



ACCOUNTING STANDARDS BOARD

**Minutes of a meeting of the Accounting Standards Board (2008:07)  
held on 22 May 2008 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Ian Mackintosh	Chairman
David Loweth	Technical Director
Mike Ashley	
Edward Beale	
Andy Simmonds	
Geoffrey Whittington	

IN ATTENDANCE

Michael Kavanagh	IAASA Observer
Richard Martin	ACCA (for Item 2)
Aziz Tayyebi	ACCA (for Item 2)
Ian Wright	FRC Director of Corporate Governance (for Items 6 & 7)
Andrew Lennard	Director of Research
David Tyrrall	BERR
David Watkins	HM Treasury
Simon Peerless	Secretary
Roger Nicklen	Minutes Secretary

Technical Staff: Michelle Crisp, Peter Godsall, Seema Jamil-O'Neill and Melanie Kerr.

APOLOGIES FOR ABSENCE were received from Nick Anderson, Marisa Cassoni, Peter Elwin, Ken Lever and Robert Overend.

1 MINUTES OF MEETING

1.1 The minutes of the meeting held on 1 May 2008 (2008:06) were agreed subject to one minor correction and approved for publication on the website.

2 FIELD TESTING OF THE IASB'S EXPOSURE DRAFT OF THE IFRS FOR SMALL AND MEDIUM-SIZED ENTITIES

2.1 The Board received an oral presentation on field testing of the IASB's Exposure Draft (ED) of the IFRS for Small and Medium-Sized Entities (IFRS for SMEs) carried out by the Association of Chartered Certified Accountants (ACCA) in the UK. The Board also discussed reports on field tests undertaken by the IASB and by the Accounting Standards Committee of Germany.

2.2 The Board noted that relatively few issues had arisen in the ACCA field tests and that, overall, the practitioners involved seemed comfortable with the idea that a standard akin to the ED might be introduced in the UK. The Board also noted that, despite coming from a very different accounting background, the attitude towards the ED in the German field tests had also been encouraging. Taking the field tests as a whole, one of the key issues had been the nature, volume and complexity of disclosures, on which the IASB was doing further work.

2.3 The Board discussed the implications of the UK field test for its deliberations on whether a two-tier or three-tier system would be appropriate in the UK. The Board agreed that, provided the IASB made timely progress, it would be beneficial to defer publication of its proposed discussion paper until the results of the IASB's re-deliberation of the ED were known.

### 3 THE FUTURE OF UK GAAP

3.1 The Board considered a further working draft of its proposed discussion paper on the future of UK GAAP.

3.2 The Board discussed a number of issues, including the criteria for public accountability, the arguments for a two-tier or three-tier approach and the position of Statements of Recommended Practice (SORPs).

3.3 The Board noted that a number of aspects of the draft could not be fully developed until the IASB moved its consideration of the IFRS for SMEs forward and agreed to review progress at its meeting in July.

### 4 CHAIRMAN'S UPDATE AND REPORTS

#### *IASCF and IASB developments*

4.1 The Board:

a. Received reports on progress of the forthcoming constitutional review by the International Accounting Standards Committee Foundation (IASCF), including the proposed changes to the composition of the IASB;

b. Noted publication by the IASB of the first annual improvements standard and the amendment to IFRS 1 'First-time Adoption of International Financial Reporting Standards' and IAS 27 'Consolidated and Separate Financial Statements' on determining the cost of an investment in separate financial statements;

c. Received a report on European Financial Reporting Advisory Group (EFRAG) activities and the EU endorsement process for IFRS and noted that an additional meeting of the Accounting Regulatory Committee (ARC) had been arranged to assist progress in getting a number of new/revised IFRS and IFRIC Interpretations adopted for use in the EU;

- d. Noted the European Commission's recommendation on the recognition of US and Japanese GAAP as being equivalent to IFRS and transition-type recognition of Chinese, South Korean, Canadian and (potentially) Indian GAAP;
  - e. Received a report on progress in the discussions on the enhancement of EFRAG;
  - f. Noted the conclusion of the Commission Report on Operation of the IAS Regulation that it had gone well; and
  - g. Noted publication by the FRC of the up to date legal opinion on true and fair which effectively confirmed that nothing had changed.
- 4.2 The Board noted the status and activity reports and approved the status report for publication.

## 5 ANNUAL IMPROVEMENTS

- 5.1 The Board considered a draft exposure draft of annual improvements and editorial corrections to Financial Reporting Standards and approved its publication with a 90 day comment period.

## 6 REDUCING COMPLEXITY IN REPORTING FINANCIAL INSTRUMENTS

- 6.1 The Board considered the IASB Discussion Paper 'Reducing Complexity in Reporting Financial Instruments'.
- 6.2 The Board commissioned further work in developing a response to the discussion paper on which key constituents could be consulted.

## 7 COMPLEXITY AND RELEVANCE OF FINANCIAL REPORTING

- 7.1 The Board discussed progress on the FRC's review of complexity and relevance in financial reporting.

## 8 IASB/FASB CONCEPTUAL FRAMEWORK PROJECT

- 8.1 The Board discussed the latest developments on the IASB/FASB Conceptual Framework project and in the work of the EFRAG PAAinE working group on the conceptual framework.
- 8.2 The Board expressed concern about the way in which the proprietary view of an entity was being characterised by IASB/FASB and about the approach being taken to drawing up a new definition of an asset.
- 8.3 The Board noted the latest draft of the PAAinE user survey and made a number of suggestions for sharpening the PAAinE working group's analysis of the proposed new working definition of an asset.

8.4 The Board noted the latest report on the work on monitoring the Conceptual Framework Project from the not-for-profit and public sector perspectives.

9 REPORT OF THE APRIL MEETING OF THE IASB AND OF THE JOINT IASB/FASB MEETING

9.1 The Board noted the report of the April meeting of the IASB and of the joint meeting of IASB/FASB.

10 NEXT MEETING

Thursday 19 June, 9.00 a.m.