



**Minutes of a meeting of the Accounting Standards Board (2011:13)  
held on 17 November 2011 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

David Loweth	Technical Director (Acting Chairman)
Nick Anderson	
Edward Beale	
Peter Elwin	
Robert Overend	
Andy Simmonds	
Pauline Wallace	

IN ATTENDANCE

Michael Kavanagh	IAASA Observer
Andrew Lennard	ASB Research Director
Larry Pinkney	HM Treasury
Matt Blake	HMRC
Simon Peerless	Minutes Secretary

Technical Staff: Jenny Carter, Jennifer Guest, Deepa Raval, Dave Rice, Michelle Sansom, Joanna Spencer.

APOLOGIES FOR ABSENCE were received from Ken Lever and Roger Marshall.

In the absence of Roger Marshall the Board appointed David Loweth to chair the meeting.

1 FUTURE OF FINANCIAL REPORTING IN THE UK AND ROI

*Public Benefit Entities*

- 1.1 The Board resumed redeliberation of its proposals for the future of financial reporting in the UK and RoI.
- 1.2 The Board discussed:
  - a. issues arising from the responses to FRED 45 on public benefit entities (PBEs);
  - b. a draft of the Explanation section of the proposed exposure draft;
  - c. pension schemes;
  - d. share-based payment;

- e. tax;
- f. exemption from consolidation for investment entities;
- g. sweep issues arising from the drafting of the revised exposure draft;
- h. the alternative view of one Board member;
- i. the effective date for the proposed new FRS; and
- j. consequential amendments to the FRSSE.

1.3 The Board:

- a. approved clarification to the sections of the proposed FRS relating to property held for the provision of social benefits and decided that this section would apply to all entities;
- b. approved amendments to the section relating to impairment of assets valued on the basis of their a service potential and decided that this section would apply to all entities;
- c. decided to retain a choice between fair value and face value methods of accounting for concessionary loans, and to restrict this section to PBEs;
- d. approved amendments to the criteria for merger accounting by PBEs and related disclosures;
- e. approved amendments to the section on funding commitments, and agreed that this section should apply to all entities;
- f. agreed not to extend the PBE requirements to the FRSSE;
- g. commissioned a further paper on the application of IAS 26 pension schemes, together with proposals for disclosure of the scheme's funding position;
- h. agreed amendments to the section on share-based payment arrangements, and commissioned guidance based on a simple example of a method of valuing equity instruments arising under equity-settled share-based payment arrangements of unlisted companies;
- i. agreed that disclosure of deferred tax timing differences should take into account offset future timing differences that arose in the period for which the entity's management forecast its tax position;
- j. decided not to provide further guidance on the meaning of 'undue cost and effort';
- k. decided that the results of business operations held for sale should be treated as part of continuing operations not discontinued operations in the performance statement;
- l. approved amendments to the criteria under which a subsidiary could be excluded from consolidation as being held exclusively for resale;

- m. agreed that the reduced disclosure framework should be available to entities whose parent made disclosures that were equivalent to those in EU-adopted IFRS;
- n. approved amendments to the section on group pension plans;
- o. approved clarifying wording in relation to references to IFRSs;
- p. agreed that the effective date of the proposed new standard should be 1 January 2015, and that early adoption would be permitted for accounting periods ending on or after the date of issue of the standard in final form;
- q. approved proposed consequential amendments to the FRSSE to reduce the presumed life of goodwill to five years and the need to have regard to indicators of impairment of fixed assets.

## 2 MINUTES OF MEETING

- 2.1 The minutes of the meeting held on 20 October 2011 (2011:12) were agreed and approved for publication.

## 3 TECHNICAL DIRECTOR'S UPDATE AND REPORTS

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

- 3.2 The Board noted:

- a. the IASB's latest work plan and the issue of the revised exposure draft on revenue recognition;
- b. the issue by the SEC of two staff papers on IFRS, and the prospects of announcements on US adoption of IFRS;
- c. the reference to accounting standards and the IASB in the G20 Final Statement following the meeting on 3-4 November in Cannes, and the IASB's response;
- d. the EFRAG TEG meeting on 7-8 November;
- e. the issue by the European Commission of proposed amendments to the Accounting Directives and Transparency Directive;
- f. the publication by the Sharman Panel of Inquiry of its preliminary report and recommendations; and
- g. the first newsletter of the Financial Reporting Lab.

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

## 4 UPDATE ON RESEARCH ACTIVITIES AND DEVELOPMENTS

- 4.1 The Board received an update on research activities.

5 REPORTS OF MEETINGS OF EFRAG'S TEG AND THE IASB

5.1 The Board noted the 'Update' reports of:

- a. EFRAG's Consultation Forum of Standard-Setters (CFSS) and Technical Experts Group (TEG) held on 12-14 October;
- b. the IASB main meeting on 19-20 October, much of it held in joint session with the FASB; and
- c. the IASB meeting held on 1 November.

6 IASB'S AGENDA CONSULTATION 2011

6.1 The Board gave further consideration to a draft response to the IASB on the IASB's agenda consultation issued in July 2011.

6.2 The Board expressed the view that:

- a. there needed to be a period of calm in which the IASB could clarify its objectives, based on identification of user needs, and review its standard-setting model to improve the quality of its consultation processes and enable it to give greater clarity in future on the timescales of its proposals;
- b. there remained important issues that users had called for but had not been addressed;
- c. new proposals should be developed only where there was a substantiated need from the capital markets, not merely because a deficiency or gap in existing standards had been identified;

6.3 The Board approved a revised response to the IASB and EFRAG incorporating these views.

7 PRO-ACTIVE PROJECT ON THE DISCLOSURE FRAMEWORK

7.1 The Board received an update on the EFRAG project on the disclosure framework.

7.2 The Board expressed concern that:

- a. the proposed paper was too long and detailed; it needed to focus more on a top-down discussion;
- b. the paper needed to start by identifying clear principles for disclosure, from which more detailed requirements could be developed.

7.3 The Board asked for these views to be conveyed to EFRAG TEG.

8 IIRC DISCUSSION PAPER 'TOWARDS INTEGRATED REPORTING'

8.1 The Board considered the Discussion Paper 'Towards Integrated Reporting' issued by the International Integrated Reporting Committee (IIRC).

8.2 The Board expressed the view that:

- a. experimentation with different forms of disclosure should be encouraged, and the Financial Reporting Lab already provided one forum for such experimentation;
- b. the aims of the IIRC paper were laudable, but the proposals should not be made mandatory until there had been further development and experimentation;
- c. there was a danger of adding to clutter if rigid requirements were introduced too soon; and
- d. it was important to focus on investors and how inefficiencies in the capital markets could be addressed, rather than on changing corporate behaviour.

8.3 The Board asked for these views to be incorporated into the FRC response to the discussion paper.

9 NEXT MEETING

9.1 The Board noted the proposed agenda for the next meeting on 15 December at 9.00am.