

International Financial Reporting Standards



Implementation support groups

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The views expressed in this presentation are those of the presenter, not necessarily those of the IASB or IFRS Foundation.

- Background
 - General implementation support
 - Supporting the new standards
- Principles of implementation support groups
- Proposed Impairment support group
- Questions for the Council

Background – general implementation support

- Standards developed to stand alone
- Support also in place
 - IFRS IC discusses all issues raised by constituents through its channels and decides whether to issue Interpretations or refer the issue to the IASB to consider;
 - The interpretations issues include those where there is a ‘case of doubt’ about the appropriate accounting treatment (IASB Due Process Handbook 5.14) and issues, including those that are ‘expected to have’ a material effect should be resolved.
 - IASB Education Initiative issues non-authoritative education materials to help support implementation of standards.

Background – implementation support for new standards

- IASB Implementation Steering Committee set up in 2012 to focus on full IFRSs with the aim to:
 - ensure significant implementation issues are discussed on a timely basis and dealt with by appropriate function in the IFRS Foundation; and
 - identify ways to improve the IASB’s intelligence gathering and sharing of implementation issues.
- In limited cases, the IASB may form a dedicated group to support implementation.

Implementation support groups – guidance

- Guidance on groups set by the IASB Implementation Steering Committee:
 - Use on an ad hoc basis according to need in limited cases only and with limited life
 - Will support initial application using staff and project board advisors
 - from publication to effective date
 - Made up of a range of relevant stakeholders
 - Will collate and escalate issues
 - will not act as a filter
 - other access routes and processes, eg submissions, will still apply
 - **Will not issue guidance**

The Council's advice so far

- Oct 2013 discussion on implementation and maintenance activities
 - Dedicated groups in limited cases only
 - Transparent
 - Limited life
 - No authoritative guidance to be issued
- Oct 2012 discussion on improving consistent application of IFRS and the new Implementation Steering Committee
 - The IASB should be an 'active listener', reaching out to all stakeholder groups including analysts, preparers and national standard-setters.

Existing implementation support groups

- SME Implementation Group
 - An independent SME Implementation Group formed in 2010.
 - Two principal responsibilities:
 - to develop non-mandatory guidance for implementing the *IFRS for SMEs* in the form of questions and answers (Q&As); and
 - to make recommendations to the IASB regarding the need to amend the *IFRS for SMEs*.
 - Issued 7 Q&As and made recommendations to the IASB.
- Valuation Expert Group
 - Formed in 2011 with the objective to develop IFRS 13 *Fair Value Measurement* educational material, mainly for emerging markets
- Both groups formed before Implementation Steering Committee and have different principles

Revenue Transition Resource Group

- New, limited life, joint group with FASB
- Public discussion to support transition to new Standard
- Inform IASB and FASB about application issues & help boards determine if/what action required
- Will not issue authoritative guidance
- Members will include preparers, auditors and users plus observers (including regulators)
 - Preparers drawn from a variety of regions and industries
 - Auditors mix of IFRS experts and US GAAP experts

- The IASB is considering forming a group to support implementation of impairment guidance in IFRS 9 *Financial Instruments* because the standard:
 - presents a fundamental change to current practice;
 - represents one of the critical components of the IASB's response to the financial crisis; and
 - has broad application.

Proposed impairment group

- To act as a forum for *discussion* of issues arising from implementation of the new Impairment standard
 - Discussion should be sufficient to meet the demands of stakeholders by providing direction to various parts of the standard, application guidance, illustrative examples or basis for conclusions
 - Can also serve to identify issues to be referred to IFRS IC and the Board
- Members to include auditors, regulators and based on the needs of the group subject matter experts from industry
- Principles similar as those for Revenue group

How would the proposed group take on issues?

- Guidelines (to be posted on website) about how to submit an issue (including specification of minimum required information and analysis)
- Also expect submissions by committee members
- Objective would be to avoid focussing on items that are too case specific
- Focus *not* on how to measure expected credit losses
- Papers provided by IASB staff to present/analyse issue
- Include some criteria for the issues the group may discuss
 - eg broad applicability, potential for diversity in practice

Questions for the Council

1. What advice do you have for the IASB and the Trustees on the principles and the proposed approach to the implementation support groups in general?
2. Do you agree with formation of Impairment Implementation Support group?
3. Looking ahead, what advice can you provide on considering whether to form a dedicated support group for a particular standard?