

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 aims to provide the Accounting Standards Advisory Forum (ASAF) with a short update on current IASB projects and considers topics for discussion at future ASAF meetings. Further details of current projects are available on our website.
2. We have received a request from EFRAG to discuss the proposed amendments to IAS 28 *Equity Method: share of Other Net Asset Changes*. A paper summarising the matters for consideration is at paper AP8B as part of the project update.

Project Update

3. The status of current IASB projects, as at 31 January 2014, is summarised in Appendix 1 of this paper. I have also identified when it is currently envisaged that advice will be sought from ASAF.

Question 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?

4. In Appendix 2, of this paper, I have included a draft of the agendas for the forthcoming meetings.

Questions for ASAF members

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

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

Project Update & Agenda Planning

Current Technical Activities—Standards

PROJECT	STATUS	FUTURE ASAF INPUT
<p>IFRS 9 <i>Classification & 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>In November 2012 the IASB published an Exposure Draft (ED) <i>Classification and Measurement: Limited Amendments to IFRS 9</i> (Proposed amendments to IFRS 9 (2010)).</p> <p>In January 2014 the IASB substantially completed its deliberations (subject to confirmation it has complied with due process requirements) and aims to issue the final amendments 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>In March 2013 the IASB published an ED of revised proposals for the impairment of financial assets.</p> <p>The IASB substantially completed its redeliberations on the technical aspects of the proposals at its meeting in January 2014, subject to sweep issues and confirmation it has complied with due process requirements. The aim is to issue the final amendments in 2014.</p>	<p>It is not currently planned to seek further input from ASAF.</p>

Current Technical Activities – Standards

PROJECT	STATUS	FUTURE ASAF INPUT
Accounting for Macro Hedging	<p><i>The project objective is to simplify and improve the usefulness of financial statements by developing accounting requirements for hedging within the context of open portfolios that are more closely aligned with a company's risk management activities.</i></p> <p>The IASB has completed all planned technical discussions on the model for accounting for macro hedging, prior to publication of the Discussion Paper (DP). The IASB aims to publish the DP in the first quarter of 2014.</p>	<p>September 2014 The DP will be open for comment for 6 months. We will discuss the project again with the ASAF in September 2014 (depending on the exact publication date).</p>
Revenue Recognition	<p><i>The project objective is to clarify the principles for recognising revenue from contracts with customers.</i></p> <p>In 2013 the IASB and the FASB completed their deliberations of the feedback received on its proposals and the final IFRS will be issued in the first quarter of 2014.</p>	<p>It is not currently planned to seek further input from ASAF.</p>
Leases	<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 to the 2013 ED.</p>	<p>March 2014 We are seeking input on possible approaches and simplification to particular areas in the 2013 ED.</p> <p>June 2014 Depending on the progress of the project we plan to discuss specific topics from the 2013 ED.</p>

Current Technical Activities – Standards

PROJECT	STATUS	FUTURE ASAF INPUT
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 to the 2013 ED.</p>	<p>March 2014 We are seeking input into how we might develop areas on which we have received specific feedback to the 2013 ED.</p> <p>June 2014 Depending on the progress of the project we plan to discuss specific topics from the 2013 ED.</p>
Rate-regulated Activities (Interim IFRS)	<p><i>The objective of the interim IFRS is to enhance the comparability of financial reporting by entities with rate-regulated activities. It is intended to be an interim IFRS until the IASB's comprehensive Rate-regulated Activities research project is completed.</i></p> <p>IFRS 14 <i>Regulatory Deferral Accounts</i> was issued in January 2014.</p>	<p>This interim project is now complete. Please see Research Activities for information about the Rate-regulated research project.</p>
IFRS for SMEs Comprehensive Review	<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 IFRS for SMEs based on its initial comprehensive review of the <i>IFRS for SMEs</i>. The deadline for comments is 3 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>

Conceptual Framework

PROJECT	STATUS	FUTURE ASAF INPUT
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 to its preliminary views 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>March 2014 We are seeking input from ASAF on how we might develop specific sections of an ED.</p> <p>June 2014 & September 2014 Depending on the progress of the project we would plan to discuss specific topics for inclusion in the ED.</p>

Research Activities

PROJECT	STATUS	FUTURE ASAF INPUT
Rate-regulated Activities	<p><i>The objective of this research project is to develop a Discussion Paper (DP) to consider whether rate regulation gives rise to 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 consequently be amended.</i></p> <p>We expect to issue a DP in the second quarter of 2014.</p>	<p>March 2014 Following on from December 2013, we are seeking input on the development of the DP.</p> <p>September 2014 Depending on the date of publication of the DP, we plan to discuss views on the proposals in the DP.</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>June 2014 This project is scheduled for discussion at the June 2014 meeting.</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>June 2014 This project is scheduled for discussion at the June 2014 meeting.</p>
Equity Method	<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>June 2014 This project is scheduled for discussion at the June 2014 meeting.</p>

