AGENDA PAPER

IFRS Foundation Trustees' meeting—Due Process Oversight Committee

London 10 April 2013 Agenda paper 3A

Memorandum

To: Scott Evans, Chairman—Due Process Oversight Committee

From: Sue Lloyd/Alan Teixeira

Date: 25 March 2013

Re: Technical Projects —Update

Overview

The IASB continues to be occupied with the completion of the four major projects being undertaken jointly with the FASB: Financial Instruments, Revenue Recognition, Leases, and Insurance Contracts.

The IASB is also well underway with work on the Conceptual Framework project, on limited amendments to IAS 41 *Agriculture* (in relation to bearer plants) and on a project on Rate-regulated Activities.

In response to the comments received on the Agenda Consultation for more support to be provided for existing IFRS, the Interpretations Committee has also been very active.

Due process

A list of Board papers on due process issues provided to the DPOC since the January 2013 meeting is attached in Appendix A to this paper. As previously requested by the DPOC, a list of papers that were posted after the IASB paper posting deadline is attached in Appendix B to this paper.

Agenda Paper 2A for the public Trustee Meeting provides an update of the IASB technical projects. Below is a summary of the status of the projects currently under way with a focus on due process considerations.

Financial Instruments

IFRS 9—Classification and Measurement (limited amendments)

As discussed in previous meetings, in November 2012 the IASB published an Exposure Draft *Classification and Measurement: Limited Amendments to IFRS 9* (*Proposed amendments to IFRS 9 (2010)*). This Exposure Draft proposes limited amendments to the classification and measurement requirements for financial instruments already contained in IFRS 9 *Financial Instruments*.

The FASB issued an Exposure Draft on the classification and measurement of financial instruments in February 2013. While the exposure drafts reflect joint decisions made by the boards, given the different stage of development of our projects (the IASB is revising IFRS 9 whereas the FASB is proposing completely new guidance), the documents are not identical.

The comment period for the IASB's ED ended on 28 March 2013. Upon completion of these consultations we will redeliberate the proposals jointly with the FASB with a view to completing this project in 2013.

Impairment

This is probably the most important part of our project to overhaul the accounting for financial instruments. The objective of the Impairment project is to increase the usefulness of financial statements by improving the transparency of information about the credit quality of financial assets subject to impairment accounting, and improving the timeliness of recognition of expected credit losses.

In March 2013 the IASB published an exposure draft *Financial Instruments: Expected Credit Losses.* It is open for comment until 5 July 2013. The proposals in that document are based on the model that we had been developing jointly with the FASB. However, the model has been simplified to address comments received from interested parties prior to publishing the ED. Importantly, the proposals would result in expected credit losses always being recognised (from when a financial instrument is first purchased or originated) with full lifetime expected credit losses being recognised when an instrument suffers a significant deterioration in credit quality.

As previously discussed, in July 2012 the FASB decided to explore a different approach— one still based on expected credit losses, but in which **all** lifetime expected credit losses are recognised for all loans from initial recognition.[1] The IASB does not support the recognition of full lifetime expected losses when a loan is first recognised, and continues to prefer a model that will result in lifetime expected credit losses only

[1] We refer to all financial assets subject to impairment as "loans" in the Impairment section of this paper for ease of discussion.

being recognised once a loan deteriorates and an economic loss results.

In late December 2012 the FASB published its Exposure Draft on impairment. The FASB's comment period ends on 30 April 2013. There is thus a seven week overlap period enabling interested parties to compare the proposals. The impairment proposals, of both the IASB and the FASB, will be discussed by the Accounting Standards Advisory Forum (ASAF) at their meeting in April 2013.

Despite the difficulties the two boards have experienced trying to find a common approach, our respective stakeholders still have a strong desire for us to achieve a common solution. The Financial Stability Board and the G20 view a converged solution as important. The IASB continues to have an open line of communication with the FASB and joint outreach is being undertaken. The feedback on each of the exposure drafts will be discussed at joint board meetings and the boards will consider whether it is possible to more closely align their expected credit loss models taking into account information received during the comment periods. The aim is to finalise the development of the impairment requirements in 2013.

Hedge Accounting

The objective of this project is to improve hedge accounting by more closely aligning it with a company's risk management activities, thereby improving financial reporting. As previously discussed, the Hedge Accounting phase of the Financial Instruments project is not a joint project. However, the FASB sought comments from its stakeholders on the IASB's Hedge Accounting Exposure Draft and will consider these in conjunction with feedback on its own proposals when it recommences its hedge accounting deliberations.

A detailed paper on the Hedge Accounting project (agenda paper 3B) will be discussed at this DPOC meeting.

