

# IASB Meeting February 2007

Few decisions with short term impact were made at the February Board meeting. The IASB narrowly rejected the idea of developing a balance sheet without any distinction between debt and equity, and discussed constituents' negative reactions to some aspects of the conceptual framework discussion paper. The Board also looked at early work on revisions to IAS 19 and agreed some improvements for the annual improvements process.

The FASB staff presented an exploratory paper on the notion that the debt/equity line was artificial and there should be only single 'claims' element on the financing side of the balance sheet. Opponents took the view that this did not do away with the need to define equity as a means of distinguishing what went into the income statement. Half the Board voted not to do any further work, while the other half had different levels of interest in preserving the idea.

Of 179 comment letters received on the conceptual framework discussion paper, some 86% were unhappy about the assumption that stewardship as an objective of financial reporting could be subsumed into decision-usefulness for investors. Some Board members thought this was just insufficient clarity in the document, while others felt a more substantial reaction was appropriate.

Constituents were nearly as unhappy with representational faithfulness as a main qualitative characteristic. Many wanted reliability reinstated, but, as Board members pointed out, there was a lack of consensus amongst comment letters as to what it meant.

Staff also brought a first paper on accounting for asset-based pension plans. However, the Board did not think the approach was operational, and asked them to work on identifying defined benefit and defined contribution elements and any additional guarantees or derivatives.

The Board agreed in principle that IAS 41 should be amended under the annual process to clarify that the fair value of a biological asset that was still growing was to be calculated back from its fair value when mature enough to go to its intended market. Fair value on an incomplete product was not its 'scrap' value.