IASB Update

From the International Accounting Standards Board

May 2014

Welcome to the *IASB Update*

The IASB met in public from 20-22 May 2014 at the IASB offices in London, UK.

The topics for discussion were:

- **Insurance Contracts**
- **Agriculture: Bearer Plants**
- **Comprehensive review of the *IFRS for SMEs***
- **Leases**
- **Equity Method of Accounting**
- **Equity Method: Share of Other Net Asset Changes**
- **Conceptual Framework**
- **Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to IAS 12)**

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Future board meetings

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

The next board meetings are:

13-20 June
17-25 July
18-25 September

To see all board meetings for 2014, **click here**.

Archive of *IASB Update* Newsletter

For archived copies of past issues of *IASB Update* on the IFRS website, **click here**.

Podcast summaries

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

Insurance Contracts (Agenda Paper 2)

(IASB education session)

On 20 May 2014, the IASB continued its discussions on the 2013 Exposure Draft *Insurance Contracts* (the 2013 ED) by holding an education session on contracts with participating features.

The IASB discussed whether adaptations to the IASB's previous decisions for contracts with no participating features are needed for contracts with participating features and if so, what those adaptations are.

No decisions were made.

(IASB decision-making session)

The IASB met on 21 May 2014 to discuss the following issues raised in the response to the 2013 ED:

- recognising the contractual service margin in profit or loss (Agenda Paper 2C); and
- fixed-fee service contracts, significant insurance risk, portfolio transfers and business combinations (Agenda Paper 2D).

The IASB had not sought specific input on these issues in the 2013 ED.

Recognising the contractual service margin in profit or loss

The IASB tentatively decided to:

a. confirm the principle in the 2013 ED that an entity should recognise the remaining contractual service margin in profit or loss over the coverage period in the systematic way that best reflects the remaining transfer of the services that are provided under an insurance contract. All IASB members agreed with this decision.
b. clarify that, for contracts with no participating features, the service represented by the contractual service margin is insurance coverage that:
    i. is provided on the basis of the passage of time; and
    ii. reflects the expected number of contracts in force.

    Thirteen IASB members agreed with this decision and three IASB members disagreed.

Fixed-fee service contracts, significant insurance risk, portfolio transfers and business combinations

The IASB tentatively decided:

a. that entities should be permitted, but not required, to apply the revenue recognition Standard to the fixed-fee service contracts that meet the criteria in paragraph 7(e) of the 2013 ED. Fifteen IASB members agreed with this decision and one IASB member disagreed.
b. to clarify the guidance in paragraph B19 of the 2013 ED that significant insurance risk only occurs when there is a possibility that an issuer will incur a loss on a present value basis. All IASB members agreed with this decision.
c. to clarify the requirements for contracts acquired through a portfolio transfer or a business combination in paragraphs 43-45 of the 2013 ED, that such contracts should be accounted for as if they had been issued by the entity at the date of the portfolio transfer or business combination. Fifteen IASB members agreed with this decision and one IASB member disagreed.

Next steps

The IASB will continue its redeliberations on the Insurance Contracts project at the June 2014 meeting.

Agriculture: Bearer Plants (Agenda Paper 16)

The IASB met on 20 May 2014 to discuss an issue that had arisen during the balloting process of *Agriculture: Bearer Plants* (Amendments to IAS 16 and IAS 41). The issue related to the transition provisions for current adopters of IFRS. For both the amendments to IAS 16 and the amendments to IAS 41, the IASB decided to exempt entities from providing, in the current period, the disclosure required by paragraph 28(f) of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Entities would still be required to provide those disclosures for prior periods. All IASB members agreed.

Next steps

The staff will continue the balloting process. The amendments are expected to be issued in late June or early July 2014.

Comprehensive review of the *IFRS for SMEs* (Agenda Paper 15)

(IASB education session)

The IASB met on 20 May 2014 to discuss a summary of the feedback received on the IASB Exposure Draft *Proposed amendments to the IFRS for Small and Medium-sized Entities* (SMEs).

