

AGENDA PAPER

IFRS Foundation Trustees' meeting—Due Process Oversight Committee

London

12-13 April 2012

Agenda ref

3Bi

Draft Due Process Handbook

IFRS Foundation

Due Process Handbook

This handbook sets out the due process principles and steps that apply to the International Accounting Standards Board and the IFRS Interpretations Committee.

The trustees of the IFRS Foundation have a Due Process Oversight Committee (DPOC) that is responsible for monitoring compliance with due process. This handbook also sets out the protocol followed by the DPOC.

1. Introduction	4
2. Oversight	5
Mission.....	5
Areas of responsibility.....	5
Process	6
Communication.....	7
Protocol for Trustee action for perceived breaches of due process	7
3. Principles	8
Transparency	8
Public meetings, voting and balloting.....	8
Meetings.....	8
Papers and observer access.....	9
Meeting votes and the ballot process	10
Balloting.....	12
Review drafts.....	13
Information on the IFRS Foundation website.....	13
Education sessions, small group meetings and assigned IASB members.....	14
Education sessions.....	14
Private and small group meetings	14
Polling of IASB members.....	14
Assigned IASB members.....	14
Full and fair consultation.....	15
Liaison activities.....	15
IFRS Advisory Council	16
Securities and other regulators.....	16
Consultative groups	17
Working groups.....	17
Specialist advisory groups	17
Comment letters.....	18
Fieldwork.....	18
Public hearings	19
Accountability	19
Minimum safeguards	19
‘Comply or explain’ steps.....	20
Analysis of the likely effects of a change to IFRSs	20
Dissenting views.....	21
4. Technical work programme	22
Research programme	22
Research papers, discussion papers and Requests for Views	23
Publication of discussion papers, Requests for Views and research papers.....	24
Framework.....	24
Three-yearly consultation on the IASB work programme	25

5. Standards-level projects	25
Implementation and maintenance.....	26
Identification of matters.....	26
6. New or amended IFRSs	28
Exposure drafts.....	28
Developing an exposure draft.....	28
Exposing annual improvements.....	29
Publication.....	29
Consideration of comments received	30
Completion of the deliberations.....	30
Re-exposure criteria.....	31
Finalising an IFRS	31
Effective date and transition	32
Publication.....	32
Project Summary, Feedback Statement and Effect Analysis	32
Post-publication procedures and maintenance.....	33
Post-implementation review	33
Initial assessment and public consultation.....	33
Consideration of evidence and presentation of findings.....	34
7. Interpretations	35
Draft Interpretation	35
Developing a draft Interpretation.....	36
Publication.....	36
Consideration of comments received	37
Finalising an Interpretation.....	37
Effective date and transition	37
Agreement and ratification by the IASB	38
Appendix 1—Glossary of terms	39
Appendix 2—IFRS Education Initiative	42
Appendix 3—Consultative Groups	43
Appendix 4—Interpretation Requests	44
Appendix 5—History and approval	46

1. Introduction

- 1.1. The International Accounting Standards Board (IASB) is the standard-setting body of the IFRS Foundation. The foremost objective of the organisation is to develop, in the public interest, a single set of high quality, understandable and enforceable global accounting standards. The IFRS Interpretations Committee (Interpretations Committee) assists the IASB in improving financial reporting through timely identification, discussion and resolution of financial reporting issues within the IFRS framework.
- 1.2. The *IFRS Foundation Constitution* gives the IASB full discretion in developing and pursuing its technical programme and in organising the conduct of its work. The Trustees and the IASB have established consultative procedures to ensure that, in exercising its independent decision-making, the IASB considers a wide range of views from interested parties throughout all stages of the development of International Financial Reporting Standards (*IFRSs*). The IASB uses these procedures to gain a better understanding of different accounting alternatives and the potential effect of the proposals on affected parties.
- 1.3. This handbook describes the due process requirements of the IASB and its Interpretations Committee. The requirements reflect the structure of the due process that is laid out in the *IFRS Foundation Constitution* and the *Preface to International Financial Reporting Standards* issued by the IASB.
- 1.4. The due process requirements are built on the principles of transparency, full and fair consultation—considering the perspectives of those affected by IFRSs globally—and accountability. A comprehensive and effective due process is essential to developing high quality IFRSs that serve investors and other users of financial information.
- 1.5. The IASB and its Interpretations Committee will often perform steps and procedures over and above those described here because they are continually striving to improve how they consult and operate. From time to time the IASB and the Due Process Oversight Committee (DPOC) review how the IASB and its Interpretations Committee are operating to determine whether some of these new and additional steps should be embedded in their due process. Similarly, such reviews could remove or amend due process steps that impede, rather than enhance, the efficient and effective development of IFRSs and *Interpretations*.
- 1.6. The formal due process procedures for the IASB and its Interpretations Committee set out in this handbook:
 - (a) specify the minimum steps they must take to ensure that their activities have benefited from a thorough and effective consultation process;

- (b) identify the steps or procedures that, although not mandatory, must be considered—ie comply or explain; and
- (c) identify other, optional, steps that are available to them to help improve the quality of IFRSs and related documents.

2. Oversight

Mission

- 2.1. The Trustees of the IFRS Foundation oversee the operations of the IASB and its Interpretations Committee.
- 2.2. The Trustees of the IFRS Foundation have a committee—the DPOC—which has the task of reviewing and, if necessary, amending the due process procedures in the light of experience and comments from the IASB and interested parties. The DPOC reviews the proposed procedures for the due process of the IASB and its Interpretations Committee.
- 2.3. The DPOC is accountable to the Trustees of the IFRS Foundation and is responsible for ensuring that the IASB and its Interpretations Committee follow due process procedures that reflect best practice. Improvements are made on a timely basis when the DPOC considers it to be necessary.
- 2.4. The DPOC provides continuous oversight over the IASB and its Interpretations Committee throughout all development stages of IFRSs, including agenda-setting and *post-implementation reviews*.
- 2.5. Oversight is achieved through the defined and transparent steps it follows in its ongoing and regular activities, as well as by responding to issues raised by stakeholders about the standard-setting process.
- 2.6. Activities of the DPOC are limited to matters of due process. The DPOC does not review or consider technical financial reporting matters; these are solely the responsibility of the IASB.
- 2.7. The DPOC must operate in a manner that is timely and enhances rather than hinders the efficient operation of IASB activities.

Areas of responsibility

- 2.8. The DPOC is responsible for:
 - (a) Reviewing regularly, together with the IASB and the staff, the due process activities of the standard-setting activities of the IASB.

- (b) Reviewing and proposing updates to the *Due Process Handbook* that relate to the development and review of IFRSs, Interpretations and XBRL Taxonomies.
- (c) Approving the composition of the IASB's *working groups* to ensure an appropriate balance of perspectives.
- (d) Responding to correspondence from third parties regarding due process matters, in collaboration with the Director of Trustees and the IFRS Foundation technical staff.
- (e) Monitoring the effectiveness of consultative groups within the IFRS Foundation whose work is relevant to its standard-setting activities.
- (f) Making recommendations regarding constitutional changes to the composition of committees that are integral to due process, as appropriate.

Process

- 2.9. The DPOC operates throughout the development of an IFRS. This is achieved through frequent dialogue with the IASB, staff and Trustee support staff.
- 2.10. For each technical project, the IASB must report to the DPOC in a timely manner on how it has complied with its due process requirements. The report should:
 - (a) include a summary of the issues raised about due process;
 - (b) provide evidence of the process that was undertaken;
 - (c) outline the reasons why the IASB decided not to take a non-mandatory 'comply or explain' step for a given project (such as not having a working group, proposing a shorter comment period than is normal or deciding that a proposal does not need to be re-exposed).

Any such reports must be communicated to the DPOC giving it sufficient time to review them and to react in a timely manner.

- 2.11. These reports by the IASB to the DPOC are posted on the DPOC website.
- 2.12. The DPOC reviews and evaluates the evidence provided by the IASB of its compliance with established due process.
- 2.13. The DPOC, through its contact with stakeholders, responds when appropriate to issues raised about the IASB's due process and ensures that such issues are addressed satisfactorily.
- 2.14. Although the DPOC is assisted in its activities by IFRS staff, there is currently no intention to audit the information provided by the IASB, because the transparent manner in which the IASB and DPOC operate makes an audit unnecessary.

Communication

- 2.15. The DPOC must operate transparently and with fair consideration of issues raised by stakeholders. The DPOC is required to:
- (a) update the Trustees on its activities at regularly scheduled Trustee meetings and on an ad hoc basis as required;
 - (b) provide updates to the Monitoring Board at regularly scheduled joint sessions with the Trustees and on an ad hoc basis as required;
 - (c) provide summaries of its conclusions, discussions and materials on the DPOC section of the IFRS Foundation website. Such summaries should be provided promptly after DPOC meetings;
 - (d) prepare an annual report of its activities for the Trustees; and
 - (e) ensure that its operating protocol, together with this document, its Charter and any other DPOC governance documents, are available on the IFRS Foundation website for the benefit of all stakeholders.

Protocol for Trustee action for perceived breaches of due process

- 2.16. Any alleged breaches of due process will be considered within the context of the DPOC's continuous review of the IASB's due process. Alleged breaches could be raised by external stakeholders, internal parties, the DPOC or other Trustees.
- 2.17. The DPOC will consider the alleged breach and the evidence provided by the complainant, IFRS Foundation staff and the IASB. The alleged breach will also be assessed in the light of the reporting measures set out in this handbook.
- 2.18. Complaints to the DPOC are made by using the procedures set out on the DPOC's web pages of the IFRS Foundation website. Each complaint, together with the name and contact details of the complainant, is posted on the DPOC website.
- 2.19. The Director for Trustee Activities is responsible for ensuring that the DPOC receives a report from the appropriate IFRS Foundation staff in response to the complaint. This report is posted on the DPOC pages and is then considered by the DPOC at one of its meetings. The response of the DPOC, usually in the form of a letter to the complainant, is also posted on the DPOC web pages.
- 2.20. Although the IASB must do its best to adhere to these policies and to the requirements to inform the DPOC of its actions, failure in any one area does not render a pronouncement invalid. Retrospective steps can be taken to remedy such a situation if it arises and the DPOC may decide that no additional action is required if the DPOC concludes that no harm has been done as a result of the breach.

