

IASB Meeting October 2007

The October session in London was partly devoted to preparing material to be finalised the following week during the joint meeting with the FASB. The IASB made some progress on pensions and started to re-debate fair value measurement. It also listened to education sessions on valuation issues and XBRL.

The IASB discussed whether, as chapters of the conceptual framework are revised, they should be incorporated in the current framework, and if so to what extent it would be necessary to make consequential amendments. There was some reluctance to envisage a chain of revisions stretching over the next few years, but a recognition that there would also be awkward situations as a result.

The conceptual framework team also took the Board through the different aspects of changing the definition of an asset, to see where difficulties arose. Both subjects are to be debated in joint session in Norwalk.

Staff brought what they hoped was the last paper before publishing their Discussion Paper on the short term amendments to IAS 19. It was agreed that the measurement basis of the pension obligation during the run down and any deferral period would be the same as during the accumulation phase, and would be determined by the accumulation phase. This would mean there were similar liabilities accounted for differently, but that was deemed preferable to recording a gain or loss when aligning the measurement basis.

The Board started to re-deliberate the Discussion Paper on fair value measurement. They tentatively decided that the project team should analyse IFRS to see what variants of current value are used, and potentially write guidance on current entry value to complement the current exit value guidance in the DP.

Valuation experts spent a morning going through issues in valuing assets at fair value. They said that they always worked out the fair value of the whole enterprise when doing a purchase price allocation.

IASC Foundation staff also gave a presentation of their work in developing and maintaining an XBRL taxonomy based on the bound volume of IFRS.

Joint meeting with FASB

There were only three public sessions at the Norwalk meeting of the IASB and FASB, of which one was short and another was an education session. The Boards made a limited amount of progress on the agenda items.

The staff attempted to gain a decision on the definition of an asset to be included in the discussion paper on elements of financial statements. The Boards continued to draft during the meeting and arrived at a definition on which there was a sufficient consensus, but it is not certain that this will survive the drafting of the discussion paper.

The Conceptual Framework project advanced to the extent that the Boards agreed on a 120 day exposure period for the exposure draft on objectives and qualitative characteristics.

Staff presented an outline of the proposed discussion paper on financial statement presentation. There were a number of queries, particularly about whether the tax charge should be allocated between items. The staff were to hold small group discussions with Board members in private.

Revenue recognition was also on the table, but only to the extent that staff presented the two competing models on which work was proceeding. The so-called 'Measurement Model' recognises an asset and liability when they arise at the inception of a contract and continues to value them at fair value. The 'Allocation Model' also measures at different stages but the measurement is based on allocated customer consideration – allocating the total value of the contract. The staff are to continue to develop the models towards a discussion paper.

The final public session was classified as an education session and was devoted to a staff presentation on de-recognition. The staff were asked to deliver a report setting out the analysis.