



**30 Cannon Street, London EC4M 6XH, United Kingdom**

**Phone: +44 (0)20 7246 6410 Fax: +44 (0)20 7246 6411**

**Email: [iasb@iasb.org](mailto:iasb@iasb.org) Website: <http://www.iasb.org>**

**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:**        **March 2009, London**

**Project:**                **Annual Improvements Project**

**Subject:**                **Cover Note (Agenda Paper 10)**

---

#### **March Board Meeting Agenda Papers**

1. During the March 2009 Board meeting, the staff will present three agenda papers related to the Annual Improvements project. The papers include the staff's analysis of comments received and proposals for the final amendments. If the Board approves the proposed amendments at this meeting, the staff will include all three issues in the final *Improvements to IFRSs* planned to be issued in April 2009. .
2. Two issues were exposed for comment in the exposure draft of *Post-implementation Revisions to IFRIC Interpretations – Proposed amendments to IFRIC 9 and IFRIC 16* issued in January 2009.

- 10A** IFRIC 9 *Reassessment of Embedded Derivatives* – Scope of IFRS 3 (as revised in 2008)
- 10B** IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* – Amendment to the restriction on the entity that can hold hedging instruments
3. One issue was exposed for comment in the August 2008 Annual Improvements Exposure Draft .
- 10C** IAS 39 *Financial Instruments: Recognition and Measurement* – Scope exemption for business combination contracts

### **Technical Plan/ Status Update**

4. 2006-2008 Cycle (ED issued in October 2007, Final issued May 2008)
- a) ED issued October 2007 included 41 issues (covering 25 standards)
  - b) 34 of the 41 issues were resolved in the Final issued May 2008
  - c) 1 issue resolved in November 2008 through the issuance of revised IFRS 1
  - d) 2 issues were incorporated into other Board projects
  - e) 3 issues have been finalised and will be included in the final Improvements to IFRSs planned to be issued in April 2009, and
  - f) 1 issue remains outstanding on IAS 1 *Presentation of Financial Statements* dealing with the ‘Statement of compliance with IFRSs’.
5. 2007-2009 Cycle (ED issued August 2008, Final planned to be issued April 2009)
- a) ED issued in August 2008 included 12 issues (covering 8 standards)
  - b) 9 of the 12 issues were resolved in the January and February 2009 Board meetings
  - c) 1 issue is being presented at this meeting (agenda paper 10C)
  - d) 2 new issues on IFRIC 9 and IFRIC 16 were exposed for public comment in January 2009 and will be presented at this meeting (agenda papers 10A and 10B), and
  - e) The final *Improvements to IFRSs* is planned to be issued in April 2009 and will include 15 amendments (covering 12 standards) — the items described in paragraphs 4e, 5b, 5c and 5d.

6. 2008-2010 Cycle (ED planned to be issued in August 2009)
  - a) To date, the Board has approved 4 issues to be included in the forthcoming ED.
  - b) Implementation issues arising from IFRS 3 (revised) and IAS 27 are being analysed separately to determine what, if any, action might be needed. If as a result of the analysis we conclude that revisions to the standards are needed, we plan to present them to the Board at the May meeting.
  - c) A few other issues have been identified and are being analysed. In addition, some issues being considered by the IFRIC at its March meeting might be referred to the Board for resolution in this project.

7. Outstanding issue from 2007 ED

The only remaining issue from the 2007 ED relates to the proposed amendment to IAS 1 to require specific disclosures regarding the basis of presentation of an entity's financial statements. The disclosure would have been required when an entity mentioned IFRS in describing its basis or presentation but did not include the explicit and unreserved statement of compliance required by that standard.

8. The Board worked with the International Auditing and Assurance Standards Board (IAASB) to develop the proposed amendment and was responding to concerns of various regulators regarding the apparent development of local versions of IFRS whose nuances would not be clear to financial statement users.
9. The staff recommends that the Board not proceed with this proposal for the following reasons:
  - a) The IAASB has finalised its related standard without referring to the disclosure that would have been required by the amendment.
  - b) In February 2008 IOSCO's Technical Committee issued recommendations that all its members require clear descriptions of the basis on which financial statements are prepared (copy of the statement is attached as an appendix to this paper).

- c) The proposal was not supported by a majority of respondents for various reasons. The most important was that acknowledging in the standards themselves the possibility the entities might not fully comply with IFRS as issued by the IASB weakened the requirement for an explicit and unreserved statement of compliance. In addition, many respondents believed that this was a compliance rather than standards issue. As such it should be dealt with by auditors and regulators rather than the Board. The subsequent actions of these groups is noted above.

#### **10. Question for the Board**

Does the Board agree with the staff recommendation? If not, how would the Board like to proceed?