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Decisions become final only after completion of a formal ballot to issue a Standard or Interpretation or to publish an Exposure Draft.

The International Accounting Standards Board met in London on 17 – 20 April, when it discussed:

- Business Combinations
- IAS 37 redeliberations
- Conceptual framework
- Financial instruments
- Financial instruments puttable at fair value and obligations arising on liquidation
- Discontinued operations
- Post-employment benefits
- Annual improvements process
- Short-term convergence: income taxes
- Short-term convergence: joint ventures

The IASB also met with the Financial Accounting Standards Board in a joint meeting on 23 and 24 April, where they discussed:

- Business Combinations
- Leases
- Conceptual framework
- Liabilities and Equity
- Intangible assets

Business Combinations

Non-controlling interests

At its meeting in March 2007 the Board tentatively decided to require an acquirer to measure non-controlling interests (NCI) at fair value unless to do so would impose undue cost or effort on the acquirer. Initial feedback from constituents and staff research indicated that it is unlikely that the term undue cost or effort would be applied consistently. The Board tentatively decided, given these concerns, to permit an acquirer to measure NCI either at fair value or at its

proportionate interest in the fair value of the acquiree's identifiable net assets, on a transaction-by-transaction basis.

It was clear that providing a measurement option was not the first preference of most Board members. However, the Board accepted that providing an option was the only viable way of achieving support for the package of changes and preserving the other significant improvements to financial reporting developed in this project.

The Board also acknowledged that this might be an area on which IFRSs and US GAAP could not converge. The measurement of NCI had already been identified as a sweep issue for discussion at the IASB-FASB joint meeting, when both boards would be given the opportunity to affirm their decisions. The outcome of those discussions is included in the summary of the joint meeting.

Measurement attribute in a business combination

At their joint meeting in October 2006, the IASB and the FASB discussed the measurement attribute in a business combination. With the publication of SFAS 157 *Fair Value Measurements*, and given that the IASB's Fair Value Measurements project is still in progress, IFRSs and US GAAP currently have different definitions of fair value.

Both boards had asked the staff to develop an understanding of how the different definitions of fair value might affect the valuation of assets acquired and liabilities assumed in a business combination. To do this, the staff developed a case study of a hypothetical business combination and assembled a working group of valuation professionals familiar with making valuations for both IFRS and US GAAP purposes. The working group responded that in most circumstances they would use the same models, inputs and methodologies under IFRSs and US GAAP. However, in some areas differences in fair value might arise.

On the basis of the results of the case study, the Board affirmed that fair value is the measurement attribute in a business combination and that the IFRS 3 definition of fair value (ie the amount

for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction) should be retained in the revised business combinations standard.

In making this decision, the Board observed that in a business combination fair value measurements under IFRSs and US GAAP will be consistent in virtually all cases, and any differences are unlikely to affect how users view a business combination. Such differences should be addressed as part of the Fair Value Measurements project.

Some of the differences arise because the IASB and the FASB use different words to articulate similar concepts in IFRSs and US GAAP, respectively. For clarity, the Board asked the staff to include a discussion of those concepts in the application guidance or basis for conclusions of the revised business combinations standard.

Classification and designation of assets, liabilities and equity instruments acquired or assumed in a business combination

The IASB has received requests to provide guidance on whether, and in what circumstances, a business combination triggers a reassessment of the acquiree's classification or designation of assets, liabilities and equity instruments acquired or assumed in a business combination. In February, the Board asked the staff to develop a principle that could be included in the business combinations standard.

(continued)

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Business Combinations (continued)

The staff presented a proposed principle and explained the consequences of applying the principle to the:

- classification of leases, insurance contracts, assets held for sale and financial instruments (eg as held-to-maturity, available-for-sale or fair value through profit or loss);
- separation of embedded derivatives from the host; and
- continuation of the designation of a hedging relationship.

While indicating that it supported the approach suggested by the staff, the Board did not make a final decision because the staff reported that the FASB did not support the inclusion of the proposed principle. The FASB instead preferred to affirm the guidance in other US standards for classification or designation or, if no guidance exists, to affirm the accounting that is typical in US practice. The difference in the approach would mean that the accounting for embedded derivatives acquired or assumed as part of a business combination would not converge. The staff noted that this matter would be added to the sweep issues to be discussed at the joint meeting. The outcome of those discussions is included in the summary of the joint meeting.

