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Project	<b>Post-employment benefits</b>
Topic	<b>Post-2011 Work Plan – IASB planning and priorities</b>

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## Objective

1. This paper provides members with an update on the Board's plans and priorities for its post-2011 agenda.

## Background

2. Today, the primary focus of the Board is on the completion of its current agenda. By March 2011, the Board expects to complete the amendments arising from *Defined Benefit Plans* together with projects on derecognition-related disclosures, consolidations, joint arrangements, fair value measurement, management commentary and two chapters of the Framework. By mid-2011, the Board also expects to complete major projects on financial instruments, revenue recognition, leases and insurance contracts. This will mean that the Board will have completed much of its current agenda.
3. Furthermore, by July 2011, all the founding Board members will have completed their terms, and many of the continuing Board members, including the Chairman, will be relatively recent appointees.
4. Therefore, it is appropriate that the Board begins to plan its post-2011 work plan.

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This paper has been prepared by the technical staff of the IASB for the purposes of discussion at a public meeting of the IASB working group identified in the header of this paper.

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

The meeting at which this paper is discussed is a public meeting but it is not a decision-making meeting of the Board. Official pronouncements of the IASB are published only after the Board has completed its full due process, including appropriate public consultation and formal voting procedures.

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**Developing the new agenda**

5. The IASB has full discretion to develop and pursue its technical agenda, subject to its objectives as set out in the Constitution<sup>1</sup> to:
- (a) develop, in the public interest, a single set of high-quality, understandable, enforceable and globally-accepted accounting standards based on clearly-articulated principles. These standards should require high-quality, transparent and comparable information that helps capital market participants and other users to make economic decisions;
  - (b) promote the use and rigorous application of IFRS;
  - (c) take account of, as appropriate, the needs of a range in size and types of entities in diverse economic settings; and
  - (d) promote and facilitate adoption of IFRS through convergence with national standards.
6. However, in the second part of its constitutional review, the Trustees introduced a requirement that, in addition to consulting the Trustees and its advisory council annually on the current and future agenda, the IASB should undertake a three-yearly public consultation on its future technical agenda, to solicit input and help the IASB in setting the agenda.
7. The IASB will begin its deliberations on its future agenda and priorities later this year, and will begin its first triennial public consultation process by 30 June 2011.

***Advice from the IFRS Advisory Council***

8. The IFRS Advisory Council, which advises the IASB on agenda decisions and priorities, has discussed strategic considerations in the light of the current
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<sup>1</sup> The IFRS Foundation's Constitution paragraph 2.

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financial reporting environment. The Advisory Council discussed a range of issues, including (i) the characteristics of an effective financial reporting system, (ii) a consideration of the state of IFRS as it is expected to exist in June 2011 and (iii) potential targets and milestones for important accomplishments.

9. The Advisory Council wrote to the Board in August 2010 outlining the collective views of council members. That letter summarised its advice as follows:

*Basic policies*

- (a) Focus on serving those who have adopted or wish to adopt IFRS. Convergence is no longer a prime consideration.
- (b) Retain the current objective of serving the reporting needs of capital market participants for profit-oriented entities.

*Short- to medium-term objectives*

- (c) Provide a period of calm in issuing new standards to bed down the numerous new and revised standards coming into effect. Stand ready to assist in resolving implementation issues. Assess proposals for new standard-setting projects against strict selection criteria. Provide some capacity and flexibility to deal with unforeseen urgent issues without disrupting the work plan.
- (d) Allocate significant resources to ensuring that the standards are interpreted and applied with an appropriate degree of consistency, and that they are producing the intended results. Post-implementation reviews become a significant activity.
- (e) Expedite completion of the conceptual framework project and developing a disclosure framework.

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- (f) Monitor trends and developments that are likely to affect financial reporting in the future.

*Interaction with constituents*

- (g) Manage the relationship between IFRS and IFRS for SMEs. The first periodic update of IFRS for SMEs will be particularly challenging because of the recent spate of new or revised standards.
- (h) Continue and expand outreach activities with particular emphasis on users and emerging markets.

The Advisory Council believes that this approach would allow the new Board to become better oriented before making extensive longer-term commitments, and would ease the transition from the old to the new Board.

**Next steps**

10. The Board is currently developing a plan for the first of the new three-yearly public consultations on its agenda. The Board will be seeking input on the strategic direction that it should take in developing its future agenda as well as identifying potential new projects.
11. To give members a sense of what we mean by strategic direction, the Board's informal consultation has already suggested that the Board could focus on four general areas: implementation and maintenance (including post-implementation reviews); the conceptual framework (including a disclosure framework); a strategic review of the future shape of financial reporting (including its interaction with XBRL); and 'some' major projects.
12. The Board will be interested in hearing views as to whether these are the right areas for it to focus on and, if so, what should be the relative balance (or effort) among these areas.

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13. The Board has already identified some projects that should at least be considered as potential agenda items. Some of these are topics that have been on the agenda but for which work has been suspended—eg earnings per share and common control. The Board has also published a discussion paper prepared by staff of national standard-setters on extractive activities, and it seems appropriate to consider this as a potential agenda topic. It is also possible that some projects, including post-employment benefits, that are currently on the agenda might be at a point where they should be assessed against other projects. The Board is aware of other matters that some in the IFRS community would like the Board to address. The public consultation process should help the Board to identify whether its list of potential candidate projects is sufficiently comprehensive.
14. We encourage members to think about the matters raised in this paper and hope that you will participate in the public consultation.

**Discussion questions**

There are a number of unresolved areas in post-employment benefit accounting:

- The discussion paper *Preliminary Views on Amendments to IAS 19* contained proposals on the accounting for contribution-based promises. However, as a result of feedback on the discussion paper, the Board decided to consider whether to develop further those proposals after it has completed the amendments in the exposure draft.

- Both the IASB and the FASB agree that a converged standard on post-employment benefits is an ultimate goal.

- The IASB agrees that there is a need for a comprehensive review of the accounting for employee benefits that would address issues such as measurement of the post-employment benefit obligation, recognition of the obligation based on the benefit formula and presentation of a net obligation, rather than consolidation of gross pension assets and gross liabilities in an entity's financial statements.

To what extent do you think the Board should continue work on post-employment benefits after mid-2011?