

# AGENDA PAPER

IFRS Foundation Trustee Meeting - Due Process Oversight Committee

Mexico City      8 October 2014      Agenda paper 3B

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## Technical Activities—Update

### Overview

1. Since the Technical Update report to the Due Process Oversight Committee in July 2014 we have:
  - (a) continued to focus on finalising the Insurance Contracts and Leases projects following feedback on the Exposure Drafts published in 2013;
  - (b) progressed our redeliberations of the Discussion Paper *A Review of the Conceptual Framework for Financial Reporting*; and
  - (c) progressed our work that is part of the Disclosure Initiative.
2. In the period April to June 2014 we have issued:
  - (a) IFRS 9— *Financial Instruments*
  - (b) IAS 41— *Agriculture: Bearer Plants*
  - (c) IAS 27— *Separate Financial Statements: Equity Method in Separate Financial Statements*
  - (d) Narrow-scope amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*.
3. We have also published:
  - (a) Discussion Paper: *Reporting the Financial Effects of Rate Regulation*
  - (b) Exposure Draft: *Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value* (Proposed amendments to IFRS 10, IFRS 12, IAS 27, IAS 28 and IAS 36 and Illustrative Examples for IFRS 13)
  - (c) Exposure Draft: *Recognition of Deferred Tax Assets for Unrealised Losses* (Proposed amendments to IAS 12 *Income Taxes*)
  - (d) Proposed Interim Release 2 to the IFRS Taxonomy 2014.
4. A copy of the work plan as at 30 July 2014 is attached as Appendix A. The work plan will

be updated after the IASB meeting that was held in the week commencing 18 September 2014. As requested we have indicated changes to the projected timings for the publication of a due process document since our previous report.

## Due process

5. We are pleased to report that all papers for the IASB meetings were posted within the required deadlines for both July and September 2014.

## Major projects

### Insurance Contracts

6. As discussed in previous meetings, the IASB published a revised Exposure Draft (ED) *Insurance Contracts* on the accounting for insurance contracts at the end of June 2013. That revised ED sought feedback on specific aspects of its proposals, reflecting the extensive debate the IASB has undertaken over many years, and the need to avoid further undue delay in finalising the much-needed Standard for insurance contracts.
7. During the comment period between June and October 2013, the IASB received 194 comment letters, and undertook extensive outreach and detailed field testing of the operability of the proposals. The feedback received suggested broad support for the principle of current value measurement of insurance contracts. However, there were also significant areas of disagreement, in particular about performance reporting, and concerns about excessive complexity.
8. In the first half of 2014, the IASB largely concluded its tentative decisions relating to non-participating contracts, in particular addressing three of the five areas that were targeted in the 2013 ED. Those three targeted areas are:
  - (a) unlocking the contractual service margin;
  - (b) recognising the effects of changes in discount rates in other comprehensive income; and
  - (c) insurance contracts revenue.
9. The IASB also made tentative decisions on some specific issues that were highlighted in the feedback but that were not targeted for input. The direction that the IASB took in all these decisions was largely consistent with the feedback that it had heard on the 2013 ED.
10. In the second half of 2014, the IASB began to consider the accounting model for contracts with participating features, one of the most difficult and contentious of the specific aspects on which the IASB sought feedback. Because many of the issues to be considered by the IASB in relation to contracts with participating features are interrelated, the staff have approached these deliberations by asking the IASB for indicative leanings, rather than tentative decisions. The staff note that this process has helped the IASB and the staff to obtain feedback on the direction of the model, for the staff to consider in developing models for consideration and decision-making by the IASB.

11. The staff plan to begin discussions on transition, the fifth of the targeted areas, in October 2014.
12. During redeliberations, the IASB has maintained extensive dialogue with all interested parties and continues to consult its advisory bodies. It has also provided regular updates of project progress on the project page. The IASB has sought advice from the ASAF at its March, June and September 2014 meetings. In addition, during the third quarter of 2014, the IASB held meetings with senior representatives of insurance companies from Canada, China, France, Germany, Japan, Korea, UK and South-East Asia. The purpose of these meetings was to ensure that the IASB and staff have a clear understanding of the remaining critical issues before the IASB concludes its technical redeliberations.
13. As a consequence of the need to consider fully the issues discussed at these meetings, and because of the complexity of the issues relating to contracts with participating features, the IASB now expects to conclude its deliberations during 2014. The IASB remains on target to issue the Standard on Insurance Contracts in 2015.