Effective date

The Board tentatively decided that the revised business combinations standard and the revised IAS 27 *Consolidated and Separate Financial Statements* should be applied at the same date and should be effective for annual reporting periods beginning on or after 1 January 2009. Earlier application will be permitted. If the revised standards are applied before their effective dates, that fact should be disclosed.

Disclosures

The Board tentatively affirmed the proposed disclosures in the business combinations exposure draft with some minor clarifications and improvements based on decisions made during its redeliberations. The Board also tentatively decided to retain the existing disclosures in IFRS 3 related to items currently described as contingent assets and contingent liabilities with the following improvements:

- If a contingent liability cannot be measured reliably, the acquirer should disclose the reasons that the contingent liability cannot be measured reliably. The acquirer should also disclose the information in paragraph 86 of IAS 37 regardless of whether the possibility of any outflow is remote.
- If a contingent asset that meets the definition of an asset in the *Framework* cannot be measured reliably, the acquirer should disclose the reasons that the contingent asset cannot be measured reliably. The acquirer should also disclose the information required in paragraph 89 of IAS 37 regardless of whether the inflow of economic benefits is probable.

Insurance contracts

The Board discussed the accounting for insurance contracts acquired in a business combination. The Board tentatively decided that insurers should continue to apply IFRS 4 *Insurance Contracts* to insurance contracts acquired in a business combination and the revised business combination standard would not introduce any additional requirements.

Replacement share-based payment awards

The Board discussed the accounting for acquirer share-based payment awards exchanged for awards held by the employees of the acquiree (replacement awards) and tentatively decided:

- to modify the guidance in the exposure draft to require that excess fair value in the acquirer's replacement award over the acquiree's award should be recognised over the post-combination vesting period of the acquirer's replacement award along with any portion of the award attributable to future services.
- to clarify the guidance in the exposure draft related to the allocation of the remaining fair value (ie after considering any excess fair value) of the acquirer award between consideration transferred in the business combination and post-combination compensation cost by revising the description of the calculation of amounts attributable to past services. The requirements would be applicable to all share-based payments within the scope of IFRS 2 *Share-based Payment*.
- to require a forfeiture estimate to be included in the fair value of unvested awards that represent consideration transferred in a business combination.
- to affirm the guidance in the exposure draft that post-combination forfeitures of awards regarded as consideration transferred in the business combination do not affect the purchase price. In other words, all changes in post-combination forfeiture estimates should be accounted for as adjustments to compensation cost in the periods in which the change in estimate occurs.
- the requirements for the post-combination effects of replacement share-based payment awards would be applicable to all share-based payments within the scope of IFRS 2.
- the income tax effects related to replacement share-based payments awards in a business combination should be consistent with the requirements in IAS 12 *Income Taxes*. The staff will consider the implications of this tentative decision.

IAS 37 redeliberations

At the IAS 37 round-tables in November and December 2006 participants commented that it is particularly difficult to apply the Board's tentative conclusions in this project to lawsuits. This is because lawsuits often combine uncertainty about the existence of a present obligation with uncertainty about the amount of economic benefits that will be required to settle the obligation. Also, there are sensitivities that restrict the amount of information about individual lawsuits that an entity can disclose in the notes to its financial statements without prejudicing its position.

In the light of these comments, the Board decided to seek further input from the legal profession. At this meeting, three representatives from the General Counsel 100 Group (GC100) provided the Board with insights into how commercial legal teams address uncertainties associated with lawsuits. The Board and the GC100 representatives also discussed the practical difficulties an entity and its legal advisers might encounter in applying the Board's tentative conclusions to lawsuits. The meeting was for information only and no decisions were made.

Conceptual framework

The Board began its redeliberation of the discussion paper *Preliminary Views on an Improved Conceptual Framework for Financial Reporting: The Objective of Financial Reporting and Qualitative Characteristics of Decision-useful Financial Reporting Information*. The Board discussed issues related to the qualitative characteristics and tentatively decided:

- to retain faithful representation as a necessary qualitative characteristic.
- to separate verifiability from faithful representation and describe it as an enhancing qualitative characteristic, rather than a component of a necessary qualitative characteristic.
- to clarify the description of faithful representation to make clear that faithful representation requires the economic substance of the underlying phenomenon to be portrayed regardless of its form and that neutrality and completeness are necessary but not sufficient to achieve faithful representation.
- to clarify the distinction between necessary and enhancing qualitative characteristics.
- to clarify the discussion of understandability to link it more clearly to the primary user group identified in chapter 1 of the discussion paper.
- to affirm its decision that conservatism is incompatible with neutrality and therefore is not a component of faithful representation.

