

Topic

Members' views on the revised work plan

1. At our last meeting the details of the revised IASB/FASB work plan had not yet been released. This is the Council's first opportunity to provide views on the revised work plan. The stated objectives of the revised plan are:
 - (a) To give priority and sharper focus to those major MoU projects for which improvement of IFRSs and US GAAP is urgently needed; and
 - (b) to phase exposure drafts (EDs) and related consultations to enable broad-based and effective stakeholder participation in due process.
 - (i) A maximum of four significant or complex EDs to be issued in any one quarter.
 - (c) To provide a 'stable platform' for those adopting IFRSs in 2011-2012.
 - (d) To assist countries, including the US and Japan, in deciding whether to adopt IFRSs.
 - (e) To respond to the G20's call for the IASB and FASB to redouble their efforts to complete the convergence project by 30 June 2011.
2. Some important projects have been accelerated with the result that new and revised standards are expected by year-end, including:
 - (a) Derecognition: enhanced disclosures for financial assets transferred to another entity.
 - (a) Consolidation: a comprehensive replacement for IAS 27 *Consolidated and Separate Financial Instruments* and SIC-12 *Consolidation—Special Purpose Entities*.
 - (i) Expected to produce same results for structured entities as US GAAP.

This paper has been prepared for discussion at a public meeting of the IFRS 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 IFRS Interpretation Committee 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.

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- (ii) Major differences from US GAAP for voting interest entities.

The following sections highlight the more significant changes reflected in the revised work plan.

Most urgent remaining major projects

3. Four major projects remain targeted for completion by 30 June 2011:

(a) Financial Instruments

- (i) Intention is to jointly consider comments received and to ‘reconcile differences’ to foster improvement and convergence.
- (i) IASB hedging proposals still pending.
- (ii) FASB comprehensive ED—comment deadline is 30 September 2010.

In addition, an ED on balance sheet netting is expected in Q4/2010. This is a major difference for financial institutions between IFRS and US GAAP.

(b) Revenue Recognition

- (i) Comment deadline expired on 22 October.

(b) Leases

- (i) All assets and liabilities arising from leases would be recognised.
- (ii) Measurement proposals are controversial.
- (iii) Views are mixed on dual model approach for lessors.
- (iv) Comment deadline expires on 15 December.

(c) Insurance Contracts

- (i) This is not an MoU project but is on the SEC’s list of important gaps in IFRSs.
- (ii) Proposed discount rate is particularly controversial.
- (iii) Comment deadline expires 15 December.

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- (iv) FASB has published the IASB's ED as a discussion paper.
- (v) Final standard is scheduled for Q2/2011.

In addition, a joint project is proposed dealing with effective dates, transition and early adoption. A 'Request for Views' was published on 19 October..

4. Projects that have been slowed down:
- (a) Financial statement presentation.
 - (i) Additional outreach to be undertaken before ED will be published.
 - (b) Distinguishing liabilities and equity.
 - (i) Consider addressing specific practice problems with IAS 32 *Financial Instruments: Presentation* or 'targeted improvements' to converge with US GAAP.
 - (ii) Timing is undecided.
 - (c) Emissions trading schemes.
 - (i) ED unlikely before Q3/2011.
 - (d) Joint venture arrangements.
 - (i) Finalisation of standard delayed to coincide with new consolidations standard.
 - (e) Liabilities
 - (i) New ED of comprehensive standard not expected before Q3/2011.
 - (f) Rate-regulated activities
 - (i) Deferred pending consultation on post-2011 agenda.
 - (g) Income Taxes
 - (i) No fundamental review until after 2011.

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- (h) Conceptual Framework
- (i) Chapters on reporting entity and measurement expected within six months.

Questions for Council members

1. Do you agree with the objectives of the revised work plan? If not, what changes would you propose and why?
2. Do you agree that the changes reflected in the revised work plan will accomplish the stated objectives? If not, on which projects would you continue work but at a slower pace?
3. Are there any projects that, in your view, could be suspended or cancelled?