

## STAFF PAPER

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## Accounting Standards Advisory Forum

Project	ASAF
Paper topic	IASB Project update and agenda planning
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This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the Accounting Standards Advisory Forum 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*.

### Project update and agenda planning

1. This paper provides the Accounting Standards Advisory Forum (ASAF) with a short update on the IASB's current agenda projects. Further details of current projects are available on our website.
2. The paper also sets out when the IASB envisages consulting with the ASAF on the projects and provides proposed agendas topics for the March and July 2015 ASAF meetings.

### Project update

3. The status of current IASB projects, as at 3 November 2014, is summarised in Appendix A of this paper.
4. Although we are not discussing the *Conceptual Framework* at this ASAF meeting, we hope that ASAF members will be willing to provide a fatal flaw review of the Exposure Draft (ED). Our current plan is to send ASAF members a draft for review in December with a view to publishing the ED in the first quarter of 2015.

**Question 1 for ASAF members**

Do ASAF members have any comments on the project update or the proposals for the time at which it is envisaged the IASB will consult with the ASAF?

5. In Appendix B of this paper we include the proposed agenda topics for the March and July 2015 ASAF meetings.

**Question 2 for ASAF members**

Do ASAF members have any comments on the proposed agenda topics?

## Project update and agenda planning

PROJECT	STATUS	FUTURE ASAF INPUT
<b>Standards projects</b>		
Insurance Contracts	<p><i>The project's objective is to improve financial reporting by providing a consistent basis for the accounting for insurance contracts and to make it easier for users of financial statements to understand how insurance contracts affect an entity's financial position, financial performance and cash flows.</i></p> <p>In 2014 and early 2015 the IASB will continue to redeliberate the proposals in the light of the feedback received on the 2013 Exposure Draft (ED).</p>	<p><b>December 2014</b></p> <p>We will provide an update on the IASB's tentative decisions from its meeting in October. The IASB is not expected to make tentative decisions in November.</p> <p>As the IASB has now sought advice on each of the main topics in its redeliberations, we do not currently envisage that we will seek further advice from the ASAF on this project.</p>
Leases	<p><i>The project's objective is to improve the quality and comparability of financial reporting by providing greater transparency about leverage and the assets an entity uses in its operations.</i></p> <p>In 2013 the IASB and the FASB published a joint ED of revised proposals that included modifications, simplifications and clarifications based on the feedback received to the 2010 ED.</p> <p>In 2014 and the start of 2015 the Boards will continue to redeliberate the proposals in the light of the feedback received on the 2013 ED.</p>	<p><b>December 2014</b></p> <p>As requested at the last ASAF meeting, we will provide an update on the IASB's tentative decisions from its meetings in October and November.</p> <p>As the IASB has consulted with the ASAF on each of the main topics in its redeliberations, we do not currently envisage that we will seek further advice from the ASAF on this project.</p>

PROJECT	STATUS	FUTURE ASAF INPUT
<b>Conceptual Framework</b>		
Conceptual Framework	<p><i>The objective of the Conceptual Framework project is to improve financial reporting by providing the IASB with a complete and updated set of concepts to use when it develops or revises Standards.</i></p> <p>In 2014 the IASB will consider the feedback received on its Discussion Paper (DP) with the aim of developing an ED—a draft <i>Conceptual Framework</i> for comment to the public.</p> <p>The ASAF acts as the advisory body for this project.</p>	<p><b>March 2015</b> Depending on the date of publication of the ED, we may seek preliminary feedback on the ED.</p> <p><b>July 2015</b> We plan to discuss the ED in more detail at this meeting.</p> <p>The topics for discussions during 2015 will depend on the feedback to the ED.</p>
<b>Discussion Papers</b>		
Accounting for Dynamic Risk Management: Portfolio Revaluation Approach to Macro Hedging	<p><i>The objective of this project is to develop an approach to better reflect entities' dynamic risk management activities in their financial statements and to enhance the usefulness of the financial information to help users of financial statements to better understand such activities.</i></p> <p>The DP was published in April 2014.</p>	<p><b>December 2014</b> At this meeting we are seeking views on the next steps in the project based on the outreach to the DP.</p> <p><b>July 2015</b> Discussions will depend on how the IASB decides to proceed with the project.</p>
Rate-regulated Activities	<p><i>The objective of this research project is to identify how rate regulation affects the amounts, timing and certainty of cash flows. The project will also consider whether (or how) IFRS should be amended to result in relevant information being reported about the rate-regulatory effects identified.</i></p> <p>The DP was published in September 2014.</p>	<p><b>December 2014</b> At this meeting we are seeking preliminary feedback on the DP.</p> <p><b>July 2015</b> We plan to seek input on specific topics in July 2015 although this will depend on the nature of feedback to the DP.</p>

