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International
Accounting Standards
Board

This observer note is provided as a convenience to observers at IFRIC meetings, to assist them in following the IFRIC's discussion. Views expressed in this document are identified by the staff as a basis for the discussion at the IFRIC meeting. This document does not represent an official position of the IFRIC. Decisions of the IFRIC are determined only after extensive deliberation and due process. IFRIC positions are set out in Interpretations.

Note: The observer note is based on the staff paper prepared for the IFRIC. Paragraph numbers correspond to paragraph numbers used in the IFRIC paper. However, because the observer note is less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

IFRIC meeting: January 2007, London

Project: IFRIC Due Process Handbook – Report on Board Discussion (Agenda Paper 2(i))

An extract from IASB *Update* reporting the Board discussion is available below.

IFRIC Due process handbook

The Board considered the comment letter analysis on the proposed IFRIC Due Process Handbook which was published by the Trustees in May 2006. The staff asked for the Board's views on the two main issues that had been the focus of respondents' comments: the role of the Agenda Committee and the status of IFRIC Agenda Decision notices.

The Board was asked whether the Agenda Committee

- should continue to operate as at present
- should be replaced by a working group of IFRIC members with no fixed membership, which would continue to meet in private or
- should be absorbed into the IFRIC.

The Board's view was that the third option was the only one that would satisfy the demands for transparency. The role of the Agenda Committee had never been to take technical decisions; rather, it was to assist the staff in structuring

papers for the IFRIC. The staff could continue to obtain such assistance by consulting individual IFRIC members, IASB members and others. The IFRIC public meetings could include an initial discussion of issues raised as potential agenda items.

The issue regarding Agenda Decision notices was whether these should continue to include reasons for not adding an item to the agenda and whether such decisions were authoritative.

The Board's view was that giving reasons served a useful purpose, even though the publication of reasoned agenda decisions tends to encourage requests for guidance at increasingly detailed levels. Constituents seem to welcome the guidance given, although some stressed that the use of the phrase 'the standard is clear' in the wording of the agenda decision could generate a requirement for correction of an error in previous financial statements. The Board asked the IFRIC to be mindful of this concern. The Board noted there may be a need to extend the limited criteria for not taking items onto the agenda but acknowledged that in some cases it might be necessary to state that the standard is clear.

The Board noted that parts of its output, such as the Basis for Conclusions and Implementation Guidance, are not authoritative. Nevertheless, they provide useful guidance, which entities should not ignore. Similarly, a decision taken by the IFRIC after public discussion and consultation would inevitably carry weight in view of the knowledge and expertise of that body.

The IFRIC Chairman will report the Board's views to the Trustees.