

STAFF PAPER

October 2016

IASB Meeting

Project	Conceptual Framework		
Paper topic	Cover paper		
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (the Board) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB® *Update*.

Purpose of this meeting

1. At this meeting we are planning to discuss what guidance should be included in the revised *Conceptual Framework for Financial Reporting* on:
 - (a) executory contracts;
 - (b) the unit of account;
 - (c) asymmetry in treating gains and losses; and
 - (d) materiality.
2. In addition, we are planning to introduce to the Board our approach to the testing of the proposed asset and liability definitions. The Board will not be asked to make any decisions on this topic at this meeting.
3. This paper describes:
 - (a) the papers for this meeting; and
 - (b) next steps.

Papers for this meeting

4. Agenda Paper 10A *Summary of tentative decisions* provides a summary of tentative decisions made so far in the course of deliberations on the Exposure Draft *Conceptual*

Framework for Financial Reporting (the Exposure Draft). It is provided for information purposes only and we do not plan to discuss it at the meeting.

5. Agenda Paper 10B *Testing the proposed asset and liability definitions—matters arising* provides information about an exercise performed by the staff to test the proposed asset and liability definitions and the concepts supporting those definitions. Board members will be asked to identify any matters arising from the testing that they think require further discussion as part of the forthcoming redeliberations of the liability definition and supporting concepts.
6. Agenda Paper 10C *Testing the proposed asset and liability definitions—illustrative examples* will be discussed with Agenda Paper 10B. It does not include any further questions for the Board. Agenda Paper 10C sets out views of the members of the *Conceptual Framework* project team on:
 - (a) the outcome of applying the proposed definitions of an asset and a liability, and supporting concepts, to a range of illustrative examples, and
 - (b) ways in which the definitions and supporting concepts could help the Board reach decisions in some of its current projects.
7. Agenda Papers 10D–10E and 10G–H provide staff recommendations and ask the Board for decisions. These papers discuss:
 - (a) Agenda Paper 10D *Executory contracts*—whether any changes are needed to the proposed concepts on executory contracts in the light of the comments received on the Exposure Draft.
 - (b) Agenda Paper 10E *Unit of account*—whether any changes are needed to the proposed concepts on the unit of account in the light of the comments received on the Exposure Draft.
 - (c) Agenda Paper 10G *Asymmetry in treating gains and losses*—suggestions how the *Conceptual Framework* could acknowledge that, in some cases, income may need to be treated differently from expenses and assets differently from liabilities.

- (d) Agenda Paper 10H *Materiality*—whether any changes are needed to the discussion of materiality in Chapter 2—*Qualitative characteristics of useful financial information* of the Exposure Draft.

Next steps

- 8. At the November Board meeting we plan to discuss:
 - (a) the definition of a liability and the concepts supporting that definition;
 - (b) derecognition;
 - (c) measurement;
 - (d) capital maintenance;
 - (e) business activities and long-term investment;
 - (f) the effects of the revised *Conceptual Framework* on preparers; and
 - (g) the Exposure Draft *Updating References to the Conceptual Framework*.