



**International
Accounting Standards
Board**

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

This document is provided as a convenience to observers at the Global Preparers Forum 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 GPF meeting. Paragraph numbers correspond to paragraph numbers used in the GPF agenda paper.

INFORMATION FOR OBSERVERS

GPF Meeting: March 2009, London

***Project: IASB response to the financial crisis
(Agenda Paper 2)***

<http://www.iasb.org/About+Us/About+the+IASB/Response+to+the+credit+crisis.htm>

The International Accounting Standards Board (IASB) is reviewing accounting issues emerging from the global financial crisis, including those identified by the G20 and other international bodies such as the **Financial Stability Forum (FSF)**. Committed to a global approach, the IASB is working closely with the **US Financial Accounting Standards Board**.

[View an overview of how the IASC Foundation and the IASB responded to the G20 conclusions](#) (last update December 2008)

[View the timeline for an overview of the latest measures taken by the IASB in response to the financial crisis](#) (last update 24 March 2009)

View an overview of the IASB activities related to the crisis below (last update 24 March 2009)

IASB activities relating to the crisis

Financial Crisis Advisory Group

Objective : The high level **advisory group** set up by the IASB and FASB will consider financial reporting issues arising from the global financial crisis. Results will feed into the work of related projects and additional measures may be undertaken.

[Click here](#) to view the Financial Crisis Advisory Group pages

Public round tables

Objective: Identify financial reporting issues highlighted by the global financial crisis.

Progress so far:

The IASB and US FASB jointly held three public round tables in **London**, Norwalk and **Tokyo** to identify any accounting issues that might require the urgent and immediate attention of the boards.

The round tables took place in November and December 2008 – [click here for the IASB's discussion of a summary of the round tables](#) [Zip].

For **measures undertaken in response to the round tables**, [click here](#). (Includes link to Q&As on accounting for some collateralised debt obligations (CDOs))

Accounting for off-balance sheet vehicles

Relevant project 1: Consolidation

Issue: Some entities may not have accounted for all other entities they control, especially some special purpose entities (SPEs) used for securitisation transactions.

What are we doing: The IASB has accelerated this project, which it started before the global financial crisis. It is looking to:

tighten up the definition of control so that entities account for all other entities that they control.

review how the control notion applies to structured entities (such as SPEs).

improve disclosure requirements for entities that rightly remain off balance sheet.

Progress so far:

In March 2009 the comment period ended for the **exposure draft of a proposed standard** that was published in December 2008.

In May 2009 the IASB expects to start deliberations on the feedback received.

The IASB is planning to hold public round tables to obtain further input on both the consolidation and the derecognition project.

[Click here to view the project page.](#)

Relevant project 2: Derecognition

Issue: Some entities may have stopped accounting for assets they still control. This gives

readers an incomplete picture. Users also require more information on an entity's risk exposure related to assets that are rightly off balance sheet.

What we are doing: The IASB has accelerated this project, which it started before the financial crisis. It is looking to review and clarify when entities should stop accounting for assets transferred to other entities and is reviewing the disclosure requirements.

Progress so far:

In March 2009 the IASB expects to publish an exposure draft of a proposed standard.

The IASB is planning to hold public round tables to obtain further input on both the consolidation and the derecognition project.

[Click here to view the project page.](#)

Disclosures

Relevant project: IFRS 7

Issue: Users of financial statements may need further information on how entities estimated the fair value of their financial instruments when there are only limited market data to support those estimates. In addition, existing disclosure requirements for liquidity risk do not focus on essentials (issue identified by the round tables).

What we are doing:

Improving disclosures about fair value measurements of financial instruments and about liquidity risk.

Improving disclosures about investments in debt instruments.

Progress so far:

In March 2009 the IASB published **improvements to the disclosure requirements** about fair value measurements and reinforced existing principles for disclosures about the liquidity risk associated with financial instruments. An **exposure draft of the amendments** was published on 15 October 2008.

In January 2009 the Board decided not to proceed with **proposals on changes to the disclosures about investments in debt instruments** published in December 2008. The decision responds to feedback received on the exposure draft.

Fair value

Relevant measure: Expert Advisory Panel

Issue: The financial crisis has raised concerns that it may be difficult to estimate fair value in illiquid markets.

What we are doing: The IASB created an external **Expert Advisory Panel** in May 2008 to consider issues relating to measuring fair value in illiquid markets. The panel met seven times.

Progress so far:

In October 2008 the IASB published **educational guidance** reflecting the outcome of the panel meetings.

Discussions at the panel meetings have also generated input for related projects, ie **Fair Value Measurement** and **Financial Instruments / IAS 39**.

Relevant project 1: Fair Value Measurement

Issue: Guidance on how to measure fair value is dispersed across standards and in some cases inconsistent. This **project** was on the Board's agenda before the financial crisis.

What are we doing: Creating a single standard clarifying how to measure fair value where existing standards require or permit fair value.

Progress so far:

In March 2009 **the IASB published a request for views on proposals from the US FASB** for amendments on fair value measurement. Based on the feedback received, the Board will decide whether to publish the FASB proposals formally.

The project will take into consideration the outcome of the **Financial Crisis Advisory Group** (FCAG) and other input received through round tables and further public consultation.

Publication of the exposure draft is expected for Q2 2009.

[Click here to view the project page.](#)

Relevant project 2: Financial Instruments / IAS 39

Issue: The standard deals with the recognition and measurement of financial instruments. The existing standard is complex and does not always produce the most useful information.

What are we doing: This is a **long-term project to replace IAS 39** with the objective of reducing its complexity and producing more relevant and reliable information for users. However, in response to the crisis the project will take into consideration possible results of the FCAG.

Progress so far:

In October 2008 the IASB issued amendments to IAS 39 to **permit the reclassification of certain financial instruments** in specified cases

In March 2009 the **IASB clarified the accounting treatment for embedded derivatives for entities that make use of the reclassification amendment** issued by the IASB in October 2008.

[Click here to view the project page.](#)