



**Minutes of a meeting of the Accounting Standards Board (2011:05)  
held on 5 May 2011 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Roger Marshall	Chairman
David Loweth	Technical Director
Nick Anderson	
Edward Beale	
Robert Overend	
Andy Simmonds	

IN ATTENDANCE

Mario Abela	EFRAG Research Director (Items 1 to 5 only)
Matt Blake	HMRC
Susan Currie	Project Manager, POB (Item 8 only)
Michael Kavanagh	IAASA Observer
Andrew Lennard	ASB Research Director
Larry Pinkney	HM Treasury
Simon Peerless	Minutes Secretary

Technical Staff: Jenny Carter, Jennifer Guest, Seema Jamil-O'Neill, Deepa Raval, Michelle Sansom, Joanna Spencer.

APOLOGIES FOR ABSENCE were received from Peter Elwin , Ken Lever and Pauline Wallace.

The Chairman welcomed Mario Abela, EFRAG Research Director, to the meeting.

1 MINUTES OF MEETING

1.1 The minutes of the meeting held on 14 April 2011 (2011:04) were agreed and approved for publication.

2 TECHNICAL DIRECTOR'S UPDATE AND REPORTS

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

2.2 The Board noted:

- a. the reference to accounting standards in the communiqué following the G20 meeting in WashingtonDC on 14-15 April;
- b. the latest progress report on convergence from the IASB and FASB, including the deferral of the completion date for the priority projects;
- c. the IASB's further consultation on effective dates, aimed at users;
- d. the joint statement from the IASB Trustees and the IFRS Monitoring Board following their consultations;
- e. the meeting that week of the IFRS Interpretations Committee, including the forthcoming discussion on the accounting treatment of the UK bank levy;
- f. the standards and amendments expected to be issued by the IASB the following week, including IFRS 10 - 'Consolidated Financial Statements' and 'Amendments to IAS 19 - Employee Benefits', and proposals for how the Board could best draw its constituents' attention to the implications for UK entities;
- g. EFRAG outreach events to be held in forthcoming weeks on the IASB's priority projects, particularly revenue recognition and leases;
- h. the forthcoming presentation to European Commission staff of the proposals in the discussion paper 'Considering the Effects of Accounting Standards';
- i. the agenda for the TEG meeting the following week;
- j. the anticipated European Commission's plans for the review of the Accounting Directives and the regime for small and micro companies;
- k. the issue by the FRC of a consultation paper 'Gender Diversity on Boards';
- l. the issue by the FSA of a consultation document 'Mortgage Forbearance and Impairment Provisions'; and
- m. the forthcoming FRC Board meeting on 24 May.

2.3 In relation to the IASB's priority projects, the Board;

- a. noted the significant changes that it appeared had been made since the exposure drafts of these standards;
- b. expressed the view that re-exposure might be necessary for proper due process; and
- c. commissioned analysis of the extent of these changes for consideration at a future meeting.

2.4 In relation to the bank levy, the Board:

- a. expressed concern at the apparent diversity of treatment in the first quarter results of UK and European banks;

- b. emphasised the importance of an accounting treatment that reflected the substance of the levy and provided information useful to users of financial statements on a consistent basis; and
  - c. agreed to await the outcome of the discussion at the IFRS Interpretations Committee meeting before considering further steps.
- 2.5 The Board noted the Status Report and approved its publication.

### 3 RESEARCH ACTIVITIES AND DEVELOPMENTS

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

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

- 4.1 The Board noted the 'Update' reports of:
- a. the 6-8 April meeting of EFRAG Technical Experts Group (TEG); and
  - b. the 12-15 April meeting of the IASB, much of it held in joint session with the FASB.

### 5 FINANCIAL REPORTING OF CORPORATE INCOME TAX

- 5.1 The Board received an update on the progress of its joint project with EFRAG on the financial reporting of corporate income tax, and considered a working draft of a discussion paper.
- 5.2 The Board:
- a. confirmed that the structure and content of the draft paper were appropriate;
  - b. welcomed the focus in the draft paper on the needs of users of financial statements;
  - c. made further observations on the content and structure of the paper; and
  - d. noted that the project team planned to complete its draft paper for approval by the summer.

### 6 FUTURE OF UK GAAP

- 6.1 The Board received a preliminary categorisation of the responses to the consultation on the future of UK GAAP and noted that a full analysis would be presented to a future meeting.

6.2 The Board gave preliminary consideration to an issue raised in the outreach programme relating to the scope of tier 1 and the definition of 'publicly accountable'.

6.3 The Board commissioned further analysis of this issue, incorporating the views expressed in comment letters, for consideration at a future meeting.

## 7 IPSASB CONCEPTUAL FRAMEWORK

7.1 The Board considered the exposure draft issued by IPSASB on the conceptual framework for general purpose financial reporting by public sector entities.

7.2 The Board expressed the view that:

- a. the framework should not diverge markedly from that used in the private sector;
- b. greater clarity on the scope of the framework was needed;
- c. the framework should not use the terms 'reliability' and 'faithful representation' interchangeably as they embodied different concepts; and
- d. greater clarity was needed on consolidated financial statements of public entities.

7.3 The Board approved a response to IPSASB incorporating these views.

## 8 FRC DISCUSSION PAPER 'EFFECTIVE COMPANY STEWARDSHIP'

8.1 The Board considered a preliminary analysis of the responses to the FRC consultation paper 'Effective Company Stewardship'.

8.2 The Board:

- a. agreed that no proposals for a review of the Board's Reporting Statement on the Operating and Financial Review (OFR) should be developed until more information was available on the proposals being developed by BIS and by the European Commission on narrative reporting;
- b. noted that proposals for a 'financial reporting lab' were being developed; and
- c. noted that a full analysis of the responses and further proposals on these issues would be brought to a future meeting.

## 9 INTEGRATED REPORTING

9.1 The Board received an update of developments towards integrated reporting. The Board noted:

- a. the International Integrated Reporting Committee's (IIRC's) plans for a discussion paper to be issued later in the year; and
- b. recent international developments in South Africa and elsewhere on integrated reporting.

10 RE-APPOINTMENTS TO THE URGENT ISSUES TASK FORCE (UITF)

10.1 The Board approved the re-appointment of Peter Chidgey and Peter Holgate for further terms expiring on 30 April 2013.

10.2 The Board also approved a process for the reappointment of members whose terms of appointment were scheduled to expire in the next few months.

11 NEXT MEETING

11.1 The Board noted the proposed agenda for the next Board meeting on Thursday 26 May at 9.00 a.m.