

SUMMARY MINUTES

MEETING OF THE STANDARDS ADVICE REVIEW GROUP ON 27 JUNE 2008

Chairman of the Standards Advice Review Group, Mr Geoffrey MITCHELL, chaired the meeting.

At the beginning of the meeting Mr Jeroen HOOIJER, Head of Unit, Accounting DG MARKT, explained the current discussion and developments in the institutional framework as regards accounting standard setting. There are important developments underway as regards:

- Governance of the IASB: There is a wide consensus about establishing a Monitoring Board to improve the public oversight and accountability of IASB. The composition and tasks of the Monitoring Board are still under discussion. Also the composition of the IASB board is under discussion
- EFRAG: Good progress is being made in reinforcing the role and resources of EFRAG. The cooperation between National Standard Setters and EFRAG will be enhanced. Proposal for co-funding by the EC is being prepared. Important element is the future composition and role of the EFRAG Supervisory Board.
- Following the question by the Chairman of the Group, Mr HOOIJER explained that it has not yet been decided whether the changes at EFRAG may necessitate changes at the Standards Advice Review Group in the future.

I. ADOPTION OF THE MINUTES OF THE PREVIOUS MEETING AND THE AGENDA OF THE MEETING

Adoption of the minutes of the meeting of the Group held on 19 May 2008

The Minutes of the meeting of the Group held on 19 May 2008 were approved.

Adoption of the agenda of the meeting

The agenda of the meeting was approved.

II. PRELIMINARY DISCUSSION ON BUSINESS COMBINATIONS (IFRS 3, IAS 27).

Representative of EFRAG, Mr Paul Ebling, explained the main characteristics of the standards on the Business Combinations (IFRS 3, IAS 27). The EFRAG's work as relates to the endorsement advice is still in process.

The amendment to the standards serves the objectives of convergence with the US GAAP and improvement of current standards. Currently, in the absence of a uniform standard on post control transactions there are divergent practices. Moreover, the standard on step acquisitions is complex and its usefulness is being questioned. Although the proposed standard is consistent and based on clear principles, the changes it entail are substantial. Some of the

elements, in particular the increased use of fair values has been questioned by some TEG Members. It takes a considerable effort to produce endorsement advice on this standard.

The Group will follow closely the process before the final endorsement advice. The draft endorsement advice will be sent directly to the Members once it's issued by EFRAG.

III. WORKING PLANS OF THE GROUP AND NEXT MEETINGS

The members of the Group and the Commission scheduled the next meetings of the Standards Advice Review Group for:

- **23 September** *Annual improvements* and amendment to IFRS 1 and IAS 27 - *Cost of an Investment in a Subsidiary*. Tentatively *BusCom (IFRS 3, IAS 27)* (it is unsure whether BusCom will be concluded by end September)
- **17 October:** Reserve date for BusCom
- **3 November:** Second reserve date for BusCom

IV. DELIVERY OF ADVICE TO THE COMMISSION

The members of the Group unanimously concluded that EFRAG's endorsement advice on Amendment to IAS 32 and IAS 1 - *Puttable Financial Instruments and Obligations Arising on Liquidation* (Issued 14 February 2008) is well-balanced and objective.

V. ADMINISTRATIVE ISSUES

Changes to the Rules of Procedure

Group accepted unanimously two modifications to the Rules of Procedure of the Group:

- Partial replacement/re-appointment of Members in 2009: Addendum to Rules of Procedure to foresee partial replacement of Members.
- Voting procedures: Amendment of the Rules of Procedure specifying that in the event of a tie, the vote of the Chairman shall be decisive.

Members chose two members for re-appointment in 2009: Messieurs Carlos Soria Sendra and Jan Klaassen

VI AOB

A. Leppilahti informed the Group about the endorsement status, in particular as relates to the consolidation of endorsed IFRS Regulations.

STANDARDS ADVICE REVIEW GROUP

Meeting of 27 June 2008

PARTICIPANTS' LIST

MEMBERS OF THE STANDARDS ADVICE REVIEW GROUP

Josef Jílek

Jan Klaassen

Enrico Laghi

Geoffrey Mitchell

Carlos Soria Sendra

Hervé Stolowy – Excused

EFRAG

Paul Ebling

COMMISSION

Jeroen Hooijer

Arto Leppilähti

Reinhard Biebel

Bea Van der Linden