



**Minutes of a meeting of the Accounting Standards Board (2012:02)  
held on 16 February 2012 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Roger Marshall	Chairman
David Loweth	Technical Director
Edward Beale	
Peter Elwin	
Ken Lever	
Andy Simmonds	
Pauline Wallace	

IN ATTENDANCE

Mario Abela	EFRAG Research Director (Items 7 to 10)
Matt Blake	HMRC
Michael Kavanagh	IAASA Observer
Andrew Lennard	ASB Research Director
Chris Wobschall	HM Treasury
Simon Peerless	Minutes Secretary

Technical Staff: Jennifer Guest and Deepa Raval.

APOLOGIES FOR ABSENCE were received from Nick Anderson and Robert Overend.

1 MINUTES OF MEETING

1.1 The minutes of the meeting held on 19 January 2012 (2012:01) were agreed and approved for publication.

2 TECHNICAL DIRECTOR'S UPDATE AND REPORTS

2.1 The Board received an update from the Technical Director.

2.2 The Board noted:

- a. the publication by the IFRS Monitoring board and IFRS Foundation Trustees of the results of their strategy reviews;
- b. the forthcoming IFRS Advisory Council meeting on 20-21 February;
- c. the forthcoming IASB Board meeting on 27-29 February;

- d. the forthcoming EFRAG TEG meeting on 22-24 February;
- e. a report of the meeting of the European Commission's Accounting Regulatory Committee on 7 February, which included discussion of EFRAG TEG's draft endorsement advice on IFRS 10, IFRS 11, and amendments to IAS 27 and SIC-12;
- f. progress on the review of the proposed new Accounting Directive;
- g. the BIS company law 'Red Tape Challenge' launched on 26 January;
- h. the expected next steps on the future of narrative reporting, following the end of the BIS consultation period;
- i. progress on the proposals for FRC reform;
- j. the issue by the FRC of a paper "What constitutes an explanation under 'comply or explain'."

2.3 The Board noted the Status Report and approved its publication.

### 3 UPDATE ON RESEARCH ACTIVITIES AND DEVELOPMENT

3.1 The Board received an update on research activities.

### 4 REPORTS OF MEETINGS OF EFRAG'S TECHNICAL EXPERTS GROUP AND THE IASB

4.1 The Board noted the 'Update' reports of:

- a. the meeting of EFRAG's Technical Experts Group (TEG) held on 16-18 January; and
- b. the meeting of the IASB held on 25-27 January, with some sessions held jointly with the FASB.

### 5 REVENUE FROM CONTRACTS WITH CUSTOMERS

5.1 The Board considered the IASB's exposure draft 'Revenue from Contracts with Customers.

5.2 The Board:

- a. reaffirmed its view that the assessment of onerous contracts should be carried out at the contract level and not the performance obligation level; and
- b. expressed the view that to reduce clutter it should be permissible to show revenue net of provisions for credit risk in the performance statement.

5.3 The Board approved responses to the IASB and to EFRAG setting out these views.

## 6 MATERIALITY

- 6.1 The Board considered the ESMA Consultation Paper 'Consideration of materiality in financial reporting'.
- 6.2 The Board expressed the view that:
- a. it was not the role of ESMA to decide the principles for determining materiality in financial reporting but that of the IASB as accounting standard setter;
  - b. the IASB could helpfully clarify the interpretation of the wording in IAS 1 'could influence decisions users make' as meaning 'could reasonably be expected to influence';
  - c. the issue of additional guidance by ESMA or others was likely to be counterproductive.
- 6.3 The Board agreed to consider the ESMA consultation paper further at a future meeting.
- 6.4 The Board made certain observations on the application of materiality to disclosures and asked for these to be conveyed to the project team on the EFRAG/ASB/ANC project on the Disclosure Framework.

## 7 TRANSITION GUIDANCE ON AMENDMENTS TO IFRS 10

- 7.1 The Board considered the IASB's exposure draft 'Transition Guidance: Proposed amendments to IFRS 1'.
- 7.2 The Board expressed the view that:
- a. the need for an exception from normal requirements for restated comparatives was a strong argument for deferring the effective date of IFRS 10 to 1 January 2014;
  - b. if the IASB agreed to this deferral the proposals in the exposure draft would not be necessary;
  - c. if the IASB did not agree to this deferral, the Board supported the proposed exception in the exposure draft.
- 7.3 The Board approved responses to the IASB and EFRAG expressing these views.

## 8 ROLE OF THE BUSINESS MODEL IN FINANCIAL REPORTING

- 8.1 The Chairman welcomed Mario Abela, EFRAG Director of Research, to the meeting.
- 8.2 The Board received an update on the joint EFRAG/ASB/ANC project on the business model.

8.3 Board members made comments on the development of the project and asked for these to be conveyed to the project team.

9 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

9.1 The Board considered EFRAG's draft endorsement advice on the IASB's amendments to IAS 32 and IFRS 7 'Offsetting Financial Assets and Financial Liabilities'.

9.2 The Board supported EFRAG's draft endorsement advice and approved a response to EFRAG expressing this view.

10 NEXT MEETING

The Board noted the proposed agenda for the next meeting on Thursday 15 March at 9.00 a.m.