



**Minutes of a meeting of the Accounting Standards Board (2011:07)
held on 16 June 2011 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

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

IN ATTENDANCE

Michael Kavanagh	IAASA
Richard Carter	BIS (for Items 2-3)
Matt Blake	HMRC
Hema Blatt	HM Treasury
Robert Inglis	Project Director, BAS (for Item 10)
Roger Nicklen	Minutes Secretary

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

APOLOGIES FOR ABSENCE were received from Andy Simmonds.

1 MINUTES OF MEETING

1.1 The minutes of the meeting held on 21 May 2011 (2011:06) were agreed and approved for publication.

2 TECHNICAL DIRECTOR'S UPDATE AND REPORTS

2.1 The Board received an update on IASB and further international accounting developments, EFRAG and other European developments, and FRC developments.

2.2 The Board noted:

- a. the issue by the IASB of six new and amended international financial reporting standards (IFRS) on 12 May; and
- b. the latest IASB work plan.

- 2.3 The Board noted the Status Report and approved its publication.
- 2.4 The Board also gave further consideration to a proposed statement on true and fair.

3 FUTURE OF FINANCIAL REPORTING STANDARDS IN THE UK & RoI

3.1 The Board resumed its deliberations on the future of UK & RoI FRS in the light of the responses to the Financial Reporting Exposure Drafts: Future of Financial Reporting in the UK and Republic of Ireland.

3.2 The Board considered:

- a. the Tier Structure; and
- b. the guidelines it had been following in the preparation of the FRSME.

3.3 The Board tentatively decided:

- a. to withdraw its proposal that publicly accountable entities should be required to report using EU-adopted IFRS (Tier 1).
- b. to defer for future consideration whether to retain use of EU-adopted IFRS with reduced disclosures by subsidiaries of companies reporting using EU-adopted IFRS (Tier 1S) and to consider whether this should be an option or a requirement; and
- c. to set the guidelines for preparation of the FRSME within an overall objective of securing high quality financial reporting and to permit the retention of options in UK FRSs at the transition date that aligned with EU-adopted IFRS and additional clarification (by reference to EU-adopted IFRS) to address unnecessary diversity in practice.

3.4 The Board commissioned further papers examining the implications for the Financial Reporting Standard for Medium-sized Entities (FRSME) of the removal of Tier 1 and the consequent use of the FRSME by publicly accountable entities for Statements of Recommended Practice (SORPs) .

3.5 The Board acknowledged that as there was likely to be a need to re-expose the proposed FRSME an effective date of 1 June 2013 would not be achievable (if constituents were still to be given 18 months preparation time following publication of the new standard) and decided to proceed on the basis of an effective date of 1 January 2014.

4 RESEARCH ACTIVITIES AND DEVELOPMENTS

4.1 The Board received an update on recent research projects and related activities.

5 REPORTS OF THE MAY MEETINGS OF THE IASB

5.1 The Board noted the reports of the May meetings of the IASB.

6 AMENDMENT TO FRS 29 (IFRS 7) 'FINANCIAL INSTRUMENTS: DISCLOSURES - TRANSFERS OF FINANCIAL ASSETS'

6.1 The Board considered the responses to the Financial Reporting Exposure Draft (FRED) of Amendments to FRS 29 (IFRS 7) 'Financial Instruments: Disclosures - Transfers of Financial Assets.'

6.2 The Board approved publication of the amendments to FRS 29 effective for accounting periods beginning on or after 1 July 2011 with earlier application permitted.

7 RE-APPOINTMENTS TO THE BOARD'S FINANCIAL SERVICES AND OTHER SPECIAL INDUSTRIES COMMITTEE (FSOSIC).

7.1 The Board approved the re-appointment of Lynn Percy and Hugh Francis as FSOSIC members for the two year period to 30 June 2013.

7.2 The Board also agreed that the FSA could be approached with a view to nominating a successor to Debra Chesworth who had decided not to seek re-appointment.

8 FRC RESPONSE TO THE IFRS FOUNDATION TRUSTEES' STRATEGY REVIEW REPORT 'IFRSs AS THE GLOBAL STANDARD: SETTING A STRATEGY FOR THE FOUNDATION'S SECOND DECADE'

8.1 The Board considered the IFRS Foundation Trustees' Strategy Review Report 'IFRSs as the Global Standard: Setting a Strategy for the Foundation's Second Decade' and a draft comment letter on the Report from the European Financial Reporting Advisory Group (EFRAG).

8.2 The Board made a number of comments on the approach to be taken in preparing the FRC's response.

9 IPSASB CONCEPTUAL FRAMEWORK

9.1 The Board:

- a. considered the International Public Sector Accounting Standards Board (IPSASB) Consultation Paper 'Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Elements and Recognition in Financial Statements; and
- b. approved a response to IPSASB.

10 THE DISCOUNT RATE TO BE APPLIED IN MEASURING DEFINED BENEFIT OBLIGATIONS FOR PENSION LIABILITIES

10.1 The Board gave preliminary consideration to an analysis concerning the discount rate to be applied in measuring defined benefit pension obligations and agreed to consider the issues further at a future meeting.

11 NEXT MEETING ON 7 JULY

11.1 The Board noted the proposed agenda for the meeting on 7 July at 9.00 a.m.