



**Minutes of a meeting of the Accounting Standards Board (2009:03)
held on 5 March 2009 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Ian Mackintosh	Chairman
David Loweth	Technical Director
Nick Anderson	
Edward Beale	
Robert Overend	
Geoffrey Whittington	

IN ATTENDANCE

Andrew Lennard	ASB Director of Research
Rufus Rottenburg	BERR
Chris Wobschall	HM Treasury
Ian Wright	FRC Director of Corporate Reporting
Simon Peerless	Secretary
Roger Nicklen	Minutes Secretary

Technical Staff: Mario Abela, Michelle Crisp, Jennifer Guest, Melanie Kerr and Janice Lingwood.

APOLOGIES FOR ABSENCE were received from Mike Ashley, Marisa Cassoni, Peter Elwin, Ken Lever and Andy Simmonds.

The Chairman welcomed Rufus Rottenburg, who was standing in for David Tyrrall.

1 MINUTES OF MEETING

The minutes of the meeting held on 5 February 2009 (2009:02) were agreed and approved for publication.

2 CHAIRMAN'S UPDATE AND REPORTS

2.1 The Board was briefed on the latest developments, including:

- a. further International Accounting Standards Board (IASB) activities in relation to the credit crunch (including the most recent meeting of the Financial Crisis Advisory Group (FCAG));
- b. preparations for the forthcoming G20 economic summit;

- c. continuing pressures, particularly from elsewhere in Europe, in support of dynamic provisioning and on IASB governance;
- d. the discussions held with the US Financial Accounting Standards Board (FASB), the US Securities and Exchange Commission (SEC), the World Bank, the International Monetary Fund (IMF) and the American Institute of Certified Public Accountants (AICPA) during the recent visit to the United States by the Chairs of the UK Accounting Standards Board (ASB), German Accounting Standards Board (GASB), French Accounting Standards Authority (ANC) and European Financial Reporting Advisory Group (EFRAG);
- e. the first meeting of the reconstituted Standards Advisory Council;
- f. the most recent meeting of the European Union's Accounting Regulatory Committee (ARC);
- g. the most recent meeting of the European Financial Reporting Advisory Group (EFRAG) Technical Experts Group (TEG);
- h. publication of the Financial Reporting Council's (FRC) Update on Going Concern for Directors of Smaller Companies; and
- i. the intention to commence a review of the future role of the Urgent Issues Task Force (UITF).

3 INTERNATIONAL ACCOUNTING STANDARDS BOARD EXPOSURE DRAFT (ED) 10 'CONSOLIDATED FINANCIAL STATEMENTS'

3.1 The Board further considered the IASB Exposure Draft (ED) 10 'Consolidated Financial Statements'.

3.2 The Board:

- a. discussed a draft response to the IASB,
- b. agreed that the response should reflect the Board's concerns about the ED failing to meet its objectives by not properly addressing risks and rewards and about agency and de facto control, and
- c. commissioned further development of the covering letter of the response, for final clearance with Board members outside the meeting.

3.3 The Board also considered a near final draft of EFRAG's proposed comment letter and approved a response that indicated broad agreement with EFRAG's response but also commented on the IASB's failure to properly blend the control and risks and rewards models and opposed EFRAG's proposal that the project should be split in two.

4 COMPLEXITY IN FINANCIAL REPORTING

- 4.1 The Board further considered the FRC's project 'Complexity in Financial Reporting'.
- 4.2 The Board discussed the balance and content of the first draft of a proposed discussion paper and made a number of suggestions for its further development.

5 IASB DISCUSSION PAPER 'PRELIMINARY VIEWS ON FINANCIAL STATEMENT PRESENTATION'

- 5.1 The Board further considered the IASB Discussion Paper (DP) 'Preliminary Views on Financial Statement Presentation'.
- 5.2 The Board approved a response to the IASB supporting the IASB's goal of improving the usefulness of information in financial statements but raising the following concerns:
 - a. the proposals in the DP would make financial statements more complex without making them more decision-useful;
 - b. the cohesiveness objective might not result in more decision-useful information in all instances;
 - c. the DP case for eliminating the option to prepare an indirect method cash-flow statement was not sufficiently compelling;
 - d. the proposed reconciliation schedule was too cumbersome and many of the numbers were of little information value;
 - e. the need for greater comparability between entities than would be likely under the DP proposals; and
 - f. the proposal to classify assets and liabilities at segment level may result in primary statements appearing haphazard and fragmented.
- 5.3 The Board also considered EFRAG's draft comment letter and approved a response, which generally supported EFRAG's proposed response and noted some concerns.

6 IASB DISCUSSION PAPER 'REVENUE RECOGNITION'

- 6.1 The Board gave preliminary consideration to the IASB Discussion Paper (DP) 'Revenue Recognition'.
- 6.2 The Board made a number of comments to be taken into account in the development of its response to the IASB and agreed to consider the DP further at a future meeting.

7 NATIONAL STANDARDS SETTERS MEETING IN APRIL

The Board noted the preparations being made for the next National Standard Setters meeting on 8 & 9 April.

8 EUROPEAN UNION ADOPTION OF THE REVISED VERSION OF IFRS 1 'FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS'

The Board considered EFRAG's endorsement advice on the revised version of IFRS 1 'First-time Adoption of international Financial Reporting standards' and approved a supportive response.

9 REPORTS OF THE DECEMBER 2008 AND JANUARY 2009 MEETINGS OF EFRAG'S TECHNICAL EXPERTS GROUP (TEG) AND OF THE JANUARY 2009 MEETING OF THE IASB

The Board noted the reports of the December 2008 and January 2009 meetings of EFRAG's Technical Experts Group (TEG) and of the January 2009 meeting of the IASB.

10 NEXT MEETING

Thursday 2 April, 9.00 a.m.