

## STAFF PAPER

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## Accounting Standards Advisory Forum

Project	ASAF		
Paper topic	IASB Project Update & 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 IASB projects and considers topics for discussion at future ASAF meetings. Further details of current projects are available on our website.

**Project Update**

2. The status of current IASB projects, as at 30 April 2014, is summarised in Appendix A of this paper. I have also identified when it is currently envisaged that advice will be sought from ASAF.

**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 seek input from ASAF?

3. In Appendix B of this paper, I have included a draft of the agendas for the forthcoming meetings.

**Question 2 for ASAF members**

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

4. In relation to the effectiveness of the meeting, are there other comments that members wish to make?

## Project update & agenda planning

PROJECT	STATUS	FUTURE ASAF INPUT
<b>Major IFRS</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>June 2014</b> At this meeting we plan to hold a Q&amp;A session and seek initial input on the Discussion Paper.</p> <p><b>September 2014</b> We will seek feedback on the Discussion Paper in advance of formal responses.</p>
Insurance Contracts	<p><i>The project 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 the boards will redeliberate the proposals in light of the feedback received on the 2013 ED.</p>	<p><b>June 2014</b> We are discussing participating contracts at this meeting.</p>

<p>Leases</p>	<p><i>The project objective is to improve the quality and comparability of financial reporting by providing greater transparency about leverage, the assets an entity uses in its operations, and the risks to which it is exposed from entering into lease transactions.</i></p> <p>In 2013 the IASB and the FASB published a joint Exposure Draft of revised proposals that included modifications, simplifications and clarifications based on the feedback received to the 2010 ED.</p> <p>In 2014 the boards will redeliberate the proposals in light of the feedback received on the 2013 ED.</p>	<p>It is not currently planned to seek further input from ASAF.</p>
<p>IFRS 9 <i>Classification &amp; Measurement</i> (replacement of IAS 39)</p>	<p><i>The objective of these limited amendments is to clarify the existing classification and measurement requirements for financial assets, consider the interaction with the Insurance Contracts project and increase comparability internationally in the accounting for financial instruments.</i></p> <p>We are currently finalising the revised Standard and aim to issue it in the first half of 2014.</p>	<p>It is not currently planned to seek further input from ASAF.</p>
<p>IFRS 9 <i>Impairment of financial assets</i> (replacement of IAS 39)</p>	<p><i>The objective of this part of the IFRS 9 project is to provide users of financial statements with more useful information about an entity's expected credit losses on its financial assets and commitments to extend credit.</i></p> <p>We are currently finalising the revised Standard and aim to issue it in the first half of 2014.</p>	<p>It is not currently planned to seek further input from ASAF.</p>

<b>Disclosure Initiative (including IFRS Taxonomy)</b>		
Overview of the Disclosure Initiative	<i>This is a broadly-based initiative to explore how disclosures in IFRS financial reporting can be improved. The work is informed by a Discussion Forum on Disclosure in Financial Reporting that was held in January 2013.</i>	<b>June 2014</b> At this meeting we are seeking input from ASAF members on their recent activities that may inform the IASB's Disclosure Initiative.
Amendments to IAS 1 <i>Presentation of Financial Statements</i>	We have published an ED of narrow-focus amendments to IAS 1 <i>Presentation of Financial Statements</i> . These amendments are intended to clarify, rather than significantly change, existing IAS 1 requirements. The amendments are intended to assist entities in using judgement when applying IAS 1.	<b>September 2014</b> We will seek feedback on the Exposure Draft and provide an overview of comments received.
Reconciliation of liabilities arising from financing activities (Amendments to IAS 7 <i>Statement of Cash Flows</i> )	We plan to publish an ED of narrow-scope amendments to IAS 7 <i>Statement of Cash Flows</i> with the objective of improving disclosures about an entity's liabilities arising from financing activities. The project responds to requests from investors who have highlighted that understanding cash flows is critical to their analysis of the entity and there is a need for improved disclosures about an entity's debt and the changes in amount of debt in a period.	<b>December 2014</b> We will seek feedback on the Exposure Draft in advance of formal responses.

