



Topic

Priorities for the IASB work plan post June 2011

Overview

1. The Board is committed to delivering its current work plan, a copy of which is appended to this paper. That plan focuses on completing a package of wide ranging improvements to IFRS by 30 June 2011.
2. Each December the Board formally considers, in consultation with the SAC, agenda proposals for major projects. Given its current agenda the Board does not intend considering adding any major projects to its agenda this coming December. The Board anticipates that its next major assessment of potential projects will be in December 2010, shaping the agenda from 1 July 2011.

Consultation with the SAC

3. During the second phase of the Constitutional review some respondents expressed concerns that they felt excluded from the agenda setting process.¹ In its review the Trustees noted that:

... the Trustees are aware that the question of agenda-setting touches not only upon the issues of independence but also accountability. In order for IFRSs to be accepted globally it is fundamental that the IASB is accountable to its stakeholders. This is borne out by the fact that the IASB's agenda-setting process has always attracted attention from commentators.

¹See Part 2 of the Constitution Review – Proposals for Enhanced Public Accountability, IASC Foundation, September 2009

This paper has been prepared for discussion at a public meeting of the Standards Advisory Council of the IASB. The views expressed in this paper are those of the authors.

Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRIC or the IASB can make such a determination.

The tentative decisions made by the IASB at its public meetings are reported in *IASB Update*. Official pronouncements of the IASB, including Discussion Papers, Exposure Drafts, IFRSs and Interpretations are published only after it has completed its full due process, including appropriate public consultation and formal voting procedures.

SAC meeting

4. Almost all commentators reaffirmed the need for the IASB to maintain its independence to set IFRSs without interference, if it is to be capable of setting high quality international accounting standards. Many commentators raised issues related to the relevance of the IASB's existing work and the emphasis placed on its convergence work. The review noted that:

Respondents differentiated between the process of setting the agenda and the process of writing the standards. Many thought that the IASB's independence would be enhanced and receive greater legitimacy if the agenda-setting process became more transparent and the IASB became more accountable, including providing explanations and justifications for the priorities in its agenda.

5. After considering current practice and the concerns expressed, the Trustees reaffirmed that the IFRS Board must have the ability to determine its own agenda. At the same time, the Trustees proposed that the Board be required to consult the Trustees and the SAC when developing its technical agenda. Also, making SAC papers available to the public in advance of SAC meetings provides a mechanism for public input on the Board's agenda and priorities.

Work plan post June 2011

6. Historically, the Board has presented agenda proposals to the SAC and sought input to help the Board decide which, if any, of the projects should be taken onto its agenda. At the November 2009 SAC meeting, members will be given the opportunity to provide input that will help the Board set the strategic direction of its agenda for the post-30 June 2011 period. The SAC will be consulted again leading up to the formal consideration of agenda proposals in December 2010.

Criteria for setting the agenda

7. The IASB Due Process specifies that we must evaluate the merits of adding a potential item to the agenda mainly by reference to the needs of investors.

SAC meeting

8. We are required to consider:
 - (a) the relevance to users of the information and the reliability of information that could be provided;
 - (b) existing guidance available;
 - (c) the possibility of increasing convergence;
 - (d) the quality of the standard to be developed; and
 - (e) resource constraints.
9. IASB staff are asked to identify, review and raise issues that might warrant the Board's attention. New issues may also arise from a change in the IASB's conceptual framework. In addition, the Board raises and discusses potential agenda items in the light of comments from other standard-setters and other interested parties, the SAC and the IFRIC, and staff research and other recommendations.
10. The Board receives requests from constituents to interpret, review or amend existing publications. The staff consider all such requests, summarise major or common issues raised, and present them to the Board from time to time as candidates for when the Board is next considering its agenda.

Strategic direction

11. In thinking about the general direction of the Board's agenda there are several options available. The Board could:
 - (a) focus on a few or several large projects;
 - (b) undertake 'repairs and maintenance' on existing standards;
 - (c) develop a programme to systematically replace the remaining IAS's with IFRSs; or
 - (d) pause and focus on post-implementation reviews.

SAC meeting

12. The list is unlikely to be exhaustive. It could be that you think that a combination of these approaches has merit.

Projects

13. Major projects generally take three to five years to complete. Even if you think the Board should avoid making major changes to IFRS immediately after 30 June 2011 it might still be appropriate for the Board to start one or more major projects knowing that they will not become effective for five to seven years after June 2011.
14. In considering possible candidate projects we thought it would be helpful to mention projects that have come to the attention of the Board over the last two or three years. The list is not intended to constrain your thinking:
 - (a) extractive industries – by September 2010 we expect to have analysed comment letters in relation to a request for views on the discussion paper prepared for us by national standard-setters.
 - (b) disclosure framework – a comprehensive reconsideration of required disclosures. The work being started by the FASB will be discussed at the November 2009 meeting of the SAC.
 - (c) foreign currency translation – we have received several requests to review IAS 21 *The Effects of Changes in Foreign Exchange Rates* by jurisdictions moving to IFRS.
 - (d) impairment of non-financial assets – the Board started a joint project with the FASB but decided to focus on other priorities in the short term.
 - (e) intangible assets – we considered this topic on the basis of research undertaken by the Australian Accounting Standards Board and published a discussion paper *Initial Accounting for Internally Generated Intangible Assets*. The Board decided in December 2007 not to add the project to its agenda.