No decisions were made.

Leases (Agenda Paper 3)

(IASB-only education session)

On 20 May 2014, the IASB held an education session on its proposals for leases. The IASB discussed:

a. definition of a Lease (Agenda Paper 3A/FASB Memo 282);
b. separating Lease and Non-lease Components (Agenda Paper 3B/FASB Memo 283); and
c. initial Direct Costs (Agenda Paper 3C/FASB Memo 284).

No decisions were made.

(Jointly with FASB)

The FASB and the IASB (the boards) continued redeliberating the proposals in the May 2013 Exposure Draft *Leases*, specifically discussing the following topics:

a. definition of a Lease (Agenda Paper 3A/FASB Memo 282);
b. separating Lease and Non-lease Components (Agenda Paper 3B/FASB Memo 283); and
c. initial Direct Costs (Agenda Paper 3C/FASB Memo 284).

Definition of a Lease

The boards directed the staff to provide them with drafting and examples for their review on the basis of the staff recommendations that demonstrate how the proposed definition would be applied.

The staff recommended the following:

a. Retain the principles in the 2013 Exposure Draft supporting the definition of a lease that require an entity to determine whether a contract contains a lease by assessing whether:
    i. fulfillment of the contract depends on the use of an identified asset; and
    ii. whether the contract conveys the right to control the use of the identified asset for a period of time in exchange for consideration (that is, the customer has the ability both to direct the use of the identified asset and to derive the economic benefits from use of that asset during the period of use).
b. Clarify the following regarding whether fulfillment of the contract depends on the use of an identified asset:
    i. fulfillment depends on the use of an identified asset when the supplier has no practical ability to substitute an alternative asset or the supplier would not benefit from substituting an asset; and
    ii. a customer should presume that fulfillment of the contract depends on the use of an identified asset if it is impractical for the customer to determine either (1) whether the supplier has the practical ability to substitute an alternative asset or (2) whether the supplier would benefit from the substitution.
c. Regarding the right to control the use of an identified asset:
    i. provide additional guidance on how to determine which decisions most significantly affect the economic benefits to be derived from use of the identified asset and which party to the contract has the ability to most significantly affect those economic benefits particularly when the supplier and the customer both have decision-making rights; and
    ii. remove the guidance that was proposed in the 2013 Exposure Draft on assets that are incidental to the delivery of services.

All IASB and all FASB members agreed.

Separating Lease and Non-lease Components

The boards decided to retain guidance similar to that proposed in the 2013 Exposure Draft for both lessees and lessors on identifying separate lease components.

Twelve IASB and all FASB members agreed.

The boards decided to retain guidance similar to that proposed in the 2013 Exposure Draft for lessors on separating lease components from non-lease components and allocating consideration in the contract to those components. That is, a lessor should apply the guidance in the forthcoming revenue recognition Standard on allocating the transaction price to separate performance obligations. A lessor also should reallocate the consideration in a contract when there is a contract modification that is not accounted for as a separate, new contract.

All IASB and all FASB members agreed.

The boards decided to change the proposals in the 2013 Exposure Draft for lessees regarding separating lease components from non-lease components and allocating consideration in a contract to those components as follows:

a. A lessee should separate lease components from non-lease components unless it applies the accounting policy election discussed below.
b. A lessee should allocate the consideration in a contract to the lease and non-lease components on a relative standalone price basis. Activities (or costs of the lessor) that do not transfer a good or service to the lessee are not components in a contract. A lessee also should reallocate the consideration in a contract when (i) there is a reassessment of either the lease term or a lessee's purchase option or (ii) there is a contract modification that is not accounted for as a separate, new contract

c. A lessee should use observable stand-alone prices, if available, and otherwise it would use estimates of the stand-alone price of lease and non-lease components (maximising the use of observable information).

Fifteen IASB and all FASB members agreed.

