

AGENDA PAPER

IFRS Advisory Council Meeting

LONDON	18 – 19 June 2012	Agenda ref 4
TOPIC	Agenda consultation 2011	
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This paper has been prepared for discussion at a public meeting of the IFRS Advisory Council. The views expressed in this paper are those of the authors. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS.

Background

The Board began its public consultation on its agenda-setting process in 2011 by publishing a Request for Views *Agenda Consultation 2011* (the RFV). The preliminary analysis of responses received was discussed at the January 2012 Board meeting. In addition, both the Board and staff have taken part in over 80 outreach activities and have sought input from a range of sources. The output from this process will be a consultation summary and a feedback statement. The agenda consultation process will also directly affect how the Board sets its technical work plan.

Papers presented at the May 2012 Board meeting

Two papers were presented to the May 2012 Board meeting::

(a) 13 A *Topics for the feedback statement*

This paper summarises the feedback received from the Board's public consultation on its agenda-setting process and discusses the suggested responses to that feedback. This paper will form the basis of the Consultation Summary and Feedback Statement.

(b) 13 B *Developing the IASB's Technical Programme*

This paper sets out the staff recommendations for how the IASB should develop its technical work programme, including important changes to the way the IASB develops projects and consults with others. The paper also includes recommendations on which potential projects

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should be given priority in the short term. The intention is to use this paper as the basis for a strategy document to accompany the feedback statement.

These papers are attached as agenda papers 4A and 4B for your review.

For each paper, the Board was asked whether:

- (a) the analysis in the paper is complete,
- (b) Board members agree with the analysis, and
- (c) Board members have any further comments for inclusion in the published documents.

Results of the Board discussions

IASB Update May 2012 summarises the Board's discussions:

The IASB discussed the topics for inclusion in the consultation summary and feedback statement on its agenda consultation 2011 and the Board's strategy for developing its technical programme.

The Board discussed the main messages that it had received in response to the Request for Views *Agenda Consultation* 2011. These messages and responses will form the basis of the feedback statement .

The Board were asked whether:

- all the main messages received had been correctly identified;
- it agreed with the proposed responses to those messages; and
- Board members had any further comments for inclusion in the feedback statement.

The Board also discussed how the feedback received should affect how the IASB's technical programme is developed.

The Board discussed proposed changes to how it structures its technical programme, with the main recommendation being the development of a broader research and development programme that supports a smaller and more focused standards-level programme. The Board also considered recommended project-level priorities. These included restarting the conceptual framework project as well as a discussion of some specific topics identified for early assessment in accordance with the Board's agenda-setting priorities.

The Board unanimously supported:

- the IASB hosting a public forum to assess strategies for improving the quality of financial reporting disclosures, within the existing disclosure requirements.
- giving priority to work on the Conceptual Framework project and that the main focus should be on elements, measurement, presentation, disclosure and reporting entity.
- giving priority to:
- developing standards-level proposals for potential amendments to IAS 41 *Agriculture* (in relation to bearer crops); rate-regulated activities; and the equity method in separate financial statements; and
- recommencing research on emissions trading schemes and business combinations under common control.
- initiating a research programme, focusing initially on discount rates; the equity method of accounting; extractive activities/intangible assets/R&D; financial instruments with the characteristics of equity; foreign currency translation; non-financial liabilities; and financial reporting in high-inflation and hyperinflationary economies.
- establishing a consultative group to assist the IASB with matters related to Shariah law.

The discussions at the Board meeting highlighted the following points:

- (a) The topics identified for standards-level projects should be researched and agenda proposals should be prepared for each. Some thought that research, when completed, might indicate that rate-regulated activities would be better addressed in the short-term by a proposal for ‘grandfathering’, similar to the approaches taken when developing IFRS 4 *Insurance Contracts* and IFRS 6 *Exploration for and Evaluation of Mineral Deposits*, rather than as a standards-level project.
- (b) It was noted that the topic of presentation within the conceptual framework would focus on the roles of the main financial statements and how those statements should be structured. This topic could be informed by the Board’s earlier work on Financial Statement Presentation. Because presentation would be concerned with the statement of comprehensive income and the nature of performance, this topic would address an area of key interest to investors.

Questions for the Advisory Council

1 We would like to ask whether you have any comments or advice on:

- (a) the feedback received as a result of the agenda consultation process or on the proposed responses to those messages,
- (b) the staff recommendations about how the Board should develop its technical work plan, and
- (c) the Board's stated support for the strategic actions noted in IASB Update May 2012?

2 Have you any queries on the papers discussed or any comments to make on the topics raised in the papers?

Next steps

Your advice will be included with other feedback in preparing the Consultation Summary and Feedback Statement – *Agenda Consultation 2011*. This will be published in mid-2012.

The Board will continue to develop its technical work plan during 2012 by researching those topics identified by the Board for early action (above).

The Board intends to bring their more detailed proposals about its technical work plan to you again at your October meeting.