IASB Update

From the International Accounting Standards Board

3 August 2010

Welcome to IASB Update

This IASB Update is a staff summary of the tentative decisions reached by the Board at a public meeting. As a project progresses, the Board can, and sometimes does, modify its earlier tentative decisions. Tentative decisions do not change existing requirements until those decisions are incorporated in a new or amended standard.

The International Accounting Standards Board met in London on 3 August 2010. The topics discussed were:

- Amortised cost and impairment
- Hedge accounting: hedge effectiveness testing
- Hedge accounting: eligible hedged items

Amortised cost and impairment

At this meeting, the Board continued its redeliberations on phase II of the project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. The Board discussed an overview of key elements of an impairment model taking into consideration input from comment letters and outreach activities.

At this meeting, the Board discussed:

- the different types of credit loss that could be used, including different outlook periods regarding expected loss; and
- the key features of an expected loss model regarding when to recognise credit losses, possible variations and the interaction between each of the key features based on a lifetime expected loss approach.

No decisions were made.

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Future Board meetings

The IASB meets at least once a month for up to five days.

The next Board meetings in 2010 are:

24 August
13 - 17 September
18 - 22 October

To see all Board meetings for 2010, **click here**.

Archive of IASB Update Newsletter

Click here for archived copies of past issues of IASB Update on the IASB website.

Podcast summaries

To listen to a short Board meeting audio summary (podcast) of previous Board meetings, **click here**.

Hedge accounting: hedge effectiveness testing

At this meeting the Board continued its discussions of hedge effectiveness testing (ie whether a hedging relationship qualifies for hedge accounting). The Board discussed a staff paper summarising the different approaches and elements for an effectiveness test.

No decisions were made.

Hedge accounting: eligible hedged items

At this meeting the Board discussed whether part of an existing item (eg part of a firm commitment or a debt instrument, etc) could be identified as a portion or 'layer' of an entire item for the purpose of designation as a hedged item.

The Board considered specific examples. For the type of examples presented, the Board tentatively decided that when an entity's risk management strategy is to hedge a portion or 'layer' of an entire item, any hedge designation for accounting purposes must be on the same basis.

ISSN 1474-2675