



**Minutes of a meeting of the Accounting Standards Board (2008:13)
held on 6 November 2008 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Ian Mackintosh	Chairman
David Loweth	Technical Director
Nick Anderson	
Marisa Cassoni	
Ken Lever	
Robert Overend	
Andy Simmonds	
Geoffrey Whittington	

IN ATTENDANCE

Michael Kavanagh	IAASA Observer
Larry Pinkney	HM Treasury
Simon Peerless	Secretary
Ian Wright	FRC Director of Corporate Reporting (for Item 5)
Roger Nicklen	Minutes Secretary

Technical Staff: Mario Abela (CMA), Michelle Crisp (MDC), Peter Godsall, Jennifer Guest, Seema Jamil-O'Neill, Melanie Kerr (MDC), Janice Lingwood and Alan O'Connor.

APOLOGIES FOR ABSENCE were received from Mike Ashley, Edward Beale and Peter Elwin (who had submitted written comments).

1 MINUTES OF MEETING

The minutes of the meeting held on 16 October 2008 (2008:12) were agreed, subject to amending paragraph 5.2a to read 're-affirmed its view that there was a constructive obligation to pay a pension under a final salary scheme', and approved for publication.

2 CHAIRMAN'S UPDATE AND REPORTS

2.1 The Board received an oral update on the latest developments in relation to the credit crunch, including: the further requests to the International Accounting Standards Board (IASB) from the European Commission for amendments to IFRS in time for December 2008 year ends; on action under way to develop a public

statement of the UK's position in relation to those requests, particularly on the issue of due process; and on the steps being taken to establish whether there was a broad European and international consensus on the issues.

2.2 The Board noted the following developments linked to the credit crisis:

- a. Commissioner McCreevy's welcome for the IASB's guidance on fair value measurement in inactive markets,
- b. the ongoing Securities and Exchange Commission (SEC) review of mark-to-market accounting,
- c. the forthcoming session of the Treasury Select Committee on accountancy and the banking crisis at which the FRC's Chief Executive Officer would appear along with the IASB Chairman and the Chief Executive Officer of the Institute of Chartered Accountants in England and Wales (ICAEW), and
- d. the likelihood of further discussions on IASB governance at the forthcoming G20 summit.

2.3 The Board also noted:

- a. further delay in the publication of the SEC's convergence roadmap,
- b. forthcoming Accounting Regulatory Committee (ARC) deliberations on EU adoption of IFRS (which had the potential to clear all outstanding adoption questions before the end of 2008), IASB governance, EFRAG enhancement and progress on simplification of accounting requirements,
- c. publication of a consolidated Regulation on EU-adopted IFRS, and
- d. publication of an FRC report on goodwill disclosures.

2.4 The Board noted the Status Report and approved it for publication.

3 FINANCIAL REPORTING EXPOSURE DRAFT 'IMPROVING DISCLOSURES ABOUT FINANCIAL INSTRUMENTS: PROPOSED AMENDMENTS TO FRS 29 (IFRS 7)'

3.1 The Board considered a draft Financial Reporting Exposure Draft (FRED) of amendments to FRS 29 'Financial Instruments: Disclosures' designed to maintain consistency between IFRS 7 'Financial Instruments: Disclosures' and FRS 29.

3.2 The Board agreed:

- a. that a FRED should be published;
- b. that the hierarchy proposed for IFRS 7 should be proposed for FRS 29;
- c. that the Preface should, inter alia, draw attention to the liquidity risk disclosure proposals; and
- d. that the FRED should propose reinstatement of paragraph 9 of FRS 29.

- 3.3 The Board approved the FRED for publication with a 60 day comment period, subject to final clearance of the Preface outside the meeting.

4 THE FUTURE OF UK GAAP

- 4.1 The Board approved a plan for the remaining stages of its consideration of the future of UK GAAP which, subject to progress with the development of the IFRS for Private Entities, envisaged publication of a discussion paper during the second quarter of 2009, to be followed by an exposure draft, with implementation after a transition period running from 2010 to 2012.
- 4.2 The Board discussed the criteria for determining which entities should be in Tier 1 and agreed that the development of the discussion paper should proceed on the basis that:
- a. all entities in Tier 1 should be required to apply full IFRS;
 - b. all listed entities should be in Tier 1 regardless of where they were listed;
 - c. the IASB definition of public accountability should be used; and
 - d. all publicly accountable entities, regardless of size, should be included in Tier 1;
- 4.3 The Board deferred until later in its deliberations consideration of whether:
- a. there should be a size criterion above which private non-publicly accountable entities should be in Tier 1;
 - b. the IFRS for Private Entities would be suitable for use by entities not in Tier 1; and
 - c. industry specific guidance might be needed for some entities.
- 4.4 The Board also approved plans for carrying out an evidence-based, comprehensive, efficient and transparent impact assessment.

5 EARNINGS PER SHARE

- 5.1 The Board considered the IASB's Exposure Draft (ED) of amendments to IAS 33 'Simplifying Earnings per Share' and the draft comment letter from the European Financial Reporting Advisory Group (EFRAG).
- 5.2 The Board approved responses to the IASB and EFRAG critical of the ED and supporting the alternative view given by one IASB Board member.

6 RELATED PARTY DISCLOSURES

- 6.1 The Board approved for issue amendments to FRS 8 'Related Party Disclosures' to align it with the Large and Medium-sized Companies and Groups (Account and Reports) Regulations 2008.

7 IMPROVEMENTS TO FINANCIAL REPORTING STANDARDS

7.1 The Board considered the responses to its Financial Reporting Exposure Draft (FRED) 'Improvements to Financial Reporting Standards' and approved publication of the resultant FRS.

8 CIPFA/LASAAC 2009 STATEMENT OF RECOMMENDED PRACTICE (SORP) FOR LOCAL AUTHORITIES.

8.1 The Board discussed the changes being proposed to the CIPFA/LASAAC Statement of Recommended Practice (SORP) for local authorities.

8.2 The Board noted the proposal to move to IFRS-based accounting for PFI projects ahead of the more general requirement to adopt IFRS-based accounting and the implications for the Board's statement of assurance.

8.3 The Board approved publication of an invitation to comment and Exposure Draft of the 2009 CIPFA/LASAAC Statement of Recommended Practice (SORP) for local authorities.

9 IMA SORP ON THE FINANCIAL STATEMENTS OF AUTHORISED FUNDS

9.1 The Board approved the issue of the Investment Management Association (IMA) SORP on the Financial Statements of Authorised Funds with a statement of compliance that made clear that the Board took no view on the allocation of costs and returns between capital and revenue.

9.2 The Board also considered the accounting for stock dividends and further affirmed that it took no view on the allocation of returns between capital and revenue.

10 PROGRESS ON THE FRC COMPLEXITY PROJECT AND DRAFT POSITION PAPER ON XBRL

10.1 The Board discussed the progress being made in the Financial Reporting Council's (FRC) Complexity Project and the development of an FRC position paper on XBRL.

11 NEXT MEETING

Thursday 27 November, 9.00 a.m.