



**Minutes of the Final Meeting of the Accounting Standards Board (2012:06)
held on 14 June 2012 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Roger Marshall	Chairman
Michelle Sansom	Director of Accounting
Edward Beale	
Robert Overend	
Andy Simmonds	
Pauline Wallace	

IN ATTENDANCE

Michael Kavanagh	IAASA Observer
Melanie McLaren	Executive Director of Codes and Standards
Michelle Telford	HMRC
Roger Nicklen	Minutes Secretary

Technical Staff: Jenny Carter, Grant Chatterton, Jennifer Guest, Jessica Howard, Seema Jamil-O'Neill, Deepa Raval, and Joanna Spencer.

APOLOGIES FOR ABSENCE were received from Nick Anderson, Peter Elwin and Ken Lever.

[In these minutes all references to future Board meetings and business are references to the Accounting Council, successor body to the Accounting Standards Board.]

The Chairman announced that Professor Richard Barker had been appointed as a member of the Board.

The Chairman welcomed Melanie McLaren who was attending the Board for the first time following her appointment as FRC's Executive Director of Codes and Standards.

1 MINUTES

1.1 The minutes of the meeting held on 24 May 2012 (2012:05) were agreed and approved for publication.

2 DIRECTOR OF ACCOUNTING REPORT

2.1 The Board received a report from the Director of Accounting.

- 2.2 The Board noted:
- a. the IASB's updated work plan and future agenda;
 - b. new draft IFRIC Interpretations on levies and on put options;
 - c. IFRIC's Rejection Letter in relation to Greek debt and EFRAG's intention to produce a draft comment letter;
 - d. Accounting Regulatory Committee endorsements in relation to amendments to IFRS 1, IAS 12, IFRS 7 and IAS 32; new IFRSs 10, 11, 12 and 13; and IFRIC Interpretation 20; progress on the EFRAG governance review;
 - e. the priority being given by the Codes and Standards Committee to making accounts shorter and more relevant;
 - f. the decision to further update the FRC's Update for Directors issues in January 2012; and
 - g. the intention to publish the Position Paper and Feedback Statement on the Effects Study.

3 RESEARCH ACTIVITIES AND DEVELOPMENTS

3.1 The Board reviewed a report from the Research Director.

3.2 The Board noted that there would be a delay in developing the PRC's programme of pro-active projects while the IASB's stance in relation to working with other standard setters was clarified.

4 FUTURE OF FINANCIAL REPORTING IN THE UK AND ROI - MATTERS ARISING FROM FRED 48

4.1 The Board considered the issues arising from the responses to FRED 48 in relation to fair value measurement and service concession arrangements.

4.2 The Board discussed concerns that there was insufficient guidance on fair value measurement in FRED 48 and that there was a conflict between FRED 48 and IFRIC 12 in relation to service concession arrangements.

4.3 The Board:

- a. commissioned the staff to review the guidance on fair value in Section 11 of draft FRS 102 to ensure that it could be applied wherever fair value was used in the standard and to provide appropriate cross references.
- b. asked the staff to hold further discussions with interested parties on service concession arrangements with a view to bringing the issue back to a future meeting on the basis that the Board was content to expand the scope to cover grantor accounting (but without going into any detail on grantor accounting) and to cover all similar transactions but without the provision of additional guidance.

5 MULTI-EMPLOYER ACCOUNTING UNDER FRS 17

5.1 The Board was invited to reconsider its earlier decision not to amend FRS 17 in relation to accounting for multi-employer funds in those cases where the employer was accounting for contributions to a defined benefit scheme as if it were a defined contribution scheme.

5.2 The Board discussed the distinction between defined contribution and defined benefit accounting and the potential implications for group schemes of any changes designed to deal with problems with multi-employer schemes and noted that accounting by group schemes was already due to change under the proposals in draft FRS 102.

5.3 The Board agreed that the staff should consider:

- a. how FRS 17 could be amended for multi-employer schemes only, and
- b. how draft FRS 102 would need to be amended in respect of multi-employer schemes,

and to bring proposals covering both to the 25 July meeting.

6 FRS POLICY IN RELATION TO IFRS

6.1 The Board considered a paper setting out proposed FRS policy in relation to IFRS.

6.2 The Board endorsed the proposals in the paper and suggested a number of improvements.

7 ANNUAL IMPROVEMENTS

7.1 The Board considered the IASB's Annual Improvements Exposure Draft together with EFRAG's draft comment letter and consequential action in the UK.