The boards decided to permit a lessee, as an accounting policy election by class of underlying asset, to not separate lease components from non-lease components. Instead, a lessee should account for lease and non-lease components together as a single lease component.

Ten IASB and four FASB members agreed.

Initial Direct Costs

The boards decided that only incremental costs should qualify as initial direct costs.

Fifteen IASB and all FASB members agreed.

The boards decided that initial direct costs should include only incremental costs that an entity would not have incurred if the lease had not been obtained (executed) (for example, commissions or payments made to existing tenants to obtain the lease).

Ten IASB and all FASB members agreed.

The boards decided that both lessees and lessors should apply the same definition of initial direct costs.

Fifteen IASB and all FASB members agreed.

The boards decided the following regarding initial direct costs:

a. A lessor in a Type A lease (except those who recognise selling profit at lease commencement) should include initial direct costs in the initial measurement of the lease receivable by taking account of those costs in determining the rate implicit in the lease. A lessor who recognises selling profit at lease commencement should recognise initial direct costs associated with a Type A lease as an expense at lease commencement.
b. A lessor in a Type B lease should recognise initial direct costs as an expense over the lease term on the same basis as lease income.
c. A lessee should include initial direct costs in the initial measurement of the right-of-use asset and amortise those costs over the lease term.

Fifteen IASB and all FASB members agreed.

Next steps

The boards will continue their joint redeliberations of the May 2013 Exposure Draft at a future board meeting.

Equity Method of Accounting (Agenda Paper 13)

On 21 May 2014 the IASB met to consider the planned scope of, and approach to, its research project on the equity method of accounting. The IASB tentatively decided to review the circumstances in which the equity method is applied in current IFRS, with the objective of identifying the financial reporting problem or problems in the application of the equity method. The IASB emphasised that it intends to focus on identifying problems related to the equity method, to ensure that it does not attempt to resolve problems that are not clearly identified.

Next steps

The staff will discuss the project with the Accounting Standards Advisory Forum at its meeting in June 2014.

Equity Method: Share of Other Net Asset Changes (Agenda Paper 14)

The IASB met on 21 May 2014 to discuss the amendments to IAS 28 *Investments in Associates and Joint Ventures*. The IASB last discussed these amendments in March 2014, when two IASB members communicated their intention to dissent from the amendments. Since that meeting three more IASB members had indicated to the staff their intention to dissent.

The three IASB members who had indicated that they were now considering dissenting had done so having reflected on the consequences of the amendments, rather than as a result of any new technical matters. In the light of the change in the number of IASB members indicating an intention to dissent, the IASB members were asked to confirm their vote.

Nine IASB members were in favour of finalising the amendments as proposed, which was less than the number required (10) to approve the amendments. In the light of this vote, the IASB will not proceed with the proposed amendments.

Conceptual Framework (Agenda Paper 10)

On 21 May the IASB continued its redeliberations on the *Conceptual Framework*. The IASB discussed:

- definitions of an asset and a liability;
- recognition criteria;
- approach to defining income and expense;
- reporting entity;
- going concern; and
- Chapters 1 and 3 of the existing Conceptual Framework.

Elements of financial statements: definitions of assets and liabilities

The IASB tentatively decided that:

a. Assets should be viewed as rights, or bundles of rights, rather than as underlying physical or other objects. All IASB members agreed. The IASB noted that in many cases an entity would account for an entire bundle of rights as a single asset, and describe that asset as the underlying object. An entity would account separately for rights within a bundle only when needed to provide a relevant and faithful representation, at a cost that does not exceed the benefits.
b. The reference to future economic benefits should be placed in a supporting definition (of an economic resource), rather than in the definitions of an asset and of a liability. Fifteen IASB members agreed.
c. The definition of an economic resource should not include the notion of ‘other source of value’ that was suggested in the Discussion Paper. The guidance supporting the definition of an economic resource should confirm that the notion of a ‘right’ is broad enough to capture any know-how that is controlled by keeping it secret. Fourteen IASB members agreed.
d. The term ‘present’ should be retained in the definition of a liability and, as proposed in the Discussion Paper, should be added

to the definition of an asset. All IASB members agreed.

e. The phrase 'as a result of past events' should be retained in both the definition of an asset and the definition of a liability. Fourteen IASB members agreed.

