



**Minutes of a meeting of the Accounting Standards Board (2010:12)
held on 4 November 2010 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

David Loweth	Technical Director (Acting Chairman)
Nick Anderson	
Edward Beale	
Andy Simmonds	
Pauline Wallace	

IN ATTENDANCE

Peter Clark	Director of Research, IASB (Item 1 only)
Hugh Francis	Aviva plc (Item 1 only)
Matt Blake	HMRC
Paul Ebling	FSA (Item 1 only)
John Instance	BAS (Item 1 only)
David Tyrrell	BIS
Chris Wobschall	HM Treasury
Simon Peerless	Minutes Secretary

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

APOLOGIES FOR ABSENCE were received from Marisa Cassoni, Peter Elwin, Ken Lever, Roger Marshall and Robert Overend.

The Board was informed of the appointment of Roger Marshall as interim Board Chairman.

In the absence of Roger Marshall, David Loweth was unanimously elected by the Board members present to be the Acting Chairman for the meeting.

The Acting Chairman welcomed Peter Clark, Director of Research at the IASB, Hugh Francis, of Aviva, Paul Ebling, of the FSA, and John Instance, of BAS, to the meeting.

1 INSURANCE CONTRACTS

1.1 The Board received presentations on the IASB's exposure draft 'Insurance Contracts' from Peter Clark and Hugh Francis.

- 1.2 The Board considered draft outlines of its responses to EFRAG and the IASB on the exposure draft, and commissioned a further draft for consideration at a future meeting.

2 MINUTES OF MEETING

- 2.1 The minutes of the meeting held on 12 October 2010 (2010:11) were agreed and approved for publication.

3 UPDATE AND REPORTS

- 3.1 The Board received an update on recent developments relating to the global financial crisis, IASB and further international developments, EFRAG and other European developments, and FRC and ASB developments.

- 3.2 The Board noted:

- a. developments relating to the forthcoming G20 meeting in Seoul;
- b. the revised IASB work plan;
- c. governance reviews of the IASB;
- d. the US Securities and Exchange Commission (SEC) progress report on incorporating IFRS into the US financial reporting system;
- e. the forthcoming meetings of EFRAG's Technical Experts Group (TEG) and the IASB, plus the IASB's meeting with EFRAG and major European standard setters;
- f. the European Commission staff consultation on country-by-country reporting;
- g. the reference to the FRC in the Government's review of public bodies;
- h. the appointment of Roger Marshall as interim Chairman of the Board; and
- i. staff changes at the ASB.

- 3.3 The Board noted the status report and approved its publication.

4 IASB EXPOSURE DRAFT 'DEFERRED TAX: RECOVERY OF UNDERLYING ASSETS'

- 4.1 The Board considered the IASB's recent exposure draft 'Deferred Tax: Recovery of Underlying Assets'.

- 4.2 The Board reached the conclusion that:

- a. no amendment to the standard was necessary, as it was clear how it should apply in the circumstances covered by the exposure draft;
- b. no exception should be made to the requirements of the standard; and

- c. the IASB should provide additional guidance on how these requirements should be applied if it considered this necessary.
- 4.3 The Board approved responses to the IASB and EFRAG expressing these views.
- 5 IFRS FOUNDATION CONSULTATION DOCUMENT ON THE ANNUAL IMPROVEMENTS PROCESS
- 5.1 The Board considered the consultation document issued by the IFRS Foundation on the annual improvements process.
- 5.2 The Board:
- a. agreed that there should be criteria to determine whether an issue was appropriate to be dealt with under the annual improvements process; and
 - b. agreed with the criteria proposed in the consultation document.
- 5.3 The Board approved a response to the IFRS Foundation and to EFRAG setting out these views.
- 6 HEDGE ACCOUNTING
- 6.1 The Board received an update on the progress of the IASB's project on hedge accounting.
- 6.2 The Board noted that an exposure draft was expected shortly which would be considered at a future meeting.
- 7 IASB EXPOSURE DRAFT 'LEASES'
- 7.1 The Board gave preliminary consideration to the proposals in the IASB's exposure draft 'Leases'.
- 7.2 The Board:
- a. agreed with the proposed treatment of leases with options, but considered that this resulted in the recognition of liabilities that did not meet the Framework definition and that this should be explicitly acknowledged;
 - b. noted the concern of HMRC that the proposals would have major implications for UK tax legislation;
 - c. expressed concern that the cost/benefit discussion in the Basis of Conclusions of the exposure draft was exceedingly brief and narrow in scope, and did not address the wider business consequences of the proposals; and

- d. expressed concern over the two alternative models for lessor accounting.
- 7.3 The Board noted that views of constituents would be heard at the joint ASB/FLA meeting to be held the following day, which would be considered by the Board together with a proposed response to the IASB at its next meeting.
- 8 REPORTS OF MEETINGS OF THE IASB AND EFRAG'S TECHNICAL EXPERTS GROUP
- 8.1 The Board noted the 'Update' reports of:
- a. the 5 October meeting of the IASB; and
 - b. the October meeting of EFRAG Technical Experts Group (TEG).
- 9 NEXT MEETING
- Thursday 25 November, 9.00 a.m.