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Project	<b>Post-implementation reviews</b>		
Topic	<b>Questions for break-out session</b>		

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1. The purpose of this paper is to set out the questions for discussion in the break-out session for post-implementation reviews. The appendix to this paper describes the current draft approach to post-implementation reviews. The draft approach has been developed after considering feedback from a number of groups, including the IFRS Advisory Council, the IFRS Interpretations Committee, the Analysts Representative Group, the Global Preparers Forum and the National Standard Setters group. The feedback we receive from the breakout session at the World Standard Setters meeting will help us finalise our approach.
2. The questions we would like you to discuss in your break-out groups are:
  - (a) Do you agree with the proposed objectives of the post-implementation reviews? If not, why, and how do you propose the objectives should be changed?
  - (b) What are your views on the three phase approach to the reviews?
  - (c) What involvement do you think that World Standard Setters could have in post-implementation reviews?
  - (d) Do you agree with the proposed outputs from the reviews, ie, identification of 'next steps' responses to the issues analysed in the review? If not, why, and what do you think should be the outputs from the reviews?

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This paper has been prepared by the technical staff of the IFRS Foundation 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 IFRS Interpretations 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.

## Staff paper

**Appendix – Proposed approach for post-implementation reviews***Introduction*

We, the International Accounting Standards Board (the Board), undertake post-implementation reviews to learn whether there are significant concerns about the implementation of an IFRS in practice and, if there are, to consider how we might respond to those concerns. The reviews are also intended to help us to identify whether and how we might make improvements to the way in which we develop IFRSs. Post-implementation reviews represent the final stage in our standard-setting process.

*Objectives*

Our reviews focus on the outcome or status of issues that were identified as contentious at the time of developing the IFRS. This will help us understand whether these concerns remain and what lessons we can learn to help us with developing future IFRSs. The reviews also consider how straight-forward it has been to apply the IFRS by asking whether there have been significant implementation difficulties or significant unexpected costs associated with applying the IFRS.

In developing our approach to post-implementation reviews many stakeholders told us that they wanted us to consider the effectiveness of the IFRS; that is, has the IFRS achieved what we intended it to achieve? Although the primary focus of our post-implementation reviews is on the practical application of the standard, the relevance of the information it produces is of course also important. As part of our reviews we will therefore, to the extent possible, consider the effectiveness of the IFRS by seeking feedback, particularly from users of financial statements, about the usefulness of the information provided from applying the IFRS.

## Staff paper

**Appendix – Proposed approach for post-implementation reviews***Structure of our post-implementation reviews*

Public consultation, input from the financial reporting community and acting in the public interest are important features of our consultation process and will also apply to our post-implementation reviews. We will:

- Consult widely to help us determine the issues on which we should focus our attention.
- Publish our scope and work plan for the review.
- Publish, for comment, the preliminary findings from our review, including our draft proposals for how we could respond to those findings.
- Publish our final report of our findings, including proposed responses and provide feedback on how comments received on the draft report have been dealt with.

Our post-implementation reviews will be conducted in three phases, as follows:

1. Developing the work plan
2. Investigating the issues
3. Reporting.

The three phases, and the objective of each phase, are described below.

## Staff paper

**Appendix – Proposed approach for post-implementation reviews****The three phases of post-implementation reviews****Phase 1: Developing the work plan**

*Objective:* To identify the issues on which to focus the review and to develop the work plan to research those issues.

The post-implementation reviews focus on the issues that were identified as contentious at the time of finalising the IFRS and also on the unexpected costs or implementation issues for the standard. Some of those implementation issues will have been identified by the IFRS Interpretations Committee. In order to learn about other implementation issues and unexpected costs, we will consult widely. We will then undertake a preliminary analysis of those issues in order to identify the areas of main concern to stakeholders on which to focus the review.

*Initial consultation*

In seeking to identify common implementation issues and unexpected costs, we will publish an open invitation to stakeholders to tell us about their concerns about the IFRS. This will provide an opportunity for all interested parties to contribute to the review. In addition to this public consultation, we will seek to identify issues on which to focus our work by:

- a. Reviewing issues reported by securities regulators
- b. Considering issues referred by the IFRS Interpretations Committee
- c. Learning about relevant matters on which national standard setters or securities regulators have issued local interpretations or guidance relating to concerns with the IFRS

*Focusing the review*

Analysing the information gathered in the initial consultation, we will develop a detailed work plan that is focused on those issues that are of greatest concern because of the prevalence of the issue and their significance for financial reporting. We will use meetings with stakeholders to gather the information and the evidence to make this assessment and we will seek the views of the IFRS Interpretations Committee. This analysis will also allow us to identify whether some of the issues are more appropriate to be referred to the IFRS Interpretations Committee.

These stakeholder meetings (and other liaison activities, as appropriate) will be with targeted stakeholder groups and will include:

1. Users and user groups
2. Preparer groups
3. Audit firms
4. Securities regulators
5. The National Standard Setters group

The meetings with users and user groups will also be used to understand how the users' analysis of financial statements has changed as a result of the IFRS, identifying the benefits of the changes and/or the costs or reduced usefulness of the information that is now provided.

## Staff paper

**Appendix – Proposed approach for post-implementation reviews**

At the completion of the planning phase, we will publish the scope of our post-implementation review for the IFRS, setting out the issues on which the next part of the review will be focused, and our work plan that we will use. We will also report on the consequences for the issues identified through the initial consultation but that will not be carried forward to the next part of the review.

**Phase 2: Investigating the issues**

*Objective:* To gather and analyse evidence supporting the concerns raised by stakeholders that establishes the extent and nature of the issue and to propose solutions to address the issues that were identified.

Using the work plan developed in phase 1, we will gather evidence to understand the effect that the issue is having on financial reporting and the underlying cause of the issue. We will analyse this information and identify possible solutions, if applicable, for future standard-setting action. We plan to work with national standard setters and other organisations, to gather the supporting evidence needed to make the necessary assessment.

We will conduct this phase by:

1. Investigating and gathering examples of each of the issues selected for review to understand:
  - a. The effects that the issue has on financial reporting and/or the nature of the unexpected costs associated with the issue
  - b. The underlying cause of the issue, including assessing whether the issues relate to:
    - i. The requirements of the IFRS
    - ii. The way in which the requirements of the IFRS are worded
    - iii. The way the IFRS is implemented
2. Developing proposals for addressing the issues, where appropriate

We will discuss the findings of our review, and our proposed responses, in our public Board meetings.

## Staff paper

**Appendix – Proposed approach for post-implementation reviews****Phase 3: Reporting**

*Objective:* To set out our response to the issues analysed in the review.

Having completed our analysis in phase 2, we will report our findings. We will initially publish a draft report for public comment. After reviewing the comments received, and conducting follow-up work as needed, we will publish our final report.

We will publish the final report setting out:

- a. A summary description of the completed review
- b. A description of the issues analysed and the proposed 'next steps', if any, divided into the following categories:
  - i. Proposals for process improvements to our standard-setting Due Process
  - ii. Issues to be referred to the IFRS Interpretations Committee
  - iii. Issues to be included in an agenda proposal for an IASB project
  - iv. Other, including where no change is considered necessary
- c. Feedback on how comments on the draft report have been dealt with.

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