The IASB also discussed the role of uncertainty in the definitions of an asset and of a liability and tentatively decided that:

a. The definitions of assets and liabilities should not retain the notion that an inflow or outflow needs to be 'expected'. Twelve IASB members agreed.
b. The definition of an economic resource should, as proposed in the Discussion Paper, specify that an economic resource must be capable of generating economic benefits. The term 'capable' indicates that the economic benefits must arise from some feature that already exists within the economic resource. The term 'capable' is not intended to impose a minimum probability threshold, but rather to indicate that, in at least some outcomes, the economic resource will generate economic benefits. Twelve IASB members agreed.
c. The notion 'is capable of' should not appear explicitly in the proposed definition of a liability. The supporting guidance should clarify that an obligation must contain an existing feature that is capable of requiring the entity to transfer an economic resource. Ten IASB members agreed.

Recognition

The IASB tentatively decided that the *Conceptual Framework* should not establish criteria that govern the recognition of an asset or liability in all circumstances. The *Conceptual Framework* should instead describe factors to consider in deciding whether to recognise an asset or liability. Those factors would include whether the resulting information would be relevant and provide a faithful representation, and the costs of providing information relative to the benefits. Information might not be relevant if, for example, it is uncertain whether the asset or liability exists, if it is unlikely that future flows of economic benefits will occur or if there is very significant measurement uncertainty associated with the item. Agenda Paper 10B contains an initial draft describing those factors. The IASB directed the staff to develop that description in the light of the IASB's discussion. Nine IASB members agreed.

The IASB noted that its aim in revising the definitions of an asset and of a liability and the recognition criteria was to provide more clarity, not to broaden or narrow the range of recognised assets and recognised liabilities.

Elements—Approach to defining income and expense

The IASB tentatively decided that the *Conceptual Framework* should continue to define income and expense by reference to changes in assets and liabilities. All IASB members present agreed.

The IASB noted that the approach to defining income and expenses does not predetermine which assets and liabilities should be recognised, how they should be measured and how income and expense should be aggregated, analysed and presented. For decisions on these matters, the IASB would continue to consider the nature of the information that would result in the statement of financial position, and also in the statement(s) of profit or loss and other comprehensive income.

Reporting entity—General

The IASB tentatively decided that:

a. A reporting entity is an entity that chooses, or is required, to present general purpose financial statements. Thirteen IASB members agreed.
b. A reporting entity need not be a legal entity, and could be an unincorporated entity, a portion of an entity, or two or more entities. Twelve IASB members agreed.
c. The *Conceptual Framework* should not discuss joint control and significant influence. All IASB members agreed.
d. Generally, consolidated financial statements are more likely than unconsolidated financial statements to provide information that is useful to more users. Thirteen IASB members agreed.

e. When an entity is required to present consolidated financial statements, that entity may also choose, or be required, to present unconsolidated financial statements. Those unconsolidated financial statements should disclose how users may obtain consolidated financial statements. Eleven IASB members agreed.
f. The *Conceptual Framework* should not specify which combinations of entities could constitute a reporting entity that could legitimately prepare combined financial statements. Twelve IASB members agreed.

Reporting entity—Perspective

The IASB tentatively confirmed that financial statements should be prepared from the perspective of the reporting entity as a whole. Fifteen IASB members agreed.

Going concern

The IASB tentatively decided that:

a. The going concern assumption should be treated as an underlying assumption. The revised *Conceptual Framework* should include the current description of the going concern assumption, except that the phrase 'curtail materially the scale of its operations' should be replaced by 'cease trading'. That wording is used in IAS 1 *Presentation of Financial Statements* and IAS 10 *Events After the Reporting Period*.
b. The IASB should not provide additional guidance in the *Conceptual Framework* on the going concern assumption.
c. This project should not address:
    i. the preparation of financial statements by entities that are not going concerns; and
    ii. disclosures about going concern.