PROJECT	STATUS	FUTURE ASAF INPUT
<b>Disclosure Initiative (research and implementation)</b>		
Principles of Disclosure	<p><i>The objective of the Principles of Disclosure research project is to identify and develop principles for disclosure in IFRS that could form the basis of a Standards-level project.</i></p> <p>The research will focus on reviewing the general 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>.</p> <p>The results of this research will form the basis of a DP that is expected to be published before the end of 2015.</p>	<p><b>December 2014</b> We are discussing the FRC's research on the statement of cash flows.</p> <p><b>March 2015</b> We will seek input on specific topics to be included in the DP.</p> <p><b>July 2015</b> We plan to seek advice of specific topics to be included in the DP.</p>
Amendments to IAS 1 <i>Presentation of Financial Statements</i>	<p>We have published an ED of narrow-scope amendments to IAS 1. These amendments are intended to clarify, instead of significantly change, existing IAS 1 requirements. The amendments are intended to assist entities in using judgement when applying IAS 1.</p> <p>We aim to issue the amendments in 2014.</p>	We do not envisage seeking further advice on this project.
Amendments to IAS 7 <i>Statement of Cash Flows</i>	<p>We plan to publish an ED of narrow-scope amendments to IAS 7 with the objective of improving disclosures about an entity's financing activities and cash and cash equivalents.</p> <p>We aim to publish an ED in 2014.</p>	We do not envisage seeking advice on this project.
Materiality	<p>This project is reviewing how materiality is applied in practice in IFRS financial statements and considers whether further guidance is needed.</p>	Further consultation with the ASAF will depend on the IASB's decisions.

PROJECT	STATUS	FUTURE ASAF INPUT
<b>Research</b>		
Business Combinations under Common Control (BCUCC)	<i>The IASB has decided to give priority to considering BCUCC when the transactions involve third parties. This is a limited-scope project but should respond to the concerns of regulators.</i>	<b>March 2015</b> We plan to discuss the feedback received on outreach currently being undertaken.
Discount Rates	<i>This research project will examine discount rate requirements in IFRS, explaining why those differences exist and assessing whether there are any inconsistencies that the IASB should address.</i>	<b>March 2015</b> We plan to discuss the next steps for this project.
Emissions Trading Schemes	<i>Emissions Trading Schemes are designed to achieve a reduction of greenhouse gases through the use of tradable instruments.</i>  <i>The IASB is now conducting research into the types of schemes that exist today and the accounting practices used to account for them.</i>	<b>December 2014</b> We are seeking input from ASAF members on the types of schemes and related accounting issues.  <b>March 2015</b> Depending on the feedback we receive and how the project progress we may seek the ASAF's advice.
Equity Method of Accounting	<i>The objective of this project is to understand the financial reporting issues that application of the equity method seeks to resolve by considering the circumstances in which the method is currently applied.</i>	<b>December 2014</b> We are discussing the Korea Accounting Standards Board research report and the survey undertaken by the Accounting Standards Board of Japan  <b>March 2015</b> We plan to discuss application issues with the equity method of accounting.

PROJECT	STATUS	FUTURE ASAF INPUT
Financial Instruments with Characteristics of Equity	<p><i>In October 2014 the IASB decided to investigate potential improvements:</i></p> <p><i>(a) to the classification of liabilities and equity in IAS 32 Financial Instruments: Presentation, including investigating potential amendments to the definitions of liabilities and equity in the Conceptual Framework; and</i></p> <p><i>(b) to the presentation and disclosure requirements for financial instruments with characteristics of equity, irrespective of whether they are classified as liabilities or equity.</i></p>	<p><b>March 2015</b> We plan to discuss the next steps in the project.</p>
Foreign Currency Translation	<p><i>The IASB plans to build on the work of national standard-setters and examine the relationship between inflation and foreign currency exchange rates.</i></p>	<p><b>December 2014</b> We will discuss how national standard-setters can contribute to the debate on foreign currency matters.</p>
Inflation	<p><i>The project scope has not yet been determined.</i></p>	<p><b>December 2014</b> We will discuss a paper prepared by the Group of Latin American Standard Setters on this topic.</p>
Pensions	<p><i>The IASB is undertaking a broad-based review of pension plans that range from pure defined contribution to pure defined benefit. There is a growing range of hybrid-plan designs that incorporate features of both defined contribution and defined benefit plans. Such plans were not envisaged when IAS 19 Employee Benefits was developed and are becoming problematic for IAS 19.</i></p>	<p><b>December 2014</b> We will discuss the IASB's tentative decision from its September 2014 meeting.</p> <p><b>July 2015</b> We plan to discuss specific topics.</p>

