

 **AGENDA PAPER**

IFRS Foundation Trustees meeting – Due Process Oversight Committee

Singapore      11-12 January 2012

**Agenda ref    3Ev**

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Paper: DPOC Correspondence with Muhammad Ali on Post-implementation  
Reviews

**From:** Jones Jennifer **On Behalf Of** dpoc  
**Sent:** 07 December 2011 16:17  
**To:** 'Muhammad Ali'  
**Subject:** RE: Post Implementation Review

Dear Mr. Ali

**Re: Your e-mail dated 8 November 2011  
Post Implementation Reviews**

Thank you for your e-mail dated 8 November 2011 setting out proposals to make the IASB's first Post Implementation Review (PIR) more effective and productive.

The first standard issued by the IASB and subject to PIR will be IFRS 8 Operating Segments, the review of which is due to commence at the beginning of 2012.

The Foundation staff reported to the Due Process Oversight Committee on feedback received from the IFRS Advisory Council, the meeting of World Standard-Setters and others regarding the mechanism and timetable for completing such reviews. There was support to broaden the remit of reviews to include consideration of the original purpose of the standard and whether the standard had met that original objective, and to allow for sufficient time before commencing a review to allow the consequences of the new standard to be fully understood.

The upcoming review of IFRS 8 is likely to inform the Board in determining the optimal approach for conducting future reviews. The draft approach to be used for this review will be revisited shortly after the review of IFRS 8 is completed.

The Due Process Oversight Committee endorsed this broader approach and asked the staff to refine the proposed approach for completing the first PIR. The Foundation staff are in the process of developing a methodology for implementing the first PIR and your comments will be forwarded to them for consideration.

Once the methodology has been agreed by the Due Process oversight Committee, this will be posted on the IFRS Foundation's website.

The IFRS Foundation welcomes your comments and considers them most helpful. The staff are most grateful to you for taking the time to write.

Yours sincerely

David Sidwell  
***Chairman of the Due Process Oversight Committee***

**From:** Muhammad Ali  
**Sent:** 08 November 2011 14:01  
**To:** dpoc  
**Subject:** Post Implementation Review

Dear Mr. David Sidwell-Chairman of DPOC,

I am writing to provide one of my observations with respect to the first PIR which the Board is intending to undertake as a consequence of requirements introduced by Trustees in 2007. I learned that the first standard subject to PIR would be IFRS 8 "Operating Segment" which would commence at the beginning of 2012. In this respect I would like to propose that in order to make PIR more productive it is to form a panel / committee comprising of Board Members, National Standard Setters, Regulators, Preparers and Analysts in order to comprehensively identify the potential gaps, incorrect applications and areas requiring more guidance or areas where improvement could be made. My proposal for inclusion of Board Members among the panel is to ensure that the stated requirements / principles are applied as intended by the Board and where it comes to the attention of the Board that practices have emerged not as intended by the Board so it could be rectified. For involvement of National Standard Setters and Regulators in the PIR process is to enable standard setters or the Board to be responsive to information / disclosure gaps identified by regulators or national standard setters owing to their involvement in filing of financials and other enforcement decisions undertaken respectively and further they are an appropriate forum where the Board could also identify application issues that have arisen and how they have been resolved and whether those resolutions could be incorporated as requirements to make them clearer. For preparers and analysts the reason is well understood. I understand it would be cost beneficial to form any group for the exercise, however, to give any meaning to PIR the formation of a group by including balance sheet representation would serve the purpose of developing high quality financial reporting standards. I am not aware of the steps already taken for PIR, my own understanding suggests that many preparers including regulators have identified issues with IFRS 8 "Operating Segment". Further IFRS 8 takes through the eyes of a management approach it is essential that a study of disclosures should also be carried out in order to evaluate the robustness of principles articulated in the Standard and whether it is worth having a management approach for identification of operating segments including numerical disclosure using other than GAAP numbers with reconciling those numbers back to reported GAAP numbers.

I further would like to know what would be the outcome of PIR, would it be a document which would be available in the public domain for constituents to provide feedback in order to ensure the completeness of the list of issues / matters proven controversial or impeding the application or should it only result in targeted improvements in form ED without first ensuring the completeness.

I look forward to your response in this respect.

**Regards**  
**Muhammad Ali**