

Report to the Due Process Oversight Committee—September 2016

The Board will hold its next meeting the week commencing 19 September 2016. There are two matters to be brought to the attention of the Due Process Oversight Committee (DPOC).

- a. Draft Interpretation of IFRS 9 *Financial Instruments* and IAS 28 *Investments in Associates and Joint Ventures*—Long-term interests: Summary of due process followed and technical matters agreed by the IFRS Interpretations Committee. (agenda paper 12A)
- b. Review of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*—Distinction between changes in accounting policies and changes in accounting estimates: due process (agenda paper 26C)

Interpretation of IFRS 9 *Financial Instruments* and IAS 28 *Investments in Associates and Joint Ventures*—Long-term interests (agenda paper 12A)

At its meeting in September 2016 the IFRS Interpretations Committee (the Committee) completed its discussions on the issue of the interaction between IFRS 9 *Financial Instruments* and IAS 28 *Investments in Associates and Joint Ventures*. The issue relates to the measurement of long-term interests in an associate or a joint venture that, in substance, form part of the net investment in the associate or a joint venture, but to which the equity method is not applied (long-term interests).

The Committee has decided to publish a draft IFRIC Interpretation addressing the above issue and has directed the staff to commence the balloting process.

In accordance with paragraph 7.7 of the *Due Process Handbook*, at its September 2016 meeting the Board will be asked to:

- a. confirm it is satisfied that the Committee has complied with all due process requirements to date; and
- b. recommend a comment period of no less than 90 days for the draft Interpretation.

A summary of the Committee's due process steps is set out in Appendix A of agenda paper 12A.

Review of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*—Distinction between changes in accounting policies and changes in accounting estimates: due process (agenda paper 26C)

The Board has tentatively decided to propose a narrow-scope amendment to IAS 8 clarifying the definitions of accounting policies and a change in accounting estimates. The objective of the clarification is to address feedback that the definition of accounting policies appears to overlap with the definition of a change in accounting estimate.

At its September 2016 meeting the Board will be asked:

- a. to agree that an Exposure Draft (ED) be published with a comment period of 120 days;
- b. if any member of the Board intends to dissent from the ED; and
- c. if the staff may start the balloting process.

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A summary of the Committee's due process steps is set out in Appendix A of agenda paper 26C.

DPOC members may also be interested to note that consistent with (i) the recent Feedback Statement on the Trustees Review of Structure and Effectiveness (which said that the Board would endeavour to publish narrow-scope amendments together) and (ii) feedback received from the Accounting Standards Advisory Forum, it is planned that the ED be published together with (an)other consultation(s). It is planned that the ED will be published in Q1 of 2017.

Copies of agenda papers 12A and 26C are attached to this email.

This report is primarily for information and to provide the DPOC with assurance that the IASB is reviewing the due process steps and fulfilling the requirements of the *Due Process Handbook* as these projects progress.

If you have any questions please do not hesitate to contact me.