

## International Financial Reporting Standards

# The Research Programme

IASB Meeting, April 2014  
Agenda Paper 13A

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# The Research Programme

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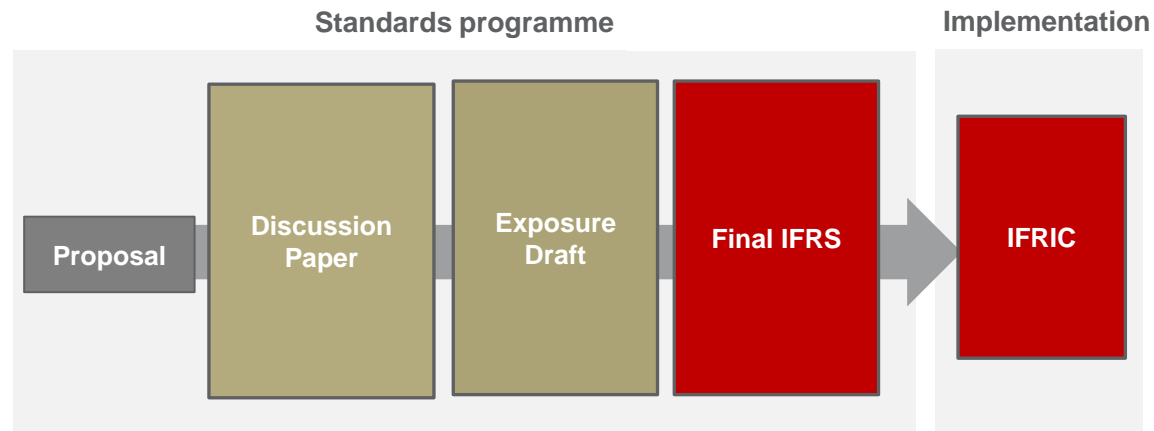
- How we develop Standards – evolution of our process
- Research projects
- Evidence-supported standard-setting