The Board asked the staff to consider whether timeliness should be removed as a component of relevance and be classified as either an enhancing qualitative characteristic or as a constraint of financial reporting.

The Board also discussed issues related to the conceptual framework in general. It affirmed its decision to consider the applicability of the framework to not-for-profit organisations in a separate and later part of the project. It also directed the staff that, in drafting due process documents, they should, when feasible, continue to use terms that are compatible with the range of entities that compose the IASB and FASB constituencies and to which the converged framework would apply.

Financial instruments

At their joint meeting in April 2006, the IASB and the Financial Accounting Standards Board agreed on a goal of publishing a due process document on financial instruments (as envisaged in their Memorandum of Understanding) by January 2008. The boards agreed that this document would, as far as possible, include the preliminary views of each board.

At previous meetings, the Board discussed an accounting model that would achieve the long-term objective of requiring all financial instruments to be measured at fair value, with realised and unrealised gains and losses recognised in the period in which they occur (the 'fair value' model).

At its meeting in March 2007, the Board considered two approaches to moving towards the fair value model and reducing the complexity of existing requirements that will be discussed in the due process document. The two approaches were:

- developing an exposure draft of the fair value model; and

- developing and implementing one or more interim steps before requiring the fair value model.

At this meeting, the Board focused on how to illustrate the interim steps approach in the due process document. The Board considered an approach to developing possible examples of a next interim step. With the aim of reducing the complexity of existing requirements on financial instruments, the approach discussed by the Board suggested starting with one measurement principle, ie the fair value measurement principle, and then possibly making exceptions to that principle.

The Board discussed some possible exceptions to such a principle, and the consequences of (and complexity arising from) those exceptions.

The Board reached no preliminary views at this meeting.

Financial instruments puttable at fair value and obligations arising on liquidation

The comment period on the exposure draft *Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation* ended in October 2006. An analysis of the 87 comment letters received was presented to the Board at its meeting in January.

At this meeting the Board considered the next steps to be taken. The staff proposed maintaining the scope of the exposure draft: this would avoid the need for possible re-exposure and allow the amendment to be finalised as soon as possible.

In addition, the staff proposed researching other instruments, not addressed by the exposure draft, about which respondents had expressed concern. This research would be aimed at:

- understanding the characteristics of the instruments and entity structures
- considering whether further exceptions to the principles of IAS 32 are required
- considering whether the treatment of these instruments would be best addressed in the long-term project on liabilities and equity.

The Board agreed with the staff's proposals.

Discontinued operations

At its meeting in January 2007 the Board tentatively decided that the definition of a discontinued operation should be based on the operating segment notion, as provided by IFRS 8 *Operating Segments* and SFAS 131 *Disclosures about Segments of an Enterprise and Related Information*. After that meeting, a number of constituents had urged both boards to proceed separately with this part of their joint project on Financial Statement Presentation because adopting the new converged definition would relieve some important practice problems. At this meeting the Board discussed the next steps that the IASB and FASB should take on the disclosure of discontinued operations.

The Board decided to address this and any related disclosure issues jointly with the FASB, separately from the Financial Statement Presentation project, so that the change can be accelerated.

Post-employment benefits

The Board continued its discussion of the presentation of components of post-employment defined benefit plans.

The Board considered what the presentation of gains and losses on settlements and curtailments of defined benefit promises should be in each of the approaches discussed in March 2007. These approaches are:

- 1: all gains and losses presented in profit or loss
- 2: financing items presented outside profit or loss
- 3: remeasurement changes presented outside profit or loss.

The Board tentatively decided that:

- (a) the gain or loss on a settlement or curtailment should be recognized when the settlement or curtailment occurs.
- (b) a curtailment gain or loss is a service cost. Therefore, in all three approaches it would be presented in profit or loss.
- (c) a settlement gain or loss is the difference between consideration required to settle the obligation and its measurement in accordance with IAS 19 *Employee Benefits*. As a result, it is not a service cost, but arises from a change in financial assumptions. It should be presented:
 - in profit or loss in approach 1
 - outside profit or loss in approaches 2 and 3.