As mentioned at the previous DPOC meeting, in September 2012 we posted a Review Draft on our website of the forthcoming hedge accounting requirements as part of an extended fatal flaw process.

At the January 2013 IASB meeting the staff summarised the key issues raised on the Review Draft. The IASB agreed to several changes and clarifications to address issues that had been raised. One issue remains to be discussed at the April 2013 IASB meeting – the interaction, in the period prior to completion of the project on the accounting for macro hedging, between the existing hedge accounting requirements in IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 9. At the April IASB meeting a paper will be presented confirming that all due process steps have been complied with and the staff will ask the IASB for permission to proceed to a final Standard. The staff anticipates that the IASB will then be in a position to proceed to finalise the Hedge Accounting requirements.

Accounting for macro hedging

The IASB continues its public discussion of accounting for portfolio hedges. As noted at previous DPOC meetings, the IASB will first publish a Discussion Paper before moving on to an Exposure Draft. We are aiming to publish the Discussion Paper during 2013.

Leases

Lease obligations are widely considered to be a significant source of off balance sheet financing. The objective of the Leases project is to improve financial reporting by lessors and lessees, in particular by recognising leases on the balance sheet.

This is a joint project with the FASB. As noted at the last Trustee meeting, the discussions on the Leases project are now complete, and both boards have agreed to re-expose the revised proposals for a common Leases Standard.

The boards aim to issue exposure drafts in the first half of 2013. There will be a 120-day comment period. During the comment period, the boards plan to conduct additional outreach, including joint outreach, particularly with users of financial statements and with entities that undertake lease activities.

Revenue Recognition

The objective of this project is to improve financial reporting by creating a common revenue recognition Standard that clarifies principles that can be applied consistently across various transactions, industries and capital markets. The project applies to all contracts with customers (except leases, financial instruments and insurance contracts).

This is also a joint project with the FASB. The boards have completed their redeliberations of the 2011 Exposure Draft. The boards aim to issue a final Standard in mid-2013.

Insurance Contracts

The objective of this project is to eliminate inconsistencies and weaknesses in existing practice by replacing IFRS 4 *Insurance Contracts* and to provide a single principle-based Standard to account for all insurance contracts.

While the boards have worked together on the Insurance Contracts project we have reached different decisions on several basic matters. For example, while both boards have agreed to measure the insurance liability using a current measure of the estimated costs to fulfil the obligation, the boards have reached different decisions on several aspects of the model, including recognition of changes in estimates, the inclusion of a risk margin in the measurement of the liability and the treatment of acquisition costs.

As noted previously, in 2012 the IASB decided that, on the basis of the feedback received on the original Exposure Draft and the subsequent decisions made during redeliberations, it would re-expose its proposals. However, because of the importance of completing this project, and in view of the extensive debate the IASB has undertaken over the years, feedback will only be sought on five key matters on which there have been significant changes to the proposals in the 2010 Exposure Draft. The IASB hopes that doing so will avoid further undue delay in finalising a much-needed Standard for insurance contracts. The IASB aims to issue this Exposure Draft in the first half of 2013.

In Agenda paper 3A (i) the paper presented to the IASB in respect of completion of the due process steps for the Insurance Contracts project prior to the publication of the exposure draft is attached for discussion purposes.

The Conceptual Framework

As discussed in the last meeting, the IASB received overwhelming support to restart work on the Conceptual Framework project from respondents to the IASB's 2011 Agenda Consultation. Consequently, the IASB agreed to restart this project in September 2012.

The IASB uses the *Conceptual Framework* to develop its Standards. The IASB has agreed that the Conceptual Framework project will focus on the following: Reporting entity, Elements of financial statements (including recognition and derecognition), Measurement, and Presentation and disclosure. The IASB has also agreed that the work should be towards a single Discussion Paper, rather than separate Discussion Papers for each area. This Conceptual Framework project will build on the work previously done before the project was paused in 2010. As part of that work, the IASB completed chapters on the objective of financial reporting and qualitative characteristics of useful information.

The IASB has spent an extensive amount of board time since the last Trustee meeting discussing the Conceptual Framework. A Discussion Paper is targeted for mid 2013.

We expect the ASAF to play an important role in advising us on the Conceptual Framework project. The Conceptual Framework will be the main topic on the agenda for the first ASAF meeting in April 2013.

Rate-regulated Activities

Rate regulation is a restriction in the setting of prices that can be charged to customers for services or products. It is generally imposed, by regulatory bodies or governments when an entity has a monopoly or a dominant market position that gives it excessive market power. It is widespread and significantly affects the economic environment of rate-regulated entities. Some national GAAP provides specific guidance on this matter, but there is no equivalent guidance in IFRSs.