Principles of Disclosure	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. The research will focus on reviewing the general requirements in IAS 1, IAS 7 and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . The results of this research will form the basis of a Discussion Paper that is expected to be published before the end of 2015.	<b>September 2014 &amp; December 2014</b> The initial topics of research will focus on the principles of disclosure for the notes. Depending on progress we will seek input on these specific topics within the scope of this project.
Materiality	The IASB has started a project on materiality. This project will look at how materiality is applied in practice in IFRS financial statements and consider whether further guidance is needed.	<b>September 2014</b> We are currently seeking feedback on the uses of materiality from national and regional standard setters and will discuss our findings and proposed next steps.
<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 with the aim of developing an ED—a draft Conceptual Framework for comment to the public.</p>	<p><i>The ASAF acts as the advisory body for this project.</i></p> <p><b>June 2014 &amp; September 2014</b> Depending on the progress of the project we plan to discuss specific topics for inclusion in the ED.</p>

<b>Research Projects</b>		
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 consequently be amended to result in relevant information being reported about the rate-regulatory effects identified</i></p> <p>We expect to issue a consultative document in the third quarter of 2014</p>	<p><b>December 2014</b> Depending on the date of publication of the consultative document, we plan to seek feedback on it from ASAF in advance of formal responses</p>
Business Combinations Under Common Control	<p><i>The objective of this research project is to understand the common forms of business combinations under common control and to identify issues arising from the accounting for such transactions.</i></p>	<p><b>June 2014</b> At this meeting we are seeking advice on the project scope.</p> <p><b>December 2014</b> We plan to seek input on specific areas of the project.</p>
Discount Rates	<p><i>This research project will examine discount rate requirements in IFRS, explaining why those differences exist and assessing whether there any inconsistencies that the IASB should address.</i></p>	<p><b>September 2014</b> This project is scheduled for discussion at the September 2014 meeting.</p>
Equity Method of Accounting	<p>The scope and objective for this research project will be developed over the coming months. The project is being undertaken in response to the 2011 Agenda Consultation.</p>	<p><b>June 2014</b> At this meeting we are seeking advice on the project scope.</p> <p><b>December 2014</b> We plan to seek input on specific areas of the project.</p>

Foreign Currency Translation/Inflation	The IASB plans to build on the work of national standard-setters and examine the relationship between inflation and foreign currency exchange rates.	<b>September 2014</b> This project is scheduled for discussion at the September 2014 meeting.
Financial Instruments with Characteristics of Equity	The scope of this project will be considered over the next few months as progress is made on the Conceptual Framework project.	<b>December 2014</b> We do not anticipate seeking input from ASAF on this project until December 2014.
<b>Post Implementation Review</b>		
The purpose of a Post-implementation Review is to consider whether the new Standard is functioning as anticipated, whether it has achieved its objective and improved financial reporting.		
PIR IFRS 3 <i>Business Combinations</i> .	<p>The review includes both IFRS 3 (2004) and IFRS 3 (2008) as well as all the amendments made to other Standards (eg IAS 36 <i>Impairment of Assets</i>, IAS 38 <i>Intangible Assets</i> etc) as a result of the Business Combinations project.</p> <p>The IASB has published a Request for Information seeking the views of the wider IFRS community to help determine the scope of the review.</p>	<b>September 2014</b> This project is scheduled for discussion at the September 2014 meeting, following feedback on the Request for Information.
<b>Implementation Projects</b>		
Acquisition of an interest in a Joint Operation (Proposed amendments to IFRS 11)	The final amendment was issued in May 2014.	
Bearer biological plants (Proposed amendments to IAS 41)	<p><i>The objective of this limited-scope project is to respond to concerns about the application of the fair value model in IAS 41 Agriculture for bearer biological assets</i></p> <p>The IASB has completed its deliberations of this project and aims to issue the final amendments in Q2 of 2014.</p>	It is not currently planned to seek further input from ASAF.



<p>Clarification of Acceptable Methods of Depreciation and Amortisation (Proposed amendments to IAS 16 &amp; IAS 38)</p>	<p><i>The project objective is to clarify that a depreciation/amortisation method that reflects a pattern of generation of economic benefits from the asset rather than a pattern of consumption of the asset's economic benefits is not an appropriate method of depreciation/amortisation.</i></p> <p>The IASB has completed its deliberations of this project and aims to issue the final amendments in Q2 of 2014.</p>	<p>No input planned.</p>
<p>Clarification of Classifications and Measurement of Share-based Payment Transactions (Proposed amendments to IFRS 2)</p>	<p>The objective of this project is to clarify:</p> <ul style="list-style-type: none"> <li>(i) how a vesting or a non-vesting condition should be reflected in the measurement of cash-settled share-based payments;</li> <li>(ii) classification of a share-based payment that is settled net of tax withholdings; and</li> <li>(iii) accounting for a modification of a cash-settled share-based payment that results in reclassification from cash-settled to equity-settled.</li> </ul> <p>The IASB will discuss the due process steps undertaken on this project at a future meeting.</p>	<p>No input planned.</p>
<p>Classification of liabilities (Proposed amendments to IAS 1)</p>	<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 complete its deliberations and publish an ED in Q3 of 2014.</p>	<p>No input planned.</p>
<p>Elimination of gains arising from 'downstream' transactions</p>	<p><i>The objective project is to clarify the accounting for a 'downstream' transaction between an entity and its associate or joint venture when the gain from the transaction exceeds the carrying amount of the entity's interest in the associate or joint venture.</i></p> <p>The IASB expects to publish an ED in Q3 of 2014.</p>	<p>No input planned.</p>