### **Leases**

14. A summary of the progress on the Leases project is provided at Agenda Paper 3C.
15. It is currently expected that the IASB will continue to redeliberate the proposals in the 2013 revised ED, together with the FASB, until later in 2014. It is therefore expected that a life cycle review of the due process procedure will take place in Quarter 1 of 2015.

### **IFRS for SMEs—Comprehensive Review 2012–2014**

16. As previously discussed, when the IASB issued the *International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)* in July 2009, it stated that it would undertake an initial comprehensive review of the Standard. This review would allow the IASB to assess the first two years' experience in implementing the Standard and consider whether there is a need for any amendments. In many jurisdictions, companies started using the *IFRS for SMEs* in 2010. Consequently, the IASB commenced its initial comprehensive review in 2012.
17. In order to assist in the process of identifying which items to consider for amendment, the IASB issued a Request for Information (RFI) in June 2012.
18. The Exposure Draft of proposed amendments to the IFRS for SMEs was published in October 2013 with an extended comment period of 150 days to allow organisations additional time in order to solicit and consolidate the views of smaller businesses in their jurisdictions.
19. The ED closed for comment on 03 March 2014. The IASB discussed a summary of the feedback received on the ED at its May 2014 meeting.
20. The SME Implementation Group (SMEIG) has been asked to develop a report of recommendations for the IASB on the proposals in ED. During the last two months the SMEIG members have been considering the feedback from respondents to the ED. The staff will use individual SMEIG member responses to develop the first draft of a report

containing a combined response by the SMEIG. Once the final report of recommendations has been approved by SMEIG members, it will be posted online and provided to the IASB before the IASB begins its redeliberations of the proposals in the ED. The final report is expected to be completed in October 2014.

### **The Conceptual Framework**

21. The *Conceptual Framework* sets out the concepts that underlie the preparation and presentation of financial statements. It is not a Standard or Interpretation and does not override any specific Standard or Interpretation. However, it identifies principles for the IASB to use when it develops and revises its Standards.
22. The existing *Conceptual Framework* has enabled the IASB to develop high quality Standards that have improved financial reporting. However, it does not cover some important areas and some guidance needs updating. Consequently, most respondents to the 2011 agenda consultation identified the *Conceptual Framework* as a priority project for the IASB.
23. The IASB published a Discussion Paper in July 2013 *A Review of the Conceptual Framework for Financial Reporting*. The IASB has considered the responses to that Discussion Paper, and other feedback received, during the development of the Exposure Draft.
24. The IASB continues to consult its advisory bodies on this project—the Advisory Council, ASAF (which acts as the project’s working group), the CMAC, and the GPF have all been consulted both during the comment period and during redeliberations.
25. The IASB’s original intention was not to fundamentally reconsider the Objective and Qualitative Characteristics chapters of the *Conceptual Framework*, which were published in 2010. However, respondents were asked for comments on this approach, and many expressed the view that we should reconsider at least some aspects of those chapters (in particular, the treatment of prudence, stewardship and reliability). Those expressing this view most strongly (particularly a coalition of UK investors) have received a significant amount of attention both in the Press and in the European Parliament. Meetings were held with a number of investors to get a better understanding of their concerns and the IASB has tentatively decided:
  - (a) to reintroduce a reference to prudence (described as caution under conditions of uncertainty) into the *Conceptual Framework*. The *Conceptual Framework* will emphasise that the exercise of prudence is consistent with neutrality and should not allow the overstatement or understatement of assets, liabilities, income or expenses;
  - (b) to increase the prominence of references to stewardship within the description of the overall objective of financial reporting; and
  - (c) not to reinstate the term ‘reliability’ to describe one of the two fundamental qualitative characteristics of useful financial information<sup>1</sup>. The existing

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<sup>1</sup> The other fundamental qualitative characteristic is relevance.

*Conceptual Framework* now uses the term ‘faithful representation’ to refer to that concept, and describes it in a manner largely similar to the discussion of ‘reliability’ in the previous version of the *Conceptual Framework*.