The long term objective of the Rate-regulated Activities project is to develop a Discussion

Paper to consider whether rate regulation creates assets or liabilities in addition to those already recognised in accordance with IFRS for non-rate-regulated activities. If so, the project will also consider how such assets and liabilities should be accounted for and whether (and how) IFRSs should be amended. Given the specialist nature of the subject and the need for industry expertise, a formal consultative group is being formed for this project. The IASB published, in March, a *Request for Information*. The IASB aims to issue the Discussion Paper in the second half of 2013.

In addition, in December 2012 the IASB agreed to develop an Exposure Draft for an *interim* Standard that would:

(a) permit 'grandfathering' of existing recognition and measurement policies for those entities that currently recognise “regulatory assets” or “regulatory liabilities” in accordance with their local accounting requirements;

(b) require that such regulatory account balances are identified and presented as separate line items in the financial statements with additional disclosure requirements; and

(c) contain some impairment testing requirements (as is currently required in the interim Standard IFRS 6 *Exploration for and Evaluation of Mineral Resources).*

The IASB has made it clear that the interim Standard for Rate-regulated Activities must not delay the completion of the main project nor prejudge the outcome of that project. The Exposure Draft will be issued in the first half of 2013.

Narrow-scope projects

Recently published Exposure Drafts

IFRS 11—Acquisition of an interest in a joint operation

In December 2012 the IASB published the Exposure Draft *Acquisition of an Interest in a Joint Operation–Proposed amendment to IFRS 11*. The Exposure Draft proposes adding guidance to IFRS 11 *Joint Arrangements* on the accounting for an interest in a joint operation when that joint operation includes a business. There is currently diversity in practice when applying the requirements in IAS 31 *Interests in Joint Ventures* and there is concern that the diversity will continue when IFRS 11 comes into effect in 2013. The issue originated from a submission to the Interpretations Committee, which proposed additional guidance to the IASB. In November 2012 the IASB agreed that it had complied with all due process requirements to date. The final amendment is targeted for the fourth quarter of 2013.

IAS 16 and IAS 38—Clarification of acceptable methods of depreciation and amortisation

In December 2012 the IASB published the Exposure Draft *Clarification of Acceptable Methods of Depreciation and Amortisation–Proposed amendments to IAS 16 and*

IAS 38. IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* establish the principles for the depreciation and amortisation for property, plant and equipment and intangible assets, respectively. These Standards permit an entity to select the method of depreciation or amortisation that most closely reflects the expected pattern of consumption of the expected future economic benefits embodied in the asset. The Exposure Draft proposes clarifying that certain methods should not be used, when calculating the depreciation or amortisation of items of property, plant and equipment or intangible assets.

The issue originated from a submission to the IFRS Interpretations Committee, which proposed amendments to the IASB. This issue was originally intended to be included in the Annual Improvements 2011-2013 Exposure Draft. Although our due process only requires a 90-day comment period for Annual Improvements, due to the significance of the issue for some stakeholders the IASB decided to prepare a separate Exposure Draft with a 120-day comment period. This decision was consistent with the recommendation of the DPOC (as discussed at the October 2012 Trustee meeting).

The final amendment is targeted for the third quarter of 2013.

IAS 28—Equity method: share of other net asset changes

In November 2012 the IASB published the Exposure Draft *Equity Method: Share of Other Net Asset Changes–Proposed amendments to IAS 28*. The proposed amendments provide additional guidance on how an investor should account for its share of the changes in the net assets of an associate (or joint venture) that are not recognised in profit or loss or OCI of the associate (so-called 'other net asset changes'). There is currently diversity in practice in this area of accounting. The issue originated from a submission to the Interpretations Committee, which recommended that the IASB amend the Standard. In October 2012 the IASB agreed that it had complied with all due process requirements to date.[2] The final amendment is targeted for the fourth quarter of 2013.

IFRS 10 and IAS 28—Sale or contribution of assets between an investor and its associate or joint venture

In December 2012 the IASB published the Exposure Draft *Sales or Contributions of Assets Between an Investor and its Associate or Joint Venture-Proposed amendments to IFRS 10 and IAS 28*. The proposals would address the acknowledged inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. There is currently diversity in practice in this area of accounting arising from a long-standing conflict in IFRS requirements. The issue originated from a submission to the Interpretations Committee, which proposed the

[2] See Agenda Paper 9A: *Due Process: Equity method: share of other net asset changes (Amendments to IAS 28* Investments in Associates and Joint Ventures*)* as submitted to the DPOC in October 2012.

amendments to the IASB. In November 2012 the IASB agreed that it had complied with all due process requirements to date.[3] The final amendment is targeted for the fourth quarter of 2013.

