



**International
Accounting Standards
Board**

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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

IASB Meeting: 17 July 2007, London (Agenda Paper 2A)

Project: Conceptual Framework

Subject: Phase B: Elements and Recognition – Cover

Introduction & Purpose

1. This series of papers provides an update on the status of Phase B of the Conceptual Framework project, Elements & Recognition. The main objective of the papers is to ask the Boards to confirm the staff's plan to set aside for now the work on the asset and liability definitions, and to focus on other topics in Phase B, such as unit of account, recognition and derecognition. The papers also provide an update of deliberations and consultations on Phase B to date, with a particular emphasis on the definitions of an asset and a liability.

Papers Provided

2. Staff appreciate that Board members have much paper to read and that it has been some time since Board members last deliberated the definitions of an asset and a liability. Accordingly, these papers summarise key aspects of the deliberations to date, while also providing working drafts of the asset and liability definitions and amplifying text as background material for those who might like to refresh their memories on some or all of that material.

[The working draft of the amplifying text supporting the liability definition is omitted from Observer Notes.] Staff do not expect to seek technical decisions at this meeting. Rather, staff are seeking only your confirmation of our plans, as outlined in IASB Agenda Paper 2A.2, FASB Memorandum 59B.

3. Papers provided for this meeting comprise the following:
 - Results of consultations on the definition of an asset (IASB Agenda Paper 2A.1, FASB Memorandum 59A), including in Appendix A, for reference purposes only, the consultation paper on the proposed working definition of an asset.
 - Phase B: Status & Priorities (IASB Agenda Paper 2A.2, FASB Memorandum 59B), including summary of deliberations to date on Phase B and plans to begin consideration of unit of account, recognition and derecognition.
 - [Proposed working definition of a liability is provided in Appendix B to IASB Agenda Paper 2A.2, FASB Memorandum 59B. The amplifying text—provided for reference purposes, only—is omitted from Observer Notes.]
4. Staff had, originally, intended to present papers on these topics at the IASB/FASB joint meeting in April 2007. However, agenda time was unavailable at that meeting. Since then, staff have been dedicating resources to considering the boundary between business risks and liabilities—an issue that is being considered, also, by the IASB in its project on *Liabilities*, which is seeking to improve IAS 37. The Boards have encouraged us to ensure that staff are co-ordinating work between conceptual framework and standards-level projects. Therefore, staff took the opportunity to jointly consider this issue, which needs to be resolved in both the conceptual framework and IAS 37 projects, even though that meant that staff needed to consider it in the timeframe appropriate for the IAS 37 project. Accordingly, only now are staff ready to bring these papers to the Boards.