



ACCOUNTING STANDARDS BOARD

**Minutes of a meeting of the Accounting Standards Board (2006:06)
held on 15 June 2006 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Ian Mackintosh	Chairman
David Loweth	Secretary and Acting Technical Director
Mike Ashley	
Marisa Cassoni	
Robert Overend	
Helen Weir	
Peter Westlake	
Geoffrey Whittington	IASB Liaison Member

IN ATTENDANCE

Andrew Lennard	Director of Research
Bob Garnett	IASB
Michael Kavanagh	IAASA
Ben Higgin	DTI
David Watkins	HM Treasury
Roger Nicklen	Minutes Secretary

Technical Staff: Jennifer Guest, Alan O'Connor and Simon Peerless.

APOLOGIES FOR ABSENCE were received from Roger Marshall and Jonathan Symonds (JRS).

The Chairman welcomed Bob Garnett, IASB observer designate and Michael Kavanagh, deputising for Ian Drennan, the IAASA Observer.

1 MINUTES OF MEETING

The minutes of the meeting held on 11 May (2006:05) were agreed and approved for publication.

2 CHAIRMAN'S UPDATE AND REPORT ON THE STATUS OF ASB PROJECTS

The Board received oral reports on the recent European Commission Roundtable on Consistent Application of International Financial Reporting Standards (IFRS), on the

presentation to the European Financial Reporting Advisory Group (EFRAG) Consultative Forum of Standard Setters on the pensions project and on the next steps in the Proactive Accounting Activities in Europe (PAAinE) project on Performance Reporting. The Board also took note of the forthcoming ASB public roundtable meeting in Dublin (on the future of the ASB, convergence and other issues on the standard-setting agenda) and of the forthcoming presentation to the Board on the business combinations project by staff of the International Accounting Standards Board (IASB).

3 PLANNING FOR THE BOARD'S 13 JULY DISCUSSION WITH THE IASB CHAIRMAN

The Board considered proposals for issues to be addressed during its forthcoming meeting with the IASB Chairman, discussed priorities and commissioned a paper to be submitted to the IASB Chairman in advance of that meeting.

4 AMENDMENT TO IAS 1 'PRESENTATION OF FINANCIAL STATEMENTS'

The Board considered IASB's Exposure Draft of its proposed Amendment to International Accounting Standard (IAS) 1 Presentation of Financial Statements - 'A Revised Presentation'.

The Board agreed responses to the IASB and to EFRAG supporting the main proposals in the Exposure Draft (with some qualifications, most particularly on the requirement for allocation of tax to components and on the requirement for an opening and closing balance sheet) and calling for continued progress with the second phase of the performance reporting project.

5 AMENDMENT TO IAS 23 'BORROWING COSTS'

The Board considered the IASB's Exposure Draft of proposed amendments to IAS 23 'Borrowing Costs', noted the intention to require borrowing costs to be capitalised and agreed that no change to Financial Reporting Standard (FRS) 15 'Tangible Fixed Assets' was required given that it was not a converged standard and that a decision was yet to be taken on the convergence strategy for UK GAAP.

6 IASB/FASB CONCEPTUAL FRAMEWORK PROJECT - PROPOSED PUBLIC MEETING

The Board considered the arrangements for a possible roundtable to discuss the first due process document from the IASB/FASB Conceptual Frameworks Project, subject to timing of the publication of the document.

7 EU TRANSPARENCY DIRECTIVE

The Board considered the implications of the EU Transparency Directive for half-yearly financial reports and for interim management reports and discussed its input to the FRC's response to the consultation paper issued by the Financial Services Authority (FSA) on the implementation in the UK of the Directive.

The Board supported the FSA's proposals not to add to the requirements of the Transparency Directive, expressed concern about the use of 'true and fair' in the context of half-yearly reporting statements and expressed support for the continuing importance of the present requirements for continuous reporting of price sensitive information.

8 CIPFA/LASAAC SORP FOR LOCAL AUTHORITY ACCOUNTING 2006

The Board considered a final draft of the CIPFA/LASAAC Statement of Recommended Practice (SORP) for Local Authority Accounting 2006.

The Board noted the decision to defer application of the disclosure and measurement requirements of FRS 25 (IAS 32) 'Financial Instruments: Disclosure and Presentation' and FRS 26 (IAS 39) 'Financial Instruments: Measurement' to local authorities with listed debt until the 2007 SORP and requested that the Joint Committee should also consider tightening the interpretation of FRS 4 'Capital Instruments' at the same time and extending the requirement to comply with FRS 25 and FRS 26 to all local authorities.

The Board approved a Statement of Assurance for the CIPFA/LASAAC SORP for Local Authority Accounting 2006 that made clear that it was not compliant with GAAP in respect of FRS 25 and FRS 26.

9 IPSASB EXPOSURE DRAFT 'REVENUE FROM NON-EXCHANGE TRANSACTIONS (INCLUDING TAXES AND TRANSFERS)'

The Board considered the International Public Sector Accounting Standards Board (IPSASB) Exposure Draft 'Revenue from Non-Exchange Transactions (Including Taxes and Transfers)'.

The Board noted that the principles in the Exposure Draft were consistent with the Board's Statement of Principles and the proposed Interpretation for Public Benefit Entities and approved a supportive response to IPSASB.

10 RECENT AND UPCOMING ASB ACTIVITIES

The Board took note recent and upcoming ASB activities.

11 REPORTS OF THE MAY MEETINGS OF EFRAG AND THE IASB

The Board took note of the 'Update' reports on the EFRAG Technical Experts Group (TEG) meeting in May and of the May meeting of the IASB.

12 NEXT MEETING

Thursday 29 June, 9.00 a.m.