



**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: 13 November 2007, London

Project: Conceptual Framework

Subject: Measurement 6B: Measurement Plan Revisions
(Agenda paper 3B)

INTRODUCTION

1. The purpose of this paper is to present a revised plan for the measurement phase of the conceptual framework project from current deliberations through the publication of a preliminary views document.
2. The plan presented below represents a change not only in the projected timeline for the measurement phase but also in the approach to Board deliberations on the remaining measurement issues. These changes are motivated by discussions with Board advisors held in September and October in which Board members encouraged the staff to reconsider its approach to evaluating measurement basis candidates and expedite the completion of the measurement phase.

PLAN CHANGES

Milestone II

3. The staff's original plan for Milestone II of the measurement phase called for a series of Board papers, one for each criterion that the Boards agreed to use to evaluate the measurement basis candidates. (See *Measurement 6A: Milestone I Review Appendix A* for Milestone II issues.) Each of those papers would have included a conceptual discussion of a criterion (such as relevance) and an evaluation of the basis candidates in light of that conceptual discussion. At the end of Milestone II, the staff planned to produce a summary evaluation of the basis candidates, including a tabular display that could be used as a tool by the Boards in Milestone III deliberations.
4. The revised plan focuses on a decision tool that will do more than summarize evaluations of basis candidates. That decision tool will be in the form of a matrix that can be used for both evaluating and ranking the basis candidates in different contexts, such as choosing an ideal basis for the conceptual framework, using a mixture of bases in financial statements, and setting a standard with respect to a particular asset or liability. The staff is currently developing the decision tool and has made its preview the subject of the third November Board paper, *Measurement 6C*.
5. The staff plans to present the completed decision tool in a Board paper accompanied by narrative summary evaluations of each measurement basis candidate. That paper will be supported by additional papers in the form of appendices. Some of those papers will discuss the criteria used to evaluate the basis candidates. Other papers may discuss collateral topics that may help the Boards and constituents understand the staff's evaluations. When the decision tool and supporting material is complete, the staff will present it to the Boards as a package.
6. The collateral topics that the staff may address in the Board package include:
 - a. Accounting assumptions and practices often accepted as measurement principles (such as measurement by imputation from the more readily determinable amount in a transaction)

- b. The meaning of financial position and comprehensive income
- c. The use of current price measurement bases in the statement of comprehensive income.

Milestone III

- 7. The revised plan also affects Milestone III issues. (See the Milestone I Summary Report) The first of those issues, M11, calls for a comparison and possibly a ranking of the basis candidates subsequent to the summary evaluation of the candidates at the end of Milestone II. In the revised plan, that issue is effectively collapsed into the decision tool, which can be used to both evaluate and rank the basis candidates.
- 8. Other Milestone III issues are affected by changes in the plan as well. The issue of using measurement bases for aspects of financial reporting beyond the financial statements (Issue M13) is deferred to Phase E of the conceptual framework project (Presentation and Disclosure, Including Financial Reporting Boundaries). Issues related to the practical implementation of measurement bases (issues M14 and M15) are eliminated from the measurement phase because they are now viewed as questions that the Boards should consider in particular standard-setting projects rather than in the converged framework.
- 9. One issue remains in Milestone III, that of whether one measurement basis should be used for all financial statement purposes or whether different bases should be used for different purposes (issue M13). That issue will be addressed in part in the Board package that includes the completed decision tool. After that package has been deliberated by the Boards, the staff will ask the Boards whether further discussion of issue M13 is needed.

Overall Effect

- 10. The overall effect of the proposed changes to the plan may be summarized as follows:
 - a. The originally planned summary for Milestone II is enhanced as a decision tool that becomes the centerpiece of Milestone II, and the separate Board papers originally planned to lead up to the summary become support for the decision tool and the paper in which it is presented.

- b. Much of Milestone III is cut from the measurement phase and the rest is merged with the Milestone II decision tool and summary.

REVISED TIMETABLE

11. A revised timetable for the measurement phase, through the publication of a preliminary views document, follows. The revision brings forward the projected time of completion of a preliminary views document from the first half of 2009 to the fourth quarter of 2008. The earlier date assumes that additional staff will not be needed to produce a Board package in the indicated timeframe and that Board meetings beyond those shown below will not be needed for Board members to digest the package and achieve the objectives of the measurement phase. Those assumptions could prove false, in which case the timetable would have to be extended.

Date	Meeting Topic or Preliminary Views Document Stage
November 2007	<ul style="list-style-type: none"> • Review of Milestone I • Revised plan for measurement phase • Preview of measurement basis decision tool
February 2008	<ul style="list-style-type: none"> • Measurement basis decision tool and evaluation summary package
March 2008	<ul style="list-style-type: none"> • Issues remaining or arising from February meeting that can be turned around quickly
April 2008	<ul style="list-style-type: none"> • Remaining issues from February meeting
June 2008	<ul style="list-style-type: none"> • Issue M13: One basis for all purposes or different bases for different purposes?
July, August 2008	<ul style="list-style-type: none"> • Staff drafting of preliminary views document
September, October 2008	<ul style="list-style-type: none"> • Pre-ballot draft through post-ballot draft
November/December 2008	<ul style="list-style-type: none"> • Publication of preliminary views document