



**International
Accounting Standards
Board**

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This document is provided as a convenience to observers at the Analyst Representative Group meeting, to assist them in following the discussions. 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 papers prepared for the ARG meeting. Paragraph numbers correspond to paragraph numbers used in the ARG agenda paper.

INFORMATION FOR OBSERVERS

ARG Meeting: June 2008, London

Project: Update on the IASB/FASB joint meeting in April and decisions made regarding the convergence program 2008-2011
(Agenda Paper 1)

Introduction

1. In February 2006 the IASB and the FASB issued a Memorandum of Understanding (MoU) that described a joint work plan to expedite global convergence in accounting standards and established a series of milestones to be reached by 2008.
2. Most of those milestones have now been reached, or are due to be reached during 2008. As a result, there is little remaining guidance on the prioritisation of projects on the FASB and IASB's active agenda in the medium to long term.
3. Several jurisdictions have announced their intention to adopt or converge with IFRSs in the next five years. The chairmen of the IASB and the FASB agreed that the timeline contained within the existing MoU should be updated. Doing so will help to direct the work plan of the two boards through to at least 2011. The two chairmen asked a small team made up of

representatives from the IASB and the FASB to produce a paper on the subject for discussion at the joint board meeting.

Objectives

4. One objective the boards had in mind in establishing a pathway to 2011 is to avoid the possibility that a company adopting IFRS in 2013 would undergo two changes in a relatively short period – the first change being the adoption of IFRS and the second change being a major revision of an IFRS standard. Thus, work completed in 2011 should be designed to **allow** early adoption by those who plan to adopt IFRS for the first time in 2011, but to not **require** adoption until 2013; and would then remain in place for several years; with any changes to IFRS during the 3-year period after 2011 being modest.
5. Achieving a mid-2011 completion goal requires revisions to the scope and objectives of at least some projects. The extent of those revisions will become apparent in the project work plans.
6. The boards are also very conscious that any changes that we can reasonably expect to achieve by 2011 must lead to an improvement in financial reporting sufficient to justify imposing the changes on preparers of financial statements.¹
7. The two boards discussed that paper at their joint meeting in April and accepted the broad principles recommended in it. The boards directed the staff to develop details for consideration in the Technical Plan update session at the board's meeting in June.

Non-MoU Projects

8. All of the active projects on our technical agenda are, by definition, important. Otherwise, they would not be there. All non-MoU projects, with the exception of common control, are therefore operating as normal. The staff on the common control project have been moved onto the consolidation project in the short term. We expect to continue work on common control early in 2009.

¹ I assume that any changes will assist users, rather than be an imposition.

9. We will continue to support all of the projects on the agenda. We have been concerned to hear stories that we are suspending non-MoU projects. This is simply not true.

June Technical Planning

10. At its meeting this week, the board will be discussing its work plan, covering all projects (with the exception of impairment and intangible assets) that are on the active agenda and the research agenda of the IASB. The purpose of the work plan is to focus the agenda, and thereby the work of the IASB board and staff.
11. The timetable the board will be discussing is very demanding. We also know that some projects are likely to experience difficulties that we have not identified in the individual plans; it's just that we do not know which projects will be affected. In the past our projects have been delayed by many factors, including staff turnover, scope creep, unexpected technical issues, longer than anticipated resolution of technical issues, unanticipated lack of constituent support and board turnover.
12. The directors and staff at the IASB, FASB and other standard setters have invested a considerable amount of time in developing the work plan over the past two months. This reflects some changes in the way we intend to operate, to ensure that we are able to respond and cope with factors that are likely to create a timing risk in the projects.

Revised work plan

13. We will be posting a revised work plan onto the IASB website after the board has discussed the technical plan. You will be sent a copy of that work plan as soon as it is available.
14. After the technical plan discussion all staff will be updating their project plans. Board members and staff who are at the ARG meeting will be able to answer questions about the technical plan discussions.