Fourteen IASB members agreed.

Stewardship

The IASB tentatively decided to amend Chapter 1 of the *Conceptual Framework* to increase the prominence of stewardship within the overall objective of financial reporting. It would do this by identifying the information needed to assess the stewardship of management as not overlapping fully with the information needed to help users assess the prospects of future net cash inflows to the entity. Fifteen IASB members agreed.

Reliability

The IASB tentatively decided:

a. not to replace the qualitative characteristic of faithful representation with reliability;
b. not to include any reference to reliability as either an additional qualitative characteristic or an aspect of either relevance or faithful representation; and
c. to consider in drafting whether it is possible to give greater prominence to the idea expressed in paragraph QC16 of the existing *Conceptual Framework* that if the level of uncertainty associated with an estimate is sufficiently large, that estimate might not provide relevant information. All IASB members agreed.

Prudence

The IASB tentatively decided:

a. to reintroduce a reference to prudence in the *Conceptual Framework*. All IASB members agreed;
b. to describe prudence as the exercise of caution when making judgments under conditions of uncertainty. The exercise of prudence is consistent with neutrality and should not allow the overstatement or understatement of assets, liabilities, income

or expenses. All IASB members agreed; and

c. to discuss in the Basis for Conclusions the significance of prudence for preparers in preparing financial statements and for the IASB when setting Standards. Eleven IASB members agreed.

Chapters 1 and 3

The IASB discussed Chapters 1 and 3 of the *Conceptual Framework* and tentatively decided:

a. to amend Chapter 3 *Qualitative Characteristics of Useful Financial Information* to explain that, when the legal form of an item is different from its underlying economic substance, reporting that item in accordance with its legal form would not result in a faithful representation;
b. to make no changes to the description of the primary user group identified in Chapter 1 *The Objective of General Purpose Financial Reporting*;
c. not to elevate understandability from an enhancing qualitative characteristic to a fundamental qualitative characteristic; and
d. not to add a discussion of complexity to the *Conceptual Framework*.

All IASB members agreed.

Next steps

At its June meeting the IASB plans to discuss:

- elements for the statement of cash flows and statement of changes in equity;
- additional guidance on definitions of an asset and a liability;
- executory contracts;
- the distinction between liability and equity;
- presentation and disclosure;
- initial thoughts on presentation in the statement of comprehensive income—profit or loss and other comprehensive income;
- business model; and
- unit of account.

Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to IAS 12) (Agenda Paper 12)

The IASB discussed a recommendation from the IFRS Interpretations Committee to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

At this meeting, the IASB tentatively agreed with the recommendation of the Interpretations Committee that the proposed amendments to IAS 12 *Income Taxes* should include an illustrative example that addresses the following aspects in the application of the existing principles in IAS 12:

a. An unrealised loss on a debt instrument measured at fair value gives rise to a deductible temporary difference even if (i) the debt instrument holder expects to recover the carrying amount of the debt instrument by holding it to maturity and collecting all of the contractual cash flows, and (ii) the loss is not tax deductible until realised.
b. An entity assesses the utilisation of deductible temporary differences related to unrealised losses on debt instruments measured at fair value in combination with other deductible temporary differences. If tax law, however, restricts the utilisation

of deductible temporary differences so that they are deductible only against the taxable profits of a specific type, the entity still assesses utilisation of such deductible temporary differences in combination with other deductible temporary differences, but only of the appropriate type. An example of such a restriction could be, for example, that capital losses are deductible only against capital gains.

