



ACCOUNTING STANDARDS BOARD

**Minutes of a meeting of the Accounting Standards Board (2006:01)  
held on 9 February 2006 at Aldwych House, 71-91 Aldwych, London WC2**

PRESENT

Ian Mackintosh	Chairman
Andrew Lennard	Technical Director
Mike Ashley	
Marisa Cassoni	
Tony Good	
Roger Marshall	
Robert Overend	
Peter Westlake	
Professor Geoffrey Whittington	IASB Liaison Member

IN ATTENDANCE

Paul Seymour	Chairman, Board for Actuarial Standards
Ben Higgin	DTI
David Watkins	HM Treasury
David Loweth	Secretary
Evelyn Ryle	Minutes Secretary

Technical Staff: Jenny Carter, Michelle Crisp, Jennifer Guest, Alan O'Connor, Seema Jamil-O'Neill, Hans Nailor and Simon Peerless.

APOLOGIES FOR ABSENCE were received from Jonathan Symonds and Helen Weir.

1 MINUTES

The minutes of the meeting held on 15 December 2005 (2005:17) were agreed. The Board agreed that agendas and minutes of its meetings would be published on the ASB website, starting with the minutes of the 9 February 2006 meeting.

A report of the public meeting held on 19 January 2006 was approved for publication on the ASB website.

2 THE FUTURE ROLE OF THE BOARD

The Board considered two aspects of its future role in the light of the discussions at the public meeting on 19 January 2006: (a) the convergence of UK standards with IFRS and (b) the Board's communications strategy.

On (a), the Board considered the arguments for and against changing the thresholds for the Financial Reporting Standard for Smaller Entities (FRSSE) and for the mandatory application of full IFRS. The Board considered whether the threshold for applicability of the FRSSE (or an international equivalent) should be increased, possibly to include medium-sized entities. Consideration was also given as to whether full IFRS should be applied to all listed entities and those that are publicly accountable. If there were companies between those two boundaries, were there enough of them to make it cost-effective to develop another solution for them, or could the above boundaries be moved together? It was agreed that research would be needed into the impact of any such changes and further work was commissioned.

On (b), the Board agreed on the need for revisions to the strategy in the light of comments made at the public meeting. The strategy should be aligned with the Board's work programme, and communication should be pursued proactively. Possible moves towards greater transparency would be kept under review. Further public meetings would be convened, as necessary, on specific topics.

### 3 AMENDMENT TO FRS 26 (IAS 39)

The Board considered issues relating to the convergence of the content of Financial Reporting Standard (FRS) 26 (Financial Instruments: Measurement) with the requirements contained within International Accounting Standard (IAS) 39 (Financial Instruments: Recognition and Measurement). The Board agreed the content of the Amendment to FRS 26: recognition and derecognition. In the light of the Board's decision to defer the extension of the scope of FRS 26, the implementation date would remain as proposed in the Exposure Draft.

### 4 AMENDMENT TO FRS 20 (IFRS 2)

The Board considered the IASB's proposed amendment to International Financial Reporting Standard (IFRS) 2 (Share-based Payment) under which cancellations of share options by employees would be treated in the same way as cancellations by employers, with an immediate charge to the profit and loss account of all unrecognised costs. The Board explored the effects of the proposed change on Save As You Earn (SAYE) schemes and concluded that, in some cases, the proposed treatment appeared inappropriate. The Board decided that its preface to the Exposure Draft should explain the issue and invite comment on it, but that it should also make clear that the Board was minded to implement the IASB's amendment, in order to achieve consistency of measurement between IFRS and UK GAAP.

### 5 IASB DISCUSSION PAPER: MANAGEMENT COMMENTARY (MC)

The Board considered and agreed how it should respond to (a) the IASB's Discussion Paper 'Management Commentary' and (b) the draft comment letter prepared by EFRAG. It was agreed that the Board's responses should be published on the ASB website.

## 6 PENSIONS

The Board received a progress report on the work of the research project into the financial reporting of pensions. The Board stressed that the project should aim to report promptly and to produce a set of principles that would be able to handle pensions schemes in various international jurisdictions. It would be important to ensure that the constituency was kept informed of the work on the project.

## 7 STRATEGY FOR FAIR VALUE ACCOUNTING

The Board received a report on the strategy for fair value accounting and the agenda for the coming months. Responses would be made to a number of papers and various public meetings would be held. The Board would consider the strategy further in March.

## 8 REPUBLIC OF IRELAND: IAASA OBSERVER STATUS ON ASB

The Board considered and approved the request from the Republic of Ireland's Irish Auditing and Accounting Supervisory Authority (IAASA) for Observer status on the ASB.

## 9 ASB ACTIVITIES

The Board noted a report of recent and upcoming ASB activities.

## 10 EFRAG AND IASB MEETING REPORTS

The Board noted the reports of the December and January meetings of the European Financial Reporting Group (EFRAG) and the IASB.

## 11 NEXT MEETING

Thursday, 2 March, at 9.00 am.