



ACCOUNTING STANDARDS BOARD

**Minutes of a meeting of the Accounting Standards Board (2007:09)  
held on 28 June 2007 at Aldwych House, 71-91 Aldwych, London WC2**

PRESENT

Ian Mackintosh	Chairman
David Loweth	Technical Director and Secretary
Edward Beale	
Marisa Cassoni (MC)	
Peter Elwin	
Robert Overend	
Helen Weir	
Geoffrey Whittington	

IN ATTENDANCE

Andrew Lennard	Director of Research
Michael Kavanagh	IAASA Observer
David Tyrrall	DTI
David Watkins	HM Treasury
Evelyn Ryle	Minutes Secretary

Technical Staff: Michelle Crisp (MDC), Jennifer Guest, Hans Nailor, Alan O'Connor and Simon Peerless.

APOLOGIES FOR ABSENCE were received from Mike Ashley, Roger Marshall and Peter Westlake.

1 MINUTES

The minutes of the meeting held on 7 June 2007 (2007:08) were agreed and approved for publication.

2 CHAIRMAN'S UPDATE AND REPORTS

2.1 The Board noted that a number of the International Accounting Standards Board's (IASB) planned publication dates had been put back by one quarter. The projects in question were Phase II of Business Combinations, Phase A of the Conceptual Framework, and the Reporting Entity discussion paper. The IASB's discussion on stewardship had been postponed until at least its July 2007 meeting. The European Financial Reporting Advisory Group (EFRAG) Pro-active Accounting Activities in Europe (PAAinE) paper on stewardship had been issued on 25 June 2007. The European Commission Roundtable on consistent application of International Financial Reporting Standards (IFRS) had been postponed until

18 October 2007. The ASB's Statement of Principles: Interpretation for Public Benefit Entities had been published on 28 June 2007.

2.2 The Board considered a tabled press release from two members of the Economic and Monetary Committee of the European Parliament, in which the members argued that the way in which the US Securities and Exchange Commission (SEC) envisaged accepting IFRS would undermine the role that European legislators and supervisors played in international accounting standard-setting. Board members accepted that IFRS was a political issue which would become more complex as adoption expanded to include other parts of the world. It was not practicable for all adopting countries to expect to have particular interpretations to suit their own circumstances.

2.3 The Status Report was approved for publication on the website.

### 3 IFRS 8: OPERATING SEGMENTS EUROPEAN COMMISSION QUESTIONNAIRE ON POTENTIAL IMPACTS

3.1 The Board considered a draft response to the European Commission's questionnaire on IFRS 8 as part of its analysis of potential impacts. Various drafting amendments were discussed and agreed. Members noted that the competitiveness of smaller companies was raised as an issue in Question 5 of the questionnaire, and that opposing approaches could be taken, focusing either on the competitive position of individual small companies or on increased competitiveness within the EU market.

3.2 An amended response to the questionnaire was agreed.

### 4 ASB BRIEFING PAPER: IASB PROPOSALS ON INSURANCE

4.1 The Board considered the first draft of a briefing paper on the implications for other sectors and user aspects of the proposals in the IASB's Discussion Paper (DP) on insurance contracts. The Board agreed that the aim of the briefing paper was to raise awareness of the important cross-cutting issues that could be applied in areas outside insurance accounting. The paper needed to be written as a punchy, factual summary of the issues in language that was accessible to readers without specialist insurance knowledge.

4.2 The Board agreed that the paper should not explain the IASB's insurance accounting proposals, but should focus on their wider implications. An ASB view on the issues would be included only where the Board's policy had already been agreed and made public. Where possible, examples from outside the insurance sector should be included. The paper should be kept short. Once agreed, it would be published on the ASB website.

## 5 DRAFT DISCUSSION PAPER: ACCOUNTING FOR PENSIONS

5.1 The Board considered early drafts of five chapters of the proposed discussion paper on accounting for pensions. The Board noted that the drafts had already been discussed at a meeting of the EFRAG working group and would shortly be considered by the Pensions Advisory Panel.

5.2 The Board noted that the scope of the proposed paper was limited to pensions, and that other post-retirement benefits would not be researched and discussed explicitly. The principles established were likely to be of wider application, however. The Board discussed the differing emerging views on the events that could give rise to a present pension obligation and explored a number of aspects of those issues, without attempting to reach firm conclusions. The Board noted issues relating to assets set aside to provide funds to pay pension benefits, and discussed arguments for and against the consolidation of pension funds into company financial statements.

5.3 The Board discussed issues of presentation in the profit and loss account and did not support the view that presentation issues should be excluded from the discussion paper on the grounds that the IASB's related project was only at an early stage. Further discussions concentrated on whether the various elements of pension costs should be separated out in the profit and loss account and, if agreed, how that might be done; and on presentation in the balance sheet.

## 6 FINANCIAL REPORTING STATEMENT: HALF-YEARLY FINANCIAL REPORTS

The Board considered a draft Financial Reporting Statement 'Half-Yearly Financial Reports' and suggested a small number of amendments, including amendments to take account of the impact of the Statement in Ireland. Subject to those, the Board approved the Statement for publication.

## 7 IASB EXPOSURE DRAFT: IFRS FOR SMALL & MEDIUM-SIZED ENTITIES RESPONSE TO EFRAG DRAFT COMMENT LETTER

7.1 The Board considered EFRAG's draft response to the IASB's Exposure Draft 'IFRS for Small and Medium-Sized Entities (SMEs)' and a possible response from the ASB to EFRAG. On some issues, the Board was not in a position to provide more than a tentative response since replies to the Board's own consultation document were awaited.

7.2 The Board agreed that its response should focus on higher-level issues and constructive comments and that it should attempt to encourage EFRAG to respond in a similar way. The Board expressed concern that the EFRAG response, as drafted, would not serve to improve the draft IFRS and would risk undermining the project. It was noted that, since some countries were already in the process of adopting the proposed IFRS on SMEs, the IASB was unlikely to be open to the kind of radical rewriting sought by EFRAG.

7.3 The Board agreed that an amended version of the ASB's response to EFRAG would be circulated for approval outside the meeting.

8 DRAFT STATEMENT OF RECOMMENDED PRACTICE (SORP):  
HIGHER AND FURTHER EDUCATION (HEFE) SECTOR

8.1 The Board considered a draft Statement of Recommended Practice (SORP) for the Higher and Further Education (HEFE) sector and noted that it had been widely welcomed by the sector at the consultation stage. The Board noted that changes had been made since the consultation stage which improved the draft. Certain issues—principally the treatment of deferred capital grants and the initial recognition of charitable donations—would have to be revisited in future redrafts.

8.2 The Board agreed that its normal statement of negative assurance should be attached to the draft HEFE SORP.

9 RE-APPOINTMENTS TO FSOSIC

The Board agreed the re-appointment to the Financial Services and Other Special Industries Committee (FSOSIC), for a further term of two years, of Julian Hance, Lynn Percy, and Deborah Chesworth.

10 NEXT MEETING

Thursday, 19 July 2007, at 9.00 a.m.