

International Financial Reporting Standards (IFRSsTM) 2004

including International Accounting Standards (IASsTM) and Interpretations as
at 31 March 2004

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Resolution of the International Accounting Standards Board

Withdrawal of IAS 15 by the Board

The withdrawal of International Accounting Standard 15 *Information Reflecting the Effects of Changing Prices* with effect from 1 January 2005 was approved by the fourteen members of the International Accounting Standards Board. The Board's Basis for Conclusions is attached.

Sir David Tweedie

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Vice-Chairman

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Hans-Georg Bruns

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Robert P Garnett

Gilbert Gélard

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Harry K Schmid

John T Smith

Geoffrey Whittington

Tatsumi Yamada

Basis for Conclusions

This Basis for Conclusions accompanies the Board's resolution to withdraw IAS 15.

Introduction

- BC1. This Basis for Conclusions summarises the International Accounting Standards Board's considerations in reaching its decision in 2003 to withdraw IAS 15 *Information Reflecting the Effects of Changing Prices*. Individual Board members gave greater weight to some factors than to others.
- BC2. In July 2001 the Board announced that, as part of its initial agenda of technical projects, it would undertake a project to improve a number of Standards, including IAS 15. The project was undertaken in the light of queries and criticisms raised in relation to the Standards by securities regulators, professional accountants and other interested parties. The objectives of the Improvements project were to reduce or eliminate alternatives, redundancies and conflicts within Standards, to deal with some convergence issues and to make other improvements. In May 2002 the Board published its proposals in an Exposure Draft of *Improvements to International Accounting Standards*, with a comment deadline of 16 September 2002. The Board received over 160 comment letters on the Exposure Draft.
- BC3. Unlike the limited scope of the Board's review of other Standards to be improved, the review of IAS 15 was fundamental.

Withdrawal of IAS 15

- BC4. IAS 15 was originally approved by the Board of the former International Accounting Standards Committee (IASC) in June 1981. IAS 15 encourages particular disclosures of information reflecting the effects of changing prices.
- BC5. At its meeting in October 1989, the Board of IASC approved the following statement to be added to IAS 15:
- “The international consensus on the disclosure of information reflecting the effects of changing prices that was anticipated when IAS 15 was issued has not been reached. As a result, the Board of IASC has decided that enterprises need not disclose the information required by IAS 15 in order that their financial statements conform with International Accounting Standards. However, the Board encourages enterprises to present such information and urges those that do to disclose the items required by IAS 15.”
- BC6. In the IASB's Exposure Draft, the Board quoted the above statement and observed that:
- “As indicated above, entities do not have to apply IAS 15. In addition, the Board understands that few entities, if any, are using IAS 15. Moreover, the Board does not believe that entities should be required to disclose information that reflects the effects of changing prices in the current economic environment.”

BC7. Respondents to the Exposure Draft agreed with the Board's reasoning and the proposal to withdraw IAS 15. Following the review of submissions, the Board decided to withdraw IAS 15 for annual periods beginning on or after 1 January 2005.