The Board also discussed how to distinguish whether plan amendments that reduce benefits are curtailments or negative past service costs. This issue had been referred to the Board by the IFRIC. The Board tentatively decided that it should address this issue, possibly through the annual improvements process. The Board asked the staff to develop for further consideration an amendment that would clarify the difference between negative past service costs and curtailments in IAS 19. If the necessary amendment is not suitable for the annual improvements process, it will be undertaken separately.

Employee Benefits – Cash balance and similar plans

The Board discussed the classification of benefit promises with fixed increases.

The staff drew attention to the proposed definitions of the three benefit promises:

- A defined contribution benefit promise is one for which the entity has no further obligation in respect of current and prior periods once the defined contributions have been paid into a separate fund. It was proposed that these benefit promises be accounted for in accordance with current IAS 19 requirements for defined contribution plans.
- An asset-based benefit promise is one whose amount changes in response to the change in an asset or index, other than assets or indices that yield fixed increases. It was proposed that these benefit promises be measured at fair value.
- All other benefit promises are defined benefit. Typically, defined benefit promises change in line with specified fixed increases, service or salary. It was proposed that these benefit promises be measured in accordance with current IAS 19 requirements for defined benefit plans.

The staff acknowledged that benefit promises with fixed increases are asset-based, conceptually, but noted that to preserve a defined benefit category a line would need to be drawn between (i) current salary benefit and some average salary benefit and (ii) final salary benefit and other average salary benefit. The staff thought it would be difficult to justify

why such a line should be drawn and proposed that benefit promises with fixed increases should be classified as defined benefit.

The Board did not make a decision on the classification of benefit promises whose amount changes in response to fixed increases in an asset. The Board noted that the proposed definition of defined contribution benefits excluded deposit-like benefits and would require some plans, which appear to be defined contribution with a guarantee, to be treated as defined benefit. The Board asked the staff to develop a new definition of defined contribution, defined benefit, and asset-based promises that would exclude deposit-like benefits from the definition of defined benefit and would clarify the treatment of benefit promises with fixed increases.

The Board noted that the term ‘asset-based’ was misleading because several of the benefit promises being considered may also be based on notional assets. The Board asked the staff to propose a new term for these benefit promises to identify more clearly the characteristics of the promises that will be included in the scope of phase I of the project.

The Board will discuss the classification of inflationary increases at a future meeting.

Annual improvements process

IAS 38 *Intangible Assets*—Advertising and promotional activities

The Board discussed a proposed amendment to IAS 38 on the treatment of costs of advertising and promotional or training activities. The proposal from the IFRIC would amend paragraphs 68–70 of IAS 38 to state that a prepayment may be recognised by an entity only until that entity receives the related goods or services however, for expenditure on advertising and promotional or training activities, an asset may be recognised until such time as the activities first take place.

The Board concluded that the proposal addressed two related questions. The first was, at what point should an entity recognise an expense in relation to the delivery of advertising and promotional or training materials to its intended audience. For example, when should an entity recognise the cost of television airtime as an expense? The second was, at what point should an entity recognise an expense in relation to costs incurred in the development of advertising and promotional or training materials. For example, when should an entity recognise the cost of hiring actors for an advertisement to be aired on TV?

The Board asked the staff to develop a further paper for a future meeting.

Short-term convergence: income taxes

The Board discussed whether to remove the existing exception to the temporary difference approach prohibiting the recognition of deferred tax liabilities on the initial recognition of goodwill. The Board decided to retain the exception.

The Board also discussed the treatment of acquired assets and assumed liabilities that have a tax base different from their initial carrying amount, both within and outside a business combination. The Board tentatively decided that the fair value of such assets and liabilities should be measured on initial recognition using the same assumptions about the tax base that would be made by other market participants. Thus, the application of the Boards' previous decision to record a 'purchase discount' for the difference between that fair value and the consideration paid will relate only to tax base differences resulting from the assumption of the vendor's tax base.

Short-term convergence: joint ventures

The staff presented a draft of the proposed amendments to IAS 31 *Interests in Joint Ventures*. The draft included illustrative examples on which the staff had already sought and received feedback from some real estate preparers, oil and gas preparers, accounting firms and other standard setters. The Board was generally supportive of the examples, and the staff will prepare the exposure draft incorporating the feedback received from the Board and those interested parties.

The Board tentatively decided that the exposure draft should present a revised, rather than amended, IAS 31. This will allow the staff to reword and restructure IAS 31. The exposure draft will be published in a clean version only but will include tables of concordance showing the source of content in the proposed standard and the disposition of content in the existing standard.