## International Financial Reporting Standards

How we  
develop  
Standards  
evolution of our process

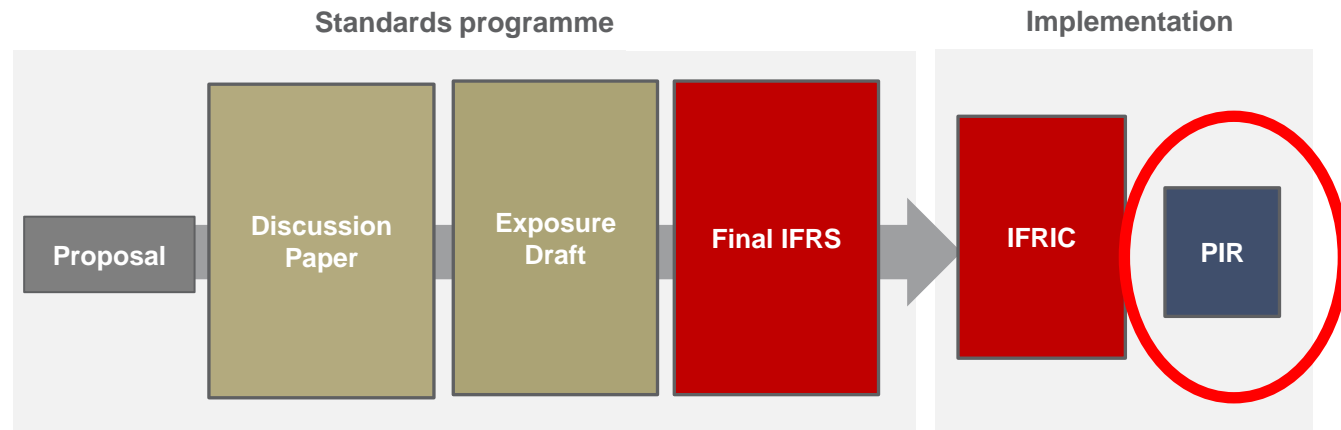
# The standard-setting process

2001 to 2006



# The standard-setting process

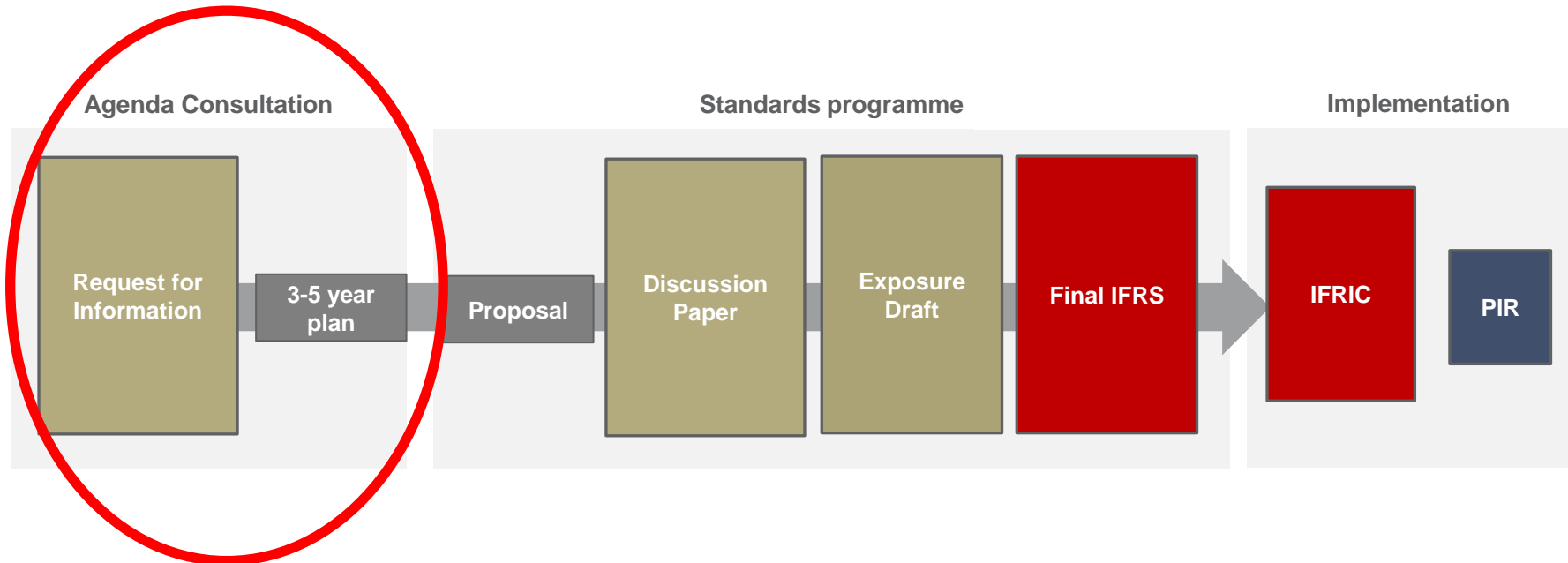
2007



In 2007 the Trustees introduced requirement to conduct a Post-implementation Review of new Standards and major amendments.

# The standard-setting process

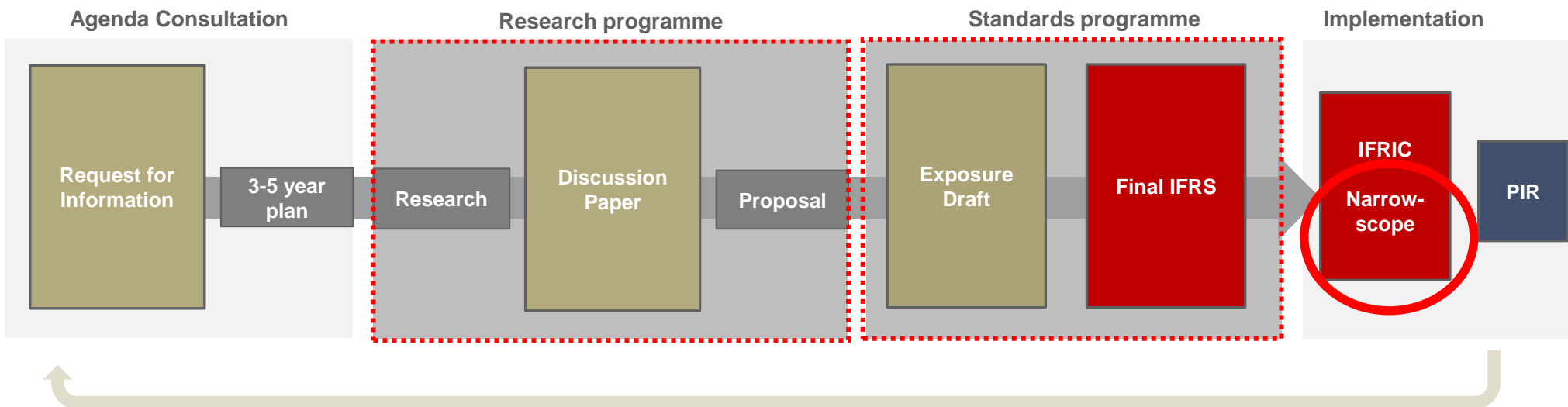
2011



In 2011 the Trustees introduced the three-yearly public Agenda Consultation.

