

Report to the Due Process Oversight Committee—June 2018

The International Accounting Standards Board (Board) will hold its next meeting the week commencing 18 June 2018. There are two matters to be brought to your attention.

- a. Availability of a refund (Amendments to IFRIC 14)
- b. IBOR reform and effects on financial reporting

Agenda paper 12: Availability of a refund (Amendments to IFRIC 14)

In October 2015 the Board issued an exposure draft of proposed amendments to IFRIC 14 IAS 19—*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

The Board and the IFRS Interpretations Committee have considered the feedback on the exposure draft. In September 2017, following additional outreach, the Board asked the staff to assess whether a more principles-based approach could be found for an entity to assess the availability of a refund of a surplus in a pension plan than that required in IFRIC 14.

At the June 2018 meeting, the staff will recommend that the Board does not finalise the proposed amendments to IFRIC 14 but instead considers the project's future direction when the outcome of its pension research project (Pension Benefits that Depends on Asset Returns) is known.

The paper highlights that developing a more principles-based approach would require broader amendments to IFRIC 14 than originally proposed in the exposure draft. Consequently, it would require re-exposure. The staff think that it would be best to consider any possible changes to IFRIC 14 at the same time as it considers the pension research project.

Agenda paper 19: IBOR reform and effects on financial reporting

The staff are recommending that the Board adds a project to its research programme to assess the effects on financial reporting of the potential discontinuation of interest rate benchmarks (such as LIBOR, EURIBOR and TIBOR).

The staff are making this recommendation due to recent market developments that have brought into question the long-term viability of such interest rate benchmarks. The potential discontinuance of these benchmark rates could have a significant and widespread impact on financial markets with a consequential effect on financial reporting.

The objective of the project would be to monitor further developments and determine whether there are any implication for IFRS Standards.

This report is primarily for information and to provide you with assurance that the Board is fulfilling the requirements of the *Due Process Handbook* as these projects progress.

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Please contact me if you have any questions.