Joint Meeting – IASB and FASB

The IASB met with the Financial Accounting Standards Board in a joint meeting on 23 and 24 April.

Business Combinations

IASB and FASB staff presented a series of sweep issues and a cost-benefit analysis for the proposed final standards to conclude the redeliberation process that the boards had begun in January 2006.

Sweep issues

- *Accounting for an off-market portion of an operating lease in which the acquiree is a lessor*

In February 2007 the IASB and the FASB reached different conclusions on the accounting for the above-market or below-market terms of an operating lease in which the acquiree is the lessor. Because of this divergence, the boards discussed again whether the off-market value attributable to the lease should be aggregated with or recognised separately from the underlying asset.

At the joint meeting the IASB decided, in the interests of convergence, to change from its position in February and affirm

the proposal in the exposure draft. That proposal would require the acquirer to measure and recognise an asset subject to an operating lease at its acquisition date fair value without considering the terms of the operating lease. If the terms of an operating lease are favourable (unfavourable) relative to market terms at the acquisition date, the acquirer would recognise an intangible asset (liability) separately from the asset subject to the operating lease.

- *Classification of non-current assets as held for sale in a business combination*

During its redeliberations the FASB tentatively decided to eliminate the guidance in paragraph 32 of SFAS 144 *Accounting for the Impairment or Disposal of Long-Lived Assets* that allows an acquirer to classify long-lived assets as held for sale if the sale is expected to be completed within one year and the other criteria in SFAS 144 are likely to be met within a short period from the acquisition date (usually within three months). The IASB did not decide to remove the similar guidance in IFRS 5 during redeliberations. At the joint meeting, the FASB decided, in the interests of convergence, to retain the guidance in paragraph 32 of Statement 144.

- *Accounting for an indemnification asset and the related liability*

The boards discussed a potential problem arising from measurement inconsistency. For example, the acquiree would measure a contractual asset indemnifying it for a specific tax uncertainty at fair value at the acquisition date. However, the related liability would be measured in accordance with IAS 12 *Income Taxes* or FASB Interpretation No. 48 *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*).

The boards decided that an acquirer should be required to measure an asset for an indemnification at the same amount as the related liability, both at the acquisition date and subsequently.

- *Designating an effective date other than the acquisition date*

The boards decided that the revised standard should not allow an acquirer to designate as the effective date the end of an accounting period between the date the business combination is initiated and the date the business combination is consummated (as is currently permitted by SFAS 141 *Business Combinations*).

- *Classification and designation of assets, liabilities and equity instruments acquired or assumed in a business combination*

As noted at the IASB's meeting in April, the IASB and the FASB had reached different tentative conclusions about the classification and designation of assets, liabilities and equity instruments acquired or assumed in a business combination.

The staff pointed out that the absence of guidance in IFRSs meant that the IASB could not adopt the FASB's preferred approach of referring to existing guidance. The FASB decided to adopt the approach preferred by the IASB and include in the final standard a principle that an acquirer should classify or designate the assets, liabilities and equity instruments acquired or assumed on the basis of the conditions that exist at the acquisition date. The boards also tentatively decided that the revised business combinations standard should include exceptions to that principle for leases and insurance contracts acquired in a business combination. Leases and insurance contracts should be classified on the basis of the terms and

conditions that existed at their inception (or at the date of the last substantive modification). By not making an exception for embedded derivatives the accounting requirements for such instruments acquired in a business combination will converge.

- *Non-controlling interests (NCI)*

As noted in the IASB's meeting in April, the IASB and the FASB had made different tentative decisions about the measurement of NCI in a business combination. At the joint meeting, both boards were given an opportunity to reconsider the measurement attribute for NCI.

The FASB decided that its version of the business combinations standard would require NCI to be measured at fair value at the acquisition date. The IASB decided that its version of the standard would permit an acquirer to measure NCI either at fair value or as the NCI's proportionate interest in the fair value of the acquiree's identifiable net assets, transaction-by-transaction.

Both boards decided that, although they would have preferred to have a common measurement attribute for NCI, they had considered and removed as many differences as was practicable. There are several areas on which the boards are not able to converge, because of existing differences in the US GAAP or IFRS requirements outside a business combination. The boards agreed that the proposed standards will align most of the accounting for most business combinations.