# The standard-setting process

## 2012

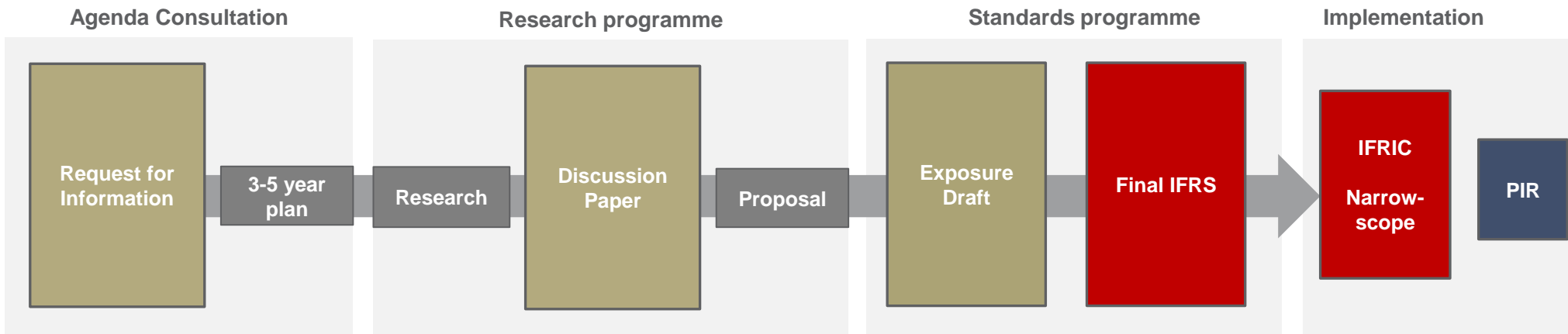


In 2012 more focus was placed on maintenance. The standard-setting process was also modified by placing more emphasis on the research phase of the process.

The changes were reflected in an overhaul of the IASB and IFRS Interpretations Committee Due Process Handbook.

# The standard-setting process

Today



## Evidence supported decision making

The Trustees also supported a move to more evidence-supported decision making and the development of a research capability.



## International Financial Reporting Standards

# Creation of the research programme

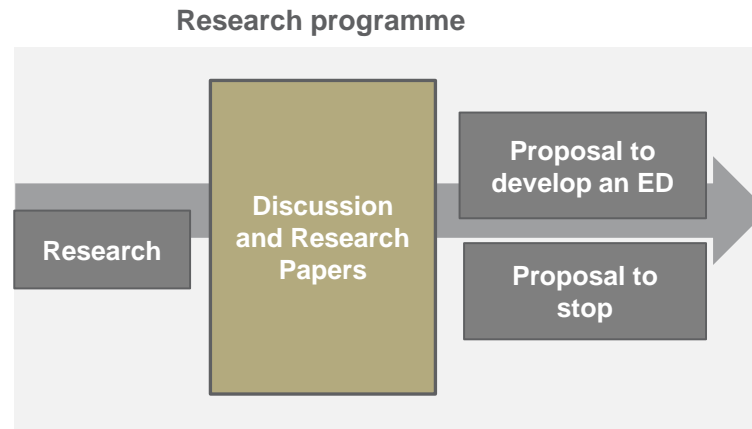
## Problems the changes were designed to address

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- Projects not being completed
- Projects not being completed on time
- Re-exposure of documents, with major changes
- Endorsement problems, and increased demands from the IFRS community to justify change
- Fear that once a project is on the IASB's work programme a new Standard is inevitable
- Limited resources (of the IASB and of the wider IFRS community)

# Research programme

- A broad research and development programme
- Emphasis on defining the problem
  - Identify whether there is a financial reporting matter that justifies an effort by the IASB
  - Evidence based
- Leads to project proposals, or recommendations not to develop an IFRS



# How does an issue get onto the research agenda?

- A relatively low hurdle
  - Responsive
  - Effective use of scarce resources
- The main work plan is been guided by the Agenda Consultation
  - Public review of the IASB's technical programme every three years
  - Helps the IASB establish a broad strategic direction for its work Next consultation is planned for 2015
- On-going updates to the IFRS Advisory Council

**Note:**

**Changes to IFRS can *only* be made after a proper consultation process has been followed.**

**Thinking about an issue within the research programme does not undermine the principles of *Transparency, Full and Fair Consultation and Accountability.***

# Outputs

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- The programme is new, and some of the outputs will be new.
- There is scope for traditional *Discussion Papers* as well as smaller and more focused consultative documents:
  - Position papers
  - Research papers
  - Requests for Information
- The key is to get timely and helpful input.
- Examples
  - Disclosure Forum
  - Materiality
  - Cash flows
  - Emissions Trading Schemes

# International Financial Reporting Standards

# Research projects

# The research projects

## **Short and medium term projects**

Business combinations under common control

Disclosure Initiative

Discount rates

Emissions Trading Schemes

Equity method

Financial Instruments with the Characteristics of Equity

Foreign currency translation / Inflation

Liabilities – amendments to IAS 37

Rate regulated activities

## **Longer term projects**

Extractive activities / Intangible assets / R&D activities

Post-employment benefits

Income taxes

Share-based payments

# Staffing

	2012		2013				2014	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Oversight	0.2	0.2	0.3	0.3	0.5	0.5	0.5	0.5
<b>Short and medium term projects</b>								
Business combinations under common control					0.5	0.5	0.7	0.9
Disclosure Initiative			0.4	0.4	0.4	1.4	1.5	1.5
Discount rates					0.5	0.2	0.0	0.4
Emissions Trading Schemes								
Equity method						0.2	0.2	0.5
Extractive activities / Intangible assets								
Foreign currency translation / Inflation								0.2
Liabilities - amendments to IAS 37								0.1
Financial Instruments with the Characteristics of Equity					0.5	0.5	0.5	0.5
Rate regulated activities				0.5	0.5	0.5	0.8	0.8
<b>Longer term projects</b>								
Extractive activities / Intangible assets								
Post-employment benefits								0.6
Income taxes								
Share-based payments								
<b>Equivalent full-time staff</b>	<b>0.2</b>	<b>0.2</b>	<b>0.7</b>	<b>1.2</b>	<b>2.9</b>	<b>3.8</b>	<b>4.2</b>	<b>6.0</b>