- 2.21. If the majority of the DPOC concludes that the IASB has breached its due process, the DPOC will request that the IASB take action to remedy the breach either within the current phase of the project to which the breach relates, or by taking some additional steps in a future phase of that project.
- 2.22. If the DPOC and IASB cannot resolve differences of opinion as to whether the due process has been breached, the matter will be brought to the attention of the Trustees who will then resolve it. The Trustees may need to convene a meeting to consider the matter. Such a meeting may be held by phone or video if a prompt response is required. The IASB will not be permitted to complete the particular phase of the project until that discussion is heard. The Director for Trustee Activities, in consultation with the DPOC Chair, will prepare a full brief for consideration by the Trustees.
- 2.23. If two-thirds of the Trustees attending the meeting believe that the IASB is in breach of its due process, the IASB must do whatever the Trustees decide is necessary to be satisfied that due process is resumed.
- 2.24. The Trustees cannot raise technical accounting considerations as evidence of a breach of due process.

3. Principles

- 3.1. The due process requirements are built on the principles of transparency, full and fair consultation—considering the perspectives of those affected by IFRSs globally—and accountability.

Transparency

Public meetings, voting and balloting

Meetings

- 3.2. Meetings of the IASB and the Interpretations Committee are generally open to the public. Individuals may attend meetings as observers. Meetings are recorded and, where possible, broadcast live via webcast. Recordings of meetings are archived on the IFRS Foundation website. The IASB and the Interpretations Committee can meet privately to discuss administrative and other non-technical matters. Acknowledging that the boundary between technical and non-technical matters is sometimes difficult to define, the IASB and its Interpretations Committee must use their best endeavours not to undermine the principle that the full and open consideration of technical matters needs to take place during public meetings.

- 3.3. A summary of the decisions reached in each meeting is published in a meeting summary called *IASB Update* and decisions of the Interpretations Committee are published in a meeting summary called *IFRIC Update*. These summaries are made available on the IFRS Foundation website.
- 3.4. The regular meetings of the IASB are planned as far in advance as is practicable, to help the staff, IASB members and interested parties prepare for those meetings. Usually the IASB designates one week in each month for its public decision-making meetings, with additional days for education sessions and small group meetings.
- 3.5. The meetings schedule is published on the IFRS Foundation website. Occasionally the IASB will need to hold a meeting at short notice. The Chair can convene such meetings at any time. The IASB will make its best efforts to announce forthcoming meetings, usually via the IFRS Foundation website.

Papers and observer access

- 3.6. Before IASB and Interpretations Committee meetings, staff are responsible for developing staff papers with recommendations, along with supporting analysis, for consideration by the IASB or its Interpretations Committee in their public meetings.
- 3.7. The objective of staff papers is to provide sufficient information to enable the IASB or Interpretations Committee members to make informed decisions on technical matters. In developing their papers, the staff are expected to conduct research, including seeking advice from IASB members. However, recommendations ultimately reflect the views of the staff after they have considered the information they have obtained.
- 3.8. Staff papers are normally distributed 10 to 14 days before they are scheduled for discussion to allow the IASB and Interpretations Committee members sufficient time to consider and assess the recommendations.
- 3.9. Sometimes it is necessary to distribute staff papers much closer to the meeting date, sometimes even on the day of the meeting. IASB or Interpretations Committee members may, for example, ask for additional analysis during a meeting, which the staff prepare and distribute at a later session of that meeting. It is the responsibility of IASB and Interpretations Committee members to assess whether they have sufficient information, and sufficient time, to be able to make decisions on the staff recommendations.
- 3.10. All material discussed by the IASB or Interpretations Committee members in their public meetings, including papers that are prepared by staff, is usually made available to observers via the IFRS Foundation website. The staff have the discretion to withhold papers, or parts of papers, from observers if they determine

that making the material publicly available would be harmful to individual parties, for example if releasing that information could breach securities disclosures laws. The DPOC expects that withholding material in such circumstances would be rare.

- 3.11. The staff are required to report to the IASB and the DPOC at least annually on the extent to which material discussed by the IASB or the Interpretations Committee has not been made available to observers and the main reasons for doing so.
- 3.12. Notwithstanding the importance of staff papers, staff may supplement the papers orally at an IASB or Interpretations Committee meeting, drawing upon research by the staff and consultations with the Advisory Council, working groups and other interested parties, or from comments and information gained from *public hearings*, *fieldwork*, education sessions and *comment letters*.

Meeting votes and the ballot process

- 3.13. IASB members are expected to attend meetings in person. However, meetings may be held using teleconference or any other communication facilities.
- 3.14. During the development stage of technical documents such as *discussion papers*, *exposure drafts* and IFRSs, the votes taken during an IASB meeting are tentative. This is because the formal approval of these documents takes place in the balloting process. These interim votes in the public meetings generally relate to particular technical issues as opposed to the project as a whole. IASB members may vote against a particular issue but may nevertheless consider that the project proposals as a whole would represent an improvement in financial reporting. Votes on particular technical issues provide the staff with direction from the IASB to shape the general model. A simple majority is generally enough to move the project forward, although the staff will need to determine if any matters are likely to lead to IASB members dissenting to the proposal.
- 3.15. Other documents, such as a *Request for Views*, do not need to pass through the formal balloting process. Approving their publication requires only a vote at a public meeting. The voting requirements for the IASB's publications are as follows:

Publications	
Request for Views	Simple majority in a public meeting attended by at least 60 per cent of the IASB members.
Research Paper	
Discussion Paper	Simple majority, by way of ballot.

Exposure Draft IFRS	Supermajority, by way of ballot.
Practice Guidance	Supermajority, by way of ballot.
Conceptual Framework	Supermajority, by way of ballot.
Draft Interpretation Interpretation	No more than 4 members of the Interpretations Committee object, in a public meeting. Ratification by the IASB is when no more than 4 members of the IASB object, in a public meeting.

- 3.16. A *supermajority* of the IASB requires that 9 members ballot in favour of the publication of a document if the IASB has 15, or fewer, appointed members or, 10 members in favour if the IASB has 16 appointed members. Abstaining is equivalent to voting against a proposal.
- 3.17. Other matters, such as a decision not to establish a working group, require a simple majority in a public meeting attended by at least 60 per cent of the IASB members.
- 3.18. The Interpretations Committee also meets in public and follows procedures that are similar to the IASB's general policy for its IASB meetings. At its meetings, the Interpretations Committee debates both matters that are on its work plan and items proposed to be added to its work plan. Members and appointed observers are expected to attend meetings in person. However, meetings may be held using teleconference or any other communication facilities.
- 3.19. To constitute a quorum for the Interpretations Committee, there must be 10 voting members present in person or by telecommunications.
- 3.20. Each voting member of the Interpretations Committee has 1 vote. Members vote in accordance with their own independent views, not as representatives of any firm, organisation or constituency with which they may be associated. Proxy voting is not permitted.
- 3.21. The Chair may invite others to attend meetings of the Interpretations Committee as advisers when specialised input is required. A member or an appointed observer may also, with the prior consent of the Chair, bring to a meeting an adviser who has specialised knowledge of a topic that is being discussed. Such invited advisers will have the right to speak.

- 3.22. The Interpretations Committee may conduct business electronically or by mail between meetings, for example to confirm the wording of a proposed draft or final Interpretation, or for the IASB staff to obtain information on a proposed topic so that it can be developed appropriately for public discussion. All technical decisions, however, are made in meetings that are open for public observation.

Balloting

- 3.23. Balloting is the formal process by which IASB members assent to the publication of a document, or the members of the Interpretations Committee assent to the finalisation of an Interpretation before it is sent to the IASB for ratification. Balloting takes place outside of meetings.
- 3.24. In their public meetings, the IASB or Interpretations Committee make technical decisions that relate to recognition, measurement and disclosure matters. It is the responsibility of the staff to ensure that the final publication reflects those decisions.
- 3.25. When a document is balloted the IASB or Interpretations Committee members review the document to confirm that the drafting is consistent with their technical decisions. Any dissenting opinions are incorporated into the pre-ballot and ballot drafts for the other IASB members to see before balloting.
- 3.26. The first draft that is distributed is normally called a pre-ballot draft and is designed to elicit comments from members of the IASB or its Interpretations Committee. The staff compile and consider the comments IASB members make on the pre-ballot draft and incorporate them in the next draft of the document. If the comments are extensive it might be necessary to circulate a second pre-ballot draft.
- 3.27. Sometimes the balloting process reveals an uncertainty about a technical matter, because the decision reached is not as clear as first thought. In other cases, the drafting process may highlight inconsistencies between sections of an IFRS or other matters that were not discussed at an IASB or Interpretations Committee meeting. Such technical matters are usually resolved by the staff preparing a staff paper and taking it to a public meeting of the IASB or Interpretations Committee as a *sweep issue*. Taking a sweep issue to the IASB or Interpretations Committee does not cause the balloting process to start again. The decision reached on the sweep issue simply feeds into the balloting process.
- 3.28. As part of the balloting process the technical staff should liaise with the translations and XBRL staff, to ensure that the proposed document can be translated into other languages and incorporated easily into the IFRS XBRL Taxonomy. All documents are also subjected to extensive editorial review.