26. The IASB hopes to finalise redeliberations in October 2014 with the aim of publishing an Exposure Draft of a revised *Conceptual Framework* in early 2015.
27. At its meeting in September 2014 the IASB discussed what the *Conceptual Framework* should say about measurement and the distinction between liabilities and equity. The IASB also discussed whether the *Conceptual Framework* will provide the IASB with sufficient and appropriate tools to enable it to consider:
  - (a) the time horizon for investment by a reporting entity; and
  - (b) whether long-term investors in a reporting entity need different information from short-term investors.
28. The topics discussed at the September IASB meeting will also be discussed with the ASAF at its meeting in September 2014.
29. Before asking for permission to ballot the ED the staff will prepare a paper that considers the due process steps undertaken. A copy of the relevant Staff Paper will be distributed to the Committee as normal and if necessary a conference call can be arranged.
30. We anticipate publishing the ED in early 2015, which is a slight delay from our report in July 2014 when we had anticipated publication at the end of 2014. This timetable allows for additional input to the drafting process.

### **Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging**

31. The Discussion Paper was published in April 2014, with a comment period of 180 days, ending on 17 October 2014. The staff are undertaking outreach at present primarily to raise awareness about the DP and to obtain initial feedback from constituents.
32. We have received support from constituents for the IASB having addressed this topic by publishing the DP and addressing the subject in a comprehensive manner. It is currently too early to determine whether there will be a consensus on the accounting approach explored in the DP.

### **Rate-regulated Activities**

33. The IASB published the Discussion Paper (DP) *Reporting the Financial Effects of Rate Regulation* on 17 September 2014. The objectives of the DP are to consider whether or not the distinguishing features of defined rate regulation, as identified by the IASB, sufficiently capture the type(s) of rate regulation that have the most significant financial effects and whether, and if so how, IFRS should be amended to reflect the financial effects of rate regulation.
34. The DP describes a type of rate regulation that contains elements of both cost recovery

and incentive approaches—this type of rate regulation is termed ‘defined rate regulation’. The DP seeks comments on whether or not the distinguishing features of defined rate regulation, as identified by the IASB, sufficiently capture the type(s) of rate regulation that have the most significant financial effects. The DP does not include any specific accounting proposals. Instead, it explores what information about rate-regulated activities is most useful to users of financial statements and outlines possible approaches (and the accompanying advantages and disadvantages) that the IASB could consider in deciding how best to report the financial effects of rate regulation.

35. *A Request for Information: Rate Regulation* was published in March 2013 to gather more information about the common features of rate regulation. A summary of the 79 responses received was discussed in July 2013 by a formal consultative group that had been formed for this project. That group met again in November 2013 and continues to provide input to the staff in developing the content of the DP.
36. The ASAF provided input at its meetings in December 2013 and March 2014.
37. At its meeting in July 2014 the IASB confirmed that it has completed all necessary due process steps to date. The DP is out for comment for a 120-day period ending on 15 January 2015.

### **Disclosure Initiative**

38. The Disclosure Initiative is a portfolio of projects being undertaken with the aim of fostering dialogue between users of financial statements, preparers, standard-setters, auditors and regulators. The work is informed by a Discussion Forum and related survey on Financial Reporting Disclosure that was held in January 2013. A Feedback Statement on these events was published in May 2013.
39. The Disclosure Initiative is divided into implementation and research projects that address some of the concerns the IASB has heard and that we highlighted in the Feedback Statement.
40. The implementation projects include:
  - (a) Narrow-focused amendments to IAS 1 *Presentation of Financial Statements*; and
  - (b) Narrow-focused amendments to IAS 7 *Statement of Cash Flows*.
41. The research projects include:
  - (a) Principles of Disclosure – review of IAS 1, IAS 7 and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
  - (b) Materiality; and
  - (c) Review of disclosures in existing Standards.
42. We have sought advice from the IASB’s advisory bodies including ASAF, GPF and CMAC on the proposed project on Materiality and on the scope of the project to explore the Principles of Disclosure.