IAS 39 – Novation of derivatives and continuation of hedge accounting

In February 2013 the IASB published the exposure draft *Novation of Derivatives and Continuation of Hedge Accounting* (*Proposed amendments to IAS 39 and IFRS 9*). The objective of the proposed amendments is to introduce a narrow scope exception to the requirement for the discontinuation of hedge accounting in IAS 39 *Financial Instruments: Recognition and Measurement* and the forthcoming chapter on hedge accounting for IFRS 9. The proposals respond to recent or pending legislative changes that require novation of particular derivative contracts to a central counterparty. These legislative changes are being introduced in many jurisdictions in response to a G20 commitment to improve transparency and regulatory oversight of over-the-counter derivatives in an internationally consistent and non-discriminatory way.

The IASB decided to expose the proposals for 30 days because of the urgency of this issue in the light of the recent or pending legislative changes, the narrowness of the issue and the anticipated level of acceptance of the proposals. This comment period was approved by the DPOC via email in the period 1-8 February 2013. A memo confirming compliance with all required due process steps to date was provided to the DPOC on 27 February 2013.

New narrow scope projects

IAS 41—Bearer plants

As discussed in the last DPOC meeting, in response to the 2011 Agenda Consultation, the IASB agreed to develop a limited scope project for amending IAS 41 *Agriculture* (in relation to bearer biological plants). Bearer plants include grape vines and oil palms. The operation of mature bearer plants is seen by many as being similar to that of manufacturing. Consequently, they believe that such assets should be accounted for in accordance with the requirements in IAS 16 rather than those in IAS 41. In December 2012 the IASB decided to develop a cost-based model for bearer plants.

The IASB previously decided that because of the research that has already been undertaken by a national standard-setter, a Discussion Paper would not be necessary for this project. Therefore, the IASB decided to proceed directly to an Exposure draft which it aims to publish by the end of the third quarter of 2013.

[3] See Agenda Paper 6A – *Accounting for the sale or contribution of assets between an investor and its associate or joint venture (Proposed amendments to IFRS 10 and IAS 28) - Summary of Due Process followed* as distributed to the DPOC.

IAS 12—Recognition of deferred tax assets for unrealised losses

The objective of this project is to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The issue originated from a submission to the Interpretations Committee. In order to resolve the significant diversity in practice, the Interpretations Committee recommended to the IASB that it should clarify the accounting in IAS 12 *Income Taxes*. This project was originally intended to be included in the Annual Improvements 2010-2012 Exposure Draft but because the project is of a broader scope than Annual Improvements, a decision was made to prepare a separate Exposure Draft. The Exposure Draft is targeted for the fourth quarter of 2013.

IAS 36—Recoverable amount disclosures for non-financial assets

This project is essentially proposing an amendment to IAS 36 *Impairment of Assets* that arose from a drafting error in the consequential amendments arising from IFRS 13 *Fair Value Measurement*. In developing IFRS 13, the IASB amended IAS 36 to require disclosure of information about the recoverable amount of impaired assets. It has come to the IASB's attention that the amendments cause the requirement to apply more broadly than intended (ie for all significant amounts of goodwill or intangible assets allocated to a cash generating unit rather than just those that have material impairment losses or impairment reversals during the period).[4] Therefore, the objective of this narrow-scope project is to correct the disclosure requirements in IAS 36 with regard to the measurement of the recoverable amount of impaired assets that were made as a consequence of issuing IFRS 13.

An Exposure Draft was published in January 2013. The comment period is 60 days due to the nature of the amendments and the fact that the mandatory effective date of the disclosure requirements is 1 January 2013. This comment period was discussed and agreed with the DPOC on a conference call on 11 December 2012.

IAS 27 —Separate financial statements (equity method)

When an entity prepares separate financial statements it has the choice of measuring investments in subsidiaries, joint ventures and associates at cost or at fair value. Corporate law in some countries requires listed entities to present separate financial statements using the equity method of accounting to measure these investments. Consequently, entities in those countries must currently prepare two sets of financial statements.

Feedback received from the 2011 Agenda Consultation indicated there was strong support from stakeholders in those countries affected, particularly from Latin America, for us to address this issue. Until 2005 the option of using the equity method to measure such investments was permitted—it had been removed as part of the IASB's improvements project, in 2005, to reduce the number of options available. The IASB understands that

[4] The narrower scope is in fact correctly reflected in the Basis for Conclusions to IAS 36.

allowing this option would probably reduce compliance costs without a loss of information.

As a result the IASB agreed to consider a proposal to amend IAS 27 *Separate Financial Statements* to restore this option to use the equity method of accounting and to clarify some matters related to balances with subsidiaries and joint arrangements. We aim to publish an Exposure Draft during 2013.

