

Report to the Due Process Oversight Committee—September 2017

The IASB (the Board) will hold its next meeting the week commencing 18 September 2017. There are two matters to be brought to the attention of the Due Process Oversight Committee (DPOC).

Availability of a refund (Amendments to IFRIC 14) and Plan amendments, curtailment or settlement (Amendments to IAS 19)

The Board published the Exposure Draft IAS 19 *Employee Benefits* (IAS 19 amendments) and IFRIC 14 *IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (IFRIC 14 amendments) in October 2015.

The Board approved these proposed amendments in April 2017. However, because the proposed amendments to IFRIC 14 could have a significant effect on some defined benefit plans (particularly in the UK), the Board considered further the potential effects of the proposed amendments to IFRIC 14 in July 2017. The objective of the additional work was to confirm that the amendments will have the effects the Board envisaged during their development. Having undertaken further outreach following the July meeting, the staff are now recommending that:

- (a) the Board perform further work to assess whether it can establish a more principles-based approach in IFRIC 14 for an entity to assess and measure its right to a refund of a surplus; and
- (b) finalise the IAS 19 amendments separately from the IFRIC 14 amendments.

Consequently, Agenda paper 12B sets out the due process requirements for the amendments to IAS 19 only.

The due process steps are summarised in Appendix A of Agenda paper 12B.

The staff are not recommending re-exposure as the only substantive change relates to the transition provisions and responds to comments received to the proposals set out in the exposure draft.

The Board will be asked to confirm that it is satisfied that it has complied with the applicable due process requirements and if any member intends to dissent from the issuance of the amendments.

The staff aim to issue the amendments in December 2017.

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Annual Improvements to IFRS Standards 2015-2017 Cycle (Agenda paper 12C)

The Board published the Exposure Draft *Annual Improvements to IFRS Standards 2015-2017 Cycle* (Exposure Draft) in January 2017. The proposed amendments are:

1. IAS 12 *Income Taxes*:—Clarification of the presentation requirements for the income tax consequences of payments on financial instruments classified as equity.
2. IAS 23 *Borrowing Costs*:—Clarification of whether an entity transfers specific borrowings to the general borrowings pool once the construction of a qualifying asset is complete.
3. IAS 28 *Investments in Associates and Joint Ventures*:—Long-term interests in an associate or joint venture.

The Board has previously decided to finalise each of these proposed amendments. However, because the IAS 28 amendment is time-critical, the Board decided to finalise it as a separate narrow-scope amendment rather than as part of Annual Improvements.

In addition, at its April 2017 meeting, the Board decided to finalise the proposed amendments to IFRS 3 *Business Combinations* and IFRS 11 *Joint Arrangements—Accounting for Previously Held Interests*. These amendments to IFRS 3 and IFRS 11 were included in the ED *Definition of a Business and Accounting for Previously Held Interests*. The staff think these amendments meet the criteria for annual improvements, and therefore are recommending finalising them as part of the Annual Improvements 2015- 2017 Cycle.

The due process steps are summarised in Appendix A of Agenda paper 12C.

The staff are not recommending re-exposure as the only substantive change relates to the transition provisions of IAS 12 and responds to comments received to the proposals set out in the exposure draft.

The Board will be asked to confirm that it is satisfied that it has complied with the applicable due process requirements and if any member intends to dissent from the issuance of the amendments.

The staff aim to issue the amendments in December 2017.

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.