



**(Amended) Minutes of a meeting of the Accounting Standards Board (2010:11)
held on 12 October 2010 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

David Loweth	Technical Director (Acting Chairman)
Nick Anderson	
Marisa Cassoni	
Edward Beale	
Andy Simmonds	
Pauline Wallace	

IN ATTENDANCE

Matt Blake	HMRC (for Items 1-8)
Tim Bush	(for Item 8)
Stephen Haddrill	FRC Chief Executive (for Items 1-3)
Michael Kavanagh	IAASA Observer
Andrew Lennard	ASB Research Director
Chris Wobschall	HM Treasury (for Items 1-4)
David Tyrrall	BIS (for Items 2-10)
Ian Wright	FRC Director of Corporate Reporting (for Items 1-3, and 8)
Roger Nicklen	Minutes Secretary

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

APOLOGIES FOR ABSENCE were received from Peter Elwin, Ken Lever, Robert Overend and Ian Mackintosh.

In the absence of Ian Mackintosh, David Loweth was unanimously elected by the Board members present to be the Acting Chairman for the meeting.

The Board was informed of Ian Mackintosh's appointment as Vice-Chair of the International Accounting Standards Board and of the arrangements being made to appoint an interim Board Chairman until a permanent appointment could be made.

1 MINUTES

1.1 The minutes of the meeting held on 23 September 2010 (2010:10) were agreed and approved for publication.

2 UPDATE AND REPORTS

2.1 The Board reviewed recent developments in relation to:

- a. the global financial crisis;
- b. the September 2010 meeting of the group of National Standards Setters (NSS);
- c. European issues;
- d. the introduction of XBRL in the UK; and
- e. Financial Reporting Council (FRC) business.

2.2 The Board noted the status report and approved its publication.

3 OUTREACH ISSUES FOR THE FORTHCOMING FINANCIAL REPORTING EXPOSURE DRAFT (FRED) - THE FUTURE OF UK GAAP

3.1 The Board considered the outreach plan in relation to the forthcoming Financial Reporting Exposure Draft (FRED).

3.2 The Board discussed a number of ways of maximising the effectiveness of the outreach programme and supporting material.

4 IASB EXPOSURE DRAFT 'REVENUE FROM CONTRACTS WITH CUSTOMERS'

4.1 The Board considered a draft response to the proposals in the IASB's Exposure Draft (ED) 'Revenue from Contracts with Customers'.

4.2 The Board received an oral report in the recent lengthy discussions of the ED by the European financial Reporting Advisory Group (EFRAG).

4.3 The Board requested further development of the response to:

- a. agree that the objective should be a single principle but argue that this had not yet been achieved;
- b. urge the IASB to take the time needed to get to a high quality answer;
- c. express concerns around control and the indicators of control;
- d. seek greater clarity on the definition of revenue to reflect it being a top line notion;
- e. repeat the concerns expressed at the DP stage regarding non inclusion of 'risks and rewards' and note the reference to 'risks and benefits' in the leases ED (without making any judgements on its use there); and
- f. support the ED's answer on warranties but argue for a reduction in complexity.

- 4.4 The Board agreed that the amended response should be sent to members for consideration outside the meeting.
- 5 IASB EXPOSURE DRAFT "REMOVAL OF FIXED DATES FOR FIRST-TIME ADOPTERS"
- 5.1 The Board approved responses to the IASB and to EFRAG on the IASB ED 'Removal of Fixed Dates for First-time adopters'.
- 6 IASB EXPOSURE DRAFT 'INSURANCE CONTRACTS'
- 6.1 The Board gave preliminary consideration to the proposals in the IASB ED 'Insurance Contracts'.
- 6.2 The Board agreed to continue its deliberations on a response over its next two meetings.
- 7 INVESTMENT MANAGEMENT ASSOCIATION (IMA) STATEMENT OF RECOMMENDED PRACTICE (SORP) 'FINANCIAL STATEMENTS OF AUTHORISED FUNDS'
- 7.1 The Board considered the 2010 draft SORP on Financial Statements of Authorised Funds and approved its statement of negative assurance.
- 8 INTERACTION BETWEEN FRS 26 'FINANCIAL INSTRUMENTS: MEASUREMENT' AND COMPANY LAW
- 8.1 The Board received a paper and an oral presentation from Tim Bush, who had been asked to outline his concerns about FRS 26 and his recommendation that the standard needed to have a capital "underpinning" amendment. In Mr Bush's view, the interaction between FRS 26 and Company law had resulted in banks not making sufficient provisions and that the provisions of the Companies Act were not properly understood within the Financial Reporting Council.
- 8.2 Board members discussed with Mr Bush a number of issues including:
- a. the implications of the requirements of Sections 830-837 of the Companies Act 2006;
 - b. the relevance of the legal opinion on true and fair to the issue of distributable profits; and
 - c. differences between the requirements of the British Bankers Association (BBA) Statement of Recommended Practice (SORP) and of FRS 26.
- 8.3 The Board subsequently discussed what action it might need to take and commissioned staff to consider further the issues raised by Mr Bush.

9 REPORTS OF THE SEPTEMBER MEETINGS THE IASB

9.1 The Board noted the 'Update' reports of:

- a. the 14-16 September meeting of the IASB, some of which had been held together with FASB; and
- b. the 24 September meeting of the IASB.

10 NEXT MEETING

Thursday 4 November, 9.00 a.m.