IAS 19 Defined benefit plans: employee contributions

The 2011 revisions to IAS 19 *Employee Benefits* introduced new guidance on the timing of recognition of employee contributions to defined benefit pension plans if those contributions are set out in the formal terms of the defined benefit plan. The objective of this project is to provide clarification and some limited relief on how the new guidance should be applied. The issue originated from a submission to the IFRS Interpretations Committee, which recommended that the IASB amend the Standard. In March 2013 the IASB will consider if it has complied with all due process requirements to date.[5] The exposure draft is targeted for publication in March 2013.

Annual Improvements

Annual Improvements 2010–2012

The 2010–2012 Annual Improvements Exposure Draft was published in May 2012. The Interpretations Committee discussed the comments received on some of these annual improvements in November 2012, January 2013 and March 2013. The recommendations from the Interpretations Committee on how to finalise many of these issues were presented to the IASB in the first quarter of 2013, with the remaining issues to be presented in April 2013. At the completion of these discussions, the IASB will assess its compliance with its due process before finalising the proposed amendments. Publication of the final requirements is targeted for the third quarter of 2013.

Annual Improvements 2011–2013

The 2011–2013 Annual Improvements Exposure Draft was published in November 2012. In October 2012 the IASB agreed that it had complied with all due process requirements to date.[6] A summary of the comment letters received will be presented to the Interpretations Committee in May 2013. Publication of the final requirements is targeted for the third quarter of 2013.

[5] See Agenda Paper 9: *Defined Benefit Plans: Employee Contributions (Proposed amendments to IAS 19* Employee Benefits*)* as submitted to the DPOC on 11 March 2013.

[6] See Agenda Paper 9B: *Due Process:* Annual Improvements to IFRSs 2011-2013 cycle as submitted to the DPOC in October 2012.

Annual Improvements 2012–2014

The Interpretations Committee has so far identified three potential issues for inclusion in the Exposure Draft for the 2012–2014 cycle of Annual Improvements; these will be presented to the IASB for consideration in the first half of 2013. The IASB expects to publish the 2012-2014 Exposure Draft in the third quarter of 2013.

Interpretations

Levies charged by public authorities on entities that operate in a specific market

In May 2012 the Interpretations Committee published a draft Interpretation that proposed clarifications for the point at which a liability to pay certain levies should be recognised. A summary of the comment letters received was presented to the Interpretations Committee in November 2012. The Interpretations Committee concluded its discussions in March 2013; the final Interpretation will be submitted to the IASB for ratification in the second quarter of 2013.

Put options written on non-controlling interests

In May 2012 the Interpretations Committee published a draft Interpretation proposing clarifications to the accounting for puts over non-controlling interests. A summary of comment letters received was discussed at the January 2013 meeting of the Interpretations Committee. The Interpretations Committee acknowledged that the proposal in the draft Interpretation is the correct interpretation of IFRSs but in the light of its discussions on this matter it has asked the IASB to reconsider the existing IFRS requirements. The Interpretations Committee's conclusions were discussed by the IASB at the March 2013 board meeting. The IASB decided not to proceed to finalise the draft Interpretation. The IASB has asked the staff to consider alternative accounting treatments for such transactions to be considered at a subsequent IASB meeting.

Education initiative

Fair value measurement-educational material

The Education Initiative is developing educational material to support IFRS 13 with the assistance of a valuation expert group. During the development of IFRS 13, the IASB received feedback about the challenges of applying the fair value measurement principles in jurisdictions with less developed capital markets, such as emerging and transition economies.

However, it was also noted that the concerns raised were not specific to such jurisdictions and that all entities applying IFRSs would benefit from educational material to accompany IFRS 13. The material will cover the application of the principles in IFRS 13 across a number of topics. These topics will be published in individual chapters as they are completed. The material is non-authoritative.

In December 2012 the Foundation issued the first chapter of this educational material. This chapter covers the application of the principles in IFRS 13 when measuring the fair value of unquoted equity instruments within the scope of IFRS 9.

Joint Arrangements-educational material

IFRS 11 was issued in May 2011 as part of our suite of new Standards addressing consolidation and joint arrangements. IFRS 11 requires an entity that is a party to a joint arrangement to account for its involvement with the joint arrangement on the basis of its rights and obligations. There is a reasonable degree of judgement required in making the assessments needed to apply the Standard. In response to requests for guidance in this area, we are in the process of developing educational material to assist those making the judgements required in order to apply the principles in IFRS 11.

