



**Minutes of a meeting of the Accounting Standards Board (2010:05)  
held on 22 April 2010 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Ian Mackintosh	Chairman
David Loweth	Technical Director
Edward Beale	
Peter Elwin	
Ken Lever	(by telephone)
Andy Simmonds	
Pauline Wallace	

IN ATTENDANCE

Jim Sutcliffe	Chair of BAS (Items 1 to 4)
Louise Pryor	Director, Actuarial Standards, BAS (Items 1 to 4)
Andrew Lennard	ASB Research Director
Chris Wobschall	HM Treasury
David Tyrrall	BIS
Simon Peerless	Minutes Secretary

Technical Staff: Alan O'Connor, Seema Jamil-O'Neill, Deepa Raval and Michelle Sansom.

APOLOGIES FOR ABSENCE were received from Nick Anderson, Marisa Cassoni and Robert Overend. Ken Lever was participating by telephone.

The Chairman welcomed Jim Sutcliffe and Louise Pryor of BAS to the meeting.

1 DISCUSSION WITH JIM LEISENRING

1.1 This was deferred to the next meeting.

2 PENSIONS ACCOUNTING

2.1 The Board considered a paper presented by the Chair of the Board for Actuarial Standards (BAS) on current issues in pensions accounting.

2.2 The Board:

- a. noted concerns raised by some commentators on the current approaches to the valuation of pension scheme assets and liabilities;
- b. commissioned joint research with the BAS on issues relating to the consistency in the valuation of assets held to fund pension liabilities and the measurement of pension liabilities and the effect of liquidity margins in asset pricing.

### 3 MINUTES AND NOTE OF MEETING

- 3.1 The minutes of the meeting held on 18 March 2010 (2010:04) were agreed and approved for publication.

### 4 CHAIRMAN'S UPDATE AND REPORTS

- 4.1 The Board received an update on recent developments relating to the global financial crisis, other IASB and international developments, EFRAG and other European developments, and FRC and ASB developments.
- 4.2 The Board noted:
  - a. the forthcoming G20 Economic Summit on 26-27 June;
  - b. the publication by the House of Commons Treasury Committee of its report 'Too important to fail – too important to ignore';
  - c. the meeting of the Trustees of the IFRS Foundation on 29 March to 1 April;
  - d. the agenda for the IASB's meeting on 19-23 April;
  - e. the meeting of national standard setters in Seoul on 14-15 April;
  - f. the meeting of EFRAG TEG on 5-7 May and the appointment of the chair of the Italian standard-setter as the fourth non-voting member of TEG;
  - g. a recent French report commissioned by Finance Minister Christine Lagarde 'An EU-Listing Small Business Act: Establishing a proportionate regulatory regime for Small and Medium-sized Issuers Listed in Europe (SMILEs)';
  - h. the comments made by Michel Barnier at a meeting hosted by the City of London on 1 April;
  - i. the discussion at the FRC Board meeting held on 20 April;
  - j. the Chairman's planned visit to the US in the week commencing 26 April, including participation in Pace University's Annual Lubin Forum on Contemporary Accounting Issues, and meetings with the SEC, the World Bank and the FASB;
  - k. the minutes of the UITF meeting held on 24 March;

- l. ASB staffing changes.
- 4.3 The Board also noted the Status Report and approved it for publication.
  
- 5 THE FUTURE OF UK GAAP
- 5.1 The Board continued its consideration of issues arising from the responses to its consultation paper 'Policy Proposal: the Future of UK GAAP'.
- 5.2 The Board tentatively agreed:
  - a. that the FRSSE should continue to apply to tier 3 entities, and should be reviewed after the transition of tier 2 entities to a standard based on the IFRS for SMEs; the timing of the review would depend on progress with the European proposals for micro entities, the experience of entities applying the IFRS for SMEs, and the IASB's plans for updating the IFRS for SMEs. It was envisaged the review would be approximately two years after the transition to the IFRS for SME for tier 2 entities;
  - b. that tier 3 entities continuing to use the FRSSE would not need to amend existing accounting policies at the date of transition of tier 2 entities to standard based on the IFRS for SMEs, but after that date would have regard to the rest of UK GAAP in selecting new accounting policies for transactions not covered by the FRSSE;
  - c. to develop a standard for public benefit entities (PBEs) and commissioned its Committee on Accounting For Public Benefit Entities (CAPE) to commence work on this;
  - d. to retain its proposal in the consultation document to reduced the number of Statements of Recommended Practice (SORPs) in issue, however, the Board decided to retain certain SORPs including its limited review and statement of negative assurance of these SORPs.
  
- 6 COMPATIBILITY OF THE IFRS FOR SMEs AND THE EU ACCOUNTING DIRECTIVES
- 6.1 The Board considered the draft EFRAG advice letter on the compatibility of the IFRS for SMEs and the EU Accounting Directives.
- 6.2 The Board expressed the view that:
  - a. some of the instances identified in the draft advice letter were not in fact incompatibilities;
  - b. other incompatibilities identified were likely to arise only in rare circumstances; and
  - c. the Commission should be encouraged to amend the Directives where appropriate to remove incompatibilities.

6.3 The Board agreed a response to EFRAG making these points.

## 7 FINANCIAL INSTRUMENTS: AMORTISED COST AND IMPAIRMENT

7.1 The Board received an update on discussions held with constituents on the IASB's Exposure Draft 'Amortised Cost and Impairment' and the preparations for the constituents meeting to be hosted by the ASB on 6 May.

## 8 FINANCIAL INSTRUMENTS: CLASSIFICATION AND MEASUREMENT

8.1 The Board discussed the IASB's work on classification and measurement of financial assets and liabilities in preparation for the European Commission's Technical Assessment Meeting to be held on 23 April.

8.2 The Board:

- a. received an update on the IASB's recent tentative decisions relating to the measurement and classification of financial liabilities; and
- b. reviewed the comments it submitted to the IASB in September 2009 in the light of the text of IFRS 9 issued in November 2009.

8.3 The Board expressed the view that the principle concerns it had raised on the IASB's November 2009 proposals had been addressed in the final IFRS 9 issued.

## 9 FSA DISCUSSION PAPER 'ENHANCING FINANCIAL REPORTING DISCLOSURES BY UK CREDIT INSTITUTIONS'

9.1 The Board considered issues raised by the FSA in its Discussion Paper 'Enhancing financial reporting disclosures by UK credit institutions'.

9.2 The Board:

- a. expressed the view that the FSA should not seek to address regulatory concerns by prescribing disclosures in financial statements, but should work with accounting standard setters to develop appropriate disclosures; and
- b. directed staff to discuss these views with FSA staff.

## 10 APPOINTMENTS TO THE UITF AND SORP-MAKING BODIES

10.1 The Board reappointed Matthew Curtis of Ernst & Young to the UITF for a further term of two years.

10.2 The Board also noted appointments to the Registered Social Landlords SORP Working Party and the Higher Education SORP Board.

- 11 REPORTS OF THE FEBRUARY AND MARCH MEETINGS OF EFRAG'S TECHNICAL EXPERTS GROUP (TEG) AND OF THE MARCH MEETINGS OF THE IASB
- 11.1 The Board noted the reports of the February and March meetings of EFRAG's Technical Experts Group (TEG) and of the March meetings of the IASB.
- 12 NEXT MEETING  
Thursday 20 May, 9.00 a.m.