



Contact(s)	Alan Teixeira	ateixeira@iasb.org	+44 (0) 20 7246 6442
	Peter Clark	pclark@iasb.org	+44 (0) 20 7246 6451

Project **IASB planning and priorities**

Purpose of the session:

1. The purpose of this session is to provide participants with an overview of the planning and priorities of the IASB. We want to focus on a few areas for which we think you will be able to provide us with valuable input.
2. In the first part of the session we will discuss the IASB work plan. For this purpose, we have provided you with the work plan as at 1 August (Agenda Paper 1A) and a summary of the activities we have undertaken in response to the financial crisis (Agenda Paper 1B).
3. The second part of the session focuses on project summaries, feedback statements and effect analyses. (For example see Agenda paper 1C)
4. The final section is a brief reminder of the role national standard-setters have in helping their local constituents work with IFRSs.

The work plan

5. Our work programme so far this year has been dominated by our response to the global financial crisis. However, we have not abandoned our efforts to make improvements that also address differences between our standards and national standards, nor have we been prevented from continuing to make necessary improvements to existing IFRSs.

This paper has been prepared by the technical staff of the IASCF for discussion at a meeting of World Standard Setters.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IASB.

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.

IASB Staff paper

The Financial Crisis

6. Agenda Paper 1C provides an overview of our responses to the financial crisis.

One set of standards

7. The development of a single set of high quality, understandable and enforceable global accounting standards for use in the world's capital markets has been the primary goal of the IASB since its inception in 2001. That aim has driven our work. The global financial crisis has only served to emphasise that having similar requirements around the world is simply not good enough. The requirements must be the same, otherwise entities, or jurisdictions, will seek regulatory arbitrage by trading off the differences.

International adoption

8. On 14 November 2008 the SEC published for public comment a proposal entitled *Roadmap for the Potential Use of Financial Statements Prepared in accordance with International Financial Reporting Standards by U.S. Issuers*. The proposed roadmap sets out milestones that, if achieved, could lead to the adoption of IFRSs in the United States in 2014. The roadmap also proposes to permit the early adoption of IFRSs from 2010 for some US entities. The comment period ended on 20 April 2009 and the SEC is currently considering the comment letters it received.
9. On 11 June 2009 the Business Accounting Council (BAC), a key advisory body to the Commissioner of the Financial Services Agency (FSA), approved a roadmap for the adoption of IFRSs in Japan. The roadmap proposes mandatory adoption of IFRSs from 2016, subject to a final decision being taken by 2012.
10. Canada, India, Japan and Korea have also announced plans to adopt or converge with IFRSs in 2011. Mexico has announced plans to adopt IFRSs for all listed entities from 2012. Indonesia, Malaysia and Singapore have committed themselves to adopting IFRSs in 2012 while several South American countries have also recently announced a move to IFRSs.

IASB Staff paper

IASB-FASB Memorandum of Understanding

11. The most widely adopted accounting reporting requirements around the world are IFRSs and US GAAP. That is why the Memorandum of Understanding (MoU) we have with the FASB is so important to our efforts to develop a single set of global standards. The MoU identifies the projects to which each of us is committed to complete, either on our own or together, in the short term. The purpose is to eliminate differences between our requirements.
12. Although we often characterise this as a convergence programme, a more appropriate description of the MoU is that it is an agreement that guides a collaborative effort by the IASB and the FASB to deliver the greatest possible improvements to financial reporting. We think that by combining our resources and having the boards challenge each other we will not only end up with identical standards but will also create more robust and sustainable solutions.
13. The successful completion of each MoU project eliminates differences between IFRSs and US GAAP. Of course, the more similar IFRSs and US GAAP become the easier it will be for US entities to move to IFRSs if the SEC decides that such a step is appropriate.

30 June 2011

14. Our objective is to have the major projects completed by 30 June 2011. Setting that date as a deadline ensures that the major changes to IFRSs will be in place in time for the many jurisdictions moving to IFRSs and will avoid the need for them to make major changes shortly after they have adopted IFRSs.
15. We are concerned that our work plan could overload some parties and affect their ability to provide us with comment letters and to cope with implementing changes to IFRSs. Over the next two years we expect to issue IFRSs for 13 major projects. Those numbers exclude unforeseen promulgations which, as the last 12 months have shown us, can be significant.
16. It is difficult to remove projects from the agenda. Each project is there for a good reason and is important to those affected. What we can do is manage the

IASB Staff paper

timing of document releases and the comment periods. For example, we are providing longer than normal comment periods for the *Management Commentary* exposure draft and the *Extractive Industries* discussion paper. We are also examining transitional provisions and extending the period before the published IFRSs become effective to help jurisdictions moving to IFRSs.

17. In November 2009 we will be asking the IASB’s Standards Advisory Council to start to think about what should be the priorities for the Board from 1 July 2011. We anticipate having some public consultation on the strategic direction the Board should take with its agenda.

Feedback request

We encourage national standard-setters to gather information about what their constituents think should be the priorities of the IASB from 1 July 2011.

We will provide opportunities for you to pass this information to us in 2010.

