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The December meeting of the IASB was unusual in that it was held over the full five days of the week, and a number of issues relating to de-recognition, fair value measurement and financial instruments were the subject of several sessions. The Board agreed to additional disclosure requirements on impaired financial instruments but did not change either its impairment rules or the fair value option.

The European Commission had, at the end of October, asked the IASB to allow write-backs of some fair value impairments on financial instruments and to allow re-classification out of the fair value option, both in time for the 2008 annual reports. The Board chose not to do either of these things.

Reporting on the three round tables held to discuss issues relating to the credit crisis, Gavin Francis (IASB director of capital markets) told the Board that several common themes had emerged from the roundtables. Most participants had said that none of the issues should lead to a change in accounting for the 2008 reporting period.

All participants had stressed the importance of the IASB's due process, he said, as well as the importance of convergence between IFRS and US GAAP wherever possible. Some had noted the danger of attempting to create a level playing field by cherry picking some accounting requirements while ignoring others.

In the event, the FASB changed both its treatment of embedded derivatives and impairment in December, to bring these closer to those of the IASB. In so doing it took away the EU argument that IFRS should be changed to align with US GAAP.

The Board's view was that it was prepared to make additional disclosure requirements rapidly, to respond to perceived needs but it was not prepared to modify standards substantively without time for proper deliberation. As Mr Leisenring put it, they were prepared to act in months but not days. The IASB said they would look at re-classification from the fair value option in the context of the new financial instruments project.

The fair value measurement was discussed in a total of four sessions during the week. The Board is not due to issue an exposure draft until the second quarter but staff appeared to be anxious to advance the project as far as possible as the project manager will be going on maternity leave shortly.

The Board re-debated a number of issues but eventually agreed that in principle the fair value of a liability was a transfer value. The Board has re-debated a number of times the measurement of a liability under IAS 37. Some members argued that IAS 37 allows at least two different approaches that would give different numbers: the settlement approach and the transfer to a third party.

On this occasion the Board agreed that for the purposes of the fair value measurement standard, it was always measured at the cost to transfer to a third party. It also underlined that day one gains and losses were possible, but it was up to the Board to mandate in standards such as IAS 37 whether these should be recognised or not.

The staff continued to re-deliberate the IFRS for private entities but a final standard remains some time away. At this meeting staff proposed that private entities should produce only a single statement of comprehensive income, but the Board decided that they should have the option available at the moment in IFRS 1 of splitting the statement between operating earnings and Other Comprehensive Income.

A re-draft of the section on financial instruments came in for some criticism by one or two Board members. The staff agreed to bring it back in January with a paper on more complex financial instruments.

The Board also had session on the de-recognition project. Although they originally planned this as a joint project, the IASB and FASB are working on separate de-recognition projects. The IASB staff brought papers to this meeting to try to refine two alternative approaches that were set out in flowcharts.

Deputy Chairman Tom Jones noted that the two Boards would certainly come under pressure to bring their approaches together. Mr Francis noted that staff were working on two models and would try to have an education session on the FASB approach in due course. At the joint Boards meeting in October it had been agreed to continue both projects for the time being and see if they could be brought together later.

Staff also presented to the Board a summary of constituents’ comments on the exposure draft of the first two chapters of the revised conceptual framework. These deal with the objectives of financial reporting and the qualitative characteristics.

The staff reported that constituents had largely accepted that the amendments to the objectives made after the discussion paper had re-instated the importance of stewardship as an objective. They also reported large support for the re-working of the qualitative characteristics but not everyone agreed with the idea of splitting the characteristics between fundamental and enhancing characteristics.