



**Minutes of a meeting of the Accounting Standards Board (2011:01)
held on 20 January 2011 at Aldwych House, 71-91 Aldwych, London, WC2**

PRESENT

Roger Marshall	Chairman
David Loweth	Technical Director
Peter Elwin	
Robert Overend	
Andy Simmonds	
Pauline Wallace	

IN ATTENDANCE

Matt Blake	HMRC	
Michael Kavanagh		IAASA Observer
Andrew Lennard		ASB Research Director
Larry Pinkney		HM Treasury
David Tyrrall		BIS
Simon Peerless		Minutes Secretary

Technical Staff: Jenny Carter, Faye Gordon, Seema Jamil-O'Neill, Deepa Raval, Michelle Sansom, Joanna Spencer.

APOLOGIES FOR ABSENCE were received from Nick Anderson, Edward Beale, Marisa Cassoni, and Ken Lever.

1 MINUTES AND NOTE OF MEETING

1.1 The minutes of the meeting held on 16 December 2010 (2010:14) were agreed and approved for publication.

2 UPDATE AND REPORTS

2.1 The Board received an update on recent developments relating to the global financial crisis, IASB and further international developments, EFRAG and other European developments, and FRC and ASB developments.

2.2 The Board noted:

- a. the forthcoming meeting of the G20 Finance Ministers and Central Bank Governors;

- b. the IASB's current work plan;
- c. a report of the IASB's January meeting;
- d. the appointment of Tricia O'Malley as chair of the group of National Standard Setters, replacing Ian Mackintosh;
- e. a report of the January EFRAG TEG meeting;
- f. the formation of the European Securities and Markets Authority (ESMA), replacing the Committee of European Securities Markets Regulators (CESR);
- g. a report from the Chairman of his appearance before the House of Lords Select Committee on Economic Affairs on 18 January;
- h. a report on the section relating to the business review in the BIS evaluation of the main provisions of the Companies Act 2006;
- i. the issue by the FRC of its draft plan for 2011-12;
- j. the issue by the FRC of the discussion paper 'Effective Company Stewardship: Enhancing Corporate Reporting and Audit'; and
- k. the forthcoming ICAEW seminar on the future of UK GAAP.

2.3 The Board noted the Status Report and approved its publication.

3 EFFECTIVE DATES AND TRANSITION METHODS

3.1 The Board considered the IASB's 'Request for Views on Effective Dates and Transition Methods' on the implementation of the new standards on financial instruments, leases, insurance and revenue recognition.

3.2 The Board expressed the view that:

- a. there should be a single effective date;
- b. this date should be no earlier than 1 January 2015;
- c. early adoption should be permitted on a standard-by-standard basis; and
- d. high quality disclosure should be required for early adopters to enable users to make proper comparisons between companies during the transitional period.

3.3 The Board approved responses to the IASB and EFRAG setting out these views.

4 IFRS FOUNDATION REVIEW OF THE INTERPRETATIONS COMMITTEE

4.1 The Board considered the request for comments from the IFRS Foundation Trustees on their review of the Interpretations Committee (IC) (formerly known as IFRIC).

- 4.2 The Board expressed the view that:
- a. a better process was needed to determine at an early stage whether an issue should be dealt with by the issue of an Interpretation or by a rejection notice;
 - b. higher quality staff papers would improve the effectiveness of the IC; and
 - c. staff papers should not be made available as observer notes for IC meetings, to avoid these being treated as authoritative guidance, but replaced by simple summaries of the issue under consideration.
- 4.3 The Board approved a response to the Trustees and to EFRAG setting out these views.

5 DISCLOSURE OF NON-FINANCIAL INFORMATION BY COMPANIES

- 5.1 The Board considered the questionnaire from the European Commission Internal Market and Services Directorate General 'Disclosure of Non-Financial Information by Companies'.
- 5.2 The Board expressed the view that UK law already provided a sufficient framework for reporting on environmental, social and community issues.
- 5.3 The Board approved a response to the Commission setting out this view.