A draft of the material was circulated to major accounting firms and some standard-setters and endorsement bodies to get their feedback. Most reviewers expressed a concern that the material would change how IFRS 11 was applied. It would therefore fail to meet our test for education material. In other words, the examples and explanations in the draft education material are too interpretive. They are more of the nature of application guidance (which would be mandatory and subject to full exposure before being incorporated into IFRS 11) than illustrations of the accounting.

We have previously highlighted to the DPOC that the due process around education material will become an area of increasing interest for the IASB and the DPOC. There are inherent difficulties associated with providing helpful supportive materials in a timely manner and the need to ensure that education material is not interpretive. The more due process we place around this material the more likely that it will be thought of as a product of the Board.

We are reconsidering the scope, and nature, of the education material for IFRS 11 in the light of the feedback we received.

IFRS for SMEs

Comprehensive Review 2012–2014

As previously discussed, when the IASB issued the International Financial Reporting Standard for Small and Medium-sized Entities (*IFRS for SMEs*) in July 2009, it stated that it would undertake an initial comprehensive review of the Standard. This review would allow the IASB to assess the first two years' experience in implementing the Standard and consider whether there is a need for any amendments. In mid-2012 the IASB issued a Request for Information seeking public views on whether there is a need to make any amendments to the *IFRS for SMEs*. The deadline for responses was 30 November 2012.

In February 2013 the SME Implementation Group (SMEIG) met to discuss public responses to the Request for Information. A report containing the recommendations of the SMEIG on amendments to the *IFRS for SMEs* is undergoing final approval and will be provided to the IASB during March 2013.

The IASB began to discuss the issues in the Request for Information at its meeting in March 2013.

The most controversial matter is the scope of the IFRS for SMEs, and whether jurisdictions should decide which entities should be able to use and state compliance with the IFRS for SMEs. Currently, a listed entity is not permitted to assert compliance with the IFRS for SMEs. The IASB discussed whether this should be relaxed and replaced by a requirement for publicly accountable entities to disclose that they are not within the intended scope of the IFRS for SMEs, if laws in their jurisdiction permit use of the IFRS for SMEs. The IASB concluded that it needed additional clarity about how such a disclosure requirement would be expressed before it was able to make a decision. listed entities should be permitted to

Depending on how the discussions progress, the IASB expects to publish an Exposure Draft of the proposals in the third quarter of 2013, depending on the comments received and the possible amendments to the Standard.

Guidance for micro-sized entities

In 2012 it was decided that guidance should be developed to help micro-sized entities apply the *IFRS for SMEs*. The IASB staff expect to publish this guidance in the second quarter of 2013.

Post-implementation reviews (PIR)

In June 2012 the IASB published for comment a Request for Information on the effect of implementing IFRS 8 *Operating Segments*. The Request for Information had a 120-day comment period. During the comment period, the staff co-ordinated outreach and evidence-gathering events with various stakeholder groups, including investor groups, national accounting standard-setters and other regional bodies and securities regulators. In particular, the outreach targeted users of financial statements who typically do not provide comment letters. In February 2013 the IASB discussed a staff summary of the feedback, as well as an update of the review of academic and other literature relevant to the PIR. A feedback statement on the post-implementation review is being prepared. It is expected to be published in the second quarter of 2013. Agenda paper 3C sets out in more detail the progress on this PIR.

The IASB expects to apply the experience gained from its first PIR to inform its planning for the PIR of IFRS 3 *Business Combinations* which is planned for later in 2013.

Work plan - as at 22 March 2013

Major IFRSs

Next major project milestone				
	2013 Q1	**2013 Q2**	**2013 Q3**	**2013 Q4**
IFRS 9: *Financial Instruments* (replacement of IAS 39)				
Classification and Measurement (Limited amendments) [comment period ends 28 March 2013]		Redeliberations		
Impairment [comment period ends 5 July 2013]			Redeliberations	
Hedge Accounting		Target IFRS		
Accounting for Macro Hedging		Target DP		
	2013 Q1	**2013 Q2**	**2013 Q3**	**2013 Q4**
Insurance Contracts		Target ED		
Leases		Target ED		
Rate-regulated Activities				
Interim IFRS		Target ED		
Comprehensive project	Target RFI			Target DP
Revenue Recognition		Target IFRS		
IFRS for SMEs: Comprehensive Review 2012-2014 – see project page				

Implementation

Next major project milestone				
Narrow-scope amendments	**2013 Q1**	**2013 Q2**	**2013 Q3**	**2013 Q4**
Acquisition of an Interest in a Joint Operation (proposed amendments to IFRS 11) [comment period ends 23 April 2013]				Target IFRS
Actuarial Assumptions: Discount Rate (proposed amendments to IAS 19)			Target ED	
Annual Improvements 2010-2012			Target IFRS	
Annual Improvements 2011-2013			Target IFRS	
Annual Improvements 2012-2014			Target ED	
Bearer Plants (proposed amendments to IAS 41)		Target ED		
Clarification of Acceptable Methods of Depreciation and Amortisation (proposed amendments to IAS 16 and IAS 38) [comment period ends 2 April 2013]			Target IFRS	
Defined Benefit Plans: Employee Contributions (proposed amendments to IAS 19) [comment period ends 25 July 2013]				Target IFRS

