



**Minutes of a meeting of the Accounting Standards Board (2009:02)
held on 5 February 2008 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

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

IN ATTENDANCE

Bob Garnett	IASB
Michael Kavanagh	IAASA Observer
Andrew Lennard	ASB Director of Research
David Tyrrell	BERR
Chris Wobschall	HM Treasury
Simon Peerless	Secretary
Roger Nicklen	Minutes Secretary

Technical Staff: Michelle Crisp (MDC), Jennifer Guest, Alan O'Connor and Seema Jamil-O'Neill.

APOLOGIES FOR ABSENCE were received from Mike Ashley and Peter Elwin.

1 MINUTES

The minutes of the meeting held on 15 January 2009 (2009:01) were agreed (subject to the addition of Andrew Lennard to the list of those in attendance) and approved for publication.

2 CHAIRMAN'S UPDATE AND REPORTS

2.1 The Board received an update on recent events.

2.2 The Board noted:

- a. The IASB decision not to proceed with the proposals in its Exposure Draft (ED) 'Investments in Debt Instruments: Proposed Amendments to International Financial Reporting Standard (IFRS) 7' but instead to

add the issues the ED sought to address to its comprehensive review of financial instrument accounting.

- b. The forthcoming meeting of the Financial Crisis Advisory Group on 13 February.
 - c. The continuing pressures in the lead up to the next G20 summit in April for movement on dynamic provisioning, greater alignment between financial and regulatory reporting and changes to the governance of the IASB.
 - d. The vote at the Accounting Regulatory Committee meeting on 30 January in favour of EU adoption of revised IFRS 3 'Business Combinations', amendments to IAS 27 'Consolidated and Separate Financial Statements', amendment to IAS 39 'Eligible Hedged Items' and IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'.
 - e. The continuing negotiations on the proposed Memorandum of Understanding between the European Financial Reporting Advisory Group (EFRAG) and participating European national standard setters (including the ASB).
- 2.3 The Board briefly discussed the potential impact of the appointment of a new Chairman of the Securities and Exchange Commission (SEC) on IFRS adoption by the US, noted that the comment period on the road map had been extended by 60 days to 20 April and looked forward to further feedback following the Chairman's forthcoming visit to the US (with the Chairs of the French and German standard setters and the EFRAG Chairman).
- 2.4 The Board noted the publication by the IASB of proposals to amend IFRIC 9 'Reassessment of Embedded Derivatives' and IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'. The Board agreed that the staff should prepare advice with a draft response to the IASB proposals and to the related EFRAG comment letter to be cleared with Board members outside the meeting.
- 2.5 The Board provided input to a proposed Financial Reporting Council (FRC) document giving advice on going concern issues for the directors of companies using the Financial Reporting Standard for Smaller Entities (FRSSE).
- 2.6 The Board considered a number of issues in relation to the conduct of its meetings including better prioritisation of its agenda and the need to find more efficient ways of dealing with responses to consultations.
- 2.7 The Board approved the Status Report for publication.
- 3 IASB/FASB CONCEPTUAL FRAMEWORK PROJECT
- 3.1 The Board received an update on the IASB/FASB Conceptual Framework Project focussed on the discussions at the January IASB meeting on: Phase A:

Objectives and Qualitative Characteristics; Phase C: Measurement; and Phase D: Reporting Entity.

- 3.2 The Board also noted the most recent report on the implications for public benefit entities.
- 4 INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD CONSULTATION PAPER 'CONCEPTUAL FRAMEWORK FOR GENERAL PURPOSE FINANCIAL REPORTING BY PUBLIC SECTOR ENTITIES'
- 4.1 The Board discussed the International Public Sector Accounting Standards Board (IPSASB) Consultation Paper 'Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities'.
- 4.2 The Board noted that the Chartered Institute of Public Finance and Accountancy (CIPFA) had published a draft response with the aim of establishing a UK-wide view on the document and confirmed that the ASB would contribute to that response.
- 4.3 The Board approved a response to IPSASB which, inter alia, emphasised the need to recognise the importance of accountability alongside decision usefulness and the need for the framework to focus on financial statements.
- 5 IASB EXPOSURE DRAFT OF PROPOSED AMENDMENTS TO IAS 24 'RELATIONSHIPS WITH THE STATE'
- 5.1 The Board discussed the IASB's Exposure Draft (ED) of proposed amendments to IAS 24 'Relationships with the State' and EFRAG's comment letter on the ED.
- 5.2 The Board noted that the revised proposals from the IASB would have the effect of reducing disclosures of related party information but concluded that it was an appropriate, pragmatic response to the difficulties identified in its original proposals.
- 5.3 The Board approved a response to the IASB supporting the proposals but including a suggestion for revising the proposed definition of a 'state' to include a 'supra-national' government.
- 5.4 The Board also approved a response to EFRAG.
- 6 HMRC/HM TREASURY DISCUSSION DOCUMENT 'SIMPLIFICATION REVIEW: CORPORATION TAX CALCULATIONS AND RETURNS FOR SMALLER COMPANIES'
- 6.1 The Board discussed the HMRC/HM Treasury Discussion Document 'Simplification Review: Corporation Tax Calculations and Returns for Smaller Companies'.

- 6.2 The Board agreed that it was not appropriate for it to comment on taxation policy and commissioned revision to the response limiting it to pointing out the difficulties of aligning tax basis accounting with Companies Act requirements and the limitation of the Board's authority to setting accounting standards for accounts that present a true and fair view. The Board agreed that the response should be circulated for final approval outside the meeting.
- 7 INTERNATIONAL ACCOUNTING STANDARDS COMMITTEE FOUNDATION CONSTITUTION REVIEW
- 7.1 The Board received an update on the outcome of Part 1 of the review by the Trustees of the International Accounting Standards Committee Foundation (IASCF) of its Constitution.
- 7.2 The Board discussed the IASCF Trustees' discussion document 'Review of the Constitution: Identifying Issues for Part 2 of the Review' and offered comments on the proposed FRC response.
- 8 THE FINANCIAL REPORTING OF PENSIONS
- 8.1 Board continued its re-deliberations of 'Chapter 5: Measurement of the liabilities to pay benefits' in the PAAinE Discussion Paper (DP) 'Financial Reporting of Pensions'.
- 8.2 The Board re-affirmed its view that credit risk should not be included in the measurement of pension liabilities and agreed to reconsider the proposals regarding risk associated with the size and variability of the liability to pay pension benefits.
- 9 IASB PROJECT TO DEVELOP AN IFRS FOR NON-PUBLICLY ACCOUNTABLE ENTITIES
- 9.1 The Board received a progress report on the IASB's project to develop an 'IFRS for Non-Publicly Accountable Entities' (NAPes).
- 9.2 The Board noted:
- a. the reversion to the original title for this standard,
 - b. the current IASB target to produce the new standard by June 2009, and
 - c. reservations about whether the IASB timetable could be achieved.
- 9.3 The Board agreed, in the light of possible further delays in the IASB project, to keep open the question of whether it could proceed to the next stage of its project on the future of UK GAAP in advance of the final IFRS for NPAEs being available.

10 APPOINTMENT TO THE COMMITTEE ON ACCOUNTING FOR PUBLIC-BENEFIT ENTITIES

The Board approved the re-appointments of Andrew Baigent and Professor Richard Laughlin to the Committee on Accounting for Public Benefit Entities (CAPE) for two years to 28 February 2011.

11 IASB 2009 WORK PLAN

The Board noted the 2009 version of the IASB's work plan.

12 NEXT MEETING

Thursday 5 March, 9.00 a.m.