- 3.29. Once the staff have assessed that the document is ready for formal voting they circulate a ballot draft. It is this document on which the IASB or Interpretations Committee vote. The IASB can determine how voting should be carried out, but may use paper or electronic means.
- 3.30. The staff need to give the IASB or Interpretations Committee members sufficient time to review the draft. Usually, more time is given for members to review pre-ballot drafts than for a ballot draft.
- 3.31. Even after balloting it is not uncommon for the IASB members or staff to make drafting changes to improve the clarity of the document. Such changes are permitted as long as the technical decisions are not affected. Depending on the number of such changes, the staff report to the IASB after the ballot or prepare and circulate to the IASB a post-ballot draft showing the final changes.

Review drafts

- 3.32. Sometimes the IASB will distribute a *review draft* to external parties to gather drafting feedback. A review draft might be distributed to a selected group of reviewers or made available more generally on the IFRS Foundation website, or both.
- 3.33. Reviewers are asked for feedback on whether the draft document is clear and reflects the technical decisions made by the IASB. A review draft does not include an invitation to comment, because the purpose of such a review is not to question the technical decisions. Because reviewers are individuals within organisations, and therefore conveying their personal views, their comments are not usually made public.
- 3.34. It is normal for the IASB to use external reviewers before it finalises any new IFRS or major amendments. The nature of the external review, such as who is asked to review the draft and whether the draft is also made publicly available, is at the discretion of the IASB. The staff must also decide whether a review draft should be developed before the first pre-ballot draft is circulated to IASB members or whether one of the ballot drafts should be used for this purpose.
- 3.35. Although it is not a mandatory step, the IASB must include in its report to the DPOC the extent to which external reviewers were used.

Information on the IFRS Foundation website

- 3.36. The work plans of the IASB and the Interpretations Committee are usually maintained on the IFRS Foundation website. The work plans should be updated periodically to reflect the best estimates of project time lines based on recent IASB decisions.

- 3.37. Each project will usually have its own project page to help those following the project to stay informed about its progress.
- 3.38. Publications and information related to the IASB's due process are freely available on the IFRS Foundation website. Such information may include, but is not limited to, past webcasts, comment letter submissions and meeting schedules.

Education sessions, small group meetings and assigned IASB members

- 3.39. In addition to public decision-making meetings, the IASB sometimes holds education sessions and small group meetings.

Education sessions

- 3.40. Education sessions are sometimes held before IASB meetings to give the IASB a chance to clarify points in the papers and discuss details of approaches or disagreements with the staff. Votes are not taken because these sessions are held to give IASB members the opportunity to ask questions about the papers before meetings. Education sessions are open to the public and follow the same principles of transparency that apply to a normal IASB meeting.

Private and small group meetings

- 3.41. IASB members may meet privately to discuss technical issues, sometimes at the request of the staff. However, IASB members should avoid discussing technical matters together if there are enough members present that if, in that private meeting, they agreed to vote in a particular way together, they could achieve a particular outcome in a public meeting. This principle also relates to email correspondence. IASB members should avoid giving their views on technical matters in emails sent to all other IASB members.
- 3.42. Small group meetings must not undermine the principle that full and open consideration of technical issues must take place during public meetings. On the other hand, one-on-one conversations and small group meetings between IASB members are an essential part of helping to prepare for IASB meetings.

Polling of IASB members

- 3.43. Staff are able to collate IASB members' views on a particular matter privately, either face-to-face or by email, to help them assess the level of support on a particular technical matter. However, the results of such a poll are not normally shared with IASB members, but are used to help the staff identify areas where additional analysis may be required to break a potential deadlock.

Assigned IASB members

- 3.44. All IASB and Interpretations Committee members are responsible for the decisions they make in developing and issuing IFRSs and Interpretations. For

major projects, the Chair of the IASB usually assigns specific IASB members to the project, with additional responsibilities. Assigned IASB members provide advice to the staff on the adequacy and clarity of the analysis presented in drafts of staff papers to ensure that sufficient information needed for the IASB to make technical decisions is presented. However, the recommendations made in staff papers do not necessarily reflect the views of the assigned IASB members and the staff have ultimate responsibility for the board papers and the recommendations they contain.

Full and fair consultation

- 3.45. The IASB operates on the principle that wide consultation with interested and affected parties enhances the quality of its IFRSs. This consultation can be carried out through various means including, but not limited to, invitations to comment, individual meetings or fieldwork. Some consultation procedures are mandatory. Other procedures are not mandatory but must be considered by the IASB and, if it is decided the process is not necessary, an explanation must be given.
- 3.46. Comments received from interested parties as part of the consultation process are summarised, analysed and considered by the staff, who make recommendations for the IASB to consider in its public meetings. The IASB informs the public of its position on major points raised in the comment letters received via the IFRS Foundation website, in project summaries and in Feedback Statements, which are published at the end of the project.

Liaison activities

- 3.47. Liaison activities take place throughout the due process cycle, with the purpose of promoting co-operation and communication between the IASB and parties interested in standard-setting. Liaison activities are conducted at many levels within the IASB's structure.
- 3.48. IASB members hold a large number of meetings with groups of preparers, users, academics and others to test proposals and to understand concerns raised by affected parties. Additionally, IASB members and senior staff appear at many public events to exchange views with interested parties.
- 3.49. The IASB listens to, evaluates and, where the IASB considers it appropriate, adopts suggestions that it receives during the consultations. It also debates different views on technical matters in public meetings, conferences and seminars. In response to public comments, the IASB considers alternatives to its proposals.

- 3.50. The IASB meets with the chairs of other accounting standard-setters and regularly organises or participates in regional and global meetings with standard-setters.
- 3.51. Liaison activities extend beyond interaction with accounting standard-setters. The IASB interacts with a wide range of interested parties throughout a project, which can include practical business analysis by way of fieldwork. IASB members and senior staff of the IFRS Foundation also regularly hold educational sessions, attend meetings and conferences of interested parties, invite interested organisations to voice their views, and announce major events of the organisation on the IFRS Foundation website.
- 3.52. Close co-ordination between the IASB's due process and the due process of other accounting standard-setters is important to the success of the IASB.

IFRS Advisory Council

- 3.53. The *IFRS Advisory Council* (Advisory Council) provides broad strategic advice on the IASB's technical agenda, project priorities, project issues related to application and implementation of IFRSs and possible benefits and costs of particular proposals. The Advisory Council also serves as a sounding board for the IASB and can be used to gather views that supplement the normal consultative process. When the IASB is considering adding projects for either new IFRSs or major amendments to IFRSs to its standard-setting programme, it presents its proposals for these to the Advisory Council. The IASB also presents updates to the Advisory Council on its research and standard-setting work programmes.

Securities and other regulators

- 3.54. The IASB is responsible for developing global financial reporting standards that are enforceable. To achieve this it is important that the IASB maintains a dialogue with securities regulators. Such a dialogue is usually undertaken by establishing regular meetings with such regulators. In addition, the Interpretations Committee normally requests that members of securities regulatory bodies act as official observers to its meetings.
- 3.55. Financial information prepared in accordance with IFRSs is used by other regulators, including prudential supervisors and taxation authorities. Although the primary objective of the IASB is transparency, it has some responsibility to ensure that those other regulators are aware of how proposed changes to IFRSs could affect information they use.
- 3.56. The IASB is not expected to be aware of all of the possible regulatory consequences of its IFRSs. However, the IASB is aware that prudential supervisors rely on financial reports for some of their functions. To assist

prudential supervisors, the IASB keeps an enhanced dialogue with such authorities, particularly through the Financial Stability Board and the Bank of International Settlements.

Consultative groups

- 3.57. The IASB usually establishes a *consultative group* for its major projects, such as a working group or specialist advisory groups.

Working groups

- 3.58. Working groups give the IASB access to additional practical experience and expertise.
- 3.59. Once a project is added to the IASB's standard-setting programme, the IASB must consider whether it should establish a working group for the project. It is not mandatory to have a working group, but if the IASB decides not to do so, it must explain why on the project website and inform the DPOC.
- 3.60. Before setting up a working group, the IASB advertises for nominations and applications. The composition of a working group reflects the diversity and breadth of interest involved in a particular area. The DPOC reviews the proposed composition of each group to ensure that there is a satisfactory balance of perspectives.
- 3.61. In consultation with the DPOC and the members of working groups, the IASB sets working groups a clear mandate and objectives. Once work starts, the working group should be consulted when the staff consider that it would be beneficial to the project to do so. The staff should provide working group members with regular updates on the progress of the project.
- 3.62. Meetings of the IASB working groups are open to the public and chaired by an IASB member or by a member of staff. Any papers that are discussed by the working group are made publicly available. Individuals may attend meetings as observers. Meetings are recorded and, where possible, broadcast live via webcast. Recordings of meetings are archived on the IFRS Foundation website.
- 3.63. Each working group should have terms of reference, setting out the objectives of the group, the expectations that the IASB has of the members and the responsibilities of the IASB to that group.

Specialist advisory groups

- 3.64. Specialist advisory groups, including expert advisory panels, are groups assembled by the IASB to provide advice on a particular aspect of a proposed IFRS or post-implementation review (PIR). It is not necessary for the DPOC to approve membership of such groups. However, the purpose of the group and the names and affiliations of the group members must be made public.

- 3.65. The IASB may also establish or host specialist advisory groups whose membership reflects a particular sector, such as investors or preparers that meet regularly to provide advice on a wide range of topics rather than on a specific project. These groups include the Capital Markets Advisory Committee (CMAC), the Global Preparers Forum (GPF) and the Emerging Economies Group (EEG).
- 3.66. Specialist advisory groups may meet in public, but it is not a requirement that they do so. Generally, their role is to provide advice on specialist matters. Meeting in private can allow the group to speak more freely amongst themselves. Staff and up to six IASB members may participate in private meetings of a specialist advisory group. A summary of each such meeting would usually be posted on the relevant project page.
- 3.67. When meetings of a specialist advisory group are open to the public, individuals may attend meetings as observers. Those meetings are recorded and, where possible, broadcast live via webcast. Recordings are archived on the IFRS Foundation website.

