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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: 20 July 2007, London

Project: Liabilities - amendments to IAS 37

Subject: IAS 37 Redeliberations: cover note (Agenda paper 10)

BACKGROUND

1. In the last six months the Board has discussed some of the most problematic issues associated with the definition of a liability identified at the IAS 37 round-tables:
 - distinguishing a liability from a business risk,
 - stand ready obligations,
 - uncertainty about the existence of a present obligation,
 - lawsuits, and
 - constructive obligations.

2. Last month (as part of the technical plan session) the staff presented the Board with two approaches to moving forward our redeliberations. The first approach is to explore further some of the conceptual questions associated with these issues. The second approach is to take a more pragmatic approach

to resolving the outstanding questions associated with these issues. The staff recommends the second approach.

MEETING OBJECTIVE

3. The objective of this meeting is to take stock of the Board's tentative conclusions on these topics to date, identify unresolved issues and agree on the extent of further work required in the IAS 37 project.
4. The staff has prepared three papers to achieve this objective:
 - 10A: Distinguishing a liability from a business risk (including stand ready obligations)
 - 10B: Uncertainty about the existence of a present obligation (including lawsuits)
 - 10C: Constructive obligations
5. Each paper starts by summarising the proposals in the ED, the feedback received in the comment letters and during other consultative meetings, and the outcome of the Board's redeliberations to date. This is not new information. The reason for re-capping in this paper is two-fold:
 - (i) remind existing Board members of our discussions to date, and
 - (ii) summarise the current status for new Board members and project staff.
6. Agenda paper 10D then summarises the staff recommendations to illustrate how the individual conclusions might come together in a final standard.