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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 IASC Standards.

INFORMATION FOR OBSERVERS

Board Meeting: 19 April 2001, London
Projects: Present Value, Insurance Contracts and Reporting
Financial Performance

1. The Board will be presented status reports on
 - a. present value;
 - b. insurance contracts; and
 - c. reporting financial performance.
2. Present value (discounting) issues arise when determining fair value, entity-specific value or amortised cost. The IASC Board believed that it should not develop detailed guidance on present value techniques on a piecemeal basis in individual Standards without a general framework to ensure that such guidance is conceptually valid, capable of practical implementation and consistent from Standard to Standard. The project is intended to supply that framework. The Steering Committee is close to finalising an Issues Paper. The Issues Paper contains recommendations with the aim of making present value measurements consistent with the objectives set for that measurement (whether fair value, entity-specific value or amortised cost).
3. In December 1999, the Steering Committee on Insurance published an Issues Paper, which attracted 138 comment letters. The Steering Committee has met twice to discuss the comment letters and met on 2-4 April 2001 to discuss a draft of a Draft Statement of Principles (DSOP). They will continue their discussion of the draft DSOP on 13-15 June 2001. The project is concentrating mainly on recognition, measurement and disclosure of insurance contracts. The key proposals in the draft DSOP are:
 - (a) insurance liabilities and insurance assets (liabilities and assets arising under insurance contracts) should be measured on a prospective basis reflecting the present value of all future cash flows arising from the closed book of insurance contracts in existence at the reporting date; and

- (b) although the final standard should require a single measurement method, the DSOP should describe two methods of prospective measurement, without indicating a preference at this stage for either measuring insurance liabilities and insurance assets at entity-specific value or fair value.
- 4. The Steering Committee on Reporting Financial Performance has been developing a draft DSOP based on the Steering Committee's tentative conclusions. The Steering Committee believes that there should be a single statement of "recognised income and expenses" which should report all increases or decreases in net assets of the enterprise, other than those increases or decreases arising from transactions with owners in their capacity as owners (capital transactions). In addition, the format of the statement of recognised income and expenses should be aligned with the cash flow statement, to communicate the cash flow effects of recognised income and expenses more effectively.
- 5. Find also summaries of the three projects mentioned above from our website attached.