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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: 23 July 2008, London

Project: Consolidation

Subject: Cover Paper (Agenda paper 14)

- 1 The Board has asked the staff to develop an IFRS to replace IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation—Special Purpose Entities*.
- 2 The consolidation project has become increasingly important because of the current credit crisis. Regulators, among others, are questioning whether the current accounting for securitisation transactions and the type of vehicle sometimes used to facilitate these transactions is appropriate. Regulators have also asked us to assess whether the disclosure requirements related to securitisations, guarantees, special purpose entities and structured investment vehicles are adequate.
- 3 The purpose of this meeting is to seek the Board's input on a staff working draft of a revised consolidation standard that addresses those requests. Based on the Board's comments the staff intends to develop this draft further to a staff paper for round-table sessions later this year and finally to an exposure draft.

- 4 The working draft incorporates all tentative decisions that the Board has made in this project. In addition, the working draft contains some principles that the staff has developed further from the Board's past tentative decisions. The Board will today have the opportunity to comment on all principles incorporated in the working draft.
- 5 The working draft focuses on a revision of the requirements for the consolidated financial statements of the reporting entity. The requirements in IAS 27 for separate financial statements have been carried over into Appendix C of the working draft without further amendments.
- 6 This session will be supplemented by the following:
 - a Agenda paper 14A walks through the working draft;
 - b Agenda paper 14B contains five cases used to test the working draft;
 - c Agenda paper 14C is the working draft.