6 PUBLIC BENEFIT ENTITY STANDARD

- 6.1 The Board continued its consideration of an exposure draft of a proposed standard on financial reporting by Public Benefit Entities (PBEs).
- 6.2 The Board:
- a. agreed that depreciated replacement cost was the most appropriate measure of the value of a non-cash-generating asset for the purposes of determining impairment;
 - b. agreed that restrictions on the use of an asset should be taken into account in determining its value for the purposes of determining impairment provided these restrictions would be transferred to a new owner;
 - c. agreed that no triggers for impairment testing specific to PBEs should be included in the draft standard;
 - d. agreed that recognition of social benefit obligations should not be addressed in the draft standard;
 - e. agreed that future commitments to make grants should be recognised as a liability only where the PBE had an obligation to pay these that was not dependent on the receipt of future income; and

- f. approved guidance on the recognition of incoming resources from non-exchange transactions.
- 6.3 The Board commissioned a draft of the proposed standard for consideration at a future meeting.
- 7 IFRS FOUNDATION CONSULTATION 'STATUS OF TRUSTEES' STRATEGY REVIEW'
- 7.1 The Board considered the IFRS Foundation consultation paper 'Status of Trustees' Strategy Review'.
- 7.2 The Board expressed the view that:
- a. greater clarification was need of the roles of the Monitoring Board and the Trustees;
 - b. these roles were sufficiently distinct for it to be difficult for them to be carried out by the same people, and therefore a three-tier governance structure for the IASB was preferable to a two-tier structure;
 - c. IASB decision-making could be improved by moving to a board with a balance between full-time members and part-time members who continued to have outside experience and interests, with less detailed technical discussion in meetings;
 - d. bringing the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) under the same governance structure as the IASB might be a long-term objective but it should not be considered in the short term;
 - e. IASB agenda decisions should have greater regard to evidence of a need for a new or amended standard; and
 - f. better analysis of the costs and benefits of proposed standards was needed.
- 7.3 The Board asked for these views to be conveyed to the FRC for consideration for inclusion in its response to the IFRS Foundation.
- 8 CORPORATE INCOME TAXES
- 8.1 The Board received an update on the progress of the research project on deferred tax.
- 8.2 The Board expressed the view that:
- a. the needs of users should be more explicitly taken into account in the development of alternative solutions; and
 - b. the project team should aim to publish an initial discussion paper, on the problems of current tax standards and possible alternative solutions, within the current calendar year; and

- c. this initial paper should not focus excessively on technical analysis
Technical discussion could be provided in a supporting role.
- 8.3 The Board asked for these views to be conveyed to the project team and to EFRAG.
- 9 HEDGE ACCOUNTING
- 9.1 The Board considered the IASB exposure draft 'Hedge Accounting'.
- 9.2 The Board expressed the view that:
- a. the proposals represented a significant improvement over the current hedge accounting requirements in IAS 39, and the closer link to an entity's risk management strategy was particularly welcome; and
 - b. there were still aspects of the proposals that were too complex and unnecessarily restrictive, and would result in differences between an entity's actual risk management and the way it was reflected in financial statements.
- 9.3 The Board requested further outreach to be carried out by staff and commissioned a response to the IASB for consideration at a future meeting.
- 10 ENDORSEMENT OF AMENDMENTS TO IFRS 7 'FINANCIAL INSTRUMENTS: DISCLOSURES - TRANSFERS OF FINANCIAL ASSETS'
- 10.1 The Board considered EFRAG's Invitation to Comment on its assessment of the endorsement in the EU of the IASB's Amendments to IFRS 7 'Financial Instruments: Disclosures - Transfers of Financial Assets'.
- 10.2 The Board approved a response supporting EFRAG's positive endorsement advice.
- 10.3 The Board commissioned preparation of an exposure draft proposing corresponding amendments to the converged standard FRS 29 (IFRS 7) 'Financial Instruments: Disclosures'.
- 11 REPORTS OF MEETINGS OF THE IASB AND EFRAG'S TECHNICAL EXPERTS GROUP
- 11.1 The Board noted the 'Update' reports of:
- a. the 1 December meeting of the IASB;
 - b. the 3 December meeting of the IASB;
 - c. the 8 December meeting of the IASB, held jointly with the FASB;
 - d. the 13-17 December meeting of the IASB, some of which was held jointly with the FASB; and

- e. EFRAG's Consultative Forum of Standard Setters (CFSS) meeting held on 7 December, and the meeting of its Technical Experts Group (TEG) held on 8-10 December.

12 OTHER BUSINESS

Charities SORP Committee: Joint Chair Appointments

- 12.1 The Board approved the appointment of Mr Sam Younger and Ms Laura Anderson as joint chairs of the Charities SORP Committee.

13 NEXT MEETING

Thursday 17 February, 9.00 a.m.