

# STAFF PAPER

**18 March – 22 March 2013**

## REG IASB Meeting

Project	Conceptual Framework		
Paper topic	Cover note		
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This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IASB and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

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### Purpose of this meeting

1. At this meeting, the IASB will continue its discussions on the Conceptual Framework discussion paper (DP). This paper describes:
  - (a) The papers for this meeting;
  - (b) The status of the draft DP;
  - (c) Next steps.

### The papers for this meeting

2. At this meeting, we would like to discuss with the IASB the following papers:

AP	Section of DP	Title	Content
5A	Presentation and disclosures	Draft discussion paper: Presentation and disclosures	A draft outline of the presentation and disclosure section of the DP.
5B	Presentation and disclosures	Draft discussion paper: Presentation in the statement of comprehensive income – Profit or loss and OCI	Discusses presentation in the Statement of comprehensive income including proposed guidance on when items should be presented in OCI.

<b>AP</b>	<b>Section of DP</b>	<b>Title</b>	<b>Content</b>
5C	Elements	Draft discussion paper: Additional guidance on liability definition – Economic compulsion, constructive obligations and contractual obligations	Discusses the treatment of constructive obligations, the difference between constructive obligations and economic compulsion and guidance on contractual obligations.
5D	Measurement	Draft discussion paper: Measurement – Measurements other than cost or fair value	Provides information on measurements other than cost or fair value.
5D(a)	Measurement	Draft discussion paper: Measurement – Measurements in existing and proposed IFRSs	A table that summarises the different measurements used in IFRS today.
5E	Elements	Draft discussion paper: Distinction between liabilities and equity instruments – Commentary on examples of written put options on own shares	Discusses how the approach to the liability/equity boundary discussed at the February 2013 meeting could be applied to a written put option on own shares.
5F	Elements	Draft discussion paper: Distinction between liabilities and equity instruments – Examples of written put options on own shares	Numerical examples to accompany AP 3E.
5G	Elements	Draft discussion paper: Elements of the statement of comprehensive income	Discusses the definitions of income and expense and whether to define different types of income and expense.
5H	Section of DP to be determined	Draft discussion paper: Capital maintenance	Sets out a proposed approach to capital maintenance in the DP.

3. Each paper provides an initial draft of a section (or part of a section) of the DP.

Each paper includes:

(a) A high-level summary of the paper;

- (b) A discussion of the issues including staff recommendations;
  - (c) Questions for you.
4. Your responses to the questions will form the basis of the preliminary views expressed in the DP.
  5. We have not asked you questions on all aspects of the proposed concepts in the DP. We have tried to restrict the questions to only those issues that we see as particularly controversial or key to the discussion. However, if there are significant areas where you disagree with what we have written, please could you indicate it during the Board meeting (and if possible what alternatives you would support)?

### **Status of the draft**

6. As discussed at the February meeting, these papers are a very early draft of what the staff would propose to include in the DP. In some areas the arguments are not fully developed and the discussion is more of an outline of what we would like to include. In addition, because different authors have worked on different sections, the document does not yet have a consistent style.
7. Consequently, at this meeting, we are seeking comment on the key concepts in the document only. We are not at this stage seeking detailed comments on the drafting.
8. The appendix to this paper includes a table of contents for the DP. It summarises the papers that have been provided and what is still outstanding.

### **Next steps**

9. Our aim is to produce a revised draft of the discussion paper for the April meeting. Following the April meeting, we would hope to be in a position to prepare a pre-ballot draft of the document.

## Appendix – Draft table of contents

Section	Discussed in February	To be discussed in March	To be discussed in April	Comments
<b>Introduction and invitation to comment</b>	-	-	-	You will have the opportunity to comment on this during the balloting process
<b>Purpose and status of the Conceptual Framework</b>	AP 3A - Purpose and status of the Conceptual Framework	-	Redraft of AP 3A	
<b>Elements of financial statements</b>	AP 3B - Elements: Definition of elements AP 3C - Elements - Guidance to support the definition of a liability AP 3D - Elements – Equity liability boundary	AP 5C - Additional guidance on liability definition – Economic compulsion, constructive obligations and contractual obligations AP 5E - Distinction between liabilities and equity instruments – Commentary on examples of written put options on own shares AP 5F - Distinction between liabilities and equity instruments – Examples of written put options on own	Redraft of previous papers	The detailed numerical examples of the proposed approach to equity-liability may be moved to an appendix in the final document.

Section	Discussed in February	To be discussed in March	To be discussed in April	Comments
		shares AP 5G - Elements of the statement of comprehensive income		
<b>Recognition and derecognition</b>	AP 3E - Recognition and derecognition	-	Redraft of AP 3E	
<b>Measurement</b>	AP 3F – Measurement principles AP 3G - Initial and subsequent measurement	AP 5D - Measurement – Measurements other than cost or fair value AP 5D(a) - Measurement – measurements in existing and proposed IFRSs	Redraft of previous papers	
<b>Presentation and disclosure</b>	-	AP 5A – Presentation and disclosure AP 5B - Presentation in the statement of comprehensive income – Profit or loss and OCI	Outstanding issues from AP 5A Redraft of previous papers	
<b>Appendix – Reporting entity</b>	AP 3H – Reporting Entity	-	Redraft of appendix to AP 3H	

<b>Section</b>	<b>Discussed in February</b>	<b>To be discussed in March</b>	<b>To be discussed in April</b>	<b>Comments</b>
<b>Appendix – Chapter 1 and Chapter 3</b>	-	-	Discussion of some aspects of chapters 1 & 3 (reliability, prudence and stewardship)	The introduction to the DP will describe our approach to these chapters. This appendix will be a reprint of what is currently in these chapters.
<b>Other (Position in DP to be determined)</b>	-	AP 5H – Capital Maintenance	Business model Going concern	