



ACCOUNTING STANDARDS BOARD

**Minutes of a meeting of the Accounting Standards Board (2008:03)
held on 21 February 2008 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Ian Mackintosh	Director
David Loweth	Technical Director
Nick Anderson	
Edward Beale	
Peter Elwin	
Robert Overend	
Andy Simmonds	

IN ATTENDANCE

Andrew Lennard	Director of Research (for Items 3-9)
Simon Peerless	Secretary
Michael Kavanagh	IAASA Observer
David Watkins	HM Treasury
Roger Nicklen	Minutes Secretary

Technical Staff: Peter Godsall, Seema Jamil-O'Neill and Alan O'Connor.

APOLOGIES FOR ABSENCE were received from Mike Ashley, Marisa Cassoni and Geoffrey Whittington

1 MINUTES OF MEETING

The minutes of the meeting held on 31 January 2008 (2008:02) were agreed and approved for publication.

2 CHAIRMAN'S UPDATE AND REPORTS

2.1 The Board was informed that the IASCF Trustees had announced a further acceleration of both the review of governance arrangements (with a consultation in Q2 2008) and the consultations on their plan to extend the membership of the IASB to 16. The Board discussed the potential difficulties for a larger board in reaching agreement and commented on the need for arrangements which provided for an effective technical board that was properly accountable to a geographically representational supervisory body.

2.2 The Board noted that IASB's work on the reporting entity and on objectives and qualitative characteristics of financial statements was being held up while the IASB staff prepared a draft of a further discussion paper on the entity perspective. The Board also noted that the IASB would shortly issue the FASB liabilities and equity paper with an IASB 'wrap-around' and stressed the importance of it being conducive to encouraging wider debate.

2.3 The Board noted:

- a. Publication of the interim report from the Financial Stability Forum Working Group on Market and International Resilience;
- b. Publication of the IOSCO Technical Committee statement about IFRS;
- c. Publication of the draft progress report from the Pozen Committee (the SEC's Advisory Committee on Improvements to Financial Reporting); and
- d. Publication of the final version of the European Parliament Economic and Monetary Affairs Committee Report on IFRS and the Governance of the IASB (the Radwan Report).

2.4 The Board received an oral briefing on the progress of the discussions on a possible restructuring the European Financial Reporting Advisory Group (EFRAG) to achieve a better working relationship between EFRAG and European standard setters.

2.5 The Board reviewed initial proposals for future Proactive Accounting Issues in Europe (PAAinE) projects.

2.6 The Board welcomed the re-appointment of Ian Mackintosh as Chairman of the Accounting Standards Board and his appointment as a director on the Board of the Financial Reporting Council.

2.7 The Board noted the Status Report and approved its publication. The Board also noted the Activity Report.

3 CONSIDERATION OF THE IASB WORK PROGRAMME PRIOR TO THE NATIONAL STANDARD SETTERS MEETING IN MARCH

3.1 The Board considered the IASB work plan in preparation for a discussion on the plan at the forthcoming National Standard Setters (NSS) meeting.

3.2 The Board emphasised the importance of putting work on concepts ahead of the projects whose progress was concept dependent. The Board also suggested that the IASB should be asked to articulate the reasons for the priorities it had set and the expected benefits in terms of improvements in standards and their contribution to making capital markets more efficient.

4 AMENDMENT TO FRS 25: PUTTABLE FINANCIAL INSTRUMENTS AND OBLIGATIONS ARISING FROM LIQUIDATION

4.1 The Board considered a draft Preface for the proposed re-exposure of an amendment to FRS 25 'Financial Instruments: Disclosure and Presentation' corresponding to IASB's amendment to IAS 32 'Financial Instruments: Presentation' and to IAS 1 'Presentation of Financial Statements'.

4.2 The Board proposed changes to the draft Preface to make clear that it was re-exposing the amendment in order to ensure that there were no unintended consequences in the UK from the widening of scope since the amendment was first exposed and agreed that a redrafted Preface should be resubmitted for approval outside the meeting.

5 STRATEGY FOR CONVERGENCE WITH IFRS

5.1 The Board gave preliminary consideration to the issues that would need to be addressed in a forthcoming Discussion Paper (DP) on the Board's strategy for converging UK GAAP with IFRS.

5.2 Discussion focussed around:

- a. the assumptions that should underpin the Board's convergence proposal;
- b. the appropriateness of a three-tier structure, the definitions of the tiers (including the relevance of public accountability and size) and the options for subsidiaries of group companies applying full IFRS and for parent entity single accounts;
- c. the role of -
 - the IFRS for SMEs,
 - the FRSSE,
 - SORPs;
- d. cost/benefit considerations; and
- e. timing.

5.3 The Board agreed to consider these issues further.

6 IFRS 2 'SHARE-BASED PAYMENT: ASB RESPONSES TO IASB AND EFRAG ON PROPOSED AMENDMENTS RELATING TO CASH SETTLED SHARE-BASED PAYMENT TRANSACTIONS.

6.1 The Board considered draft responses (a) to the IASB in relation to its Exposure Draft (ED) of proposed amendments to IFRS 2 'Share-based payment' and IFRIC 11 'IFRS 2 - Group and Treasury Share Transactions' (attached as paper 6A) that brought within the scope of IFRS 2 transactions where one entity within a group received goods and services and another entity in the group made a payment based on its share price and (b) to EFRAG on its draft comment letter on the ED.

6.2 The Board reaffirmed its support for the amendments, proposed a number of changes to the draft responses and agreed that they should be revised accordingly and resubmitted for agreement outside the meeting.

7 PUBLIC BENEFIT ENTITY SORPS AND CAPE'S WORK PROGRAMME

7.1 The Board noted that an independent review of Public Benefit Entity Statements of Recommended Practice (SORPs), carried out by PricewaterhouseCoopers (PwC), had not found any departures from GAAP but had identified a number of differences in accounting treatment.

7.2 The Board agreed that the report should be placed on its website, subject to PwC consent.

7.3 The Board considered a number of candidates for further work arising from the report and agreed that CAPE should take forward projects on capital grants and narrative reporting.

8 THE EFFECTS OF EU ENDORSEMENT OF IAS 1 (REVISED) 'PRESENTATION OF FINANCIAL STATEMENTS' AND IFRIC 14 'THE LIMIT ON A DEFINED BENEFIT ASSET, MINIMUM FUNDING REQUIREMENTS AND THEIR INTERACTION'

8.1 The Board approved responses to EFRAG supporting EFRAG's assessments of the effects of EU endorsement of IAS 1 (revised) 'Presentation of Financial Statements' and of IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'.

9 REPORTS ON EFRAG TEG AND IASB MEETINGS

9.1 The Board noted the reports of the December and January meetings of EFRAG's Technical Experts Group and the January meeting of the IASB.

10 NEXT MEETING

Thursday 13 March, 9.00 a.m.