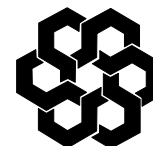


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**International  
Accounting Standards  
Board**

*This document is provided as a convenience to observers at Standards Advisory Council meetings, to assist them in following the Council's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.*

*Note: These notes are based on the staff paper prepared for the Council. Paragraph numbers correspond to paragraph numbers used in the Council paper.*

### **INFORMATION FOR OBSERVERS**

**SAC Meeting: June 2006, London**  
**Project: Conceptual Framework Project**  
**(Appendix to Agenda Papers 9 and 9A)**

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**Financial Accounting  
Standards Board**

## **Conceptual Framework**

**SAC Meeting**

**June 2006**

**International Accounting  
Standards Board**



## **Disclaimer**



**The views expressed in this presentation are our own and do not represent positions of the International Accounting Standards Board (IASB) or the Financial Accounting Standards Board (FASB).**

**Positions of the IASB and FASB are arrived at only after their respective and extensive due process procedures and deliberations.**



## Overview



- Progress update
  - Objectives & Qualitative Characteristics
  - Asset & Liability Definitions
  - Reporting Entity
- Measurement
  - Work plan



## Objective and Qualitative Characteristics



- Finalized Phase A
- Issue Preliminary Views
  - June 2006
  - 120 day comment period



## Definition of an Asset



- An *asset* is a present economic resource of an entity.
- Three essential characteristics
  - Economic resource
  - Entity has rights or other privileged access to economic resource
  - Economic resource and rights or other privileged access both exist



## Definition of a Liability



- A *liability* is a present economic obligation of an entity.
- Three essential characteristics
  - Obligation is economic
  - Entity is obligated to others to act or perform in a certain way
  - Economic obligation and its legal enforceability both exist



## Phase B



- Start deliberations in Q3 and Q4'06
  - Distinction between liabilities and equity
  - Other elements
  - Unit of account
  - Recognition and derecognition
- Document for comment in Q2'06



## Reporting Entity



- Reporting entity concept:
  - Determine boundaries for individual entity and group of entities
  - Not be limited to entities with external users
  - Include parent-only entity
- Entity not be limited to legal entity
- Control - in the context of one entity having control over another entity - be:
  - Conceptually defined
  - Include notions of *power* and *benefits*
- Document for comment in Q2'06



## Measurement



- April 28, 2006, joint meeting: Boards discussed plan for the measurement phase. Agreed to:
  - Conduct measurement phase in 3 milestones:
    1. Describe and define properties of potential measurement bases
    2. Evaluate measurement bases using the qualitative characteristics
    3. Derive conceptual conclusions from Milestones 1 and 2 and address practical implications
  - Hold public consultations and issue discussion documents.