Other projects

PROJECT	STATUS	FUTURE ASAF INPUT
<p>Disclosure Initiative (including XBRL)</p>	<p><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></p> <p>The Initiative is divided into short- and medium-term projects.</p> <p>In the short term, the IASB will issue an ED of narrow- scope amendments to IAS 1 <i>Presentation of Financial Statements</i>. It is also expected that in the short term the IASB will consider how materiality is applied in practice and consider whether further guidance is needed.</p> <p>In the medium term the IASB will undertake a research project to explore whether IAS 1, IAS 7 <i>Statement of Cash Flows</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> should be replaced.</p>	<p>March 2014 We are seeking input from ASAF on both the short-term project on materiality and the scope of the medium-term project described opposite.</p> <p>June 2014 We plan to ask for input on the proposals for the medium-term project.</p>
<p>Post Implementation Review IFRS 3 <i>Business Combinations</i></p>	<p><i>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.</i></p> <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 <i>Request for Information</i> seeking the views of the wider IFRS community to help determine the scope of the review.</p>	<p>September 2014 This project is scheduled to be discussed at the September 2014 meeting, following feedback on the Request for Information.</p>

Implementation and maintenance of Standards as at 31 January 2014

The IASB does not plan to seek the input of ASAF specifically on implementation and maintenance projects.

PROJECT	STATUS
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>At its meeting in January 2014 the IASB discussed the feedback received on the ED. The meeting was educational in nature and the IASB did not make any decisions. At its meeting in February 2014 the IASB will discuss the main issues raised by respondents to the ED.</p>
Acquisition of an interest in a Joint Operation (Proposed amendments to IFRS 11)	<p><i>The project objective is to provide guidance to IFRS 11 Joint Arrangements on the accounting for the acquisition of an interest in a joint operation that constitutes a business.</i></p> <p>The IASB has completed its deliberations and the final IFRS is expected to be issued in the first quarter of 2014.</p>
Clarification of Acceptable Methods of Depreciation and Amortisation (Proposed amendments to IAS 16 & IAS 38)	<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 and the final IFRS is expected to be issued in the first quarter of 2014.</p>
Sales or Contributions of Assets between an Investor and its Associate or Joint Venture (Proposed amendments to IFRS 10 and IAS 28)	<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 and the final IFRS is expected to be issued in the first quarter of 2014.</p>

Implementation and maintenance of Standards as at 31 January 2014

The IASB does not plan to seek the input of ASAF specifically on implementation and maintenance projects.

PROJECT	STATUS
Equity Method: Share of Other Net Asset Changes (Proposed amendments to IAS 28)	<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>In December 2013 the IASB decided to proceed with the proposals in the ED, subject to a confirmation that there are no unintended consequences, which will be discussed in February 2014. The IASB recognises that this is a short-term solution that will address diversity in practice until the IASB revisits the principles of the equity method of accounting. Subject to confirmation that it has complied with due process requirements, the IASB aims to issue the final amendments in Q2 2014.</p>
Separate Financial Statements (Equity Method) (Proposed amendments to IAS 27)	<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 comment period for this ED ends on 3 February 2014, after which the IASB will consider the feedback on its proposals.</p>
Elimination of gains arising from 'downstream' transactions	<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 Q1 of 2014.</p>

Implementation and maintenance of Standards as at 31 January 2014

The IASB does not plan to seek the input of ASAF specifically on implementation and maintenance projects.

PROJECT	STATUS
Fair Value Measurement: Unit of Account	<p><i>The objective of this project is to clarify the unit of account for financial assets that are investments in subsidiaries, joint ventures and associates measured at fair value.</i></p> <p>The IASB will propose narrow-scope amendments to clarify the unit of account of equity investments in subsidiaries, associates and joint ventures and their corresponding fair value measurement. The ED will also include a non-authoritative example to illustrate the application of the portfolio exception in IFRS 13 <i>Fair Value Measurement</i>.</p>
Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to IAS 12)	<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 Q2 2014.</p>
Put-options written on non-controlling interests	<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>In May 2012 the Interpretations Committee published a draft Interpretation. In the light of the Interpretations Committee's views and the feedback received, the IASB tentatively decided to reconsider the requirements in paragraph 23 of IAS 32 <i>Financial Instruments: Presentation</i>, including whether all, or particular, put options and forward contracts written on an entity's own equity should be measured on a net basis at fair value.</p> <p>The IASB will continue to discuss this project during 2014.</p>

Proposed Agenda items for ASAF meetings

Meeting	Potential Agenda Topic
June 2014	Conceptual Framework (specific topics)
	Insurance (specific topics)
	Leases (specific topics)
	Research Projects: <ul style="list-style-type: none"> • Business Combinations Under Common Control • Discount Rates • Equity Method • Disclosure Initiative
	Project Update
September 2014	Conceptual Framework
	PIR of Business Combinations
	Accounting for Macro Hedging
	Research Projects: <ul style="list-style-type: none"> • Rate Regulation • Disclosure Initiative • [IFRS Taxonomy] • [Pensions]
	Project Update
December 2014	Research Projects: <ul style="list-style-type: none"> • Rate Regulation • Disclosure Initiative • [Rate Regulated Activities—emission trading schemes]
	2015 Agenda Consultation
	Project Update