International Financial Reporting Standards

# Short and medium term projects

# Business combinations under common control

<i>IASB Staff</i>	<b>Yulia Feygina , Raghava Tirumala</b> (0.9 equivalent staff)
<i>Description</i>	<p>Group restructurings and reorganisations, including those related to preparations for initial public offerings, are excluded from the scope of IFRS 3 <i>Business Combinations</i>, because the combining entities are controlled by the same party. The absence of specific requirements has led to a perceived diversity in practice. A related topic is what is commonly referred to as ‘push-down accounting’, whereby the new values of assets in an acquired subsidiary are ‘pushed down’ to that subsidiary.</p> <p>The essence of the project is identifying whether and when an entity should continue to use the previous carrying amounts of a transferred business (carry-over accounting) and whether and when it should apply business combination accounting. The IASB will also assess whether any aspects of carry-over accounting or business combination accounting need to be modified for these combinations, because they are directed rather than externally transacted changes of control between related parties.</p> <p>The IASB is aware that securities regulators are concerned about divergence in views and practice when a parent entity transfers businesses into a newly-formed entity as part of a sale by way of an initial public offering. The IASB is giving priority to assessing this type of activity to see if it is appropriate, or feasible, to accelerate a Standards-level project that is focused on initial public offerings.</p>
<i>Next milestone</i>	An Issues Paper is planned for public discussion at the IASB in May and at the ASAF in June 2014. This paper will outline likely scope priorities.

# Disclosure Initiative

IASB Staff	Kristy Robinson, Amy Bannister, Holger Obst (DRSC), Michelle Sansom (1.5 equivalent staff)
<p><i>Description</i></p>	<p><b>Overview</b></p> <p>The IASB is undertaking a broad-based Disclosure Initiative to improve financial reports by:</p> <ul style="list-style-type: none"> <li>• developing clearer principles for disclosing information;</li> <li>• identifying better ways to write disclosure requirements in new Standards;</li> <li>• assessing how the IASB can assist in improving how materiality judgements are applied; and</li> <li>• identifying possible changes to existing disclosure requirements that remove impediments to good disclosure.</li> </ul> <p>This Disclosure Initiative launched with a survey and a <i>Discussion Forum on Financial Reporting Disclosure</i> in January 2013. A Feedback Statement on these events was published in May 2013. The Disclosure Initiative is made up several projects, with short and medium term goals.</p> <p>Although the Disclosure Initiative is part of the IASB’s research programme, the IASB will move quickly to propose Standards-level actions as soon as it identifies ways to improve the quality of general purpose financial reports.</p> <p>In March 2014 the IASB published an Exposure Draft which proposed amendments to IAS 1 <i>Presentation of Financial Statements</i>. The proposed changes are designed to remove impediments to the use of judgment by preparers. The IASB is currently also considering a proposal aimed to improve how information about liabilities related to financing activities is disclosed.</p>
<p><i>Next milestones</i></p>	<p>In Q3 of 2014 the IASB will consider whether to issue an Exposure Draft related to a reconciliation of liabilities from financing activities.</p> <p>In Q3 of 2014 the IASB will consider feedback from the Exposure Draft of proposed amendments to IAS 1 <i>Presentation of Financial Statements</i>.</p>

# Disclosure Initiative

<p><i>Description</i></p>	<p><b>Materiality</b></p> <p>The concept of <i>materiality</i> is defined in the <i>Conceptual Framework</i>. The IASB reviewed that definition as part of its <i>Conceptual Framework</i> project and has tentatively decided not to change the definition. Nevertheless, feedback the IASB received suggests that there is a perception that some participants in the financial reporting process have an inability, difficulty or reluctance to use judgement in assessing what is material in the context of a financial report. The IASB is examining how it can help preparers, auditors and regulators use judgement when applying the concept of materiality, with the goal of making financial reports more meaningful.</p> <p>The staff of the IASB are liaising with representatives of the IAASB and IOSCO, through a joint working group. The initial review is examining how materiality is used and applied in law, local guidance, regulatory frameworks and audits, around the world, using the network of national standard-setters. Initial indications suggest that what we learn about materiality from this review could lead to some short-term improvements in how materiality judgments are exercised by:</p> <ul style="list-style-type: none"> <li>• fostering more effective dialogue about materiality judgements between preparers, auditors, investors and regulators; and</li> <li>• helping the IASB identify better ways to write disclosure requirements in Standards (which dovetails with parallel work being undertaken by the IFRS Taxonomy team).</li> </ul> <p>It is also possible that the IASB will develop application guidance that would be part of IFRS or educational material.</p>
<p><i>Next milestone</i></p>	<p>A paper summarising the findings of this initial research is planned for public discussion at the IASB in Q3 of 2014.</p>