Cost-benefit analysis

The paper presented to the boards included a detailed analysis of the costs and benefits of the proposed standards. The staff sought approval from the boards to begin the balloting processes for the business combinations and NCI standards on the basis that:

- (a) the benefits of the improved accounting that will result from the proposals outweigh the costs of compliance; and
- (b) there are no issues that would cause the boards to re-expose either package, because all of the changes from the exposure drafts are in response to comments from respondents.

The boards instructed the staff to begin the drafting and pre-balloting process for the revised business combinations and NCI standards.

The boards thanked the staff for their work in getting the boards to this stage of the project.

Leases

The boards discussed two possible approaches to the scope of the Leases project.

Under the first approach, the scope of the project would be limited to those arrangements within the scope of the current leasing standards (including those arrangements brought into the scope of IAS 17 *Leases* by IFRIC 4 *Determining whether an Arrangement contains a Lease* and into SFAS 13 *Accounting for Leases* by Issue 01-8 *Determining Whether an Arrangement Contains a Lease*). The second approach would involve a more fundamental reconsideration of when an arrangement conveys a right to use another entity's asset.

The boards instructed the staff to begin developing a model for leases based on the scope of the current lease accounting literature. As the model develops and before publishing the preliminary views document, the boards will consider whether to extend the scope of the project to other arrangements that convey a right to use.

Conceptual framework

The boards discussed phase C: *Measurement* and the overall project status, plans, priorities and processes.

The boards continued to discuss issues related to milestone I of Phase C. These issues mainly deal with the following primary measurement basis candidates that will be evaluated in milestone II and how they are defined in relation to assets and liabilities:

- past entry price
- modified past entry amount
- past exit price
- current entry price
- current exit price
- current equilibrium price
- value in use
- future entry price
- future exit price

The boards generally accepted the staff's recommendations for milestone I issues. The consideration of milestone II is planned to begin shortly. As previously agreed, the staff will prepare a summary of milestone I decisions for posting to the boards' websites. The summary will incorporate refinements suggested in this meeting and provide an easily accessible source for the status of the measurement phase of the Conceptual Framework project as the boards proceed to the next milestone.

The boards discussed the overall project status, plans, priorities, and processes, and:

1. directed the staff to continue to focus on the near-term priorities and completion of work on the first four phases of the project (objectives and qualitative characteristics, elements and recognition, measurement, and reporting entity) before beginning work on presentation and disclosure and the applicability of the conceptual framework to not-for-profit organisations.
2. directed the staff to continue co-ordinating work on conceptual matters with related standards-level projects so as to minimise redundant activities. The staff should also seek opportunities to use board advisers assigned to standards-level projects to assist with issues in the conceptual framework project, so as to maximise the boards' overall effectiveness.

Liabilities and Equity

Liabilities and Equity is a modified joint project on which the FASB has taken the lead for the research stage. The FASB expects to publish a preliminary views document later this year. The IASB expects to publish a discussion paper based on the FASB document at around the same time.

Independently of the IASB and the FASB, task forces from the European Financial Reporting Advisory Group's PAAinE (Proactive Accounting Activities in Europe) initiative and the German Accounting Standards Board are developing a model for distinguishing between liabilities and equity.

Representatives from both task forces presented their findings to the joint board meeting. No decisions were made. Details of their model can be found in the observer notes for the session.

Intangible assets

The Memorandum of Understanding between the FASB and the IASB indicates that the boards will decide the scope and timing of a project on intangible assets by December 2007. To this end, the boards considered a draft agenda proposal that reflected decisions made by the IASB at its meetings in October 2006 and January 2007. The boards agreed that the proposal formed an appropriate basis for developing a final proposal to facilitate agenda decisions of both boards.

The boards agreed that the scope of the proposal should:

- include the initial accounting for identifiable intangible assets other than those acquired in a business combination (with a particular focus on, but not limited to, internally generated identifiable intangible assets);
- include the subsequent accounting for all identifiable intangible assets;
- exclude the initial and subsequent accounting for goodwill.

It is intended to present the draft proposal to the Standards Advisory Council (SAC) for preliminary discussion in June. It is planned to present a final proposal to the Trustees in October and to the SAC in November before the boards make their agenda decisions in December 2007.

Meeting dates: 2007

The Board will meet in public session on the following dates. Meetings take place in London, UK, unless otherwise noted.

2007

14—18 May

18—22 June

16—20 July

17—21 September

15—19 October

22—24 October (joint with FASB), Norwalk, Connecticut, USA

12—16 November

10—14 December