

IASB® Update

From the International Accounting Standards Board®



March 2016

Welcome to the March *IASB Update*

The International Accounting Standards Board® (the Board) met in public from 15 to 16 March 2016 at the IFRS Foundation's offices in London, UK.

The topics for discussion were:

- ***Conceptual Framework***
- **Amendments to IFRS 4:
Applying IFRS 9 *Financial Instruments*
with IFRS 4 *Insurance Contracts***
- **IFRS 3 *Business Combinations*—Definition of a business**
- **Goodwill and Impairment**
- **Agenda Consultation**

Contact us

**International
Accounting
Standards Board**
30 Cannon Street
London EC4M 6XH
United Kingdom

Tel: +44 (0)20 7246
6410
Fax: +44 (0)20 7246
6411
E-mail: info@ifrs.org
Website: www.ifrs.org

Future IASB meetings

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

The next IASB meetings are:

18 to 22 April 2016
16 to 20 May 2016
20 to 24 June 2016

To see upcoming and past IASB meetings, [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](#).

Conceptual Framework (Agenda Paper 10)

On 15 March 2016 the Board discussed the comments received on the Exposure Drafts *Conceptual Framework for Financial Reporting* and *Updating References to the Conceptual Framework*.

No decisions were made.

Next steps

At the April Board meeting the Board will discuss a strategy for finalising the *Conceptual Framework* project.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Agenda Paper 14)

(Decision-making session)

Agenda paper 14A: Summary of comment letters and outreach

Agenda paper 14B: Summary of feedback from users of financial statements

Agenda paper 14C: Project direction and plan

At its March 2016 meeting, the Board considered the feedback from the comment letters and outreach meetings on the Exposure Draft *Applying IFRS 9 Financial Instruments (IFRS 9) with IFRS 4 Insurance Contracts (IFRS 4)* ('the ED'). The deadline for comment letters on the ED was on 8 February 2016.

The Board tentatively decided to set the direction for the redeliberations of the proposed amendments to IFRS 4, by deciding:

- a. to confirm the ED proposal to provide a temporary exemption from applying IFRS 9 for qualifying entities. 11 Board members agreed with this decision and 3 Board members disagreed.
- b. to confirm the ED proposal that the eligibility for the temporary exemption should be determined at the reporting entity level only. Hence, the assessment of eligibility should consider all of the activities of the reporting entity, and the reporting entity would apply only one Standard, either IFRS 9 or IAS 39 *Financial Instruments: Recognition and Measurement*, to all of its financial instruments in its financial statements. 13 Board members agreed with this decision and 1 Board member disagreed.
- c. to confirm that there should be a fixed expiry date for the temporary exemption. 13 Board members agreed with this decision and 1 Board member disagreed.
- d. to confirm the ED proposal to provide an overlay approach. 13 Board members agreed with this decision and 1 Board member disagreed.
- e. to confirm the ED proposal that the temporary exemption from applying IFRS 9 and the overlay approach should be optional. All 14 Board members present agreed with this decision.

Next steps

The remaining technical issues, including the qualifying criteria for the temporary exemption, will be discussed in the April and May Board meetings. The Board aims to issue the amendments to IFRS 4 in September 2016.

IFRS 3 *Business Combinations*—Definition of a business (Agenda Paper 13)

The Board met on 15 March 2016 to discuss the proposed amendments to IFRS 3. The proposed amendments would clarify how to apply the definition of a business and would result in the same requirements as the FASB proposed amendments (except where there is already a difference between IFRS Standards and US GAAP).

The Board noted that the Application Guidance of IFRS 3 would be worded differently from the FASB's proposed amendments. The Board tentatively decided to issue an Exposure Draft that includes this difference and ask constituents for their views.

All IASB members agreed with this decision.

Next steps

The IASB expects to issue the Exposure Draft in the second quarter of 2016.

Goodwill and Impairment (Agenda Paper 18)

The Board met on 16 March 2016 to discuss its Goodwill and Impairment project. This project responds to some of the findings from the IASB's Post-implementation Review (PIR) of IFRS 3 *Business Combinations*.

At this meeting the Board discussed the following areas:

- a. a possible modification to the impairment test to address users' concerns about late recognition of impairment losses and overstatement of goodwill
- b. improving the disclosure requirements for goodwill and impairment
- c. a possible improvement to the definition and guidance for customer relationships acquired in a business combination

No decisions were made.

Next steps

The Board will continue its discussions of this project at future meetings. Those discussions are expected to include consideration of quantitative information about the amounts and trends of reported goodwill, impairment and intangible assets over recent years, gathered in conjunction with staff at the Accounting Standards Board of Japan (ASBJ), the European Financial Reporting Advisory Group (EFRAG) and the US Financial Accounting Standards Board (FASB).

The Board also expects to discuss this project again with the FASB during the second quarter of 2016.

Agenda Consultation (Agenda Paper 24)

The Board discussed the feedback received in response to:

- a. the Board's Request for Views—2015 Agenda Consultation
- b. the Trustees' Request for Views—Trustees' Review of Structure and Effectiveness

The papers did not include any staff recommendations and no decisions were made at the meeting.

Next steps

The staff will bring an analysis to a future meeting of the Board that will:

- a. discuss the balance of the Board's activities and the prioritisation criteria that should be applied to individual projects;
- b. discuss the comments received on individual projects and what effect those comments should have on the prioritisation of individual projects; and
- c. propose a draft work plan of the Board's activities—to cover Standards-level projects and the research programme.

Work plan—projected targets as at 18 March 2016

The work plan reflecting decisions made at this meeting was updated on the IASB website on 18 March 2016. [View it here](#).

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