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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:** 21 March 2007, London

**Project:** Annual improvement process

**Topic:** Boundaries of the annual improvements process  
(Agenda Paper 6F)

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1. The paper discusses issues that could be resolved either as editorial corrections or by the annual improvements process.
2. Further, this paper discusses issues relating to the following topics:
  - Introductory paragraph IN 12 of IFRS 4 *Insurance Contracts*
  - Rubric of IAS 19

## **Staff recommendation**

3. The staff recommend that the Board:
  - should deal with these issues in the annual improvements project; and
  - should amend IFRS 4 as proposed in paragraph 12 and IAS 19 as proposed in paragraph 22.

## **Background**

4. The staff have identified two issues that could be made either by the editorial corrections process or the annual improvements process.
5. These issues are within the introduction and implementation guidance sections of IFRS 4 and IAS 19 respectively. Making amendments to these sections does not require normal due process (as due process is required for standards only). However, the staff believe that it is not obvious as to whether these amendments should be made as editorial corrections or as part of the annual improvements process. As such, the staff would like to present two issues to the Board as a 'test case'.
6. The editorial corrections process makes minor changes to standards and guidance for items such as calculation errors, incorrect or outdated references, typographical errors and incorrect or outdated text (of a non-technical nature).
7. The annual improvements process amends standards and guidance to clarify wording or remove inconsistencies. Put another way, the annual improvements process makes amendments that affect how a standard or guidance is interpreted but that are not considered major changes.
8. In the circumstances identified by the staff in this paper (see below) either process could be used. However, the staff believe that the annual improvement process should be used as it results in the amendments being exposed. This creates an increased awareness of the proposals.

9. The staff does not believe that these types of changes should be given unnecessary prominence. Therefore, the staff proposes that changes of this type be listed in an Appendix to the Omnibus Exposure Draft. This way constituents will be able to see and comment on the changes without undue focus being placed on them. The staff does not propose to provide any comments in the Basis for Conclusions for these changes.

## **IFRS 4 – Introductory paragraphs**

### **Background**

10. The staff note that IN 12 to IFRS 4 has not been updated to reflect the subsequent amendments to IFRS 4. This paragraph states:  

Entities should apply the IFRS for annual periods beginning on or after 1 January 2005, but earlier application is encouraged. An insurer need not apply some aspects of the IFRS to comparative information that relates to annual periods beginning before 1 January 2005.
11. The information in this paragraph is covered by IFRS 4 paragraphs 41 and 42-44. This paragraph would need to be amended every time new amendments to IFRS 4 are introduced. Therefore, the staff believe that it should be deleted.

### **Staff recommendations**

12. IFRS 4 should be amended to delete paragraphs IN12.
13. **Does the Board agree?**
14. This amendment should be made through the annual improvements process and included as an Appendix to the Omnibus ED.
15. **Does the Board agree?**

## **IAS 19 – Rubric in Appendix B**

### **Background**

16. Appendix B of IAS 19 provides illustrative disclosures for a variety of employee benefits. The rubric of Appendix B in IAS 19 states that the appendix does not illustrate the disclosure of certain items.
17. The staff note that the list of items not illustrated is incomplete. Disclosures relating to 120A(h) and (i) are not illustrated in Appendix B and are not included in the list. Therefore, the staff believe that the rubric of Appendix B should be updated for completeness.

### **Staff recommendation**

18. IAS 19 should be amended as proposed in paragraph 22.
19. **Does the Board agree?**
20. This amendment should be made through the annual improvements process and included as an Appendix to the Omnibus ED.
21. **Does the Board agree?**

## Drafting

22. The staff recommend that IAS 19 should be amended as follows:

## Appendix B Illustrative disclosures

*This appendix accompanies, but is not part of, IAS 19. Extracts from notes show how the required disclosures may be aggregated in the case of a large multi-national group that provides a variety of employee benefits. These extracts do not necessarily conform with all the disclosure and presentation requirements of IAS 19 and other Standards. In particular, they do not illustrate the disclosure of:*

- (a) *accounting policies for employee benefits (see IAS 1 Presentation of Financial Statements). Paragraph 120A(a) of the Standard requires this disclosure to include the entity's accounting policy for recognising actuarial gains and losses.*
- (b) *a general description of the type of plan (paragraph 120A(b)).*
- (c) *amounts recognised in the statement of recognised income and expense (paragraphs 120A(h) and 120A(i)).*
- ~~(de)~~ *a narrative description of the basis used to determine the overall expected rate of return on assets (paragraph 120A(l)).*
- ~~(e)~~ *employee benefits granted to directors and key management personnel (see IAS 24 Related Party Disclosures).*
- ~~(fe)~~ *share-based employee benefits (see IFRS 2 Share-based Payment).*