# Disclosure Initiative

<i>Description</i>	<p><b>Principles of Disclosure</b></p> <p>The objective of this part of the Disclosure Initiative is to develop a set of principles for disclosure in IFRS that could form the basis of a Standards-level project.</p> <p>The research phase will focus on reviewing the general disclosure requirements in IAS 1 <i>Presentation of Financial Statements</i>, IAS 7 <i>Statement of Cash Flows</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> and considering how they might be replaced with a single Standard, in essence creating a Disclosure Framework.</p> <p>The Disclosure Initiative team is working closely with the <i>Conceptual Framework</i> team to ensure that the Frameworks are aligned.</p> <p>The IASB is working to have other standard-setters contribute to parts of this phase with the goal of generating research papers on topics such as <i>cash flows, changes in accounting policies and estimates</i> and <i>interim reports</i> in the lead up to a Discussion Paper in 2015.</p> <p>Notwithstanding that a Discussion Paper is the next milestone, the IASB will propose Standards-level action if issues and solutions identified in the research phase are likely to lead to more immediate cost-beneficial improvements in financial reporting.</p>
<i>Next milestone</i>	A Discussion Paper setting out a Disclosure Framework is planned for Q3 of 2015.

# Disclosure Initiative

<i>Description</i>	<p><b>Review of disclosure requirements in existing Standards</b></p> <p>The disclosure requirements in all Standards will be reviewed systematically in the light of the revised <i>Conceptual Framework</i> and of work undertaken on materiality and the review of IAS 1 <i>Presentation of Financial Statements</i>, IAS 7 <i>Statement of Cash Flows</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>.</p> <p>The plan is for the IASB to develop Standards-level proposals to change Standards once it has a clearer sense of the disclosure principles. Nevertheless, the IASB will consider proposing changes to individual Standards if it identifies disclosure requirements that are particularly problematic through:</p> <ul style="list-style-type: none"> <li>• its analysis in other phases of the Disclosure Initiative;</li> <li>• Its ongoing monitoring of IFRS requirements; and</li> <li>• Post-implementation Reviews (The IASB recently completed a review of IFRS 8 <i>Operating Segments</i> and is currently reviewing IFRS 3 <i>Business Combinations</i>.)</li> </ul>
<i>Next milestone</i>	Timing of the next milestone will be determined in Q3 of 2014, once the initial assessment of materiality has been discussed by the IASB.

# Discount rates

<i>IASB Staff</i>	<b>Aida Vatrenejak</b> (0.4 equivalent staff)
<i>Description</i>	<p>Many Standards specify, or refer to, the discount rate that must be used to discount estimates of future cash flows. Different Standards specify different discount rates, depending on the objective of the particular Standards.</p> <p>Views received during the agenda consultation suggest that the reasons for using different discount rates are not well understood, with some respondents suggesting that such differences cause IFRS requirements to be inconsistent.</p> <p>In this research phase the IASB is examining discount rate requirements in IFRS, with a view to assessing why those differences exist and whether there any inconsistencies that the IASB needs to address.</p>
<i>Next milestone</i>	An initial analysis is tentatively scheduled for public discussion by the IASB in Q2 of 2014.

# Emissions Trading Schemes

<i>IASB Staff</i>	<b>Alan Teixeira</b> (no staff yet allocated to this project)
<i>Description</i>	<p>Emissions Trading Schemes (ETS) are Government schemes designed to reduce greenhouse gases emissions through the use of tradable permits. In December 2004 the IASB's interpretive body issued IFRIC 3 <i>Emission Rights</i> to provide guidance on the accounting by participants in a particular type of ETS called 'cap and trade' schemes.</p> <p>IFRIC 3 was withdrawn by the IASB in June 2005 on the grounds that it would have created 'unsatisfactory measurement and reporting mismatches'. At the same time the IASB started a project to consider the financial reporting implications of ETS more generally (ie not just cap and trade schemes).</p> <p>The IASB developed the project with the US FASB but the discussions stopped in November 2010.</p> <p>Feedback from the Agenda Consultation indicated support for revisiting the project. Accordingly, the IASB added the project to its research programme in 2012. The IASB plans to focus initially on updating its analysis of the different types of ETS that exist around the world. This will help the IASB assess whether it can, and should, develop financial reporting requirements that will enhance comparability across a potentially wide range of schemes.</p> <p>IASB staff are monitoring work being undertaken by the IPSASB and are working with national standard-setters to encourage them to undertake preliminary work on documenting scheme characteristics.</p>
<i>Next milestone</i>	No target has been set for a public discussion by the IASB.



