



**Minutes of a meeting of the Accounting Standards Board (2010:06)  
held on 20 May 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

Jim Leisenring	IASB (item 1 only)
Matt Blake	HMRC
Stephen Haddrill	FRC Chief Executive (items 1 to 3 only)
Andrew Lennard	ASB Research Director
David Tyrrall	BIS
Chris Wobschall	HM Treasury
Simon Peerless	Minutes Secretary

Technical Staff: Jennifer Guest, Katherine Martin, Seema Jamil-O'Neill, Helen Poole and Michelle Sansom.

APOLOGIES FOR ABSENCE were received from Marisa Cassoni,.

The Chairman welcomed Jim Leisenring of the IASB to the meeting.

1 DISCUSSION WITH JIM LEISENRING

- 1.1 The Board held a discussion with Jim Leisenring on his reflections on his term at the IASB.

2 MINUTES OF MEETING

- 2.1 The minutes of the meeting held on 22 April 2010 (2010:03) were agreed, and approved for publication.
- 2.2 The Board noted that staff had held a meeting with staff of the FSA as agreed in item 9.2 of the minutes.

3 UPDATE AND REPORTS

- 3.1 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.
- 3.2 The Board noted:
  - a. sections relating to accounting standards in the 'Report on Progress in Implementing the G20 Recommendations for Strengthening Financial Stability' submitted to the G20 Finance Minister and Governors for their meeting on 22-23 April;
  - b. comments made by Gertrude Tumpel-Gugerell, of the European Central Bank (ECB), at a fair value colloquium in Paris on 27 April;
  - c. comments by EU Commissioner Michel Barnier in a speeches made on 26 April in Brussels and 11 May in Washington;
  - d. the speech by the US Securities and Exchange Commission (SEC) Chairman, Mary Shapiro, at the CFA Institute Annual Conference on 18 May;
  - e. the IASB's meeting that week and its recent and forthcoming publications;
  - f. the new IFRS Foundation constitution;
  - g. a note of the National Standard Setters meeting in April and follow-up actions from that meeting;
  - h. the recent EFRAG TEG meeting;
  - i. the progress on the Commission's review of the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and the Accounting Directives;
  - j. the recent visit of the Chairman to the US;
  - k. communications between the FRC and the new government; and
  - l. ASB staffing changes.
- 3.3 The Board also noted the Status Report and approved it for publication.

4 THE FUTURE OF UK GAAP

4.1 The Board continued its consideration of issues arising from the responses to its consultation paper 'Policy Proposal: the Future of UK GAAP'.

4.2 The Board considered issues relating to:

- a. the framework of tiers
- b. the definition of 'publicly accountable';
- c. possible amendments to the IFRS for SMEs for its application in the UK; and
- d. possible exemptions for wholly-owned subsidiaries.

4.3 On the framework of tiers, the Board tentatively agreed that:

- a. the tiers would be differentiated as follows:
  - i) for publicly accountable entities, using EU-adopted IFRS;
  - ii) for certain non-publicly accountable subsidiaries (yet to be defined), using either EU-adopted IFRS with some exemptions or the IFRS for SMEs;
  - iii) for other non-publicly accountable entities, using the IFRS for SMEs; and
  - iv) for small entities, using the FRSSE; and
- b. it should work closely with the Department for Business, Innovation and Skills (BIS) to determine how best to implement this in accounting standards or legislation.

4.4 On the definition of publicly accountable, the Board:

- a. asked staff to develop further guidance on the meaning of 'broad group of outsiders' in the definition; and
- b. commissioned further research into the position of insurers, reinsurers, and investment managers.

4.5 On the possible changes to the IFRS for SMEs for its application in the UK, the Board:

- a. confirmed that in considering what changes to make, it should apply the following principles:
  - i) it would make the minimal changes required;
  - ii) in considering a change, it would look first to EU-adopted IFRS to retain the maximum consistency with this; and
  - iii) it would make use of exemptions in company law to avoid 'gold-plating';
- b. agreed to consider raising the threshold for the use of the FRSSE; and
- c. agreed to consider amendments to the IFRS for SMEs for:

- i) the definition of related parties;
  - ii) income taxes;
  - iii) the circumstances in which an entity was required to produce consolidated accounts; and
  - iv) amendments necessary to ensure compliance with the Accounting Directives.
- 4.6 On the requirements for non-publicly accountable subsidiaries, the Board:
  - a. agreed that wholly-owned non-publicly accountable subsidiaries would be able to choose between using EU-adopted IFRS with certain exemptions, or the IFRS for SMEs; and
  - b. asked staff to prepare detailed proposals on
    - i) the exemptions that might be granted;
    - ii) the possibility of making exemptions for subsidiaries using the IFRS for SMEs; and
    - iii) the possibility of extending the exemptions beyond wholly-owned subsidiaries.
- 5 IASB EXPOSURE DRAFT 'FINANCIAL INSTRUMENTS: AMORTISED COST AND IMPAIRMENT'
- 5.1 The Board gave further consideration to the proposals in the IASB's exposure draft 'Financial Instruments: Amortised Cost and Impairment'.
- 5.2 The Board:
  - a. noted comments made by constituents at the round-table hosted by the ASB on 6 May;
  - b. noted that there remained a diversity of views on these proposals;
  - c. noted that work was continuing to assess the implications of the IASB's proposed expected loss model for impairment and the alternative models being developed by the EBF and the Basel Committee; and
  - d. agreed to defer consideration of its response to the IASB exposure draft until the next meeting.
- 6 ANNUAL IMPROVEMENTS TO FINANCIAL REPORTING STANDARDS
- 6.1 The Board considered a draft Exposure Draft 'Improvements to Financial Reporting Standards 2010', proposing amendments to FRS 8 'Related Party Disclosures' and SSAP 25 'Segmental Reporting'.
- 6.2 The Board approved the ED for issue.

7 IASB DISCUSSION PAPER 'EXTRACTIVE INDUSTRIES'

7.1 The Board noted the issue of the IASB discussion paper 'Extractive Industries'.

7.2 The Board:

- a. noted the preliminary views of staff on the discussion paper, and agreed to provide comments to staff on these; and
- b. asked staff to prepare a draft response to the IASB.

8 REPORTS OF THE APRIL AND EARLY MAY MEETINGS OF THE IASB AND THE MAY MEETING OF EFRAG TEG

8.1 The Board noted the reports of:

- a. the 8 April meeting of the IASB, held jointly with the FASB;
- b. the 19-23 April meeting of the IASB, some of the sessions of which were joint with the FASB;
- c. the 4 May meeting of the IASB and FASB; and
- d. the May meeting of EFRAG TEG.

9 NEXT MEETING

Thursday 17 June, 9.00 a.m.