



**Minutes of a meeting of the Accounting Standards Board (2011:03)
held on 17 March 2011 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Roger Marshall	Chairman
David Loweth	Technical Director
Nick Anderson	
Edward Beale	
Marisa Cassoni	
Peter Elwin	
Ken Lever	
Robert Overend	
Andy Simmonds	
Pauline Wallace	

IN ATTENDANCE

Mike Ashley	TEG Observer
Matt Blake	HMRC
Stephen Haddrill	FRC Chief Executive
Andrew Lennard	ASB Research Director
Chris Wobschall	HM Treasury
David Tyrrall	BIS
Ian Wright	FRC Director of Corporate Reporting (for Items 3 and 4)
Simon Peerless	Minutes Secretary

Technical Staff: Seema Jamil-O'Neill, Deepa Raval and Michelle Sansom

The Chairman noted that this was Marisa Cassoni's last meeting as a Board member.

1 MINUTES AND NOTE OF MEETING

- 1.1 The minutes of the meeting held on 17 February 2011 (2011:02) were agreed and approved for publication.

2 UPDATE AND REPORTS

- 2.1 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.

- 2.2 The Board noted:
- a. the meeting of the G20 Finance Ministers on 18-19 February and the reports of subsequent comments by the Chancellor of the Exchequer relating to country-by country reporting by companies in the extractive sector;
 - b. the recent meetings of the IASB and the Trustees of the IFRS Foundation;
 - c. the recent meeting of EFRAG's TEG and the forthcoming meeting between EFRAG representatives, representatives of European national standard setters, and the IASB;
 - d. comments made by Vince Cable in a speech at the Mansion House on 3 March relating to the Coalition Government's growth agenda, with particular reference to the Board's proposals on the future of UK GAAP;
 - e. a report of Stephen Haddrill's recent visit to Australia, discussing amongst other matters the development of proposals for integrated reporting;
 - f. recent publications by the FRC including the announcement of the launch of an Inquiry to identify lessons for companies and auditors addressing going concern and liquidity risks, led by Lord Sharman with the Chairman of the ASB on the Panel;
 - g. the end Marisa Cassoni's term as a Board member and the retirement of Ian Wright from the FRC.
- 2.3 The Board noted the Status Report and approved its publication.

3 ASB FUTURE ROLE AND STRATEGY AND FRC REFORM

- 3.1 The Board received an oral update on the development of proposals for the reform of the FRC and considered a paper on the Board's future role and strategy.
- 3.2 In relation to the role and strategy of the Board, the Board discussed:
- a. outreach with UK and Irish constituents
 - b. influencing the IASB; and
 - c. research.
- 3.3 The Board noted that, with a less pressurised work-plan from the IASB in future years, it would be able to plan at an early stage of projects the best allocation of resources to concentrate on issues that were of most concern rather than seeking to address all detailed issues arising.
- 3.4 The Board agreed to continue its discussion of its future role and strategy at a future meeting.

4 ASB EVALUATION REVIEW

4.1 The Board received a report on the annual evaluation of its operations carried out under FRC guidelines.

4.2 The Board:

- a. noted the results of the evaluation; and
- b. agreed to take the comments made in response to the evaluation into account in considering its future role and strategy.

5 FINANCIAL INSTRUMENTS: IMPAIRMENT

5.1 The Board gave further consideration to the IASB's Supplement 'Financial Instruments: Impairment' to the exposure draft on amortised cost and impairment.

5.2 The Board expressed the view that:

- a. the proposal in the Supplement for impairment to be based on a good book/bad book split was supported;
- b. the conceptual basis for this split was that a lender viewed cash received on the good book as revenue, and on the bad book as a partial recovery, and this needed to be developed more fully by the IASB;
- c. the proposal in the Supplement for a floor for recognition of impairment was supported as a pragmatic solution to prevent under-provision;
- d. the disclosure requirements should be considered in the light of existing financial instrument disclosures to avoid duplication and ensure a better focus;
- e. the proposals needed to address revenue recognition on bad book loans.

5.3 The Board approved responses to the IASB and EFRAG expressing these views.

6 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

6.1 The Board gave further consideration to the IASB's exposure draft 'Offsetting Financial Assets and Financial Liabilities'.

6.2 The Board:

- a. noted that there were arguments for netting amounts relating to derivatives under master netting agreements that merited further consideration even though the principle in the exposure draft might lead to these being shown gross;

- b. expressed the view that convergence between the US and IFRS in this area was more important than whether net or gross treatment was required, provided the other amount was disclosed in notes;
 - c. expressed concern over the possible tightening of the conditions for offset when settlement occurred on the same day.
- 6.3 The Board agreed to consider further the proposals in the exposure draft in relation to master netting agreements, and responses to EFRAG and the IASB, at a future meeting.

7 IFRS FOUNDATION MONITORING BOARD GOVERNANCE

7.1 The Board considered further the IFRS Foundation Monitoring Board's 'Consultative Report on the Review of the IFRS Foundation Governance'.

7.2 The Board:

- a. supported the proposal that the roles of the Chairman of the IASB Board and CEO of the IFRS Foundation should be split;
- b. expressed the view that separating the staff of the IFRS Foundation from that of the IASB was an internal matter for the Trustees to decide;
- c. welcomed the proposal for greater transparency over the process for nominating candidates for the Trustees;
- d. expressed concern that the Trustees did not appear to offer sufficient oversight and challenge to the IASB;
- e. expressed a number of views about the purpose, role and membership of the Monitoring Board; and
- f. expressed the view that greater transparency was needed over the role of the Monitoring Board in the appointment of the IASB Chair.

7.3 The Board asked for these views to be conveyed to the FRC and taken into account in its response to the consultation.

8 NATIONAL STANDARD SETTERS MEETING MARCH 2011

8.1 The Board considered a report of the proposed agenda items to be discussed at the National Standard Setters (NSS) meeting in New York on 24-25 March.

8.2 The Board expressed the view that:

- a. post implementation reviews of new IFRS should have a wide remit and not be restricted to issues that were contentious in the development of the standard and unexpected implementation costs;
- b. NSS had a vital role to play in carrying out post implementation reviews;

- c. the proposed disclosure framework should address the whole of the annual report and not solely notes to the financial statements;
 - d. the principles to be taken into consideration when developing a disclosure framework should include stewardship.
- 8.3 The Board asked ASB representatives attending the NSS meeting to make these views known.

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

9.1 The Board noted the 'Update' reports of:

- a. EFRAG's Technical Experts Group (TEG) held on 8 and 10-11 February;
- b. the 15-18 February meeting of the IASB , much of it in joint session with the US Financial Accounting Standards Board (FASB); and
- c. the 1-2 March meeting of the IASB, held in joint session with the FASB.

10 OTHER BUSINESS

The Chairman thanked Marisa Cassoni for her service on the Board over the years, and wished her all the best for the future.

11 NEXT MEETING

Thursday 14 April, 9.00 a.m.