



International Accounting Standards Board®

Press Release

FOR IMMEDIATE RELEASE

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IASB hosts round-table discussions in Melbourne on the accounting for liabilities

The International Accounting Standards Board (IASB) today hosted its first public round-table discussion in Australia. Organisations from Australia and New Zealand exchanged views on the IASB's proposal to amend IAS 37 *Provisions, Contingent Liabilities, and Contingent Assets*. Representatives from a cross-section of industries and professional bodies contributed to the discussion. The IASB will use the insights gained in planning the next stage of its work on liabilities and in the context of related projects such as revenue recognition, government grants and leasing.

Under the existing version of IAS 37, an entity does not recognise all liabilities on its balance sheet. For example, an entity that has a 45 per cent chance of losing a lawsuit at a cost of \$1 million and a 55 per cent chance of winning at a cost of \$nil does not recognise a liability. But, reversing those percentages, the same entity now recognises a liability of \$1 million. The IASB proposes to eliminate this cliff-hanger. Instead, all liabilities within the scope of IAS 37 would be recognised on an entity's balance sheet, with any uncertainty reflected in the measurement of the liability and explained in the notes to the financial statements.

Opening the discussions, Warren McGregor, IASB member, commented:

The IASB is committed to engaging the broadest range of interested parties in its consultations. Hosting round-table discussions in Australia provides an excellent opportunity for Australian and New Zealand organisations to contribute to the IASB's due process. Today's discussion will greatly assist the Board in planning the next stage of this project.

The round-table discussion in Melbourne is one of five public meetings to discuss the proposed amendments to IAS 37. The IASB also hosted discussions in London, United

Kingdom, and Connecticut, United States, in November and December 2006. In total more than 75 organisations from 12 different countries took part.

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Notes to Editors

About the IASB

The International Accounting Standards Board (IASB), based in London, began operations in 2001. Contributions collected by its Trustees, the IASC Foundation, from the major accounting firms, private financial institutions and industrial companies throughout the world, central and development banks, and other international and professional organisations fund the operations of the IASB.

The 14 Board members (12 of whom are full-time) are drawn from nine countries and have wide international experience and a variety of functional backgrounds. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that require transparent and comparable information in general purpose financial statements. In pursuit of this objective, the IASB co-operates with national accounting standard-setters to achieve convergence in accounting standards around the world.