PROJECT	STATUS	FUTURE ASAF INPUT
<b>Post-implementation Review (PIR)</b>		
PIR on IFRS 3 <i>Business Combinations</i>	<i>The review includes both IFRS 3 (2004) and IFRS 3 (2008) as well as the amendments made to other Standards (for example, IAS 36 Impairment of Assets, IAS 38 Intangible Assets etc) as a result of the Business Combinations project.</i>	We are currently drafting the Feedback Statement. Any further discussion will depend on what, if any, actions arise from the review.
<b>Implementation Projects</b>		
Clarification of Classification and Measurement of Share-based Payment Transactions (Proposed amendments to IFRS 2)	<p><i>The objective of this limited scope project is to clarify:</i></p> <ul style="list-style-type: none"> <li><i>(a) how a vesting or a non-vesting condition should be reflected in the measurement of cash-settled share-based payments;</i></li> <li><i>(b) classification of a share-based payment that is settled net of tax withholdings; and</i></li> <li><i>(c) accounting for a modification of a cash-settled share-based payment that results in reclassification from cash-settled to equity-settled.</i></li> </ul> <p>The IASB expects to publish an ED in 2014.</p>	No planned input.
Classification of liabilities (Proposed amendments to IAS 1)	<p><i>The objective of this limited-scope project is to clarify when a liability is classified as current or non-current.</i></p> <p>The IASB expects to publish an ED in Q1 of 2015.</p>	No planned input.



PROJECT	STATUS	FUTURE ASAF INPUT
<p>Elimination of Gains or Losses arising from Transactions between an Entity and its Associate or Joint Venture</p>	<p><i>The objective of this limited-scope project is to clarify:</i></p> <p>(a) <i>the accounting for a ‘downstream’ transaction between an entity and its associate or joint venture when the gain from the transaction to be eliminated exceeds the carrying amount of the entity’s interest in the associate or joint venture; and</i></p> <p>(b) <i>how an entity accounts for a contribution to its associate or joint venture when the entity receives assets in addition to receiving an equity interest.</i></p> <p>The IASB expects to publish an ED in 2014.</p>	<p>No planned input.</p>
<p>Fair Value Measurement: Unit of Account (Proposed amendments to IFRS 10, IAS 27, IAS 28, IAS 36 and the illustrative examples in IFRS 13)</p>	<p><i>The objective of this limited-scope project is to clarify the unit of account for the fair value measurement for financial assets that are quoted investments in subsidiaries, joint ventures and associates.</i></p> <p>The IASB published in September 2014 an ED of amendments to clarify the fair value measurement of quoted investments in subsidiaries, associates and joint ventures and cash-generating units when they correspond to quoted entities.</p> <p>The ED also includes a non-mandatory example to illustrate the application of the portfolio exception in IFRS 13 <i>Fair Value Measurement</i>.</p>	<p>No planned input.</p>

PROJECT	STATUS	FUTURE ASAF INPUT
<p>Investment Entities: applying the Consolidation Exemption (Proposed amendments to IFRS 10 and IAS 28)</p>	<p>The IASB has published an ED clarifying:</p> <ul style="list-style-type: none"> <li>(a) the accounting by an investment entity that has a subsidiary that meets the definition of an investment entity and, additionally, provides investment-related services;</li> <li>(b) whether the exemption to present consolidated financial statements, set out in paragraph 4 of IFRS 10 <i>Consolidated Financial Statements</i>, is available to entities affected by the Investment Entities amendments; and</li> <li>(c) application of the equity method by a non-investment entity investor to an investment entity investee.</li> </ul> <p>The IASB expects to issue the amendments in 2014.</p>	<p>No planned input.</p>
<p>Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to IAS 12)</p>	<p><i>The objective of this limited-scope project is to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.</i></p> <p>The IASB published the ED in August 2014.</p>	<p>No planned input.</p>

PROJECT	STATUS	FUTURE ASAF INPUT
<b>Other Projects</b>		
<p><i>IFRS for SMEs</i> Comprehensive Review</p>	<p><i>The IASB is conducting an initial comprehensive review of the IFRS for SMEs.</i></p> <p>In October 2013 the IASB published an ED of proposed amendments to the <i>IFRS for SMEs</i> based on its initial comprehensive review of the <i>IFRS for SMEs</i>. The deadline for comments was 3 March 2014.</p> <p>The IASB is considering the feedback to the 2013 ED.</p>	<p>It is not planned to seek input from the ASAF on this project, because the IASB has a separate advisory body (the IFRS for SMEs Implementation Group).</p>

**Proposed agenda items for ASAF meetings**

Meeting	Potential agenda topic
<b>March 2015</b>	Conceptual Framework
	Disclosure Initiative
	Research projects: <ul style="list-style-type: none"> <li>• Business Combinations under Common Control;</li> <li>• Discount Rates;</li> <li>• Financial Instruments with Characteristics of Equity;</li> <li>• Emission Trading Schemes (<i>depending on project progress</i>); and</li> <li>• Equity Method.</li> </ul>
	Project update
<b>July 2015</b>	Conceptual Framework
	Accounting for Macro Hedging
	Rate Regulation
	Disclosure Initiative
	Research projects: <ul style="list-style-type: none"> <li>• Pensions</li> </ul>
	2015 Agenda Consultation