7.2 The Board discussed the definition of vesting conditions, aggregation of operating segments, interest paid that is capitalised, recognition of deferred tax assets for unrealised losses, key management personnel and revaluation method.

7.3 The Board approved responses to the IASB and asked that a similar response be submitted to EFRAG.

7.4 The Board agreed:

- a. to further restrict the grounds on which it would change current UK FRS in the run up to the introduction of new UK FRS and make changes to converged standards only where they were essential; and
- b. to restrict the change to UK FRS arising from the IASB's proposed improvements to amending FRS 8 to take into account the definition of a related party resulting from the proposed change to IAS 24 in relation to "key management personnel" because UK company law determined the definition of a related party to be that of IFRS.

8 IAS 41 AGRICULTURE – BEARER BIOLOGICAL ASSETS

8.1 The Board considered:

- a. the tentative IASB decision to add to its agenda a project to amend IAS 41; and
- b. the responses to draft FRS 102 in relation to agriculture (including the implications for FRS 102 arising from those responses and from the IASB's tentative agenda decision).

8.2 The Board noted that part of the IASB's motivation in taking IAS 41 on to its agenda had been provided by a review by the Malaysian Accounting Standards Board (MASB) of the accounting treatment of bearer biological assets which had concluded that they should be defined differently and accounted for in the same way as property, plant and equipment (PPE).

8.3 The Board discussed the issues around determining which assets should be revalued and which should not, and concluded that the IASB's review of IAS 41 ought to be led by careful consideration of the recognition principles that should be applied.

8.4 The Board commissioned a response to the IASB on its tentative agenda decision making the point that there were no real principles in IAS 41 and that the principles governing when it was appropriate to carry assets at fair value rather than at cost would need to be sorted out before any amendments were made to the standard and questioning the definition of bearer agricultural assets suggested by the MASB.

8.5 The Board:

- a. considered how to respond to the view expressed by some of the respondents that the proposals on agriculture in draft FRS 102 were unduly arduous;
- b. discussed whether fair value information was required by users of the accounts of agricultural businesses;
- c. noted that while fair values for some agricultural assets were unclear and ephemeral they were clear and typically in use for other agricultural assets; and
- d. discussed whether allowing an accounting policy choice (as an alternative to an "undue cost and effort") opt-out would be consistent with the guiding principles for amending the IFRS for SMEs.

8.6 The Board asked the staff to bring forward for consideration at the next meeting the principle on which the agriculture chapter in draft FRS 102 could be omitted or amended and proposed that, subject to agreement on that principle, it should mount a limited research project with the twin objectives of making UK GAAP better and influencing the direction of travel of IFRS.

9 DISCLOSURE FRAMEWORK

9.1 The Board considered developments related to the joint ANC/ASB/EFRAG discussion paper on a disclosure framework.

9.2 The Board agreed that it should continue to be associated with the project despite its concerns about the restriction of the scope to the notes to the accounts.

9.3 The Board also endorsed the key messages for its supplementary paper.

10 HOW CREDIT ANALYSTS VIEW AND USE THE FINANCIAL STATEMENTS

10.1 The Board considered the staff research paper 'How credit analysts view and use the financial statements'.

10.2 The Board discussed ways in which the conclusions could be made firmer and clearer.

10.3 The Board approved publication of the subject to firming up the conclusions on the lines discussed and to giving contributor analysts the opportunity to comment on the final draft.

11 ACCOUNTING COUNCIL COMMITTEES

11.1 The Board considered proposals for the structure and membership of Accounting Council Committees.

11.2 The Board agreed to recommend to the Codes and Standards Committee that:

- a. a UK GAAP Committee should be established immediately (replacing both the UITF and CASE) with responsibility for advising the Accounting Council on the implementation of current UK GAAP and then on the implementation of new UK GAAP;
- b. MS should be the Chairman and JC the Secretary of the UK GAAP Committee;
- c. the UITF's current responsibilities in relation to IFRIC matters should pass to the Accounting Council; and
- d. CAPE and FSOSIC should be retained as Committees of the Accounting Council.

11.3 The Board also commissioned staff to consider candidates for the new committee.

12 ANY OTHER BUSINESS

12.1 The Chairman thanked all Board members for their services to the ASB and looked forward to working with them in the new Accounting Council.

13 NEXT MEETING (OF THE ACCOUNTING COUNCIL)

Thursday 5 July, 9.00 a.m.