<table>
<tr><td colspan="5">Next major project milestone</td></tr>
<tr><th>Narrow-scope amendments</th><th>2013 Q1</th><th>2013 Q2</th><th>2013 Q3</th><th>2013 Q4</th></tr>
<tr><td>Disclosure Requirements about Assessment of Going Concern
(proposed amendments to IAS 1)</td><td></td><td colspan="2">Target ED</td><td></td></tr>
<tr><td>Equity Method: Share of Other Net Asset Changes
(proposed amendments to IAS 28)</td><td></td><td></td><td></td><td>Target IFRS</td></tr>
<tr><td>Fair Value Measurement: Unit of Account
(proposed amendments to IFRS 13)</td><td></td><td>Target ED</td><td></td><td></td></tr>
<tr><td>Novation of Derivatives and Continuation of Hedge Accounting
(proposed amendments to IAS 39 and IFRS 9)

[comment period ends 2 April 2013]</td><td></td><td colspan="2">Target IFRS</td><td></td></tr>
<tr><td>Put Options Written on Non-controlling Interests
(proposed amendments to IAS 32)</td><td></td><td></td><td colspan="2">Target ED</td></tr>
<tr><td>Recognition of Deferred Tax Assets for Unrealised Losses
(proposed amendments to IAS 12)</td><td></td><td></td><td></td><td>Target ED</td></tr>
<tr><td>Recoverable Amount Disclosures for Non-Financial Assets
(proposed amendments to IAS 36)</td><td></td><td>Target IFRS</td><td></td><td></td></tr>
<tr><td>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
(proposed amendments to IFRS 10 and IAS 28)

[comment period ends 23 April 2013]</td><td></td><td></td><td></td><td>Target IFRS</td></tr>
<tr><td>Separate Financial Statements (Equity Method)
(proposed amendments to IAS 27)</td><td></td><td colspan="2">Target ED</td><td></td></tr>
<tr><td colspan="5"></td></tr>
<tr><th>Interpretations</th><th>2013 Q1</th><th>2013 Q2</th><th>2013 Q3</th><th>2013 Q4</th></tr>
<tr><td>Levies Charged by Public Authorities on Entities that Operate in a Specific Market</td><td></td><td>Target Interpretation</td><td></td><td></td></tr>
<tr><td colspan="5"></td></tr>
<tr><th>Post-implementation reviews</th><th>2013 Q1</th><th>2013 Q2</th><th>2013 Q3</th><th>2013 Q4</th></tr>
<tr><td>IFRS 8 Operating Segments</td><td></td><td>Publish report on post-implementation review</td><td></td><td></td></tr>
<tr><td>IFRS 3 Business Combinations</td><td></td><td colspan="2">Initiate review</td><td></td></tr>
</table>

Conceptual Framework

Next major project milestone				
	2013 Q1	**2013 Q2**	**2013 Q3**	**2013 Q4**
Conceptual Framework (chapters addressing elements of financial statements, measurement, reporting entity and presentation and disclosure)		Target DP		
Disclosures: Discussion Forum		Target Feedback Statement		

Research Projects

Research projects involve preliminary research to help the IASB evaluate whether to add a topic to its work plan. The IASB will begin research on the following topics in due course.			
Business combinations under common control			
Discount rates			
Emissions trading schemes			
Equity method of accounting			
Extractive activities			
Financial instruments with characteristics of equity			
Financial reporting in high inflationary economies			
Foreign currency translation			
Income taxes			
Intangible assets			
Liabilities-amendments to IAS 37			
Post-employment benefits (including pensions)			
Share-based payments			

