

IASB Meeting April 2008

The IASB reviewed feedback from constituents on a number of issues and discussed the possible new approach to consolidation. It decided it would clarify IAS 27 to permit use of carryover when a new parent is created, and moved back from the requirement to carry out an impairment test when a dividend is received from a subsidiary.

The Board returned to the staff's work on consolidation. The aim is to provide a successor to IAS 27 that would incorporate SIC 12. The staff's proposal was to define principles that would determine consolidation but also require disclosure of the reasons for individual consolidation decisions.

The proposed approach would exclude consolidation when further action was needed to gain effective control. This would mean that having a call option over a majority of the shares was not enough.

Staff presented comments on the revised ED on measuring the cost of an investment in the individual financial statements of the parent. Rejection by constituents of the compulsory impairment test on receipt of a dividend was discussed, and the Board decided that instead the dividend should be considered as a possible indicator of impairment.

They also decided that instead of carryover being made compulsory, they would amend IAS 27 to clarify that either fair value or carryover could be used when creating a new parent.

The feedback on the new proposals for addressing joint ventures was also discussed. The Board were told that many respondents were opposed to the abandonment of proportional consolidation. Board members debated the issue but were reluctant to accept a form of measurement that they felt was not within the conceptual framework. They decided to go back to constituents to ask for clarification of their concerns.

The Board looked again at IAS 37 and also revenue recognition. It had an education session given by members of the IVSC on practical issues in fair value measurement.