c. An entity's estimate of future taxable profit, made for the purposes of recognising deferred tax assets, assumes that it will recover an asset for more than its carrying amount, if the recovery of an asset for more than its carrying amount is probable.
d. An entity excludes the tax deductions represented by existing deductible temporary differences from the probable future taxable profit against which those differences are assessed for utilisation. The IASB also tentatively agreed with the recommendation of the Interpretations Committee that it should propose an amendment to paragraphs 24–31 of IAS 12 to clarify this point.
e. The example should illustrate the assessment of the utilisation of deductible temporary differences when all three sources of taxable profits (ie future reversal of existing taxable temporary differences, future taxable profit and tax planning opportunities) are available but are insufficient in total to support the recognition of deferred tax assets for all of the deductible temporary differences.
f. As a consequence of (e), the example should explain how an entity should determine the amount of deferred tax to recognise in OCI, compared to the amount that it should recognise in profit or loss, when the entity cannot recognise all deferred tax assets because it has insufficient future taxable profits. The Interpretations Committee noted that this determination should be on a reasonable pro-rata allocation, unless tax law requires a different allocation.

However, the IASB disagreed with the recommendation of the Interpretations Committee that items (a)–(c) should only be addressed in an illustrative example. The IASB tentatively decided that these items should also be addressed by amending the mandatory guidance in IAS 12.

Finally, the IASB tentatively agreed with the recommendation of the Interpretations Committee that the illustrative example should explain the application of IAS 12 to debt instruments measured at fair value in accordance with IAS 39 as well as those measured at fair value in accordance with IFRS 9 *Financial Instruments*.

Fourteen IASB members agreed.

Next steps

The IASB will consider how to amend the mandatory guidance of IAS 12 to clarify items (a)–(c), and the due process undertaken on the proposed amendments to IAS 12 at a future IASB meeting.

Work plan—projected targets as at 28 May 2014

Major IFRS				
Next major project milestone				
	2014 Q2	**2014 Q3**	**2014 Q4**	**2015 Q1**
IFRS 9: *Financial Instruments* (replacement of IAS 39)				
Classification and Measurement (Limited amendments)	Target IFRS			
Impairment	Target IFRS			

Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging [Comment period ends 17 October 2014]	Public consultation			

	2014 Q2	2014 Q3	2014 Q4	2015 Q1
Disclosure Initiative				
Amendments to IAS 1 (Disclosure Initiative)		Redeliberations		
Reconciliation of liabilities from financing activities			Target ED	
Insurance Contracts	Redeliberations			
Leases	Redeliberations			
IFRS for SMEs: Comprehensive Review 2012–2014—see **project page**				

Implementation

Next major project milestone

Narrow-scope amendments	2014 Q2	2014 Q3	2014 Q4	2015 Q1
Annual Improvements 2012–2014 [Comment period ended 13 March 2014]	Redeliberations			
Annual Improvements 2013–2015		Target ED		
Bearer Plants (Proposed amendments to IAS 41)	Target IFRS			
Clarifications of Classification and Measurement of Share-based Payment Transactions (Proposed amendment to IFRS 2)		Target ED		
Classification of liabilities (Proposed amendment to IAS 1)		Target ED		
Elimination of gains or losses arising from transactions between an entity and its associate or joint venture (Proposed amendments to IAS 28)		Target ED		
Equity Method in Separate Financial Statements (Proposed amendments to IAS 27)	Target IFRS			
Equity Method: Share of Other Net Asset Changes (Proposed amendments to IAS 28)*	Project stopped			
Fair Value Measurement: Unit of Account	Target ED			
Investment Entities: Applying the Consolidation Exception (Proposed amendments to IFRS 10 and IAS 28)	Target ED			
Put Options Written on Non-controlling Interests (Proposed amendments to IAS 32)	Next steps TBD			
Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to IAS 12)		Target ED		
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Proposed amendments to IFRS 10 and IAS 28)		Target IFRS		

Next major project milestone				
Post-implementation reviews	**2014 Q2**	**2014 Q3**	**2014 Q4**	**2015 Q1**
IFRS 3 *Business Combinations*	Public consultation			
*The IASB has decided not to proceed with this project. Please **click here for further explanation**.				