Comment letters

- 3.68. Comment letters play a pivotal role in the deliberative process of both the IASB and the Interpretations Committee, because they are the formal responses to a consultative document.
- 3.69. All comment letters received by the IASB are freely available from the IFRS Foundation website. Portions of a comment letter may be withheld from the public if publication would be harmful to the submitting party, for example potentially breaching securities disclosures laws.
- 3.70. When considering comment letters, the IASB assesses the matters raised and the related explanations and evidence provided by respondents. The staff does not normally provide the IASB with any numerical analysis of how many respondents expressed a particular view because this can mask the underlying analysis and rationale provided by respondents. The staff may also treat ‘form’ or duplicated comment letters from related entities as one collective view.

Fieldwork

- 3.71. The IASB and its staff sometimes use *fieldwork* to gain a better understanding of how a proposal is likely to affect those who use and apply IFRSs.
- 3.72. Fieldwork can take a variety of forms, but could include one-to-one visits to, or interviews with, preparers, auditors, regulators or investors likely to be affected by the proposals. It can also include workshops where several such parties are brought together, or experiments to assess how the proposals might be interpreted or applied.

- 3.73. The IASB does not have a prescribed list of fieldwork activities, but such activities might include having participants assess how the proposals would apply to actual transactions or contracts; having preparers or users complete case studies; undertaking experiments to assess how users process information; or assessing how systems are likely to be affected. The IASB and its staff will need to assess which, if any, activities are appropriate for a particular project, taking into consideration the costs of the activity and what the IASB is likely to learn from the fieldwork.
- 3.74. Undertaking fieldwork is not mandatory, but if the IASB decides not to do so, it must explain why on the project website and inform the DPOC.

Public hearings

- 3.75. In addition to inviting comment letters to solicit views and suggestions, the IASB often considers holding public meetings with interested organisations to listen to and exchange views on specific topics. Public hearings include round-table meetings and discussion forums.
- 3.76. Round-table meetings are normally held after a comment period has closed and are used to discuss issues highlighted by the comment letter process. Discussion forums provide the IASB with public opportunities to present proposals to interested parties and to answer their questions. Discussion forums can be held at any time during the development of an IFRS.

Accountability

Minimum safeguards

- 3.77. There are some steps that the IASB and its Interpretations Committee must follow before they can issue an IFRS or Interpretation. These steps are designed to be the minimum safeguards to protect the integrity of the standard-setting process.
- 3.78. The following due process steps are mandatory:
- (a) exposing for public comment a draft of any proposed new IFRS, proposed amendment to an IFRS or proposed Interpretation of an IFRS—with minimum comment periods;
 - (b) considering in a timely manner those comment letters received on the proposals;
 - (c) considering whether the proposals should be exposed again;
 - (d) reporting to the Advisory Council on major projects, agenda decisions and work priorities; and
 - (e) ratification of an Interpretation by the IASB.

‘Comply or explain’ steps

3.79. Other steps specified in the *Constitution* are not mandatory. They include:

- (a) publishing a discussion document (eg a discussion paper) before an exposure draft is developed;
- (b) establishing working groups or other types of specialist advisory groups;
- (c) holding public hearings; and
- (d) undertaking fieldwork.

3.80. If the IASB decides not to undertake those non-mandatory steps, it must state its reasons. It must also inform the DPOC of its decision and reasons. Those explanations are also published in the decision summaries and in the Basis for Conclusions published with the exposure draft or IFRS in question.

Analysis of the likely effects of a change to IFRSs

3.81. The IASB is committed to assessing and sharing knowledge about the likely costs of implementing proposed new requirements and the likely ongoing associated costs and benefits of each new IFRS—the costs and benefits are collectively referred to as *effects*. The IASB gains insight on the likely effects of proposals for new or revised IFRSs through its formal exposure of proposals and through its fieldwork, analysis and consultations with relevant parties through outreach activities. The likely effects are assessed in the light of the IASB’s objective of financial reporting transparency.

3.82. The IASB’s views on the likely effects are reflected in the Basis for Conclusions published with each exposure draft and IFRS and summarised in a separate *Effect Analysis* publication when the IFRS is issued.

3.83. In forming its judgement on the evaluation of the Effect Analysis, the IASB considers:

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

3.84. The likely effects of a new IFRS are assessed against the existing requirements and include:

- (a) how the proposed changes are likely to affect the way in which transactions and activities are reported in the financial statements of those applying IFRSs;
 - (b) how those changes improve the comparability of financial information between reporting periods for an individual entity and between different entities in a particular reporting period;
 - (c) how the changes will improve the quality of the financial information and its usefulness in assessing the future cash flows of an entity;
 - (d) how the likely costs of analysis for users (including the costs of extracting data, identifying how the data has been measured and adjusting data for the purposes of including them in, for example, a valuation model) are affected; and
 - (e) the likely effect on compliance costs for preparers, both on initial application and on an ongoing basis.
- 3.85. An Effect Analysis is not expected to include a formal quantitative assessment of the overall effect of an IFRS. Initial and ongoing costs and benefits are likely to affect different parties in different ways. The level of analysis is tailored to the type of changes proposed, with more analysis undertaken for new IFRSs and major amendments.

Dissenting views

- 3.86. The IASB does not operate as a consensus body. A decision to issue an exposure draft or IFRS requires a supermajority. IASB members who disagree with the proposals or the final IFRS are required to explain why they have a dissenting view. Such dissents are published with the Basis for Conclusions.
- 3.87. When an IASB member dissents they are voting against the exposure draft or IFRS as a whole. An IASB member cannot dissent to one part of a document but still vote to issue that document.
- 3.88. Throughout the development of an IFRS there will be decisions with which individual IASB members disagree. However, disagreeing on a matter does not mean the IASB member dissents to the whole document. The test for IASB members is whether they think the new requirements will improve financial reporting, taking into account the likely effects of those requirements. The hurdle to dissenting is deliberately high.
- 3.89. The dissent itself should address only those matters that caused the IASB member to vote against the document as a whole. IASB members should avoid using the dissent to express dissatisfaction with other parts of the document that, taken on their own, would not have caused the IASB member to vote against issuing the document.

4. Technical work programme

- 4.1. IASB technical activities incorporate a wide range of activities, including financial reporting research; the implementation, maintenance and PIRs of IFRSs; the development of new or revised IFRSs; updates and revisions to the *Conceptual Framework*, the education initiative and XBRL.
- 4.2. The technical work programme is the suite of projects that the IASB and its Interpretations Committee manage. The technical work programme focuses on projects and activities that are steps toward possible publications by the IASB, including research and discussion papers, Requests for Views, PIRs, exposure drafts, IFRSs, draft Interpretations and Interpretations. The technical work programme is updated regularly, and is available on the IFRS Foundation website, which includes the best estimates of project time lines reflecting recent IASB decisions.

Research programme

- 4.3. The development of a single set of global standards relevant to users' needs is the foremost objective of the IASB. New financial reporting requirements developed by the IASB should be designed to address problems identified with the existing requirements. Sometimes a problem identified with current financial reporting can be remedied with a relatively minor amendment to an IFRS. In other cases, the problem might require a more significant change to financial reporting requirements, such as a major change to an IFRS or a new IFRS. Consequently, the first step in developing a new financial reporting requirement is to assess and define the problem within the existing reporting.
- 4.4. The purpose of the IASB's research programme is to analyse possible financial reporting problems by collecting evidence on the nature and extent of the perceived shortcoming and assessing potential ways to improve financial reporting or remedy a deficiency. This analysis will help the IASB decide whether it should add to its standard-setting programme a project to develop a proposal for a new IFRS or to amend or replace an IFRS. The research programme also includes consideration of broader financial reporting issues, such as how financial reporting is evolving, to encourage international debate on financial reporting matters.
- 4.5. To help the IASB in developing its work plan, its staff are asked to identify, review and raise issues that might warrant the IASB's attention. New issues may also arise from a change in the IASB's *Conceptual Framework*. In addition, the IASB raises and discusses potential topics in the light of comments from other standard-setters and other interested parties, the Advisory Council and the Interpretations Committee, staff research and other recommendations.

- 4.6. The IASB and its staff are not expected to undertake all of the activities on its research programme. It is important to the IASB that others, such as national or regional financial reporting bodies, academics and other interested parties, participate in these activities. The IASB will, however, need to provide clear direction on which issues are of interest to the IASB and what its expectations are of those other parties.
- 4.7. The IASB should maintain an up-to-date summary of its research programme and its priorities on the IFRS Foundation website. The IASB should identify those financial reporting issues for which it is developing proposals, the consideration of which might result in standards-level projects, as well as those areas where it is seeking to learn more about the issues but does not anticipate developing a proposal in the short term.
- 4.8. The IASB provides the Advisory Council with an update of its research programme at each meeting of the Advisory Council, enabling council members to provide feedback on the programme.

Research papers, discussion papers and Requests for Views

- 4.9. The main output of the research programme is expected to be discussion papers and *research papers*. Discussion papers and research papers are designed to elicit comments from interested parties that can help the IASB decide whether a project should be added to its standard-setting programme. Discussion and research papers typically include a comprehensive overview of the issue, possible approaches to addressing the issue, the preliminary views of its authors or the IASB and an invitation to comment.
- 4.10. Discussion papers are issued by the IASB and present the analysis and collective views of the IASB on a particular topic. The matters presented will have been discussed in public meetings of the IASB. Discussion papers are issued for public comment, the feedback from which informs the IASB and helps it assess whether and how to develop a new IFRS. Issues related to the discussion paper are discussed in IASB meetings, and publication of such a paper requires a simple majority vote by the IASB, through the ballot process.
- 4.11. Research papers are also issued by the IASB and are generally prepared by the staff of the IASB or by one or more people who are seconded to the IASB to develop the paper. Research papers may also be prepared by other standard-setters or bodies, normally at the request of the IASB. A research paper issued by the IASB should include a clear statement of the extent of the IASB's involvement in the development or endorsement of the paper. In some cases the IASB will not have discussed the paper in a public meeting and will not, therefore, have developed any views on the matters set out in the paper.

