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Project	<b>Financial Instruments: Amortised Cost and Impairment</b>
Topic	<b>Cover Paper</b>

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## Background

1. In November 2009 the Board published the exposure draft *Financial Instruments: Amortised Cost and Impairment* (the ED). The 8-month comment period ended on 30 June 2010.
2. At its July 2010 meeting, the Board discussed:
  - (a) a high-level summary of the main themes identified from the staff's initial analysis of comment letters; and
  - (b) a summary of the feedback received during the Expert Advisory Panel (EAP) meetings prepared by the IASB team of participating Board members and staff.
3. At its 3 August 2010 meeting, the staff presented the Board with a diagram setting out the key features and variations of and expected losses (EL) approach (see Appendix A of agenda paper 1B for the diagram). Each of the layers of the diagram were discussed with the Board in order to provide information on the interaction of the variations of the key features and suggestions received from respondents to the ED and outreach activities including the EAP.

## This meeting

4. At this meeting, the following papers will be discussed:
  - (a) agenda paper 1A: User feedback summary;

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This paper has been prepared by the technical staff of the IFRS Foundation for discussion at a public meeting of the IASB. The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IASB.

Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRS Interpretations Committee or the IASB can make such a determination.

The tentative decisions made by the IASB at its public meetings are reported in IASB *Update*. Official pronouncements of the IASB, including Discussion Papers, Exposure Drafts, IFRSs and Interpretations are published only after it has completed its full due process, including appropriate public consultation and formal voting procedures.

IASB Staff paper

- (b) agenda paper 1B: General approach for redeliberations;
  - (c) agenda paper 1C: Impairment objective and approach; and
  - (d) agenda paper 1D: Outlook period and conditions for expected loss measurement.
5. Agenda paper 1A discusses the feedback received from the comment letters submitted by users. In addition, it also discusses the feedback received from the targeted outreach with users of financial statements including meetings and a web-based user questionnaire.
  6. Agenda paper 1B outlines the general approach for redeliberations using the diagram presented at the 3 August meeting as a roadmap.
  7. Agenda paper 1C lays out the objective of amortised cost and addresses the comments received on whether to use an expected loss approach or a different approach (ie, fair-value based approach, incurred loss approach or IAS 36 based approach).
  8. Agenda paper 1D will only be discussed if the Board agrees with the staff recommendation in agenda paper 1C. Agenda paper 1D addresses what should be included in an expected loss approach. Specifically, the paper addresses:
    - (a) the outlook period for expected losses; and
    - (b) what conditions should be considered when measuring expected losses.
  9. Agenda papers 1A and 1B do not ask the Board for any decisions. Agenda papers 1C and 1D ask the Board for decisions.