



30 Cannon Street, London EC4M 6XH, United Kingdom
Phone: +44 (0)20 7246 6410 Fax: +44 (0)20 7246 6411
Email: iasb@iasb.org Website: <http://www.iasb.org>

**International
Accounting Standards
Board**

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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: **September 2008, London**

Project: **IFRS for Private Entities (formerly IFRS for SMEs)**

Subject: **Redeliberation – Issues Relating to Disclosure
(including Working Group recommendations)
Agenda Paper 6B)**

1. For the September 2008 Board meeting, the private entity agenda papers are organised as follows:
 - **Agenda Paper 6** – Overview
 - **Agenda Paper 6A** – Issues Relating to Exposure Draft (ED) Sections 28-38
 - **Agenda Paper 6B** – Issues Relating to Disclosure, including Working Group (WG) recommendations
2. This agenda paper (Agenda Paper 6B) contains the issues about disclosures that arose in comment letters on the ED and in field tests of the ED, and related staff recommendations. Agenda Paper 6B is based on the report of the views and recommendations of the WG members on disclosure issues.
3. Agenda Paper 6B comprises this cover sheet and an Attachment. The Attachment is Agenda Paper 8B from the July 2008 Board meeting, presented exactly as it was for the July 2008 Board meeting except for four amendments, affecting three of the staff recommendations, which were deemed necessary primarily due to decisions made at the July 2008 Board meeting. No changes have been made to the WG's recommendations. This cover sheet sets out those four amendments below. As these four amendments are the only changes made to July Agenda Paper 8B, for September Board members may wish to use their Agenda Paper 8B from the July meeting. If July Agenda Paper 8B is used, Board members will

only need to refer to the Attachment to September Agenda Paper 6B (this paper) when the three amended staff recommendation are discussed.

4. The following amendments to July Agenda Paper 8B affect the staff recommendations and have been reflected in the Attachment to this agenda paper (note: each staff recommendation has an individual question number):
- **Question 18 (ED paragraph 10.12).** The WG recommend that an “undue cost or effort” principle is added to “practicable” for the restatement required under ED paragraph 10.12. In Agenda Paper 8B for the July 2008 Board meeting, staff supported this part of the WG recommendation. However, this is inconsistent with the staff recommendations for ED paragraphs 10.16 and 10.17 (Question 19) and is inconsistent with the Board’s May 2008 decision on this issue. Therefore the staff recommendation in Question 18 has been amended to propose that such an “undue cost or effort” principle is not added to ED paragraph 10.12.
 - **Question 30 (ED paragraph 13.7(b)).** ED paragraph 13.7(b) requires an investor in an associate to disclose “the fair value of investments in associates for which there are published price quotations”. In Agenda Paper 8B for the July 2008 meeting, the staff supported the WG recommendation to delete 13.7(b). At the July 2008 Board meeting, the Board decided that the cost model should not be allowed for associates for which there are published price quotations. Due to this decision, staff now propose retaining the disclosure in ED paragraph 13.7(b) as staff feel it would be inconsistent to make an accounting policy distinction for investments with quoted prices and then not require this disclosure, particularly since an investor would still be able to apply the equity method for such quoted investments. Staff note that this disclosure will only rarely impact entities as most private entities will not have associates with published price quotations and the requirement in paragraph 13.7(b) is consistent with IAS 28.37(a). Staff also note that paragraph 11.11(a) in Section 11 *Financial Assets and Financial Liabilities* requires investments in equity instruments with published price quotations to be measured at fair value through profit or loss. Since investments in associates are excluded from Section 11, requiring disclosure of the fair value of investments in associates for which there are published price quotations would be consistent with paragraph 11.11(a).
 - **Question 34 (ED paragraph 17.33(a)).** Staff have not amended their overall recommendation in Question 34. However, a few additional comments have been added to acknowledge the Board’s decision to reject an amortisation approach for indefinite life intangibles and to also provide additional support for not adding back the disclosures in ED paragraph 17.33(a). 17.33(a) requires the following disclosure for indefinite life intangibles - “the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life. In giving these reasons, the entity shall describe the factor(s) that played a significant role in determining that the asset has an indefinite useful life”. Staff feel that private entities may use boilerplate language for the disclosures under 17.33(a) and also that the information requested by 17.33(a) is not necessary for users of private entity financial statements. All users really

need to know in this regard for each class of intangible asset is whether the useful lives are indefinite or finite. This is provided by 17.32(a).

5. **ED paragraph 23.6.** The only other amendment made to July Agenda Paper 8B was to add a staff note to acknowledge the fact that the Board's July decision to remove the option in the ED to apply IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* for those government grants not related to assets measured at fair value through profit or loss would result in ED paragraph 23.6(a) being obsolete (and hence it should be deleted). This does not affect any of the staff recommendations.