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**International
Accounting Standards
Board**

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

These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

Board Meeting: 13 December 2006, London

Project: Financial Instruments – Due Process Document (DPD)

Subject: Recognition and Measurement (Agenda Paper 12)

BACKGROUND TO PAPERS

1. This is the second set of papers considering issues relating to recognition and measurement.
2. Given the time pressure we are working under, the approach taken by the staff in these papers (as in the previous set of papers) is to provide a summary of the key issues together with some analysis. We have not attempted, and would be unable to in the time we have, to provide exhaustive background information and analysis on the range of issues we have to consider.
3. The issues discussed in this series of papers are particularly complex (and contentious). The Boards may not believe that they have sufficient detail or analysis to reach a preliminary view on some or all of the issues discussed in this series of papers. The possibility of that outcome was envisaged when we started this project and, if that is the outcome on any of these issues, the DPD will state that fact and describe and analyse the possible views on the particular issue.

CONTENTS OF THE PAPERS

4. Paper 12A discusses the measurement of loans with prepayment options and credit card contracts.
5. Paper 12B discusses bank deposit agreements.
6. Paper 12C discusses the measurement of liabilities with a demand feature.
7. Paper 12D discusses the measurement of liabilities with third-party contractual or statutory guarantees from the debtor's perspective.

PLANNED PAPERS FOR THE NEXT MEETING

8. We plan to bring papers discussing hedge accounting to the Boards in January/February 2007.