Conceptual Framework

Next major project milestone				
	2014 Q2	**2014 Q3**	**2014 Q4**	**2015 Q1**
Conceptual Framework			Target ED	

Research Projects

Next major project milestone				
	2014 Q2	**2014 Q3**	**2014 Q4**	**2015 Q1**
Short- and medium-term projects:				
Business combinations under common control	Board discussion			
Disclosure Initiative [Comment period ended 13 March 2014]				
Amendments to IAS 1 (Disclosure Initiative) [Comment period ends 23 July 2014]		Redeliberations		
Reconciliation of liabilities from financing activities			Target ED	
Materiality		Board discussion		
Principles of disclosure	Board discussion			
General disclosure review	To be determined			
Discount rates	Board discussion			
Emissions trading scheme	To be determined			
Equity method of accounting	Board discussion			
Financial instruments with characteristics of equity	Pending developments in the *Conceptual Framework* project			
Foreign currency translation/inflation			Board discussion	
Liabilities—amendments to IAS 37	Pending developments in the *Conceptual Framework* project			

Rate-regulated Activities	Target DP			
Longer-term projects:				
Extractive activities/Intangible assets/R&D activities				
Income taxes				
Post-employment benefits (including pensions)				
Share-based payments				
The IASB is developing its research capabilities—for further information see the **Tommaso Padoa-Schloppa Memorial Lecture** and **IASB Research Forum page**				

Completed IFRS

Major projects	Issued date	Effective date	Year that PIR is expected to start*	
IFRS 9 *Financial Instruments*	November 2013	TBD (available for application)	TBC	
IFRS 14 *Regulatory Deferral Accounts*	January 2014	1 January 2016	TBC	
IFRS 15 *Revenue from Contracts with Customers*	May 2014	1 January 2017	TBC	
*A Post-implementation Review normally begins after the new requirements have been applied internationally for two years, which is generally about 30–36 months after the effective date.				

Narrow-scope amendments	Issued date	Effective date	
Acounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	May 2014	1 January 2016	
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	May 2014	1 January 2016	
Annual Improvements 2010–2012 • IFRS 2 *Share-based Payment* ○ **Definition of vesting condition** • IFRS 3 *Business Combination* ○ **Accounting for contingent consideration in a business combination** • IFRS 8 *Operating Segments* ○ **Aggregation of operating segments** ○ **Reconciliation of the total of the reportable segments' assets to the entity's assets** • IFRS 13 *Fair Value Measurement* ○ **Short-term receivables and payables** • IAS 16 *Property, Plant and Equipment* ○ **Revaluation method—proportionate restatement of accumulated depreciation** • IAS 24 *Related Party Disclosures* ○ **Key management personnel services** • IAS 38 *Intangible Assets* ○ **Revaluation method—proportionate restatement of accumulated amortisation**	December 2013	1 July 2014	

Annual Improvements 2011–2013
 	
• IFRS 1 *First-time Adoption of International Financial Reporting Standards*
  ○ **Meaning of 'effective IFRSs'**
• IFRS 3 *Business Combinations*
  ○ **Scope exceptions for joint ventures**
• IFRS 13 *Fair Value Measurement*
  ○ **Scope of paragraph 52 (portfolio exception)**
• IAS 40 *Investment Property*
  ○ **Clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property**
	December 2013	1 July 2014	

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	December 2011	1 January 2014	
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	October 2012	1 January 2014	
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	June 2013	1 January 2014	
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	May 2013	1 January 2014	
IFRS 9 *Financial Instruments*—Mandatory Effective Date of IFRS 9 and Transition Disclosures	December 2011	TBD (available for application)	
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	November 2013	1 July 2014	

Interpretations	**Issued date**	**Effective date**	
IFRIC 21 *Levies*	May 2013	1 January 2014	

Agenda consultation

Next major project milestone

	2014	**2015**	**2016**
Three-yearly public consultation [Feedback Statement published 18 December 2012] [Next consultation scheduled 2015]		Initiate second three-yearly public consultation	

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