



ACCOUNTING STANDARDS BOARD

**Minutes of a meeting of the Accounting Standards Board (2007:13)
held on 25 October 2007 at Aldwych House, 71-91 Aldwych, London WC2**

PRESENT

Ian Mackintosh	Chairman
David Loweth	Technical Director
Nick Anderson	
Mike Ashley	
Edward Beale	
Marisa Cassoni (MC)	
Robert Overend	
Geoffrey Whittington	

IN ATTENDANCE

Nigel Bankhead	Board for Actuarial Standards (item 3)
Andrew Lennard	Director of Research
Michael Kavanagh	IAASA Observer
David Watkins	HM Treasury
Simon Peerless	Secretary
Evelyn Ryle	Minutes Secretary

Technical Staff: Michelle Crisp (MDC), Seema Jamil-O'Neill and Hans Nailor.

APOLOGIES FOR ABSENCE were received from Peter Elwin, Andy Simmonds and Helen Weir.

1 MINUTES

The minutes of the meeting held on 4 October 2007 (2007:12) were agreed and approved for publication.

2 CHAIRMAN'S UPDATE AND REPORTS

2.1 The Board noted that the Financial Reporting Council (FRC) was to undergo processes changing the composition of its board and the appointment of its members. A possible review of the ASB's work and strategy was discussed.

2.2 The Board considered and commented on the FRC's draft Counsel's Opinion on the True and Fair Requirement.

2.3 The Board received a report on the meeting of the Technical Experts Group (TEG) of the European Financial Reporting Advisory Group (EFRAG) which had

discussed pensions and other topics on 10-11 October 2007. The European Commission's move towards impact assessments was noted. The process for the approval of International Financial Reporting Standard (IFRS) 8 had been delayed; IFRS 8 was now expected to be considered by a plenary session of the European Parliament at the end of November 2007.

2.4 The Board expressed concern that a draft report had been prepared by a member of the Economic and Monetary Affairs Committee (ECON) of the European Parliament in which the European Commission was invited to block the proposed IFRS for Small and Medium-size Entities (SMEs), even on a voluntary basis. The European Commission appeared to be unaware that there was considerable support within at least a number of EU Member States for the proposed IFRS.

2.5 At a recent public meeting between the International Accounting Standards Board (IASB), EFRAG and the French, German and UK national standard-setters, the Chairman had urged the IASB not to issue the US document on equity and liability with a simple IASB 'wrap-around'. A more considered IASB view was highly desirable.

2.6 The Board noted that the European Commission roundtable on consistent application of IFRS had agreed to do further work on only one of the issues suggested to it, namely regulatory liabilities.

2.7 The Board noted that the Chairman was to chair a meeting in London with the chairs of EFRAG and the French and German national standard-setters, with the aim of identifying ways in which the national standard-setters could assist EFRAG.

2.8 The status report was approved for publication on the website.

3 IASB DISCUSSION PAPER ON INSURANCE RESPONSES TO THE IASB AND TO EFRAG

3.1 The Board considered a draft response to the IASB on its Discussion Paper (DP) *Preliminary Views on Insurance Contracts*. The draft had been revised in the light of the concerns expressed at the Board's previous meeting. Various further changes to the draft response were proposed. A redrafted response would be circulated for clearance outside the meeting so that the comment deadline (16 November 2007) would be met.

3.2 The Board considered the EFRAG draft response letter to the IASB and a draft response to EFRAG. Some changes to the Board's draft were proposed. A revised draft would be circulated to the Board outside the meeting. It was agreed that the Board's response to the IASB would accompany its response to EFRAG.

4 PENSIONS: DRAFT DISCUSSION PAPER

4.1 The Board considered and commented on a number of draft chapters for the proposed Pensions Discussion Paper (DP).

4.2 On draft chapter 6, *Measurement of assets held to pay benefits*, the Board noted that the views in the chapter were consistent with International Accounting Standard (IAS) 19. The chapter concluded that the investment strategy should be dealt with by disclosure. The Board commented that a significant market dislocation, especially over a year end, might lead to reporting of misleading figures. However, there was no ready solution to the problem without incorporating intent. The chapter concluded that a market-value approach was appropriate for measurement but, in the case of assets not traded in active markets, supplementary disclosures would be needed. It was important that disclosures were not excessive.

4.3 On draft chapter 7, *Measurement of employer interests in assets and liabilities of trusts and similar entities*, the Board noted the conclusion that the measurement method in IAS 19 and FRS 17 was preferred over one which measured the employer's net interest by reference to its obligation to pay contributions. The Board considered the implications of a constructive obligation on the employer to make good any deficit in the trust.

4.4 On draft chapter 9, *Disclosures in financial statements*, the Board suggested that a principal objective, in addition to the objectives outlined in the paper, was required. This objective should explain the main aim of disclosures was to provide information about the exposure of the sponsoring company arising from the provision of pension benefits. The Board considered Chapter 9 should provide a comprehensive account of all the proposed disclosures in the DP. Further work was needed on disclosures relating to defined contribution schemes.

4.5 On draft chapter 11, *Pension Plan's Financial Statements*, the Board noted that further work was still needed and that, internationally, the degree of interest in the financial statements of pension plans varied between jurisdictions. The chapter suggested that the pension plan's liability to pay pensions should be shown in the financial statements and that the employer's covenant was important since it could create an asset to offset any deficit in the plan.

5 IASB EXPOSURE DRAFT ON ANNUAL IMPROVEMENTS:
DRAFT RESPONSE TO IASB

5.1 The Board agreed that the draft response to the IASB on the Exposure Draft on Annual Improvements would be dealt with outside the meeting.

6 FRC PLAN FOR 2008-09: CORPORATE REPORTING

6.1 Consideration of the FRC Plan for 2008-09 was deferred to the next meeting.

7 APPOINTMENTS

7.1 The Board approved the appointment of Steve Bailey to the Committee on Accounting for Smaller Entities (CASE) for a two-year term to 31 October 2009.

7.2 The Board approved the appointment of Roger Marshall to the Committee on Accounting for Public-benefit Entities (CAPE) for a two-year term to 31 October 2009.

8 EFRAG TEG: REPORT OF SEPTEMBER MEETING

8.1 The Board noted the report of the September meeting of EFRAG's Technical Experts Group.

9 NEXT MEETING

Friday, 23 November 2007, at 9.00 a.m.