

IASB Meeting

SEPTEMBER 2007

The September meeting of the IASB was short. The main development was the emergence of an approach to financial instruments puttable at fair value that might address concerns about German limited partnerships. The Board agreed revisions to the conceptual framework chapter on objectives of financial reporting that makes a nod at stewardship. They extended the comment period on the exposure draft for SMEs until the end of November.

The IASB has been working hard to come up with a new proposal to amend IAS 32 that will let in not only New Zealand farming cooperatives but also German partnerships. The proposed solution is to identify a class of financial instruments that share the residual risk of an entity, rather than look at individual instruments. This opens the possibility that instruments may not be sold and re-purchased at fair value, as long as they participate equally in performance.

The need for an amendment is pressing in New Zealand, where 2007 is the first official IFRS year. The Board plans to hold a round table to discuss its new proposals in November and then move to the final amendment early in 2008 without re-exposure.

Staff brought to the Board a revised version of the conceptual framework chapter on objectives. This retains the focus on decision-usefulness for investors and creditors but refers to other decisions as capital providers, which is intended to refer to stewardship issues. The IASB approved the proposal with no indication of individual dissents.

The SME project staff asked the Board to extend the comment deadline on the SME ED until the end of November. The argument was that a large number of field tests are taking place and a number of institutions did not wish to formulate their responses ahead of feedback from the field tests in which they were involved. The Board accepted this.

The Board continued to debate employee benefits but could not agree on the treatment of defined return liabilities in the run off stage.