<p>Equity Method in Separate Financial Statements (Proposed amendments to IAS 27)</p>	<p><i>The objective of project is to restore the option to use the equity method of accounting in separate financial statements.</i></p> <p>The IASB completed its deliberations of this project at its meeting in April 2014 and aims to issue the final amendments in Q2 of 2014.</p>	<p>No input planned.</p>
<p>Equity Method: Share of Other Net Asset Changes (Proposed amendments to IAS 28)</p>	<p><i>The objective of the project is to provide guidance on how an investor should recognise its share of the changes in the net assets of an investee that are not recognised in profit or loss or other comprehensive income of the investee, or that are not distributions received ('other net asset changes').</i></p> <p>The IASB will discuss this project at its meeting in May 2014.</p>	<p><b>June 2014</b> An oral update on this project will be provided at the meeting.</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 project is to clarify the unit of account and the fair value measurement for financial assets that are quoted investments in subsidiaries, joint ventures and associates.</i></p> <p>The IASB will propose narrow-scope 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 will also include a non-mandatory example to illustrate the application of the portfolio exception in IFRS 13 <i>Fair Value Measurement</i>.</p>	<p>No input planned.</p>

<p>Investment Entities (Proposed amendment to IFRS 10)</p>	<p>The IASB intends to publish an ED clarifying;</p> <ul style="list-style-type: none"> <li>(i) the accounting by an investment entity that has a subsidiary meeting the definition of an investment entity and, additionally, provides investment-related services.</li> <li>(ii) whether the exemption to present consolidated financial statements, set out in paragraph 4 of IFRS 10, is available to entities affected by Investment Entities amendments.</li> <li>(iii) application of the equity method by a non-investment entity investor to an investment entity investee.</li> </ul>	<p>No input planned.</p>
<p>Put-options written on non-controlling interests</p>	<p><i>The objective of this project is to address the diversity in practice that exists on the accounting for put options written on non-controlling interests in the parent's consolidated financial statements (NCI puts).</i></p> <p>The IASB is continuing to consider the next steps for this project including whether to transfer this project to the Financial Instruments with the Characteristics of Equity project.</p>	<p>No input planned.</p>
<p>Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to IAS 12)</p>	<p><i>The objective of this 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 expects to publish an ED in Q3 2014.</p>	<p>No input planned.</p>
<p>Sales or Contributions of Assets between an Investor and its Associate or Joint Venture (Proposed amendments to IFRS 10 and IAS 28)</p>	<p><i>The objective of the project is to address the acknowledged inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011).</i></p> <p>The IASB has completed its deliberations of this project and aims to issue the final amendments in Q2 of 2014.</p>	<p>No input planned.</p>

<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 03 March 2014.</p> <p>In 2014 the boards will consider the feedback to the 2013 ED.</p>	<p>It is not currently planned to seek input from ASAF on this project, because the IASB has a separate advisory body (the SME Implementation Group).</p>

## Proposed agenda items for ASAF meetings

Meeting	Potential agenda topic
<b>September 2014</b>	Conceptual Framework
	PIR of IFRS 3 <i>Business Combinations</i>
	Accounting for Macro Hedging
	Disclosure Initiative <ul style="list-style-type: none"> <li>• Amendments to IAS 1</li> <li>• Principles of Disclosure</li> <li>• Materiality</li> <li>• [IFRS Taxonomy]</li> </ul>
	Research Projects: <ul style="list-style-type: none"> <li>• Discount Rates</li> <li>• Foreign Currency Translation/Inflation</li> <li>• [Pensions]</li> </ul>
	Project Update
<b>December 2014</b>	Disclosure Initiative <ul style="list-style-type: none"> <li>• Reconciliation of liabilities arising from financing activities</li> <li>• Principles of Disclosure</li> </ul>
	Research Projects: <ul style="list-style-type: none"> <li>• Rate Regulation</li> <li>• Financial Instruments with Characteristics of Equity</li> <li>• Business Combinations Under Common Control</li> <li>• Equity Method of Accounting</li> <li>• [Emission trading schemes]</li> </ul>
	2015 Agenda Consultation
	Project Update