- 4.12. Requests for Views are formal requests by the IASB for information or feedback on a matter related to technical projects or broader consultations. Examples of appropriate topics for a Request for Views include soliciting input on its three-yearly agenda consultation, PIRs or help in assessing the practical implications of a potential financial reporting requirement. There is no minimum comment period for a Request for Views.
- 4.13. Research papers and Requests for Views require the support of a simple majority of the IASB, with approval being given in a public meeting.

Publication of discussion papers, Requests for Views and research papers

- 4.14. Discussion papers are balloted by the IASB. Before the IASB asks the staff to prepare a discussion paper for ballot, the IASB must be satisfied that it has completed all of the steps necessary to ensure that the discussion paper is likely to meet its purpose. Generally, a discussion paper should be issued with the expectation that the feedback that it attracts will enable the IASB to develop an exposure draft as its next step.
- 4.15. Discussion papers do not contain a Basis for Conclusions or any dissenting views. The discussion itself should reflect and convey differences in views of IASB members.
- 4.16. When the draft is completed and the IASB has balloted and approved it for publication, the discussion paper is published to invite public comment. The IASB normally allows 120 days for comment on a discussion paper. However, the purpose of a discussion paper is to help the IASB decide whether to add the project to its standards-level programme. A shorter or longer comment period could be appropriate, depending on the nature of the problem being examined.
- 4.17. Discussion papers, Requests for Views and research papers are posted on the IFRS Foundation website.
- 4.18. Comment letters received are posted on the website. Once the comment period for any related discussion paper ends the project team analyses and summarises the comment letters.

Framework

- 4.19. One of the standing activities of the IASB is its work on the *Conceptual Framework*.
- 4.20. The IASB provides the Advisory Council with an update of any work it is undertaking on the *Conceptual Framework* at each meeting of the Advisory Council. Proposals to change the *Conceptual Framework* are developed and exposed by the IASB in the same way that it exposes proposed changes to IFRSs, with similar comment periods.

- 4.21. The IASB might decide to publish a discussion paper as a first step to revising part of the *Conceptual Framework*, although this is not a requirement.
- 4.22. The IASB might need to consider whether any IFRSs should be amended to reflect revisions to the *Conceptual Framework*. However, revising an IFRS is not an automatic consequence of such revisions. Changes to IFRSs are made to address deficiencies in financial reporting. Although changes to the *Conceptual Framework* might highlight inconsistencies in IFRSs that is just one factor the IASB will need to consider when it develops its work programme.

Three-yearly consultation on the IASB work programme

- 4.23. At least once every three years the IASB is required to undertake a public consultation on its work programme. The primary objective of the review is to seek formal public input on the strategic direction and balance of the IASB's work programme, including the criteria for assessing projects that may be added to the IASB's standards-level programme. This review is not designed to add individual projects to the IASB's work plan, although an outcome of the review could be the identification of projects that respondents think should be given priority by the IASB. Adding a project to the IASB's standards-level programme still requires the development of a specific project proposal and an assessment against the IASB's project criteria.
- 4.24. In addition to the public consultation, normally by way of a public Request for Views, the IASB must consult with the Advisory Council.
- 4.25. The IASB must keep the Trustees informed, through the DPOC, of its three-yearly consultation and how the IASB expects to respond to the input it has received.

5. Standards-level projects

- 5.1. When deciding whether a proposed agenda item will address users' needs the IASB considers:
- (a) the importance of the matter to those who use financial reports;
 - (b) the types of entities likely to be affected by any proposals, including whether the matter is more prevalent in some jurisdictions than others; and
 - (c) how pervasive or acute a particular financial reporting issue is likely to be to entities.
- 5.2. The IASB considers adding topics to its standards-level programme after considering the research it has undertaken on the topic. The IASB would normally put together a proposal to develop a new IFRS or make major

amendments to an IFRS only after it has published a discussion paper and considered the comments it received from that consultation. Publishing a discussion paper before adding a standards-level project to its agenda is not a requirement, but the IASB must be satisfied that it has sufficient information and understands the problem and the potential solutions well enough to proceed without a discussion paper. The IASB might conclude that a discussion paper is not necessary because it has sufficient input from a research paper, Request for Views or other research to proceed directly to an exposure draft. The reasons for not publishing a discussion paper need to be set out by the IASB and reported to the DPOC.

- 5.3. The IASB's discussion of potential projects and its decisions to adopt new projects take place in public IASB meetings. Before reaching such decisions the IASB consults its Advisory Council and accounting standard-setting bodies on, and prioritises, proposed agenda items. The IASB's approval to add agenda items, as well as its decisions on their priority, is by a simple majority vote at an IASB meeting.
- 5.4. The IASB should only add a project if it considers that improvements to financial reporting can be developed in a way in which the benefits outweigh the costs.
- 5.5. Minor or narrow scope amendments to IFRSs do not need to follow this formal consultation process because such amendments are part of the implementation or maintenance of IFRSs.

Implementation and maintenance

Identification of matters

- 5.6. The IASB and its Interpretations Committee review financial reporting issues where unsatisfactory application or conflicting interpretations have developed, or seem likely to develop, in practice.
- 5.7. The primary responsibility for identifying issues to be considered by the Interpretations Committee is that of its members and appointed observers. Preparers, auditors and others with an interest in financial reporting are encouraged to refer issues to the Interpretations Committee when they believe that divergent practices have emerged for accounting for particular transactions, or when there is doubt about the appropriate accounting treatment for a particular circumstance, and they believe that it is important that the matter is addressed by the IASB or the Interpretations Committee. The Committee should address issues:
 - (a) that have widespread effect and have, or are expected to have, a material effect on those affected.

- (b) where financial reporting would be improved through the elimination, or reduction, of diverse reporting methods; and
 - (c) the issue can be resolved efficiently within the confines of existing IFRSs and the *Conceptual Framework Financial Reporting*.
- 5.8. The issue should be sufficiently narrow in scope that it can be addressed in an efficient manner by the Interpretations Committee, but not so narrow that it is not cost-effective for the Interpretations Committee and interested parties to undertake the due process associated with the development of an Interpretation.
- 5.9. A simple majority of Interpretations Committee members can decide, after a debate in a public meeting, whether to add any issue to its work programme.
- 5.10. If the Interpretations Committee does not plan to add an item to its work programme it publishes this as a tentative rejection in *IFRIC Update* and on the IFRS Foundation website and requests comments on the matter. The comment period for rejected proposals is normally at least 60 days. After considering those comments the Interpretations Committee either confirms its decision, adds the issue to its work programme or refers the matter to the IASB.
- 5.11. In providing interpretative guidance, the Interpretations Committee applies a principle-based approach founded on the *Conceptual Framework*. It considers the principles established in relevant IFRSs to develop its interpretative guidance and to determine that the proposed guidance does not conflict with IFRSs. It follows that, in providing interpretative guidance, the Interpretations Committee is not seeking to create an extensive rule-oriented environment, nor does it act as an urgent issues group.
- 5.12. The solution developed by the Interpretations Committee should be effective for a reasonable period of time. Accordingly, the Interpretations Committee would normally not develop an Interpretation if the topic is being addressed in a forthcoming IFRS. However, this does not prevent the Interpretations Committee from acting on a particular matter if the short-term improvements can be justified.
- 5.13. Interpretations are designed for general application and are not issued to resolve issues that are specific to a particular entity.
- 5.14. If the Interpretations Committee believes that an IFRS or the *Conceptual Framework* should be modified, or an additional IFRS should be developed, it refers such conclusions to the IASB. The IASB can also decide to address minor matters that have a narrow scope without involving the Interpretations Committee. In other cases the IASB may seek the assistance of the Interpretations Committee in developing an amendment to an IFRS, drawing on their implementation experience.

6. New or amended IFRSs

Exposure drafts

- 6.1. Publication of an exposure draft is a mandatory step in due process before a new IFRS can be issued or an existing IFRS amended.
- 6.2. An exposure draft sets out a specific proposal in the form of a proposed IFRS (or amendment to an IFRS) and is therefore generally set out in the same way as, and has all of the components of, an IFRS. The main differences are:
 - (a) the Basis for Conclusions is written to explain the IASB's rationale for the proposal, and not the rationale for the final IFRS or final amendments to the IFRS; and
 - (b) consequential amendments need not be set out in as much detail as a final IFRS, particularly where such amendments are changes to cross-references or terminology and other matters that are more administrative in nature.
- 6.3. An exposure draft is the IASB's main vehicle for consulting the public and therefore includes an invitation to comment, setting out the issues that the IASB has identified as being of particular interest. Although it is normally included with the ballot draft, it is not necessary for the IASB to ballot the invitation to comment.

Developing an exposure draft

- 6.4. The development of an exposure draft takes place in public meetings. The staff prepare papers for the IASB to consider on the matters to be addressed.
- 6.5. Development normally begins with the IASB considering issues on the basis of staff research and recommendations, as well as comments received on any discussion paper, research paper or Request for Views, suggestions made by the Advisory Council, working groups and accounting standard-setters and suggestions arising from public education sessions.
- 6.6. When the staff consider that the IASB has reached general agreement on the technical matters in the project and has considered the likely effects of the proposals, they present a paper to the IASB:
 - (a) summarising the steps that the IASB has taken in developing the proposals, including a summary of when the IASB discussed this project in public meetings, the public hearings held, outreach activities, meetings of working groups and consultation with the Advisory Council;
 - (b) if relevant, reaffirming why the IASB has decided that it was not necessary to have a working group or to conduct fieldwork; and

(c) recommending a comment period for the exposure draft.

- 6.7. If the IASB is satisfied that it has addressed all of these matters it votes to have the staff prepare the exposure draft for balloting. IASB members who intend to dissent from the proposals in the exposure draft must make their intentions known at this time.