# Equity method

<i>IASB Staff</i>	<b>Michelle Sansom</b> (0.5 equivalent staff)
<i>Description</i>	<p>The equity method of accounting for some investments is sometimes criticised. Some question whether it provides helpful information to users, while others note the complexities and inconsistencies it creates when it interacts with other requirements in IFRS—such as goodwill impairment, share-based payments and joint arrangements.</p> <p>During the research phase we plan to assess the financial reporting issue that the equity method seeks to address in terms of its usefulness to investors and difficulties for preparers. The IASB will consider whether it should focus initially on why and how the equity method resolves these financial reporting issues and the application of the equity method.</p>
<i>Next milestone</i>	An issues paper is planned for public discussion at the IASB in May and at the ASAF in June 2014. This paper will outline likely scope priorities.

# Financial Instruments with the Characteristics of Equity (*FICE*)

IASB Staff	Manuel Kapsis (0.5 equivalent staff)
<p><i>Description</i></p>	<p>The <i>Conceptual Framework</i> defines the elements <i>liabilities</i> and <i>equity</i>. IAS 32 <i>Financial Instruments: Presentation</i> is the Standard that applies those definitions that preparers use to determine whether a particular financial instrument should be classified as a liability or as equity.</p> <p>The IASB is currently reviewing the definitions of liabilities and equity as part of the <i>Conceptual Framework</i> project. The <i>Financial Instruments with the Characteristics of Equity</i> (FICE) project is assessing how IAS 32 should be amended or replaced as a consequence of the analysis in the <i>Conceptual Framework</i> project.</p> <p>The research phase of the FICE project is being undertaken in conjunction with the <i>Conceptual Framework</i> project. The initial work is focused on identifying financial instruments that are difficult to classify under the current requirements, or for which preparers or users question the classification. As well as helping to develop the elements chapter of the <i>Conceptual Framework</i> they will help the IASB explain how the classification of financial instruments would be affected when the revised definitions are applied at a standards-level.</p> <p>The timetable for the FICE project is being developed so that the IASB will be in a position to expose a proposal to revise or replace IAS 32 in conjunction with the finalisation of the revised <i>Conceptual Framework</i>.</p>
<p><i>Next milestone</i></p>	<p>The IASB plans to issue a Discussion Paper to accompany the exposure draft of a proposed revised <i>Conceptual Framework</i>.</p>

# Foreign currency translation | Inflation

IASB Staff	Hannah King (0.2 equivalent staff)
<p><i>Description</i></p>	<p>Leading up to the inaugural public Agenda Consultation, national standard-setters had been undertaking research into matters of particular interest in their region. The IASB highlighted that research as part of the Agenda Consultation. Two topics that respondents to that Agenda Consultation said the IASB should examine are foreign currency and high inflation.</p> <p>The Korea Accounting Standards Board (KASB) has been examining foreign currency accounting issues, including the volatility of reported income due to foreign currency exchange rate movements on long-term contracts.</p> <p>The Federación Argentina de Consejos Profesionales de Ciencias Económicas (the Argentinian standard-setter) has been examining concerns about the financial reporting by entities in countries whose economies suffer from high inflation, but not hyper-inflation.</p> <p>The IASB plans to assess these issues together, because of the relationship between inflation and foreign currency rates. The work will consider initially the analyses prepared by the KASB and the Federación Argentina de Consejos Profesionales de Ciencias Económicas, but will also examine whether there are broader issues with IAS 21 <i>The Effects of Changes in Foreign Exchange</i> and IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i></p>
<p><i>Next milestone</i></p>	<p>An issues paper that includes an initial assessment of these matters is planned for discussion by the IASB in Q4 of 2014.</p>

# Liabilities—amendments to IAS 37

IASB Staff	Joan Brown (0.1 equivalent staff)
<p><i>Description</i></p>	<p>The <i>Conceptual Framework</i> defines <i>liabilities</i>. IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> deals with when, or if, liabilities should be recognised as a result of some of the less certain events that an entity might be associated with, such as being a party of a lawsuit or having some responsibility for environmental remediation.</p> <p>The IASB proposed revisions to the requirements of IAS 37 in 2005, and later presented revised proposals in 2010. However, IAS 37 was not revised.</p> <p>Work on <i>Liabilities—amendments to IAS 37</i> was moved to the research programme in 2012 while the IASB re-focused its efforts on reviewing the definition of a liability as part of the <i>Conceptual Framework</i> project.</p> <p>Within the research programme, the work has focused on identifying examples that are continuing to cause difficulty in practice, to provide test cases for elements, recognition and measurement chapters of the <i>Conceptual Framework</i>.</p> <p>During this research phase we are also assessing how and when IAS 37 could be revised or replaced, given the feedback on the earlier Exposure Drafts and the <i>Conceptual Framework</i> analysis.</p>
<p><i>Next milestone</i></p>	<p>In 2015 we plan to discuss in public IASB meetings how IAS 37 could be revised or replaced in the light of the likely revisions to the <i>Conceptual Framework</i>.</p>

# Rate-regulated activities

<i>IASB Staff</i>	<b>Jane Pike</b> (0.8 equivalent staff)
<i>Description</i>	<p>Rate regulation is a restriction in the setting of prices that can be charged to customers for services or products. Generally, it is imposed by regulatory bodies or governments when an entity has a monopoly or a dominant market position that gives it excessive market power.</p> <p>Rate regulation 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 IFRS.</p> <p>The objective of the Rate-regulated Activities research project is 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 (or how) IFRS should be amended to improve financial reporting.</p>
<i>Next milestone</i>	A Discussion Paper is scheduled for release in July 2014.

