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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: February 2009, London

Project: Derecognition of Financial Assets and Liabilities

Subject: Cover Note (Agenda paper 2)

1. This paper:
 - a. summarises progress to date;
 - b. summarises the papers for the February meeting; and
 - c. outlines the structure of the Board sessions.

Progress to date

2. At the October 2008 meetings, the staff presented a proposed derecognition principle for financial assets and two approaches to applying the derecognition

- principle in practice. The Board asked the staff to develop both approaches and asked the staff to address some issues relating to the proposed approaches.
3. At subsequent meetings, the Board discussed and reached preliminary conclusions on all but one of those issues. The remaining issue is the disclosure package to accompany each of the two approaches. Those sets of disclosures are included (in summary form) in Agenda Papers 2A, 2B and in detail in paper 2C.
 4. **The Board is committed to issuing an exposure draft by the end of March 2009. If the Board is unable to reach decisions at this meeting, that timetable will be delayed.**

Papers for this meeting

5. The papers for this meeting are:
 - a. **Agenda Paper 2A** – This paper provides a summary of Approach 1, including
 - (a) the corresponding flowchart;
 - (b) tentative decisions made by the Board at previous meetings in relation to Approach 1; and
 - (c) a summary of the disclosures to go with that approach.
 - b. **Agenda Paper 2B** – This paper follows the same structure as Agenda Paper 2A but focuses on Approach 2. The paper also applies Approach 1 and Approach 2 to some less complex transactions (those which the staff discussed with the Board throughout this project).
 - c. **Agenda Paper 2C** – This paper provides the full disclosure requirements to go with the proposed approaches. The disclosure requirements are presented as one package and the paper specifies how and whether those requirements apply to Approach 1, Approach 2 or both.
 - d. **Agenda Paper 2CA** – This paper illustrates some of the quantitative disclosures proposed in Paper 2C.

- e. **Agenda Paper 2D** – This paper summarises some issues that we observed when we developed Paper 2E.
 - f. **Agenda Paper 2E** - This paper applies Approach 1 and Approach 2 to some more complicated transactions than those previously discussed. This paper also shows how the two approaches would interact with the proposed consolidation model in the exposure draft *ED10 Consolidated Financial Statements*.
6. **It is not the intention of the staff to discuss Papers 2D or 2E (or Appendices 2 and 3 of Paper 2B) in detail at the meetings. If Board members do not understand or have questions on these papers, please ensure you contact the staff before the meeting.**

Structure of the Board sessions

7. The Board will discuss derecognition at two separate sessions. The objectives of each session are:
- a. **Session 1** – To discuss the two approaches (as described in Agenda Papers 2A and 2B) and ask the Board to vote for one of the proposed approaches.
 - b. **Session 2** – To discuss the detailed disclosures proposed in Agenda Paper 2C (this discussion will focus mainly on the approach chosen at the first session).