

STAFF PAPER

November 2013

IASB Meeting

Project	Annual Improvements Cycle 2012-2014		
Paper topic	Summary of Due Process followed		
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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*.

Introduction and purpose

1. During the period November 2012 to October 2013, the IASB has discussed five proposed annual improvements issues, which affect four IFRSs. The IASB has tentatively agreed to include these amendments in the Exposure Draft *Annual Improvements Cycle 2012-2014* (Exposure Draft). We are about to start the balloting process for this Exposure Draft, with publication scheduled for December 2013.
2. The purpose of this paper is to:
 - (a) provide the IASB with a brief summary of the proposed amendments (see **Appendix A**); and
 - (b) explain the steps in the due process that the IASB has taken before the publication of the Exposure Draft (see **Appendix B**) and ask the IASB to confirm that it has complied with the due process requirements to date.

Summary of the proposed amendments

3. The Exposure Draft contains five proposed amendments affecting four IFRSs. The IASB discussed each of these five issues and tentatively decided to publish a proposal to address these through the Annual Improvements process. All these

issues were also discussed by the IFRS Interpretations Committee (the ‘Interpretations Committee’).

4. The dates when each issue was discussed by the IASB and the Interpretations Committee are included in **Appendix A** of this paper, along with a brief summary of each proposed amendment.

Intention to dissent

5. When each of the five issues was discussed, the IASB voted on each one, and no IASB members voted against any of the proposed amendments. However we are required to formally ask whether any IASB members intend to dissent to any of the proposed amendments before we ballot.

Question for IASB members

Do any IASB members intend to dissent to any of the proposed amendments to be included in the Exposure Draft?

Confirmation of the due process steps

6. In **Appendix B A** we have summarised the due process steps followed by the IASB in developing the Exposure Draft. For summarising these steps and thereby demonstrating that the IASB has met all the due process requirements to date, we used the reporting template ‘Development and publication of Annual Improvements Exposure Drafts’ in the [Due Process Protocol](#).

Compliance with Due Process to date

7. We note that the required due process steps applicable so far at this stage in the due process have been completed, as documented in **Appendix B**.

Staff recommendation

8. We think that the IASB has met all of the mandatory due process steps to support the publication of the Exposure Draft.

9. We recommend that the IASB should publish the Exposure Draft with a comment period of 90 days. This is the minimum normal period that the IASB allows for exposure for comments on Annual Improvements, and complies with paragraph 6.15 of the [IFRS Foundation Due Process Handbook](#) (February 2013)

Questions for the IASB

1. Does the IASB agree that the Exposure Draft should be published with a comment period of 90 days?
2. Is the IASB satisfied that all required Due Process steps applicable so far have been complied with?

Appendix A: Summary of the proposed amendments

A1. The amendments addressed in the Exposure Draft are set out in the following table with further details in the paragraphs below it.

IFRS	Subject of amendment	Contact	Interpretations Committee meeting(s) / agenda papers ref	IASB meeting (s) /agenda papers ref
IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	Changes in methods of disposal	Denise Durant	May 2013— AP 20B	Oct 2013— AP 18
IFRS 7 <i>Financial Instruments: Disclosure</i>	Servicing contracts	Kenichi Yoshimura	Jan 2013— AP 11 May 2013— AP 7 Sep 2013— AP 5	Feb 2013 AP 9C Oct 2013— AP 15
IFRS 7 <i>Financial Instruments: Disclosure</i>	Applicability of the amendments to IFRS 7 to condensed interim financial statements	Leonardo Piombino	March 2013— AP 16 July 2013— AP 16	Oct 2013— AP 17
IAS 19 <i>Employee Benefits</i>	Discount rate: regional market issue	Leonardo Piombino	July 2013— AP 11A	Oct 2013— AP 16
IAS 34 <i>Interim Financial Reporting</i>	Disclosure of information 'elsewhere in the interim report'	Won-Hee Han	Nov 2012— AP 16	May 2013— AP 17

IFRS 5— Changes in methods of disposal

A2. The IASB proposes to amend IFRS 5 by stating that in circumstances in which an entity:

- (a) reclassifies an asset (or disposal group) from being held for distribution to being held for sale without interruption and therefore moves from one method of disposal to the other without interruption; or

- (b) reclassifies an asset (or disposal group) from being held for sale to being held for distribution and therefore moves from one method of disposal to the other without interruption;

an entity shall not follow the guidance in paragraphs 27–29 to account for this change.

