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International

Accounting Standards

Board

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

Note: These notes are based on the staff paper prepared for the Council. Paragraph numbers correspond to paragraph numbers used in the Council paper.

INFORMATION FOR OBSERVERS

SAC Meeting: June 2007, London
Project: Business Combinations II
Feedback Statement
(Agenda Paper 7)

Background

1. The IASB is in the process of balloting the revisions to IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements*. The amended standards and supporting education material will then be prepared for publication.
2. As part of the publication process the Board will publish, for the first time, a *Feedback Statement* on the project. This paper describes our intended approach to writing the Feedback Statement and how it will differ from a Basis for Conclusions.
3. The purpose of the Feedback Statement is to provide interested parties with a summary of:
 - (a) the objectives of the project;
 - (b) the due process steps taken;

(c) comment letters received; and

(d) the Board's responses to the comments received.

4. The intention of this statement is to give a more focused, and fuller, account of our consideration of respondents' comments than will be provided in the Basis for Conclusions to IAS 27. To this end, we will structure the Feedback Statement around the questions asked in the exposure draft. In contrast, a basis for conclusions normally follows the structure of the final standard. It is not always easy for readers to reconcile the arguments in the basis for conclusions with the questions asked in the exposure draft.
5. We are designing the Feedback Statement to meet the needs of a wide range of users. This reflects the fact that the sector interests and the backgrounds of respondents to the exposure drafts, and those who prepare and use financial statements prepared in accordance with IFRSs, are diverse. Accordingly, we expect the feedback statement to contain less technical detail than a Basis for Conclusions.
6. The Feedback Statement needs to provide readers with a meaningful analysis of the matters considered by the Board. The difficulty this poses is that the document could easily grow to be several hundred pages in length if the discussion is too detailed. Such a document is likely to be impenetrable to readers, simply because of its size. On the other hand, if the discussion is set at too high a level there is risk that respondents to the exposure draft will not be able to reconcile their comments with the feedback we provide. And worse, if the feedback level is too high some respondents might think that the Board has been dismissive of their comments.

Input from SAC members

7. This is the first time the Board has prepared a feedback statement. We are seeking the views of SAC members on a draft feedback statement for the IAS 27 amendments. We modelled the feedback statements on similar documents that many regulators prepare. A draft outline of the Feedback Statement that will accompany the publication of the amendments to IAS 27

is attached. The draft is by no means complete. Its purpose is to illustrate the style and tone we expect to use, and includes an indicative response to one of the questions asked in the exposure draft of the proposed changes to IAS 27.

8. We are seeking your views on this initial draft to help us finalise our approach to drafting the Feedback Statement. We particularly welcome your views on the following matters:

Tone

Is the general tone of the document appropriate? We have written the document using plain English, in a more direct style than we would generally write a basis for conclusions.

Depth of analysis

Is the type of discussion we have provided in relation to Question 1 of the IAS 27 Exposure Draft pitched at the right level?

Content

Are there any sections that are missing from the draft outline that you would expect to see in a Feedback Statement?