Exposing annual improvements

- 6.8. Some proposed amendments to IFRSs or Interpretations are sufficiently minor or narrow in scope that they can be packaged together and exposed in one document even though the amendments are unrelated. Such amendments are called *annual improvements*. Annual improvements follow the same due process as other amendments to IFRSs except that unrelated amendments can be exposed together, rather than separately.
- 6.9. The justification for exposing unrelated improvements in one package is that such amendments are limited to changes that either clarify the wording in an IFRS or correct relatively minor unintended consequences, conflicts or oversights. Because of their nature, it is not necessary to undertake consultation or outreach for annual improvements beyond the comment letter process. The IASB needs to be cautious and avoid including an amendment in the annual improvements package that merits separate consultation and outreach. To help the IASB make that assessment, only potential amendments that either clarify an IFRS or resolve a conflict between existing requirements of IFRSs should be included in the annual improvements package.
- 6.10. Clarifying an IFRS involves either replacing unclear wording in existing IFRSs or providing guidance where an absence of guidance is causing concern. A clarifying amendment maintains consistency with the existing principles within the applicable IFRSs and does not propose a new principle or change an existing principle.
- 6.11. Resolving a conflict between existing requirements of IFRSs includes addressing oversights or relatively minor unintended consequences that have arisen as a result of the existing requirements of IFRSs. Such amendments do not propose a new principle or a change to an existing principle.
- 6.12. Proposed annual improvements should be well defined and narrow in scope. As a guide, if the IASB takes several meetings to reach a conclusion it is an indication that the cause of the issue is more fundamental than can be resolved within the annual improvements process.

Publication

- 6.13. Before the IASB issues an exposure draft its staff decide what communications material should be developed to accompany the release. All exposure drafts must

be accompanied by a press release. The IASB usually announces publication by email alerts.

- 6.14. Depending on the nature of the exposure draft, the IASB and its staff might also develop, and make freely available, a project *Snapshot*, podcast, webcast, Question and Answer (Q&A) pack or presentation (speech) pack. The more significant the exposure draft the more comprehensive the related communications package is likely to be.
- 6.15. All exposure drafts and related publications are freely available on the IFRS Foundation website.

Consideration of comments received

- 6.16. After the comment period ends, the IASB reviews the comment letters and the results of other consultations. The staff provide a comment letter summary, giving a general overview of the comments received and the major points raised in the letters. The analysis helps the IASB identify the areas on which they are most likely to need to focus their efforts during the deliberations—or whether the IASB should even proceed with the project.
- 6.17. The development of an IFRS is carried out during IASB meetings, when the IASB considers the comments received on the exposure draft.
- 6.18. As a means of exploring the issues further, and soliciting further comments and suggestions, the IASB may conduct fieldwork, or arrange public hearings and round-table meetings. The IASB is required to consult the Advisory Council and maintains contact with its consultative groups.

Completion of the deliberations

- 6.19. When the staff consider that the IASB has reached general agreement on the technical matters in the project and has considered the likely effects of the new IFRS, the staff present a paper to the IASB:
 - (a) summarising the steps the IASB has taken in developing the IFRS, including a summary of when the IASB discussed this project in public meetings, public hearings held, outreach activities, meetings of working groups and consultation with the Advisory Council;
 - (b) if relevant, reaffirming why the IASB has decided that it was not necessary to have a working group or to conduct fieldwork; and
 - (c) assessing whether the proposals can be finalised or should be re-exposed.
- 6.20. If the IASB is satisfied that it has addressed all of these matters it votes to have the staff prepare the IFRS for balloting. IASB members who intend to dissent from the proposals of the IFRS must make their intentions known at this time.

- 6.21. The IASB must inform the DPOC of its decision to proceed to ballot stage for an IFRS, explaining why it is satisfied that *re-exposure* is not necessary, before the IFRS or amendment is published.

Re-exposure criteria

- 6.22. In considering the need for re-exposure, the IASB:

- (a) identifies substantial issues that emerged during the comment period on the exposure draft that it had not previously considered;
- (b) assesses the evidence that it has considered;
- (c) determines whether it has sufficiently understood the issues and actively sought the views of interested parties; and
- (d) considers whether the various viewpoints were aired in the exposure draft and adequately discussed and reviewed in the Basis for Conclusions.

- 6.23. The IASB's decision on whether to publish its revised proposals for another round of comment is made in an IASB meeting. If the IASB decides that re-exposure is necessary, the due process to be followed is the same as for the first exposure draft. However, because it is not the first exposure of the proposed IFRS, it may be appropriate to have a shortened comment period, particularly if the IASB is only seeking comments on specific aspects of the revised exposure draft. The public comment period will normally be open for such documents for at least 60 days.

Finalising an IFRS

- 6.24. The mandatory parts of an IFRS are:

- (a) the principles and the related application guidance;
- (b) the defined terms; and
- (c) the effective date and transition paragraphs.

- 6.25. When a new IFRS, or amendment to an IFRS, is issued, it is also accompanied by amendments to other IFRSs that are a consequence of the new requirements—these are called 'consequential amendments'.

- (a) Each IFRS is also normally accompanied by additional material that is not an integral part of the IFRS:
- (b) the rubric;
- (c) a table of contents;
- (d) an introduction;
- (e) the Basis for Conclusions; and

(f) dissenting opinions

- 6.26. Sometimes the accompanying material will include a table of concordance, a brief history of the IFRS and illustrative examples. In all cases the documents will state clearly whether the material is an integral part of the IFRS or whether it accompanies it but is not integral. Material that is integral to an IFRS is provided to governments, or the relevant authorities, that have adopted IFRSs and have an agreement with the IFRS Foundation.
- 6.27. As a principle, IFRSs should be able to be applied without the accompanying material.

Effective date and transition

- 6.28. An IFRS, or an amendment to an IFRS, has an effective date and transitional provisions. The mandatory effective date is normally set so that jurisdictions have sufficient time to incorporate the new requirements into their legal systems and those applying IFRSs have sufficient time to prepare for the new requirements.
- 6.29. The IASB also considers the effect of the transitional provisions on first-time adopters of IFRSs, including the interaction of the transitional provisions with those of IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

Publication

- 6.30. Before the IASB issues an IFRS, or an amendment to an IFRS, its staff decide what communications material should be developed to accompany the release. All changes to IFRSs must be accompanied by a press release. The IASB usually announces publication using email alerts.
- 6.31. All new IFRSs and major amendments must be accompanied by a *Project Summary, Feedback Statement and Effect Analysis*. Depending on the nature of the new requirements, the IASB and its staff might also develop, and make freely available, a podcast, webcast, Question and Answer (Q&A) pack or presentation (speech) pack. The more significant the changes to IFRSs, the more comprehensive the related communications package is likely to be.

Project Summary, Feedback Statement and Effect Analysis

- 6.32. As it moves towards completing a new IFRS or a major amendment to an IFRS, the IASB prepares a Project Summary and Feedback Statement. These identify the most significant matters raised in the comment process and explain how the IASB responded to comments that were received on the exposure draft.

Post-publication procedures and maintenance

- 6.33. After an IFRS is issued, IASB members and staff hold regular meetings with interested parties, including other standard-setting bodies, to help understand unexpected issues that have arisen from the practical implementation of the IFRS and the potential impact of its provisions. The IFRS Foundation also fosters educational activities to ensure consistency in the application of IFRSs.
- 6.34. The IASB may make editorial corrections to technical documents to remedy drafting errors that are made when writing or typesetting the document, provided that the corrections do not alter the technical meaning of the text. Editorial corrections normally fix spelling errors, grammatical mistakes or incorrectly marked consequential amendments.

Post-implementation review

- 6.35. The IASB is required to conduct a PIR of each new IFRS or major amendment.¹ A PIR normally begins after the new requirements have been applied internationally for two years, which is generally about 30 to 36 months after the effective date.
- 6.36. In addition to PIRs that respond to a new IFRS or major amendment, the IASB may decide to conduct a PIR in response to changes in the financial reporting environment and regulatory requirements, or in response to concerns about the quality of an IFRS that have been expressed by the Advisory Council, the Interpretations Committee, standard-setters or interested parties.
- 6.37. Each review has two phases. The first involves an initial identification and assessment of the matters to be examined, which are then the subject of a public consultation by the IASB in the form of a *Request for Information*. In the second phase, the IASB considers the comments it has received from the Request for Information along with information it has gathered through other consultative activities and then undertakes the review. On the basis of that information, the IASB presents its findings and sets out the steps it plans to take, if any, as a result of the review.

Initial assessment and public consultation

- 6.38. To establish the scope of the review, the IASB identifies the issues that were important or contentious during the development of the publication. These matters should be identifiable from the Basis for Conclusions, Project Summary and Feedback Statement and Effect Analysis of the relevant IFRS. The IASB and its staff also consult with the wider IFRS community to help the IASB

¹ This requirement was introduced in 2006. The first major project subjected to a review was IFRS 8 *Operating Segments*.

identify areas where possible unexpected costs or implementation problems were encountered.

- 6.39. This initial review should draw on the broad network of IFRS-related bodies and interested parties, such as the Interpretations Committee, the IASB's consultative groups, including the Advisory Council, securities regulators, national and regional standard-setting bodies, preparers, auditors and investors. The purpose of these consultations is to inform the IASB so that it can establish an appropriate scope for the review. How extensive the consultations need to be in this phase will depend on the IFRS being reviewed and on what the IASB already knows about the implementation of that IFRS. The IASB needs to be satisfied that it has sufficient information to establish the scope of the review.
- 6.40. The IASB publishes a Request for Information, setting out the matters for which it is seeking feedback by means of a formal public consultation. In the Request for Information, the IASB should explain why it is seeking feedback on the matters specified and should include any initial assessment by the IASB of the IFRS or major amendment being reviewed. The Request for Information will also set out the process that the IASB followed in establishing the scope of the review.
- 6.41. The IASB normally allows a minimum of 120 days for comment on a post-implementation Request for Information. The IASB must inform the DPOC before the Request for Information is published if it intends to have a comment period of less than 120 days.
- 6.42. The IASB may decide, on the basis of its initial assessment, that it would be premature to undertake a review at that time. The IASB must inform the DPOC of its intention to defer a PIR, explaining why it has reached this conclusion and indicating when it expects to resume the review.