Questions to SAC members

Question 1: What do you think should be the strategic direction of the post-June 2011 work plan?

Question 2: Are there any particular projects that you think should be considered as potential new projects when the Board develops its post-June 2011 agenda at the end of 2010?

In providing your input it would be helpful if you could identify the aspects of the agenda criteria to which you gave the greatest (least) weight, and why.

Appendix

IASB Work Plan – projected timetable as at 1 August 2009

The timetable shows the current best estimate of document publication dates. The effective date of amendments and new standards is usually 6-18 months after publication date, although in setting an effective date the Board considers all relevant factors. In appropriate circumstances, early adoption of new standards will be allowed.

The work plan anticipates the completion of several projects in 2010 and 2011. The Board will consider staggering effective dates of standards to help entities that apply IFRSs undertake an orderly transition to any new requirements.

The Board undertakes this work using its established due process, including consultation with interested parties. The timetable for completion is subject to change depending on input received throughout a project's development.

Financial Crisis related projects

	Estimated publication date							MoU 1	Joint 2
	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 H2	2011 H1	2011 H2+		
Consolidation		IFRS						✓	✓
Credit risk in liability measurement [DP, comments due by 1 September 2009]									
Derecognition					IFRS			✓	✓
Fair value measurement guidance [ED, comments due by 28 September 2009]		RT		IFRS				✓	
Financial instruments (IAS 39 replacement)									
Classification and measurement [ED, comments due by 14 September 2009]		IFRS						✓	✓
Impairment		ED		IFRS				✓	✓
Hedging		ED		IFRS				✓	✓

Memorandum of Understanding projects

	<i>Estimated publication date</i>							MoU ¹	Joint ²
	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 H2	2011 H1	2011 H2+		
Financial statement presentation				ED		IFRS		✓	✓
FI with characteristics of equity			ED			IFRS		✓	✓
Income taxes					IFRS			✓	✓
Joint ventures		IFRS						✓	
Leases					ED	IFRS		✓	✓
Post-employment benefits (incl. pensions)								✓	
Discount rate	ED	IFRS							
Recognition and presentation		ED				IFRS			
Revenue recognition				ED		IFRS		✓	✓

Other Projects

	<i>Estimated publication date</i>							MoU ¹	Joint ²
	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 H2	2011 H1	2011 H2+		
<u>Annual improvements 2008-2010</u>	ED			IFRS					
<u>Annual improvements 2009-2011</u>					ED	IFRS			
Classification of rights issues	ED	IFRS							
Discontinued operations (IFRS 5)		IFRS							✓
Emissions trading schemes				ED		IFRS			✓
<u>Amendments to IFRIC 14</u>		IFRS							
Insurance contracts		ED				IFRS			✓
Liabilities (IAS 37 amendments)		ED or IFRS							
Management commentary [ED, comments due 1 March 2010]					CG				
Rate-regulated activities [ED, comments due 20 November 2009]				IFRS					
Related party disclosures (IAS 24)		IFRS							

Conceptual Framework

Documents currently being developed	Estimated publication date							MoU ¹	Joint ²
	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 H2	2011 H1	2011 H2+		
Phase A: Objectives and qualitative characteristics	Final chapter								✓
Phase B: Elements and recognition					DP		ED		✓
Phase C: Measurement		DP			ED		Final chapter		✓
Phase D: Reporting entity	ED				Final chapter				✓

The IASB and the FASB will amend sections of their conceptual frameworks as they complete individual phases of the project. Phases E to H *Presentation and disclosure, Purpose and Status, Application to not-for-profit entities* and *Remaining issues* have not yet started.

Research and other projects

Common control was added to the agenda in December 2007. Work will begin when staff working on projects related to the financial crisis become available.

In April 2009 the Board considered comments received in relation to proposed amendments to **IAS 33 Earnings per Share**. In the light of other priorities, the Board does not expect to discuss this project until 2010.

Work on the **government grants** project has been deferred pending progress in the revenue recognition, related parties and emissions trading schemes projects.

A discussion paper on **extractive activities** has been prepared for the IASB by representatives from the national standard-setters of Australia, Canada, Norway and South Africa. The discussion paper will be available on the IASB website in August 2009. The Board will publish a request for views in the first quarter of 2010.

In December 2007 the IASB decided not to add a project on **intangible assets** to its active agenda. National standard-setters are carrying out research for a possible future project. The Australian Accounting Standards Board has published a discussion paper *Initial Accounting for Internally Generated Intangible Assets*.

Abbreviations			
AD	Agenda Decision (to add the topic to the active agenda)	CG	Completed Guidance
DP	Discussion Paper	ED	Exposure Draft
IFRS	International Financial Reporting Standard	RT	Roundtables
TBD	To be determined		

Endnotes

1. These projects are part of the Memorandum of Understanding that sets out the milestones that the FASB and the IASB have agreed to achieve in order to demonstrate standard-setting convergence.
2. These projects are being undertaken with the FASB. Even though *joint ventures* and *post-employment benefits* are not being undertaken with the FASB, in each case the IASB has committed to improve the related IFRSs.