

# AGENDA PAPER

IFRS Foundation Trustees meeting – Due Process Oversight Committee

SYDNEY 8 APRIL 2014

Agenda ref 3H

---

PRESENTER HENRY REES

---

AUTHOR MIKE WELLS

---

## IFRS Education Initiative Due Process Report

### Purpose

1. The purpose of this paper is to report to the DPOC, in accordance with paragraph 6.45 of the Due Process Handbook (Handbook), the material that the IFRS Education Initiative (EI) is developing and the level of review the staff plans to undertake in each case.

### Background information

2. In October 2013 the EI updated the Trustees' Education and Content Services Committee on the range of educational material being developed in accordance with the EI's medium-term plan (approved by the Trustees in March 2011; updated October 2012) and in compliance with the recently formalised peer review requirements set out in paragraphs 6.42–6.44 of the Handbook.
3. In particular, the IASB and the technical staff have a responsibility to ensure that any educational material is not confused with an IFRS or perceived as being mandatory. Consequently, the IASB has an interest in ensuring that the Education Initiative has quality assurance processes that are appropriate for each of its publications (paragraph 6.43).
4. In order to meet the assurances above, educational material developed by the Education Initiative is subjected to the following peer reviews (paragraph 6.44):
  - “high level summaries, such as Executive Briefings and PowerPoint presentations, are reviewed by an appropriate technical staff member and by a member of the Editorial team” (paragraph 6.44(a))

- “teaching materials, such as those used for Conceptual Framework-based teaching, are also reviewed by an IASB member or appropriate external expert, such as an academic” (paragraph 6.44(b))
- “More detailed teaching materials, however, such as comprehensive *IFRS for SMEs* training material, is reviewed by at least two IFRS experts, one of which must be an IASB member” (paragraph 6.44(b))
- “educational material accompanying an IFRS must be reviewed by at least three IASB members” (paragraph 6.44(c))

#### **Material in development in 2014 and planned level of review**

5. The education material that the EI is developing in 2014 is set out in the Appendix to this paper categorised by the levels of review specified in paragraph 6.44 (as described above). The staff plan reviews of each product developed by the EI in 2014 that satisfy or exceed those set out in the Appendix.
6. This agenda paper benefited from discussion at the February meeting of the IASB Education Committee.

<p><b>Does the DPOC have any views or comments on the planned level of review for each of the materials being developed by the IFRS Education Initiative in 2014?</b></p>
---

## Appendix: Review level for EI’s products being developed in 2014

Material
<i>Level of review specified in paragraph 6.44(a)—1 appropriate technical staff + 1 Editorial team member</i>
<ul style="list-style-type: none"> <li>• Multimedia presentations on selected aspects of each topic of Framework-based teaching material completed</li> <li>• Commercial text—A Briefing for Chief Executives, Audit Committees and Boards of Directors<sup>1</sup></li> <li>• Commercial text—A Guide through IFRS (The ‘Green Book’)<sup>2</sup></li> <li>• Commercial text—Financial Instruments: a two part<sup>3</sup> guide through the official text of the IASB’s financial instruments Standards and Interpretations<sup>4</sup></li> <li>• Technical summary of each IFRS<sup>5</sup></li> <li>• Occasional articles on selected issues in the trade press/academic press<sup>6</sup></li> <li>• Microsoft PowerPoint presentations, designed to assist those facilitating continuing professional development courses, on each new or recently amended IFRS</li> <li>• Microsoft PowerPoint presentations used in the Education Initiative’s multi-day workshops for IFRS teachers, IFRS trainers and IFRS regulators</li> <li>• Microsoft PowerPoint presentations used in the Education Initiative’s multi-day <i>IFRS for SMEs</i> ‘train the trainer’ workshops</li> <li>• Investor Briefing</li> </ul>

---

<sup>1</sup> A summary in plain language of: the main principles in each Standard; significant judgements and estimates in applying the Standard; and first-time adoption considerations.