Consideration of evidence and presentation of findings

- 6.43. The IASB considers whether it is necessary to supplement the Request for Information with other information or evidence, such as by undertaking:
- (a) an analysis of financial statements or of other financial information;
 - (b) a review of academic and other research related to the implementation of the IFRS being reviewed; and
 - (c) surveys, interviews and other consultations with relevant parties.
- 6.44. The extent to which further information is gathered will depend on the IFRS being reviewed and the feedback in the Request for Information.
- 6.45. The IASB considers the comments that it has received from the Request for Information along with the evidence and information that it has obtained from

any additional analysis. When the IASB has completed its deliberations, it presents its findings in a public report. The IASB may consider making minor amendments to the IFRS or preparing an agenda proposal for a broader revision of the IFRS. There is no presumption that a PIR will lead to any changes to an IFRS. The IASB may also continue informal consultations throughout the implementation of the IFRS or the amendment to the IFRS. The IASB may recommend to the DPOC that the IASB should make changes to its procedures, such as how effects of the IFRS are assessed or additional steps that should be taken during the development of an IFRS.

- 6.46. The IASB must inform the DPOC when it has completed its review and provide the DPOC with a draft of the report. When the DPOC is satisfied that the IASB has completed the review satisfactorily, the report can be finalised.

7. Interpretations

- 7.1. Interpretations are a mandatory component of IFRSs. Although Interpretations are developed by the Interpretations Committee they must be ratified by the IASB, which is also the issuing body.
- 7.2. Three members of the IASB usually attend meetings of the Interpretations Committee. In addition, a report of each meeting of the Interpretations Committee is presented to the IASB at one of its public meetings.

Draft Interpretation

- 7.3. Publication of a draft Interpretation is a mandatory step in the due process before a new Interpretation can be issued.
- 7.4. A draft Interpretation sets out a specific proposal in the form of a proposed Interpretation and is therefore generally set out in the same way as, and has all of the components of, an Interpretation. The main difference is that the Basis for Conclusions is written to explain the Interpretations Committee's rationale for the proposal, rather than the rationale for the final Interpretation.
- 7.5. A draft Interpretation is the Interpretations Committee's main vehicle for consulting the public and therefore includes an invitation to comment, setting out the issues that have been identified as being of particular significance. Although it is normally included with the ballot draft, it is not necessary for the Interpretations Committee to ballot the invitation to comment.

Developing a draft Interpretation

- 7.6. The development of a draft Interpretation takes place in public meetings. The staff prepare papers for the Interpretations Committee to consider on the matters being addressed.
- 7.7. When the staff consider that the Interpretations Committee has reached general agreement on the technical matters, the staff present a paper to the IASB summarising the steps that have been taken in developing the proposals and recommending a comment period for the draft Interpretation.
- 7.8. Interpretations must not change or conflict with IFRSs or the *Conceptual Framework*. If the Interpretations Committee concludes that the requirements of an IFRS differ from the *Conceptual Framework*, it obtains direction from the IASB before developing the Interpretation further.
- 7.9. If the Interpretations Committee is satisfied that it has addressed all of these matters it votes to see if there is general agreement that the staff should prepare the draft Interpretation for balloting. General agreement is reached when no more than three members have voted against the proposal. Because Interpretations are developed on the basis of the Interpretations Committee reaching general agreement on the particular matter, a draft Interpretation does not include any dissenting views. However, the invitation to comment and Basis for Conclusions would be expected to identify areas where some members held strong views opposing the draft Interpretation.
- 7.10. IASB members receive ballot drafts of the draft Interpretation. If four or more IASB members object to the release of the draft Interpretation during the balloting process, the draft Interpretation is not released. If a draft Interpretation is not released because of IASB members' objections, the IASB must decide whether the draft Interpretation should be published with amendments, whether the matter should be referred back to the Interpretations Committee, whether it should be added to the IASB's own agenda or if there should be no further action.
- 7.11. The comment period on draft Interpretations is usually 90 days, but may be less in urgent cases.

Publication

- 7.12. Before the Interpretations Committee issues a draft Interpretation the staff decide what communications material should be developed to accompany the release. All draft Interpretations must be accompanied by a press release. It is also normal for the IASB to announce publication of an Interpretation using email alerts.
- 7.13. All draft Interpretations are freely available on the IFRS Foundation website.

Consideration of comments received

- 7.14. After the comment period ends, the Interpretations Committee reviews the comment letters received.
- 7.15. The development of an Interpretation is carried out during Interpretations Committee meetings, when committee members consider the comments received on the exposure draft.
- 7.16. When the staff consider that the Interpretations Committee has reached general agreement on the technical matters in the Interpretation, the staff present a paper to the IASB summarising the steps that have been taken in developing the Interpretation and assessing whether the proposals can be finalised or if it should be re-exposed.
- 7.17. Re-exposure depends on the significance of the changes contemplated, whether they were raised in the Basis for Conclusions on the draft Interpretation or in questions posed by the Interpretations Committee, their significance for practice and what might be learned by the Interpretations Committee from re-exposure.

Finalising an Interpretation

- 7.18. An Interpretation includes:
 - (a) a summary of the accounting issues identified;
 - (b) the agreement reached on the appropriate accounting;
 - (c) references to relevant IFRSs, parts of the *Conceptual Framework* and other pronouncements that have been drawn upon to support the agreement; and
 - (d) the effective date and transitional provisions.
- 7.19. The reasons for the Interpretation are set out in a Basis for Conclusions. Members of the Interpretations Committee cannot dissent to an Interpretation. However, when the Interpretation is sent to the IASB for ratification, the staff paper accompanying the request for ratification should identify how many Interpretations Committee members objected to the Interpretation and their reasons for doing so.

Effective date and transition

- 7.20. As with any change to IFRSs, an Interpretation has an effective date and transitional provisions. The mandatory effective date is normally set so that jurisdictions have sufficient time to incorporate the new requirements into their legal systems and those applying IFRSs have sufficient time to prepare for the new requirements. Interpretations generally address matters of a narrower scope than a major amendment to an IFRS so the time necessary for those applying IFRSs to prepare for the new requirements should also be shorter.

- 7.21. The Interpretations Committee also considers the effect of the transitional provisions on first-time adopters of IFRSs, including the interaction of the transitional provisions with those of IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

Agreement and ratification by the IASB

- 7.22. The Interpretations Committee votes to confirm the final Interpretation. General agreement is achieved when no more than three members have voted against the proposal.
- 7.23. When the Interpretations Committee has reached general agreement on the wording of an Interpretation, it is submitted to the IASB for ratification. Ratification of an Interpretation takes place in a public meeting of the IASB and requires the same level of support by IASB members as is required for a new or amended IFRS.
- 7.24. IASB members may dissent from the ratification of an Interpretation. The fact that one or more IASB members dissented is stated in the approvals section of the Interpretation along with their reasons for doing so.
- 7.25. The IASB votes on the Interpretation as submitted by the Interpretations Committee. If an Interpretation is not approved by the IASB, the IASB provides the Interpretations Committee with reasons for the objection. On the basis of these reasons, the IASB will decide whether the matter should be referred back to the Interpretations Committee, whether it should be added to its own agenda or if no further action should be taken. The IASB may make editorial changes to the Interpretation or change the effective date, but it should inform the Interpretations Committee of any changes it makes.
- 7.26. Ratified Interpretations are issued by the IASB.

Appendix 1—Glossary of terms

Annual Improvements: narrow-scope or minor amendments to IFRSs or Interpretations that are packaged together and exposed in one document even though the amendments are unrelated.

Comment letter: a letter received by the IASB in response to a consultation document. All comment letters are made public and can be viewed on the IFRS Foundation website.

Consultative group: a group with which the IASB or IFRS Interpretations Committee consults. Such groups provide the IASB with feedback based on research, experience or background, for example, in order to offer multiple viewpoints on a given topic. Some consultative groups, including *working groups* and the *IFRS Advisory Council* have their membership reviewed and endorsed by the DPOC.

Discussion paper: a paper issued by the IASB that presents the analysis and collective views of the IASB on a particular topic. The matters presented will have been discussed in public meetings of the IASB. Discussion papers are issued for public comment, the feedback from which informs the IASB and helps it to assess whether and how to develop a new IFRS.

Effect Analysis: a document published with a new IFRS that summarises the IASB's assessment of the likely effect of the new requirements. The assessment of likely effects is undertaken as the new requirements are developed.

Exposure draft: a draft of a proposed IFRS, amendment to an IFRS or Interpretation. An exposure draft sets out a specific proposal and includes a draft Basis for Conclusions and, if relevant, dissenting views. An exposure draft is a mandatory due process step.

Fieldwork: work conducted with interested parties to help the IASB assess the likely effects of a proposed IFRS. Fieldwork might include experimentally applying new proposals to individual transactions or contracts as if the proposed IFRS were already in effect, having individuals provide feedback on the proposed wording of a particular proposal and assessing the extent of system changes that would be required if implementing a proposed IFRS. Fieldwork also includes gathering examples from practice to help the IASB gain a better understanding of industry practices and how proposed IFRSs could affect them.

IASB Update: a summary of decisions made at a public meeting of the IASB.

IFRIC Update: a summary of decisions made at a public meeting of the IFRS Interpretations Committee.

IFRS: standards and Interpretations approved by the IASB, and International Accounting Standards (IASs) and SIC Interpretations that were issued under previous Constitutions.

