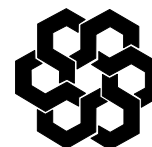




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This document is provided as a convenience to observers at the joint IASB-FASB meeting, to assist them in following the Boards' discussion. It does not represent an official position of the IASB or the FASB. Board positions are set out in Standards (IASB) or Statements or other pronouncements (FASB).

These notes are based on the staff papers prepared for the IASB and FASB.

Paragraph numbers correspond to paragraph numbers used in the joint IASB-FASB papers. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

IASB/FASB Meeting: 23 April 2007, London

Project: Intangible Assets

Subject: Draft agenda proposal – Cover note
(Agenda paper 12)

Objective: Input from Boards sought

1. The purpose of the April 2007 session is to:
 - (a) seek the Boards' agreement with the timetable for developing an intangible assets agenda proposal (Agenda paper 12A); and
 - (b) provide input to the project proposal team for further developing the draft agenda proposal (Agenda paper 12B).

Attachments

2. The attachments are:
 - (a) Agenda paper 12A Timetable for Developing an Agenda Proposal – Intangible Assets; and
 - (b) Agenda paper 12B Draft Agenda Proposal – Intangible Assets.

Background

3. At its October 2006 and January 2007 meetings, the IASB discussed the scope, approach and timetable of the Intangible Assets Research project, in the context of the Memorandum of Understanding between the FASB and the IASB. The IASB decided that the project's objective should be to develop material that will facilitate an agenda decision at the IASB's meeting in December 2007 on the scope and timing of an active agenda project addressing the initial accounting for internally generated intangible assets and the subsequent accounting for all intangible assets. IASB members observed that these topics have the greatest potential to result in improvements to the present requirements. The project will not encompass the requirements for the initial accounting for intangible assets acquired in a business combination, or the initial and subsequent accounting for goodwill.
4. At its January 2007 meeting, the IASB discussed a first draft of a project proposal and asked the project proposal team to amend the draft in various respects. The main differences between the draft provided as Agenda paper 12B and the draft considered at the January 2007 IASB meeting include:
 - (a) Significant restructuring and culling, to minimise repetition. Due to the degree of restructuring, a marked-up copy of the draft has not been provided;
 - (b) An executive summary and explicit conclusions on each agenda criterion, to improve readability;

- (c) An explicit acknowledgement that definitional issues are pertinent to the project (paragraph 3);
- (d) Addressing separately ‘initial accounting for intangible assets acquired separately, including those acquired in exchange for a non-monetary asset or assets; acquired by way of a government grant; and acquired in a group of assets or net asset that is not a business’, with a conclusion that such assets should be outside the scope of the project (paragraph 4 – under topic B);
- (e) The downgrading of the adoption of IFRS 3 principles for internally generated intangible assets to a working hypothesis, thereby leaving open the question of the suitability of the principles for such assets. In considering possible solutions to the identified problems with the current accounting for intangible assets, based on the views expressed by some users, the draft project proposal now contemplates that alternative solutions may include:
 - (i) A recognition solution, supplemented through enhanced disclosures; and
 - (ii) A disclosure-only solution;
- (f) A greater analysis of the views of a broader range of users (paragraphs 14-25, and see also paragraph 42¹), insights from academic studies (paragraphs 26-30), and implementation experience with IFRS 3 principles (paragraph A4(c)). This greater analysis, together with (g) below, increases the length of the document;
- (g) An expanded analysis of cross-cutting issues (paragraphs 43-45) (including new references to the Leasing, Revenue Recognition and Financial Statement Presentation projects) and a more focused analysis of the anticipated costs and benefits of the Intangible Assets project (paragraphs 46-54);

1 We have not been able to complete a full analysis of users’ views. Research into the views of users is ongoing – some of which will be undertaken as part of the project proposal stage but some will need to be done in the project stage.

- (h) Deleting the analysis of Criterion 5 relating to resource requirements and constraints, to be developed once further progress on the project proposal has been made;
 - (i) Appendix 1, which provides an outline of the main issues we suggest are addressed in the proposed Discussion Paper; and
 - (j) The target date for the proposed Discussion Paper has shifted out from September 2009 to October 2009.
5. The draft agenda proposal has been developed primarily as an IASB paper, with an understanding that it will ultimately need to satisfy the needs of both the IASB and FASB.

Next steps

6. The project proposal team intends to amend the draft proposal to reflect the Boards' decisions at their April 2007 meeting. The revised draft will then be provided to the SAC for its preliminary consideration at its meeting in June 2007. The ultimate objective is an IASB and FASB agenda decision in December 2007.