Completed IFRSs

Major projects	Issued date	Effective date	
Amendments to IAS 19 *Employee Benefits*	June 2011	01 January 2013	
IFRS 9 *Financial Instruments*	October 2010	01 January 2015	
IFRS 10 *Consolidated Financial Statements*	May 2011	01 January 2013	
IFRS 11 *Joint Arrangements*	May 2011	01 January 2013	
IFRS 12 *Disclosure of Interests in Other Entities*	May 2011	01 January 2013	
IFRS 13 *Fair Value Measurement*	May 2011	01 January 2013	
Narrow-scope amendments	**Issued date**	**Effective date**	
Annual Improvements 2009-2011 • IFRS 1 *First-time Adoption of International Financial Reporting Standards:* ○ Repeated application of IFRS 1 ○ Borrowing costs • IAS 1 *Presentation of Financial Statements*- Clarification of the requirements for comparative information • IAS 16 *Property, Plant and Equipment* -Classification of servicing equipment • IAS 32 *Financial Instruments: Presentation* -Tax effect of distribution to holders of equity instruments • IAS 34 *Interim Financial Reporting* -Interim financial reporting and segment information for total assets and liabilities	May 2012	01 January 2013	
IFRS 1 *First-time Adoption of International Financial Reporting Standards* - Government Loans	March 2012	01 January 2013	
***Disclosures-Offsetting Financial Assets and Financial Liabilities* (Amendments to IFRS 7)**	December 2011	01 January 2013	
IFRS 9 *Financial Instruments* - Mandatory effective date of IFRS 9 and transition disclosures	December 2011	01 January 2015	
***Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* (Amendments to IFRS 10, IFRS 11, and IFRS 12)**	June 2012	01 January 2013	
***Investment Entities* (Amendments to IFRS 10, IFRS 12 and IAS 27)**	October 2012	01 January 2014	
IAS 32 *Financial Instruments: Presentation* - Offsetting Financial Assets and Financial Liabilities	December 2011	01 January 2014	
IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*	October 2011	01 January 2013	

Appendix A: List of papers submitted to the DPOC since the January 2013 meeting

Subject
Defined Benefit Plans: Employee Contributions: (Proposed amendments to IAS 19 Employee Benefits) – March 2013 Board paper: Emailed to the DPOC on 15 March • AP 9: Defined Benefit Plans: Employee Contributions: (Proposed amendments to IAS 19 Employee Benefits): Summary of Due Process followed
IAS 41 Agriculture: Bearer Biological Assets (BBAs) – March 2013 Board paper: Emailed to the DPOC on 15 March • AP 10: IAS 41 Agriculture: Bearer Biological Assets (BBAs): Due process steps and permission for balloting
Narrow-scope amendments to IAS 39 and IFRS 9: Novation of derivatives and continuation of hedge accounting – 1 and 27 February memos to DPOC • Memo to DPOC requesting approval for a short 30 day comment period for an Exposure Draft • Memo to DPOC: Update on Exposure Draft and Due Process Protocol
IASB Meeting: Recording Failure – 19 February memo to DPOC • Memo to DPOC regarding failure of recording of an IASB meeting
Rate-regulated Activities – January 2013 Board paper: Hard copies given out to DPOC members at Hong Kong meeting on 22 January • AP 5F Rate-regulated activities (interim standard): Due Process
Hedge Accounting – 29 January 29 – 1 February Board papers: Hard copies given out to DPOC members at Hong Kong meeting on 22 January • AP 4D: Hedge Accounting: Due Process summary for the Hedge Accounting project *Updated draft provided as AP 3B (i)*

Appendix B: Late Board paper postings

Late postings for January 2013
(Board meeting commenced 28 January 2013)

IASB Paper number	*FASB Memo number*	*Project*	*Status of paper*	*Comment*
10		Matters arising from the IFRS Interpretations Committee: Novation of derivatives and consequences for hedge accounting	Posted on 25 January, discussed on 30 January.	The IFRS Interpretations Committee met on 22 and 23 January. This was the earliest the paper could be prepared. It related to an urgent project, with a 30 day comment period.

Late postings for February 2013
(Board meeting commenced 18 February 2013)

IASB Paper number	*FASB Memo number*	*Project*	*Status of paper*	*Comment*
3K		Conceptual Framework: Table of contents	Posted on 13 February, discussed on 18 February	A draft *Table of Contents* prepared at the request of IASB members following the small group meetings leading up to the full IASB meeting. The paper did not contain any technical analysis or require any decisions.
7A-Supp.	167A-Supp.	Revenue Recognition: Disclosures: disaggregation of revenue - Supplement	Posted on 18 February, discussed on 20 February	The short supplemental paper was prepared at the request of FASB members at their education session on 13 February. The supplement included the staff's initial thinking on the draft wording that might be used in the final standard for the disclosure requirement related to the disaggregation of revenue. The FASB members wanted to consider the draft wording at the same time as the technical analysis in the paper. The paper was also provided to the IASB so that both boards had the same information in the discussion.'
12C	256	Leases: Sweep Issue - Transition	Posted on 12 February, discussed on 20 February	The FASB requested that an issue regarding transition that was identified during the drafting process be brought to the February meeting. It was important that we brought the issue to the February meeting because waiting until March would have pushed out the publication date of the Leases Exposure Draft. The matter was narrow in scope.

Late postings for March 2013
No late postings