- A3. The IASB also proposes to amend IFRS 5 by stating that in circumstances in which an entity determines that the asset (or disposal group) is no longer available for immediate distribution, or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27–29 of IFRS 5.
- A4. The Interpretations Committee discussed this issue in May 2013. The IASB discussed this issue in October 2013.

IFRS 7—Servicing contracts

- A5. The IASB proposes to add guidance that clarifies how an entity should apply the guidance in paragraph 42A of IFRS 7 to a servicing contract to decide whether a servicing contract is continuing involvement as described in paragraph 42C of IFRS 7.
- A6. The Interpretations Committee discussed this issue in January, May and September 2013. The IASB discussed this issue in February 2013 and October 2013.

IFRS 7—Applicability of the amendments to IFRS 7 to condensed interim financial statements

- A7. The IASB proposes to clarify that the additional disclosure required by the amendments to IFRS 7 *Disclosure—Offsetting Financial Assets and Financial Liabilities* is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with IAS 34 *Interim Financial Reporting* when its inclusion would be required by the requirements of IAS 34.

- A8. The Interpretations Committee discussed this issue in March and July 2013. The IASB discussed this issue in October 2013.

IAS 19—Discount rate: regional market issue

- A9. The IASB proposes to clarify that the basket of high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be determined at the currency level. Consequently, the IASB proposes to clarify that the depth of the market for high quality corporate bonds should be assessed at currency level and not at country level.
- A10. The Interpretations Committee discussed this issue in July 2013. The IASB discussed this issue in October 2013.

IAS 34—Disclosure of information ‘elsewhere in the interim report’

- A11. The IASB proposes to amend IAS 34 to clarify the meaning of disclosure of information ‘elsewhere in the interim financial report’ and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.
- A12. The Interpretations Committee discussed this issue in November 2012. The IASB discussed this issue in May 2013.

Appendix B: Confirmation of Due Process Steps followed in the development of the Exposure Draft Annual Improvements Cycle 2012-2014

B1. The following table sets out the required Due Process steps followed by the IASB in the development of the Exposure Draft (prepared as at 4 November 2013):

Development and publication of Annual Improvements Exposure Drafts

<i>Step</i>	<i>Required/ Optional</i>	<i>Metrics or evidence</i>	<i>Actions</i>
The IASB and the Interpretations Committee meetings are held in public, with papers being available for observers. All decisions are made in public session.	Required	Meetings held. Project website contains a full description with up-to-date information. Meeting papers posted in a timely fashion.	The issues were discussed and approved for inclusion in the 2012-2014 cycle of the Annual Improvements process by the IASB in its meetings in May and October 2013. The project webpage was updated by the staff after every Interpretations Committee or IASB meeting in which issues proposed for inclusion in Annual Improvements were discussed. Agenda papers were posted on the website before every Interpretations Committee or IASB meeting.
Finalisation			
Due process steps are reviewed by the IASB.	Required	Summary of all the due process steps have been discussed by the IFRS Interpretations Committee before an ED is issued.	In this paper we are demonstrating that all the required due process steps applicable to date have been performed.
A check is performed to ensure that each amendment included in the package meets the Annual Improvements criteria.	Required		All the papers presented to the IASB included an assessment of the proposed amendments against the Annual Improvements criteria.
Drafting			
Drafting quality assurance steps are adequate.	Required	The Translations team has been included in the review process.	The Translations team is in the process of reviewing the draft Exposure Draft.
Drafting quality assurance steps are adequate.	Required	The XBRL team has been included in the review process.	The XBRL team is in the process of reviewing the draft Exposure Draft
Drafting quality assurance steps are adequate.	Optional	External reviewers have reviewed drafts for editorial review and the comments	N/A

<i>Step</i>	<i>Required/ Optional</i>	<i>Metrics or evidence</i>	<i>Actions</i>
		have been collected and considered by the IASB.	
Drafting quality assurance steps are adequate.	Optional	Drafts for editorial review have been made available to members of the IFASS and the comments have been collected and considered by the IASB.	N/A
Drafting quality assurance steps are adequate.	Optional	Review draft posted on the project website.	The Exposure Draft will be reviewed by the IASB members before posting.
Publication			
ED of Annual Improvements cycle published.	Required	ED posted on the IASB website	The Exposure Draft will be posted on the IFRS website when published.
Press release to announce publication of the Annual Improvements ED package.	Required	Press release published. Media coverage of the release.	The press release will be posted on the IFRS website when the Exposure Draft is published