## International Financial Reporting Standards

# Longer-term projects

# Extractive activities | Intangible assets | Research and development activities

<i>IASB Staff</i>	<b>Alan Teixeira</b> (no staff yet allocated to this project)
<i>Description</i>	<p>A project team of national standard-setters from Australia, Canada, Norway and South Africa undertook a research project on extractive activities, the outcome of which the IASB published in April 2010.</p> <p>In October 2010, the IASB considered the comments received but decided not to do any additional work until it had considered its priorities in the public Agenda Consultation.</p> <p>The Agenda Consultation highlighted broader concerns about the accounting for research and development activity and the recognition and measurement of intangible assets that have parallels with extractive activities. The IASB therefore decided to examine extractive activities as part of a broader consideration of intangible assets and research and development activities.</p> <p>The IASB is not planning to discuss this topic publicly or issue a discussion or research document within the next three years. Instead, the IASB is encouraging other standard-setters to investigate these topics on its behalf.</p>
<i>Next milestone</i>	The project will be reviewed as part of the 2015 Agenda Consultation.

# Post-employment benefits

<i>IASB Staff</i>	<b>Akemi Miura</b> (0.6 equivalent staff)
<i>Description</i>	<p>In June 2011 the IASB issued a revised version of IAS 19 <i>Employee Benefits</i>. The revisions related mainly to defined benefit plans, and were designed to make it easier for users of financial statements to understand how defined benefit plans affect an entity's financial position, financial performance and cash flows.</p> <p>When the IASB completed the revisions to IAS 19 it indicated that there were matters that needed to be considered as part of a more fundamental review of pensions and related benefits. Feedback from the Agenda Consultation indicated support for the IASB starting that a more fundamental review was required, although respondents acknowledged that, because of its nature and complexity, it would be a long-term project.</p> <p>In addition, the IFRS Interpretations Committee (the Interpretations Committee) has observed that the accounting for the plans with a guaranteed return on contributions or notional contributions is an important issue. These plans are part of a growing range of plan designs that incorporate features that were not envisaged when IAS 19 was first developed. The Interpretations Committee attempted to develop a solution to improve the financial reporting for such plans but concluded that developing accounting requirements for these plans would be better addressed by a broader consideration of accounting for employee benefits.</p> <p>IASB staff have begun an assessment of the different types of post-employment benefit plans.</p>
<i>Next milestone</i>	No target has been set for a public discussion by the IASB. The project will be reviewed as part of the 2015 Agenda Consultation.



# Income taxes

<i>IASB Staff</i>	<b>Alan Teixeira</b> (no staff yet allocated to this project)
<i>Description</i>	<p>The IFRS Interpretations Committee and the IASB staff have received many questions on IAS 12 <i>Income Taxes</i>, indicating that the Standard is sometimes difficult to apply.</p> <p>In 2002 the IASB and the US Financial Accounting Standards Board started a joint project to replace their respective income tax standards with converged requirements. In 2009 the IASB published an Exposure Draft with a proposal to replace IAS 12. In the light of the feedback they received the boards stopped work on the joint project in October 2009.</p> <p>In March 2010 the IASB started to consider the feedback on a sub-set of the issues exposed in 2009. In December 2010 the IASB amended IAS 12 for matters related to assessing how the recovery of an asset or a settlement of a liability will affect taxable profit. At the same time it suspended its other work on other aspects of IAS 12.</p> <p>As part of the Agenda Consultation the IASB identified the accounting for income taxes as an area that merits a fundamental review. However, the IASB is not planning to discuss this topic publicly or issue a discussion or research document within the next three years. Instead, the IASB is encouraging other standard-setters to investigate these topics on its behalf.</p>
<i>Next milestone</i>	The project will be reviewed as part of the 2015 Agenda Consultation.

# Share-based payments

<i>IASB Staff</i>	<b>Alan Teixeira</b> (no staff yet allocated to this project)
<i>Description</i>	<p>IFRS 2 <i>Share-based Payments</i> was issued in 2004. The Standard requires an entity to recognise share-based payment transactions in its financial statements. The changes put in place by the Standard were important because they addressed issues including remedying deficiencies in the reporting of transactions with employees, such as granted shares, share options and share appreciation rights.</p> <p>The IASB has heard mixed views on how effective IFRS 2 has been in practice. On the one hand, it seems to be an effective Standard that has improved the reporting of important transactions. On the other hand, it attracts more requests for interpretation than most Standards. Feedback from the Agenda Consultation indicated that the IASB should consider reviewing IFRS 2.</p> <p>The IASB is not planning to discuss this topic publicly or issue a discussion or research document within the next three years. Instead, the IASB is encouraging other standard-setters to investigate these topics on its behalf. However, the scope of the <i>Financial Instruments with the Characteristic of Equity</i> project includes identifying and assessing conflicts or tensions between IAS 32 <i>Financial Instruments: Presentation</i> and IFRS 2.</p>
<i>Next milestone</i>	The project will be reviewed as part of the 2015 Agenda Consultation.

