



**Minutes of a meeting of the Accounting Standards Board (2012:03)
held on 15 March 2012 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Roger Marshall	Chairman
David Loweth	Technical Director
Nick Anderson	
Edward Beale	
Peter Elwin	
Robert Overend	
Andy Simmonds	
Pauline Wallace	(from Item 3)

IN ATTENDANCE

Mike Ashley	TEG Observer
Matt Blake	HMRC
Andrew Lennard	ASB Research Director
Simon Peerless	Minutes Secretary

Technical Staff: Grant Chatterton, Jennifer Guest, Seema Jamil-O'Neill, Deepa Raval and Michelle Sansom.

APOLOGIES FOR ABSENCE were received from Ken Lever.

1 FRC REFORM AND UK GAAP

- 1.1 The Board thanked the Technical Director for all his hard work and input over many years.
- 1.2 The Board welcomed the appointments of Michelle Sansom as Director of Accounting and Melanie McLaren as Executive Director of Governance, Codes and Standards.
- 1.3 The Board received an update on:
 - a. the progress of the reform of the FRC;
 - b. the consultation on proposals for UK GAAP.

2 MINUTES AND NOTE OF MEETING

- 2.1 The minutes of the meeting held on 16 February 2012 (2012:02) were agreed and approved for publication.

3 TECHNICAL DIRECTOR'S UPDATE AND REPORTS

3.1 The Board received an update from the Technical Director.

3.2 The Board noted:

- a. the agenda for the IASB's March meeting;
- b. the meeting of the IASB with EFRAG and representatives of the four European national standard setters on 9 March;
- c. the forthcoming review of EFRAG governance;
- d. progress on the proposals for a new Accounting Directive, particularly in relation to smaller companies;
- e. forthcoming UK legislation on narrative reporting, including remuneration reporting;
- f. the interim report of the Review of Equity markets and Long-term Decision Making, by Professor John Kay;
- g. the debate in the House of Lords on 14 March on the report of the Economic Affairs Committee 'Auditors: market concentration and their role'; and
- h. the draft FRC Plan for 2012/13.

3.3 The Board reappointed Matthew Curtis to the Urgent Issues Task Force for a term from 1 April 2012.

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

4 UPDATE ON RESEARCH ACTIVITIES AND DEVELOPMENTS

4.1 The Board received an update on research activities.

4.2 The Board considered ways of improving the effectiveness of research projects, including those carried out in partnership with other national standard setters.

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

5.1 The Board noted:

- a. the 'Update' report of the 22-24 February meeting of EFRAG Technical Experts Group (TEG); and
- b. the 'IFRS Monitor' report of the IASB's February meeting.

6 CONSOLIDATION AND JOINT ARRANGEMENTS

6.1 The Board considered EFRAG's Invitation to Comment on its assessment on the endorsement of the package of standards relating to consolidation and joint arrangements, namely IFRS 10, IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011).

6.2 The Board:

- a. supported endorsement of these standards;
- b. expressed the view that, in principle, IFRS standards should be endorsed with the effective date in the standard, to ensure consistent global accounting standards;
- c. noted that there was no evidence that UK entities would be unable to implement the standards for an effective date of 1 January 2013;
- d. acknowledged that other EU entities might not be able to implement the standards for 1 January 2013 and that deferral of the effective date by a year would be acceptable provided that early adoption remained permissible;
- e. called on EFRAG to present all evidence supporting a deferral to the IASB for further consideration of an amendment to the effective date in the standards.

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

7 MATERIALITY

7.1 The Board gave further consideration to the ESMA Consultation Paper 'Consideration of materiality in financial reporting'.

7.2 The Board expressed the view that:

- a. it was unclear why ESMA had issued the consultation paper and for whom the guidance was intended;
- b. there was need for guidance from the IASB on what materiality meant from a disclosure perspective, to assist in cutting clutter in annual reports;
- c. the objective of financial reporting differs from the objective of regulators and there was a need for financial reports to focus on the primary users; and
- d. materiality was entity specific and required the application of judgement.

7.3 The Board approved responses to ESMA and EFRAG expressing these views.

8 CONSIDERING THE EFFECTS OF ACCOUNTING STANDARDS

8.1 The Board considered the revised recommendations following the consultation period on the ASB/EFRAG Discussion Paper 'Considering the Effects of Accounting Standards'.

8.2 The Board:

- a. supported the replacement of the principles underpinning effects analyses, set out in the Discussion Paper, with steps for carrying out effects analysis; and
- b. approved the draft recommendations for final consideration by EFRAG TEG.

9 DISCLOSURE FRAMEWORK

9.1 The Board received an update on the joint ASB/ANC/EFRAG project on the disclosure framework.

9.2 The Board expressed the view that:

- a. this was an important project that could influence IASB's work in this area;
- b. the project should consider disclosures in the annual financial report holistically and did not address solely the notes to financial statements; and
- c. if other project partners did not accept this scope, the Board should carry out its own extension of the project taking this holistic approach.

9.3 The Board asked for these views to be conveyed to EFRAG.

10 RESIDENTIAL SERVICE CHARGES

10.1 The Board considered a proposed UITF Information Sheet on the accounting for residential service charges.

10.2 The Board expressed the view that the UITF should develop an Abstract dealing with this issue.

11 NEXT MEETING

11.1 The Board noted the proposed agenda for the next meeting on Thursday 12 April at 9.00 a.m.