Project summaries, feedback statements and effect analyses

18. Last year the Trustees approved a revised Due Process Handbook. One of the new steps it contains is a requirement for the IASB to publish a project summary, feedback statement and effect analysis in conjunction with each new IFRS or major amendment.

19. The due process Handbook states:

49. As it moves towards completing a new IFRS or major amendment to an IFRS, the IASB prepares a project summary and feedback statement. These :

- give direct feedback to those who submitted comments on the exposure draft.
- identify the most significant matters raised in the comment process and
- explain how the IASB responded to those matters.

50. At the same time, the IASB prepares an analysis of the likely effects of the forthcoming IFRS or major amendment. The IASB has undertaken to provide such information to jurisdictions that adopt IFRSs. The IASB is committed to imparting information and sharing knowledge on the likely costs of implementing a new requirement and the ongoing

IASB Staff paper

associated costs. The IASB also documents what it learned during the development of the IFRS about the likely costs of implementing a new requirement and the subsequent ongoing costs, and the likely effect of an IFRS on the quality of the information that entities will provide to users. The analysis will therefore attempt to assess the likely effects of the new IFRS on:

- the financial statements of those applying IFRSs
- the possible compliance costs for preparers
- the costs of analysis for users (including the costs of extracting data, identifying how the data have been measured and adjusting data for the purposes of including them in, for example, a valuation model)
- the comparability of financial information between reporting periods for an individual entity and between different entities in a particular reporting period and
- the quality of the financial information and its usefulness in assessing the future cash flows of an entity.

20. The Handbook also states:

Impact analysis

109 The IASB gains insight on the impact of IFRSs through its consultations, both in consultative publications (discussion papers and exposure drafts) and communications with interested parties (liaison activities, meetings etc). The IASB's views on impact analysis questions are reflected explicitly in the basis for conclusions published with each exposure draft and IFRS. The IASB weighs impact analysis considerations as a part of its deliberation when considering and drafting its analysis of likely effects. However, it is rarely possible to make a formal quantitative assessment of the impact of IFRSs.

110 In forming its judgement on the evaluation of impact analysis, the IASB considers

- the costs incurred by preparers of financial statements
- the costs incurred by users of financial statements when information is not available
- the comparative advantage that preparers have in developing information, when compared with the costs that users would incur to develop surrogate information
- the benefit of better economic decision-making as a result of improved financial reporting.

21. The first and, to date, only such project summary, feedback statement and effect analysis was published in January 2008 when the revised IFRS 3 *Business Combinations* and the amended IAS 27 *Consolidated and Separate Financial Statements* (Business Combinations II) were published. That project summary, feedback statement and effect analysis was not, at the time, a due-process requirement. A copy of that document has been provided to all WSS participants.

22. IASB staff are currently preparing a feedback statement for the first phase of the conceptual framework project and a feedback statement and effect analysis for the replacement of IAS 31 *Joint Ventures*.

IASB Staff paper

23. The form and content of these documents is evolving. As we noted on page 14 of the project summary, feedback statement and effect analysis for Business Combinations II:

Some jurisdictions that incorporate IFRSs within their legal framework require, or elect to prepare, some form of regulatory impact assessment before a new IFRS, or an amendment to an existing IFRS, is brought into law. The requirements vary from jurisdiction to jurisdiction, and in some cases have broader policy factors in mind than the effect on preparers and users.

It is unlikely that we could prepare an assessment that meets the needs of every jurisdiction. What we can do, however, is provide jurisdictions with input to their processes. We can, for example, document what we learned during the development of an IFRS about the likely costs of implementing a new requirement and the ongoing costs. We gain insight on the costs and benefits of standards through our consultations, both via consultative publications (discussion papers, exposure drafts etc) and communications with interested parties (liaison activities, meetings etc).

Our expectation is that the assessment that follows will assist jurisdictions in meeting their requirements.

Feedback request

It would be helpful to the IASB if you provided us with information about impact assessment requirements in your jurisdiction that would not be met by type of document we published for business combinations.

We also welcome feedback on ways that we could improve these documents.

Local interpretations and Technical Enquiries

24. National standard setters play an important role in the IASB process. Your questions can provide information about the application of our standards in particular jurisdictions and problems that local entities may be encountering. We strive to be cooperative with national standard setters.
25. National standard-setters sometimes take on the role of intermediaries between local constituents and the IASB. This can be helpful, as a standard setter can help to frame questions and make the process more efficient. However, we recognise that a response may ultimately have broad dissemination. There is a risk that, without careful attention, differing interpretations may develop in

IASB Staff paper

different jurisdictions. For that reason, we might suggest that questions be referred to the Director of Implementation Activities.

26. Individual staff and Board members of the IASB are not authorised to provide official interpretations of IFRSs. Even if they were authorised, our resources are limited and we could not respond to all questions we receive. When individuals do provide some feedback we attach a disclaimer to the advice and emphasise that an official position of the IASB on technical matters is reached only after extensive due process and deliberation. We also encourage respondents to use the local profession to help them with difficulties they might have.
27. As National standard-setters, you might want to think about taking a similar approach to matters that do not warrant sending to us. We do not want local interpretations developing, but it is possible to be helpful without creating a secondary GAAP.