



**Minutes of a meeting of the Accounting Standards Board (2011:14)
held on 15 December 2011 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Roger Marshall	Chairman
David Loweth	Technical Director
Nick Anderson	
Edward Beale	
Ken Lever	
Robert Overend	
Andy Simmonds	
Pauline Wallace	

IN ATTENDANCE

Garrett Ryan	IAASA Observer
Andrew Lennard	ASB Research Director
Matt Blake	HMRC
Simon Peerless	Minutes Secretary

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

APOLOGIES FOR ABSENCE were received from Peter Elwin.

- 1 FUTURE OF FINANCIAL REPORTING IN THE UK AND ROI
 - 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. the future role of the FRSSE;
 - b. proposed requirements for deferred tax disclosures;
 - 1.3 The Board:
 - a. agreed that the FRSSE would be maintained, in revised form, following the amendments to the Accounting Directives currently proposed by the European Commission;
 - b. agreed that a further consultation on the FRSSE would be carried out in the first half of 2012;

- c. agreed that the objective of the disclosure on deferred tax was to provide an explanation of how an entity's future cash tax charge over the following three years was expected to differ from the standard tax rate; and
 - d. approved the draft FREDs for issue, subject to drafting amendments.
- 1.4 The Board expressed its appreciation for the work of the project team in bringing this stage of the project to completion.

2 MINUTES OF MEETING

- 2.1 The minutes of the meeting held on 17 November 2011 (2011:13) 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 agenda for the IASB's December meeting;
- b. comments on the reform of financial instruments accounting by the IASB Chairman at an IFRS conference in Australia on 25 November;
- c. comments on the prospects for US adoption of IFRS by the SEC Chief Accountant at the AICPA National Conference on 5 December;
- d. the revised membership of the IFRS Advisory Council and the appointment of Michel Prada as chairman of the IFRS Foundation Trustees;
- e. a report of the meeting of EFRAG TEG on 7-9 December, which included a presentation from ESMA on its proposals on materiality and sovereign debt, and a review of the current position on EU endorsement of IASB pronouncements;
- f. a report of the Accounting Regulatory Committee held on 7 December, including discussion of the disclosure of non-financial information and integrated reporting;
- g. the implications of the Government's Autumn Statement relevant to the work of the Board;
- h. a report of the FRC Board meeting on 6 December and the issue by the FRC of its first monitoring report on the Corporate Governance Code.

- 3.3 The Board expressed the view that the effective date of IFRSs 10 to 12 should be deferred until all elements of the package, including the amendment relating to investment entities, were agreed, and asked that this view should be communicated to the IASB as an example of a general principle.

3.4 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.

4.2 The Board noted:

- a. the current position on projects under the EFRAG Planning and Resource Committee, including a proposed project on goodwill;
- b. a report of the ASB's Academic Panel meeting on 12 December;
- c. the forthcoming review of EFRAG governance;
- d. the IASB/IFAC Memorandum of Understanding announced on 22 November;
- e. a report on the progress on the joint project with EFRAG and the French ANC on the business model.

4.3 In relation to the business model project, the Board agreed that:

- a. rather than a preliminary phase addressing the definition of 'business model', the project should have a single phase including discussion of the possible relevance of the business model to financial reporting;
- b. the project should cover financial reporting and not simply financial statements; and
- c. the issue of the discussion paper was a priority.

4.4 The Board asked that these views be conveyed to the other members of the project.

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

5.1 The Board noted the 'Update' reports of:

- a. the 7-8 November meeting of EFRAG Technical Experts Group (TEG);
- b. the 7 November meeting of the IASB; and
- c. the 15-16 November meeting of the IASB, some of it in joint session with the FASB.

6 IASB EXPOSURE DRAFT 'GOVERNMENT LOANS'

6.1 The Board considered the IASB exposure draft ED/2011/5 'Government Loans: Proposed amendments to IFRS 1'.

6.2 The Board:

- a. supported the proposals in the exposure draft; and

- b. suggested drafting amendments to avoid misinterpretation.
- 6.3 The Board approved responses to the IASB and EFRAG expressing these views.
- 7 IASB EXPOSURE DRAFT 'INVESTMENT ENTITIES'
- 7.1 The Board gave further consideration to the proposals in the IASB exposure draft 'Investment Entities' issued in August 2011.
- 7.2 The Board expressed the view that:
- a. the principle of the proposals was supported;
 - b. the structure of the investing entity should not determine the accounting treatment; the exemption from consolidation should be available to parents of investment entities and to insurance funds that were not separate legal entities;
 - c. the criteria for an investment entity should include a requirement for an exit strategy;
 - d. the explanation of the disclosure objective was too detailed.
- 7.3 The Board approved responses to IASB and EFRAG setting out these views.
- 8 EFRAG ENDORSEMENT ADVICE ON IFRIC 20, IAS 12 AND IFRS 13
- 8.1 The Board considered EFRAG's draft endorsement advice on:
- a. IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine';
 - b. amendment to IAS 12 'Deferred Taxes: Recovery of Underlying Assets'; and
 - c. IFRS 13 'Fair Value Measurement'.
- 8.2 The Board approved responses to EFRAG on each supporting its endorsement advice.
- 9 RE-APPOINTMENTS TO CAPE
- 9.1 The Board approved the re-appointment of Lynn Hine and Kirsty Gray to the Board's Committee on Accounting for Public-benefit Entities (CAPE) for a further term of two years to 31 December 2013.
- 10 NEXT MEETING
- 10.1 The Board noted the proposed agenda for the next meeting on Thursday 19 January 2012 at 9.00 a.m.

11 FRC REFORM

- 11.1 The Board discussed the proposals in the joint BIS/FRC consultation paper 'Proposals to Reform the Financial Reporting Council' issued in October 2011.