<sup>2</sup> The official text of IFRS and accompanying documents (eg Basis for Conclusions) at 1 July each year annotated with: extensive cross-references; footnotes setting out the official reasons why the IFRS Interpretations Committee (or its predecessor bodies) declined to develop an Interpretation on a particular issue; and other minor annotations.

<sup>3</sup> Part A—IAS 32, IAS 39 and IFRS 7 applicable on 1 July 2014 (does not include IFRSs with an effective date after 1 July 2014). Part B—IAS 32, IFRS 7 and IFRS 9 includes amendments to IFRSs that have an effective date after 1 July 2014 (it does not contain documents that are being replaced or superseded but remain applicable if the reporting entity chooses not to adopt the newer versions early).

<sup>4</sup> The official text of relevant Standards, Interpretations and accompanying documents (eg Basis for Conclusions) annotated with: extensive cross-references; footnotes setting out the official reasons why the IFRS Interpretations Committee (or its predecessor bodies) declined to develop an Interpretation on a particular issue; and other minor annotations.

<sup>5</sup> For ease of translation each technical summary is compiled mostly by copying and pasting from the official introduction to the Standard and the official text of the Standard as set out in the compilation of IFRS published by the IFRS Foundation at 1 January each year (sometimes called the ‘Red Book’).

<sup>6</sup> For example, a 20–30 minutes video presentation on IFRS judgements to form part of the Accounting course for Imperial College Business School’s new Global MBA.

Material
<i>Level of review specified in paragraph 6.44(b)—1 appropriate technical staff + 1 Editorial team member + 1 IASB member or 1 external IFRS expert</i>
<ul style="list-style-type: none"> <li>• Framework-based teaching (FBT) material<sup>7</sup> Stage 1<sup>8</sup> material on the following topics: business combinations, consolidations, liabilities and impairment of assets</li> </ul>
<ul style="list-style-type: none"> <li>• Framework-based teaching (FBT) Stage 2<sup>9</sup> material on the following topics: business combinations, consolidations, liabilities and impairment of assets</li> </ul>
<ul style="list-style-type: none"> <li>• FBT Stage 3<sup>10</sup> case studies on the following topics: IAS 8 hierarchy, business combinations, consolidations, liabilities and impairment of assets</li> </ul>
<ul style="list-style-type: none"> <li>• FBT Stage 3 teaching notes<sup>11</sup> that accompany each of the Stage 3 case studies</li> </ul>
<ul style="list-style-type: none"> <li>• Investor Guide to new IFRS requirements, including: revenue, insurance contracts, leasing, financial instruments—impairment</li> </ul>
<ul style="list-style-type: none"> <li>• Multimedia investor-focused presentations<sup>12</sup></li> </ul>
<i>Level of review specified in paragraph 6.44(b)—1 appropriate technical staff + 1 Editorial team member + 1 IASB member + 1 external IFRS expert</i>
<ul style="list-style-type: none"> <li>• Comprehensive IFRS for SMEs training material<sup>13</sup></li> </ul>

Note: the material to which paragraph 6.44(c) applies is currently developed by technical staff outside the EI. Consequently, no such material is presented in this Appendix.

---

<sup>7</sup> Comprehensive teaching material which is designed to support those teaching aspiring professional accountants to make the judgements and estimates that are necessary to apply IFRS with rigour and consistency.

<sup>8</sup> a CA/CPA stream (or similar) student's first financial reporting course

<sup>9</sup> a financial reporting course mid-way to qualifying as a CA or CPA (or similar)

<sup>10</sup> a course immediately before qualifying as a CA or CPA (or similar)

<sup>11</sup> Distribution of these teaching notes is limited exclusively to those teaching IFRS because the efficacy of the case study as a tool to develop students' ability to make IFRS judgements will be greatly impaired if the students have access to the teaching notes.

<sup>12</sup> For example, the take-15 series on new IFRSs being developed with the CFA Institute

<sup>13</sup> In 2014 we plan to publish Module 12 *Other Financial Instrument Issues* and, after the IASB revises the *IFRS for SMEs*, we plan to update all 35 training modules for the effects of the revision.