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Proceedings of the IASB : February 2008

The February meeting consisted only of three sessions, with very little in the way of major decision-making. The Annual Improvements Process was a main feature, as also a further debate on measurement in IAS 37. The Board listened to an overview of comments on the insurance discussion paper and dealt with some details on the conceptual framework.

The comment letters on the 2007 Annual Improvements Process (AIP) were presented in this first of two sessions to aim to reach decisions on the amendments exposed last year. The Board confirmed its position on expensing catalogues and other marketing material when available rather than when used. However it agreed to a modification of the treatment of investment property under construction within IAS 40.

The staff are aiming to publish the final amendments in April, but will hold back some issues such as the re-structuring of IFRS 1 because of the time necessary to complete these. Those amendments that are held back will be issued later as individual items.

The Board had another intense debate on the measurement of liabilities. It agreed that IAS 37 meant the lower of the settlement amount or the amount to transfer to a third party. They debated the composition of the third party transfer and agreed tentatively that it meant the value that a market participant would put on the liability, given the same knowledge as the entity, together with a risk premium

The conceptual framework team brought a number of issues to the Board. It was decided that staff should issue a paper that discussed the entity perspective, the shareholder perspective and the parent perspective. The Board debated the phrase ‘materially free from error’ and decided they preferred to retain that rather than use the term ‘accuracy’ which the FASB wanted to substitute. They also debated comparability.

The Board clarified that for the upcoming discussion paper on pensions, its preliminary view was that for the purposes of measuring a defined contribution obligation the preparer should ignore the risk that the employer might change the terms of the contract but take account of the credit risk.