



**Minutes of a meeting of the Accounting Standards Board (2011:04)
held on 14 April 2011 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Roger Marshall	Chairman
David Loweth	Technical Director
Nick Anderson	
Robert Overend	
Pauline Wallace	

IN ATTENDANCE

Michael Kavanagh	IAASA Observer
Andrew Lennard	ASB Research Director
Chris Wobschall	HM Treasury
Simon Peerless	Minutes Secretary

Technical Staff: Jenny Carter, Jennifer Guest, Seema Jamil-O'Neill, Helen Poole, Deepa Raval and Michelle Sansom.

APOLOGIES FOR ABSENCE were received from Edward Beale (who submitted written comments), Peter Elwin, Ken Lever and Andy Simmonds.

1 MINUTES OF MEETING

1.1 The minutes of the meeting held on 17 March 2011 (ASB 2011:03) were agreed and approved for publication.

2 TECHNICAL DIRECTOR'S UPDATE AND REPORTS

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

2.1.2.2 The Board noted:

a. the latest position on the European Commission's consultation on country-by-country reporting;

a.b. the publication of responses to the survey carried out by the Financial Stability Board's Implementation Monitoring Network;

- a.c. the G20 meeting of Finance Ministers and Central Bank Governors in Washington;
- a.d. the latest IASB work-plan;
- a.e. the meeting of the IASB Trustees and IFRS Monitoring Board on 1 April;
- a.f. the forthcoming meeting of the IFRS Interpretations Committee and the possible agenda item on the accounting treatment of the proposed UK bank levy;
- a.g. the meeting of EFRAG's TEG on 6-8 April;
- a.h. the expected European Commission proposals for reporting by small companies and micro-enterprises;
- a.i. the reference in the Single Market Act, adopted on 13 April, to simplification of the accounting Directives;
- a.j. the ARC meeting on 11 April;
- a.k. the proposals in the UK Government's Plan for Growth published on 23 March;
- a.l. the report of the House of Lords Select Committee on Economic Affairs 'Auditors: Market concentration and their role';
- a.m. the level of response to the FRC consultation paper 'Effective Company Stewardship', for which the consultation period had closed;
- a.n. the issue by the ASB of the report 'Cutting Clutter'; and
- a.o. the forthcoming FRC Board meeting on 12 April.

2.3 In relation to the IASB work-plan, the Board expressed concern over the due process implications of the IASB's intention to issue four major standards in ballot draft form approved by the current IASB board members before the end of June 2011, but for the final standards to be issued after the new IASB board members had taken up their posts.

2.32.4 In relation to the proposed UK bank levy, the Board agreed that it was important that the accounting treatment reflected the substance of the levy and provided information that was useful to users of the financial statements, and commissioned a paper on this issue for consideration at a future meeting.

2.32.5 The Board noted the Status Report and approved its publication.

3 RESEARCH ACTIVITIES AND DEVELOPMENTS

3.1 The Board received an update on recent research projects and related developments.

3.13.2 The Board noted:

- a. the discussions at the meeting of national standard-setters in New York on 24-25 March, including ASB involvement in proposed projects on a Framework for National Standard-setters and a Statement of Best Practice for National Standard-setters;
- a.b. the discussions at the meeting of EFRAG's Planning and Resource Committee on 2 March, including reports on the disclosure framework project;
- a.c. other projects, including the unit of account project to be led by the Canadian board, the intangibles project being carried out by the Australian Accounting Standards Board, and work being carried out by the ASB jointly with the BAS on the discount rate to be used for pensions liabilities and on responses to the International Valuation Standards Council (IVSC) exposure drafts.

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

4.1 The Board noted the 'Update' reports of:

- a. the 9-11 March meeting of EFRAG Technical Experts Group (TEG);
- a.b. the 18 March meeting of EFRAG, the 4 major EU national standard setters and the IASB;
- a.c. the March monthly meeting of the IASB, held on 14-17 March, much of it held in joint session with the FASB;
- a.d. the 21-23 March joint meeting of the IASB and the FASB; and
- a.e. the 29 March meeting of the IASB, mostly in joint session with the FASB.

5 THE BOARD'S FUTURE ROLE AND STRATEGY AND PROPOSALS FOR FRC REFORM

5.1 The Board continued its consideration of a paper on the Board's future role and strategy.

5.15.2 The Board considered its role in relation to:

- a. governmental accounting;
- a.b. integrated reporting;
- a.c. communicating with stakeholders;
- a.d. reviews and guidance to promote best practice;
- a.e. guidance to UK companies over the meaning of IFRS in a UK context;
- a.f. guidance over 'non-accounting' information included in financial statements;

a.g. narrative reporting; and

a.h. promoting the true and fair concept.

5.3 The Board considered the roles of its committees, the UITF, CASE, CAPE and FSOSIC.

5.35.4 The Board:

a. agreed that the statement of the ASB's objectives should be reviewed;

a.b. commissioned a paper on the relationship between the IASB, the IFRS Interpretations Committee and the national standard-setters, for consideration at a future Board meeting;

6 OFFSETTING

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

6.16.2 The Board:

a. reaffirmed its view that convergence between IFRS and US GAAP in relation to offsetting was of paramount importance;

a.b. agreed that the preferred solution was for derivatives under master netting agreements to be netted, but that in other respects the proposals in the exposure draft were supported;

a.c. agreed that relaxation in the wording of simultaneous settlement was needed to reflect the way settlement through a clearing house operated in practice.

6.3 The Board approved responses to the IASB and EFRAG expressing its views.

7 FINANCIAL STATEMENT PRESENTATION

7.1 The Board gave further consideration to EFRAG's Issues Paper on the IASB staff draft of an exposure draft 'Financial Statement Presentation'.

7.17.2 The Board:

a. questioned why EFRAG were still seeking views on this, given that it was not currently an active IASB project; and

a.b. reaffirmed the preliminary responses posted to the ASB website prior to the EFRAG outreach meeting on 1 December 2010.

7.3 The Board approved a response to EFRAG expressing its views.

8 FUTURE OF UK GAAP

8.1 The Board gave preliminary consideration to issues raised in the outreach programme on the Board's exposure draft on the future of UK GAAP.

- 8.2 The Board received an update of comments from the outreach programme that:
- a. an option in the FRSME to permit revaluation of property, plant and equipment should be considered;
 - ~~a.b.~~ an option in the FRSME to permit capitalisation of borrowing costs and development costs on a basis consistent with the requirements of full IFRS should be considered;
 - ~~a.c.~~ alternatives to the method of tax accounting set out in the exposure draft of the FRSME should be considered;
- 8.3 The Board commissioned more detailed analysis of these issues, incorporating the views expressed in comment letters, for consideration at a future meeting.
- 9 FSA PROPOSED CONSULTATION PAPER 'MORTGAGE FORBEARANCE AND IMPAIRMENT PROVISIONS'
- 9.1 The Board considered the FSA's proposed consultation paper 'Mortgage Forbearance and Impairment Provisions' and made a number of observations.
- 10 AGENDA FOR NEXT MEETING
- 10.1 The Board noted the proposed agenda for the next meeting.
- 11 NEXT MEETING
Thursday 5 May, 9.00 a.m.