## Next milestones (summary)

	2014				2015		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Business combinations under common control		<b>B</b>					
Disclosure Initiative							
IAS 1 Amendments	<b>ED</b>		<b>B</b>	<i>IFRS</i>			
Reconciliation of liabilities from financing activities			<b>B / ED</b>				
Materiality			<b>B</b>				
Principles of disclosure		<b>B</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>DP</b>
General disclosure review	To be determined						
Discount rates		<b>B</b>					
Emissions trading schemes	Pending staff allocation						
Equity method		<b>B</b>					
Financial Instruments with the Characteristics of Equity		<b>B</b>			<b>DP</b> (linked to the CF ED)		
Foreign currency translation / inflation				<b>B</b>			
Liabilities – amendments to IAS 37	Pending developments in the <i>Conceptual Framework</i> project						
Rate regulated activities		<b>DP</b>					

**B = Board discussion**   **DP = Discussion Paper**   **ED = Exposure Draft**

### Notes:

1. This figure indicates only the planned or anticipated milestones. For example, the timing of any external consultation document for projects such as the equity method and business combinations under common control depends on the range of issues being considered. Similarly, the actions that will result from the materiality research in Q3 2014 next steps depend on what the research reveals and how the IASB decides to respond.
2. Completion of the IAS 1 amendments assumes that the comment letter process does not reveal any unanticipated problems.

# The role of National Standard-setters

- We are working with National Standard-setters
  - Each (IASB) project will have an owner (staff) at the IASB
  - Setting out the problem is critical before a project starts, so we know what problem we are trying to address.
  - Not all NSS have the same capacity
    - Even large projects can have smaller components
    - Extractive activities and Intangibles
      - R&D
      - Impairment
- We have a register of interested NSS and contact each one as we start a project

## National Standard-setters

National Standard-setters have started work, or offered to assist, in the following research projects.

<b>Short and medium term projects</b>	
Business combinations under common control	China, EFRAG, Hong Kong, Italy, Indonesia, Korea, Singapore
Disclosure Initiative	EFRAG, France, Italy , New Zealand, UK
Discount rates	Australia, China, Hong Kong
Emissions trading schemes	China, India, IPSASB, New Zealand
Equity method	China, EFRAG, Korea
Foreign currency translation / inflation	Korea, Thailand
Liabilities – amendments to IAS 37	EFRAG
Financial Instruments with the Characteristics of Equity	China, EFRAG, Singapore
Rate regulated activities	Korea
<b>Longer term projects</b>	
Extractive activities / Intangible assets / R&D activities	Australia, China, Hong Kong, Japan
Post-employment benefits	
Income taxes	Malaysia, New Zealand, UK
Share-based payments	UK

International Financial Reporting Standards

# Evidence-supported Standard-setting

## Why evidence is important

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- Provides more objectivity, rather than relying on assertions
- The IASB is increasingly being asked to justify its decisions
  - Leases
  - Revenue
- Effects analysis

## Where evidence is helpful

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- Identifying financial reporting problems
  - Financial reporting differences
  - Scale
  - Evidence of estimation error
- Assessing solutions
  - Surveys
  - Decision experiments
  - Evidence of how information is incorporated by markets
  - Fieldwork
    - Systems testing
    - Testing draft words
    - Financial statement simulations
- Implementation
  - Evidence of diversity



# Sources

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- IASB initiated work
  - Fieldwork
  - Reviews of financial statements
  - Modelling
- Existing academic and other research
  - Limitations
  - Risks
  - Benefits
  - Examples
- Fostering new research
  - Awareness
  - Research events

## International Financial Reporting Standards

# Steps taken to enhance our research capability

# Awareness

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- Internal Research Portal
  - Access to high quality data and research
- External Research Website
  - Awareness of work programme and specific issues
  - Helping us
  - Getting started
  - Getting involved
  - Staying informed
    - IFRS Research Roundup

## IFRS Research Forum

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- Focused event
- 2014 event in conjunction with *Accounting and Business Research*
- Forum being held at SAID Business School, Oxford University
- Focus on Conceptual Framework
- High Integrity and independent
- Communication is important
- 2015 event being held in Asia-Oceania, in conjunction with *Accounting and Finance*

## Enhanced networks

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- Academic conference participation
  - European Accounting Association
  - British Accounting Association
  - American Accounting Association
  - Accounting and Finance Association of Australia and New Zealand
- Focused research events
  - Informing the IASB Standard Setting Process IAAER – KPMG Research Opportunities
  - Information for Better Markets
  - FASB Financial Reporting Issues Conference
- Discussion forums
- Academic panel
- Articles

**Note: This list is indicative and does not purport to capture all of the events we participate in or support.**

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