



**Minutes of a meeting of the Accounting Standards Board (2011:12)
held on 20 October 2011 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Roger Marshall	Chairman
David Loweth	Technical Director
Nick Anderson	
Edward Beale	
Ken Lever	
Andy Simmonds	
Pauline Wallace	

IN ATTENDANCE

John Breckenridge	ABI (Item 1 only)
Andrew Carpenter	ABI (Item 1 only)
Stephen Haddrill	FRC CEO (Items 1 to 8)
John Instance	Project Director, BAS (Item 1 only)
Michael Kavanagh	IAASA Observer
Andrew Lennard	ASB Research Director
Chris Wobschall	HM Treasury
Simon Peerless	Minutes Secretary

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

APOLOGIES FOR ABSENCE were received from Peter Elwin and Robert Overend.

1 INSURANCE ACCOUNTING

- 1.1 The Chairman welcomed John Breckenridge and Andrew Carpenter of the ABI to the meeting.
- 1.2 The Board:
 - a. considered a draft of an ASB Staff paper setting out the options for the future of accounting for insurance contracts for entities applying UK GAAP;

- b. commissioned a further draft of the paper, to be issued at the same time as the exposure drafts of revised proposals for the future of financial reporting in the UK and Republic of Ireland (RoI); and
- c. requested staff to continue consulting with interested parties on the options.

2 FUTURE OF FINANCIAL REPORTING IN THE UK AND ROI

2.1 The Board resumed redeliberation of its proposals for the future of financial reporting in the UK and RoI.

2.2 The Board discussed:

- a. incoming resources from non-exchange transactions;
- b. inventory for Public Benefit Entities (PBEs);
- c. the Reduced Disclosure Framework;
- d. FRED 48 Sweep Issues;
- e. draft sections of the revised FRSME; and
- f. the draft Impact Assessment.

2.3 The Board decided:

- a. incoming resources from non-exchange transactions should be recognised on receipt, subject to materiality and cost-benefit considerations;
- b. the amount recognised on receipt of inventory received in a non-exchange transaction, if any, would be the deemed cost for subsequent measurement purposes;
- c. to grant exemption under the RDF from the disclosure requirements of IFRS 13 for entities that were not financial institutions and to consult on disclosures for financial institutions;
- d. to allow an entity investing in an associate or joint venture the options of cost, revaluation through equity and fair valuing through profit and loss in accounting for the investment in its individual accounts, where these were permitted by companies legislation;
- e. not to include in the FRSME the requirement of IFRIC 17 to revalue non-cash assets that were to be distributed but to require disclosure;
- f. the requirements in the IFRS for SMEs on agriculture should be included in the exposure draft of the FRSME, but that a consultation question should be included addressing whether these were appropriate; and
- g. the guidance in UITFs 31 and 32 should be incorporated in application guidance in the FRSME.

- 2.4 The Board approved:
- a. revised drafting on goodwill;
 - b. revised drafting of the definition of investment entities; and
 - c. transition requirements relating to financial instruments.

3 MINUTES AND NOTE OF MEETING

- 3.1 The minutes of the meeting held on 29 September 2011 (2011:11) were agreed and approved for publication.

4 TECHNICAL DIRECTOR'S UPDATE AND REPORTS

- 4.1 The Board received an update from the Technical Director.

- 4.2 The Board noted:

- a. the reaffirmation to high quality global accounting standards in the communiqué of the meeting of the G20 Finance Ministers held on 14-15 October;
- b. the issue by IASB of a revised work plan dated 30 September;
- c. the remarks of the IASB Chairman to the European Parliament's Economic and Monetary Affairs Committee on 3 October;
- d. the meeting of the IFRS Advisory Committee on 10-12 October;
- e. the meeting of the IFRS Foundation Trustees on 13 October;
- f. the meeting of EFRAG TEG on 12-14 October, and comments by SEC staff on the progress of the possible incorporation of IFRS into the US financial reporting system at this meeting;
- g. the meeting of the Accounting Regulatory Committee on 4 October;
- h. the publication by BIS of a 'Consultation on Audit Exemptions and Change of Accounting Framework' on 6 October;
- i. the publication of a consultation document on the future role of the FRC on 18 October;
- j. the launch of the Financial Reporting Lab on 14 October.

- 4.3 The Board noted the Status Report and approved its publication.

5 UPDATE ON RESEARCH ACTIVITIES AND DEVELOPMENTS

- 5.1 The Board received an update on research activities.

6 REPORT OF A MEETING OF THE IASB

6.1 The Board noted the 'Update' report of the September meeting of the IASB, much of it held in joint session with the FASB.

7 IASB'S AGENDA CONSULTATION 2011

7.1 The Board considered a draft response to the IASB on the IASB's agenda consultation issued in July 2011.

7.2 The Board expressed the view that:

- a. preparers needed a period of calm to enable them to enable them to implement recent and forthcoming standards effectively;
- b. the IASB should use this period of calm to reassess its standard-setting model and objectives;
- c. standard-setting should be evidence-based, with proper account taken of user needs;
- d. convergence should not be a driver of the agenda;
- e. the purpose of post-implementation reviews should be to determine whether a new standard had actually achieved high-quality financial reporting; and
- f. the IASB should ensure that the agenda was not overloaded, although this could not be done by simply imposing a limit on the number of projects.

7.3 The Board commissioned a further draft response incorporating these views.

8 ASB-EFRAG DISCUSSION PAPER 'CONSIDERING THE EFFECTS OF ACCOUNTING STANDARDS'

8.1 The Board received an analysis of responses to the ASB-EFRAG discussion paper 'Considering the Effects of Accounting Standards'.

8.2 The Board:

- a. noted that the most contentious issue was whether the consideration of effects should extend to macro-economic consequences;
- b. commissioned a revised draft of the paper taking into account the comments received; and
- c. agreed to consider applying the revised draft to the Board's own proposed standards.

9 BIS CONSULTATION PAPER 'THE FUTURE OF NARRATIVE REPORTING'

9.1 The Board considered the proposals in the BIS consultation papers 'The Future of Narrative Reporting: consulting on a new reporting framework' and 'Executive Remuneration'.

9.2 The Board:

- a. welcomed the proposals as a step in the right direction;
- b. expressed concern over whether the proposals for disclosure of executive remuneration would in practice be an improvement over the current disclosures; and
- c. noted practical difficulties with the proposals for annual reports to be approved by non-executive directors.

9.3 The Board requested that its views be taken into account in developing the FRC response to the consultation.

10 NEXT MEETING

The Board noted the proposed agenda for the next meeting on Thursday 17 November at 9.00 a.m.