB's projects on financial instruments and insurance.
- 5.2 On the financial instruments project, the Board reaffirmed its views that:
- a. it supported the general direction of the project, including the mixed measurement model, the expected loss model for impairment, the general hedge accounting model;
  - b. recognition of changes in own credit risk led to counter-intuitive accounting and did not provide decision-useful information; and
  - c. the macro hedging model should be addressed by the IASB expeditiously.
- 5.3 On the insurance contract project, the Board reaffirmed its views that:
- a. there was an urgent need for the IASB to finalise its standard; and
  - b. it supported the general direction of the IASB's measurement model.
- 5.4 The Board approved reports to the FRC Codes and Standards Committees expressing these views.

6 LEASES

6.1 The Board discuss possible ways forward for the IASB on its project on leasing.

6.2 The Board expressed the view that:

- a. the IASB's proposals failed to take proper account of users' information needs in relation to lessees;
- b. none of the solutions currently under consideration represented a significant improvement over the current accounting model; and
- c. users' needs would be better met by retaining the current model together with additional disclosures of commitments under leases, and extending these to cover other long-term contractual obligations.

6.3 The Board:

- a. commissioned a further paper developing these views for consideration at a future meeting; and
- b. approved a report to the FRC Codes and Standards Committee expressing these views.

7 BUSINESS COMBINATIONS UNDER COMMON CONTROL

7.1 The Board considered the EFRAG discussion paper 'Accounting for Business Combinations under Common Control'.

7.2 The Board expressed the view that:

- a. the discussion paper did not provide a clear analysis of the issues, and
- b. did not put forward clear proposals to address the issue.

7.3 The Board approved a response to EFRAG setting out these views.

8 CONSIDERING THE EFFECTS OF ACCOUNTING STANDARDS

8.1 The Board deferred consideration of a paper on considering the effects of accounting standards to a future meeting.

9 DISCLOSURE FRAMEWORK

9.1 The Board considered proposals for a document to supplement the proposed EFRAG/ASB/ANC discussion paper on a disclosure framework for the notes to the financial statements.

9.2 The Board:

- a. agreed that its supplementary document should be issued at the same time as the EFRAG/ASB/ANC discussion paper;

- b. that it should set out the objectives and steps needed for a comprehensive project on a disclosure framework, commencing from a study of user needs.

9.3 The Board commissioned a further paper on the proposed supplementary document for consideration at a future meeting.

## 10 FINANCIAL REPORTING LAB

10.1 The Board received an update from the Director of the Financial Reporting Lab.

## 11 NEXT MEETING

The Board noted the proposed agenda for the next meeting on Thursday 3 May at 9.00 a.m.