IFRS Advisory Council: the IFRS Advisory Council is appointed by the Trustees. It provides a formal vehicle through which organisations and individuals with an interest in international financial reporting can participate. The participants have diverse geographical and functional backgrounds. The Advisory Council's objective is to give advice to the IASB on priorities, agenda decisions and on major standard-setting projects. [Preface.3]

Interpretation: Interpretations are developed by the IFRS Interpretations Committee before being ratified and issued by the IASB. Interpretations are part of IFRSs and carry the same weight as an IFRS.

Post-implementation review: a review of an IFRS or major amendment to an IFRS. It is undertaken by the IASB.

Practice guidance: non-mandatory guidance developed by the IASB, normally on a topic not addressed by an IFRS—such as guidance on Management Commentary.

Project Summary and Feedback Statement: these documents give direct feedback to those who submitted comments on the exposure draft. They identify the most significant matters raised in the comment process and explain how the IASB responded to those matters.

Public hearing: meetings with interested organisations to listen to and exchange views on specific topics. Public hearings include round-table meetings and discussion forums.

Re-exposure: a formal request for comments on a revised version of an exposure draft.

Research paper: a paper issued by the IASB that was not developed by in public meetings, thereby distinguishing it from a discussion paper. Research papers may be prepared by the staff of the IASB or by one or more people seconded to the IASB with the purpose of developing the paper. Research papers may also be prepared by other standard-setters or bodies, normally at the request of the IASB.

Review draft: a draft of a due-process document that the IASB and its staff use to gather drafting feedback. A review draft might be distributed to selected groups or be made available more generally on the IFRS Foundation website, or both. Reviewers are asked for feedback on whether the draft document is clear and reflects the technical decisions made by the IASB. A review draft does not include an invitation to comment because the purpose of such a review is not to question the technical decisions. A review draft is not a mandatory step.

Request for Views: a formal consultation step that the IASB undertakes to receive feedback on a specific aspect of one of its projects. A Request for Views normally helps the IASB to prepare an exposure draft or finalise an IFRS.

Snapshot: a high-level and simplified summary of the main aspects of a discussion paper or exposure draft.

Supermajority: For the IASB, a supermajority is achieved when 9 members ballot in favour of the publication of a document if the IASB has 15, or fewer, appointed members, or 10 in favour if the IASB has 16 appointed members. Abstaining is equivalent to voting against a proposal.

Sweep issue: A matter identified during the balloting of a document that needs to be discussed by the IASB or the Interpretations Committee in a public meeting, to resolve a technical matter.

Working group: a consultative group that has its purpose and membership endorsed by the DPOC. For each new IFRS or major amendment, the IASB must consider whether it should establish a working group. If the IASB decides not to establish a working group it must explain its reasons in a public meeting.

Appendix 2—IFRS Education Initiative

The IFRS Foundation sometimes produces educational material related to IFRSs, including presentations for conferences, guides for executives, *IFRS for SMEs* training material and educational material that accompanies but do not form part of IFRSs. The development of educational material does not take place in public meetings and is not subjected to the public scrutiny given to the development of IFRSs.

The staff of the IFRS Education Initiative are part of the IASB's technical staff and report to the Senior Technical Directors. The IASB and its staff have a responsibility to ensure that any such education material is not confused with an IFRS or perceived as being mandatory and that it is of high quality. The IASB therefore has an interest in ensuring that the Education Initiative has quality assurance processes appropriate for each of its publications.

Consequently, educational material developed by the education initiative is subjected to peer review at a level that is commensurate with the 'risks' associated with the education project. The more generic the material the less risk that it will be considered as interpreting IFRSs. To give effect to the principle of a 'commensurate' review:

- High level guides, such as Executive Briefings and PowerPoint presentations, are reviewed by an appropriate technical staff member and by a member of the editorial team;
- In addition to the reviews specified for high level summaries, teaching materials, such as those used for *Conceptual Framework*-based teaching, also reviewed by an IASB member or appropriate external expert, such as an academic. More detailed teaching materials, however, such as comprehensive *IFRS for SMEs* training material, is reviewed by at least two IFRS experts, one of which must be a IASB member;
- Educational material accompanying an IFRS must be reviewed by at least three IASB members.

The Education Initiative reports periodically to the DPOC, identifying the material it is developing and the level of review it expects to undertake in each case.

Appendix 3—Consultative Groups

It would be normal to establish terms of reference for each consultative group. Those terms would normally set out:

- the name and purpose of the group;
- whether the IASB expects the group to contribute to all or only part of a project;
- the type of people that the IASB is seeking to become members, including how many people it expects to have on the group;
- whether the group is required to meet in public;
- when the group's role and membership will be reviewed.

The terms of reference should also set out the expectations that the IASB will have for the group, including how frequently it is likely to be asked to meet and who bears the out-of-pocket costs for meetings.

Appendix 4—Interpretation Requests

An issue may be put forward by any individual or organisation. A template for submission is available on the IASB Website (see below). A submission can be made either by email to ifric@ifrs.org or by post to the IASB address for the attention of the Interpretations Committee Co-ordinator. A submission should contain both a detailed description of the issue (including a description of alternative solutions referring to the relevant IASB pronouncements) and an evaluation of the issue using the criteria for agenda items set out in paragraph xx.

Template for submission of a potential agenda item request to the IFRS Interpretations Committee

Any individual or organisation may put forward suggestions of potential agenda items for consideration by the Interpretations Committee. Anyone doing so is asked to submit a brief proposal, which will be presented to the Interpretations Committee without identifying the submitter. The proposal should include the following:

- 1 **The issue.** A description of the issue including, where relevant, any aspects that should be addressed separately.
- 2 **Current practice.** A brief description of current or emerging accounting practices, outlining the major alternatives, and referring to the relevant IASB pronouncements.
- 3 **Reasons for the Interpretations Committee to address the issue.** The issue should be evaluated using the following criteria:
 - (a) Is the issue widespread and practical?
 - (b) Does the issue involve divergent interpretations (either emerging or already existing in practice)?
 - (c) Would financial reporting be improved through elimination of the diversity?
 - (d) Is the issue sufficiently narrow in scope to be capable of interpretation within the confines of IFRSs and the *Conceptual Framework for Financial Reporting*, but not so narrow that it is inefficient to apply the interpretation process?
 - (e) If the issue relates to a current or planned IASB project, is there a pressing need for guidance sooner than would be expected from the IASB project?

A template is set out on the next page.

Please submit the completed template by either email to ifric@ifrs.org or post to:
Director of Implementation Activities
International Accounting Standards Board
First Floor
30 Cannon Street
London EC4M 6XH
United Kingdom

IFRS INTERPRETATIONS COMMITTEE
INTERPRETATION REQUEST

The issue:

Current practice:

Reasons for the Interpretations Committee to address the issue:

Submitted by

Name:

Organisation:

Address:

Telephone:

Email:

Appendix 5—History and approval

Note: IN PROCESS – to be completed

The International Accounting Standards Committee (IASC) was founded in 1973 as a part-time body, drawn from national accountancy bodies in 9 countries.

After a call to restructure the Board in order to involve national standard-setters and streamline the operation, the newly named International Accounting Standards Board (IASB) began operation in February 2001. The Board consisted of both part-time and full-time members.

The International Financial Reporting Standards Interpretations Committee, which succeeds the International Financial Reporting Interpretations Committee (IFRIC), assists the IASB in improving financial reporting through timely identification, discussion and resolution of financial reporting issues within the framework of IFRSs. The IFRIC, which was established in 2002 by the Trustees of the then IASC Foundation, replaced the previous interpretations committee, the Standing Interpretations Committee.

In establishing its consultative arrangements, the IASB originally drew upon and expanded the practices of national standard-setters and other regulatory bodies. The IASB sought to enhance its procedures in 2004 and proposed a series of steps to improve transparency. Those steps, after public consultation, were incorporated into practice.

The Trustees published the Due Process handbook for the first time in 200X.

The Trustees approved the [IASB] Handbook with the abovementioned changes on X March 2006.

The major changes made to the IFRS Foundation Due Process Handbook in 2008 are as follows:

- Appendix IV (Trustees' oversight role) was added

The Trustees approved the [IASB] amended Handbook with the abovementioned changes on 9 October 2008.

The major changes made to the IFRS Foundation Due Process Handbook in 2009 are as follows:

- The group tasked with regularly reviewing IASB procedures is changes from the Trustees' Procedures Committee to the Trustees' Due Process Oversight Committee
- The sections describing Project Summaries and Feedback Statements were added
- The 'Cost/Benefit Analysis' section was renamed 'Impact Analysis'

- A section describing Post-implementation reviews was added and combined with segments of the previous section in its place referencing the initiation of studies post-publication

During the Trustees' second five-yearly review of the Constitution, approved on 26 January 2010:

- the IASC Foundation was renamed the IFRS Foundation
- the International Financial Reporting Interpretations Committee (IFRIC) was renamed the IFRS Interpretations Committee (Interpretations Committee)
- the Standards Advisory Council (SAC) was renamed the IFRS Advisory Council
- the objective of the IFRS Foundation was added
- the conceptual framework was changed to be referenced as the *Conceptual Framework for Financial Reporting*
- the 'Impact Analysis' was renamed the 'Effect Analysis'

The Trustees approved the [IASB] amended Handbook with the abovementioned changes on X December? 2010.

The major changes made to the IFRS Foundation Due Process Handbook in 2011 are as follows:

- the Trustees introduced a three-yearly public review of the IASB's technical work programme, in response to comments received during the second Constitution Review of the IFRS Foundation.
- paragraphs [27A, 65A and 65B] were added to demonstrate the enhanced criteria for assessing a matter through the annual improvements process. (confirm final wording of these paragraphs)

The Trustees approved the [IASB] amended Handbook with the abovementioned changes on X February 2011.

The major changes made to the IFRS Foundation Due Process Handbook in 2012 are as follows:

- The relationship between the DPOC and the due process protocol to be followed was added
- XXXXXXXX etc
- To be completed.

The Trustees approved the [IASB] amended Handbook with the abovementioned changes on X XXXXXXX 2012.