### **IAS 1—Presentation of Financial Statements**

43. The IASB published an Exposure Draft of amendments to IAS 1 *Presentation of*

*Financial Statements* on 25 March 2014 with a comment period of 120 days. The proposed amendments are intended to clarify, rather than significantly change, existing requirements.

44. The comment period closed on 23 July 2014 and we received 118 comment letters. The analysis of comment letters was presented to the IASB at its meeting in September 2014. There was good support for the proposed amendments, including support for the Disclosure Initiative itself. The advice of ASAF will be sought at its meeting in September 2014 regarding the approach the IASB might take to the matters raised in the comment letters.
45. It is anticipated the IASB will conclude its redeliberations of the ED during fourth quarter of 2014.

**IAS 7—Statement of Cash Flows Reconciliation of liabilities relating to financing activities**

46. The objective of this narrow-scope project is to improve disclosures about an entity's liabilities relating to 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 that there is a need for improved disclosures about an entity's debt and the changes in that debt during the period to assist them in verifying their understanding of cash flows.
47. In the early part of 2014 we undertook a short survey with investors to understand what information, if any, investors required about debt when analysing an entity. The results of the survey were presented to the IASB in March 2014 with a recommendation that the IASB should undertake a narrow-scope improvements project to address some of the concerns noted.
48. In July 2014 the IASB discussed whether to include in the ED improvements to the disclosures about cash and cash equivalents. At its meeting in September 2014 the IASB tentatively decided to propose disclosure improvements regarding cash and cash equivalents. It also decided to undertake further research on the topic of cash and cash equivalents as part of the Principles of Disclosure research project. The IASB confirmed that it has completed all necessary due process steps to date at its meeting in September 2014.
49. It is anticipated that the IASB will issue an Exposure Draft in fourth quarter of 2014.

**Principles of Disclosure—review of IAS 1, IAS 7 and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors**

50. The objective of the Principles of Disclosure project is to improve disclosures in financial statements by identifying and developing a set of principles for disclosure in IFRS. The efforts in this project aim to set the basis for replacing three of our current Standards: IAS 1, IAS 7 and IAS 8. The project may also affect the review of disclosure requirements and guidance in other IFRSs.
51. In April 2014 the IASB discussed the scope of the project. The IASB asked the staff to prioritise work on establishing principles:

- (a) for the notes to the financial statements, including establishing the objective and boundaries of the notes and principles for organising, placing, formatting and linking information.
  - (b) that apply to the information in a complete set of IFRS financial statements, including the presentation and disclosure of non-IFRS financial information and comparative information.
52. Because many people are asking for immediate improvements to disclosure requirements, the IASB will also consider proposing targeted changes to disclosure requirements. It will only do so if it can identify improvements or simplifications in the project that can be developed relatively quickly and are not dependent on other remaining research in this project.

### **Materiality**

53. The IASB is researching how materiality is applied in practice with the aim of deciding whether it should issue further guidance. The IASB has conducted outreach with national and regional standard-setters regarding local guidance and practice.
54. In September 2014 the staff discussed significant accounting policy disclosures with the IASB. In particular, the staff discussed what the objective of accounting policy disclosures should be and what information about accounting policies should be disclosed in the financial statements.
55. The staff plan to discuss both the findings from the outreach with national standard-setters regarding materiality and significant accounting policy disclosures with the ASAF in September 2014.

### **Review of disclosures in existing standards**

56. The IASB is undertaking a research project to review disclosure in existing Standards to identify and assess conflicts, duplication and overlaps.

## **Research projects**

57. The balance of our work programme is changing, with greater emphasis being placed on projects in the research programme. At the June meeting of the Advisory Council advice was sought from members on setting priorities for the projects in the programme. In July 2014 the IASB considered a recommendation to separate the projects into high- and medium-priority projects and 'longer-term' projects. The IASB supported the recommendation and has eight high-priority projects, three-medium priority projects and four longer-term projects. Although this may seem like a large pool of projects, we envisage that some of these projects will be completed quickly and will not lead to standard-setting activity. They also vary in size and complexity, which means that they will reach major milestones (a Research Paper or Discussion Paper) at different times.

### **High-priority projects**

58. We have been working on a project on **Business Combinations under Common Control** during 2014. There is particular interest from IOSCO and the Emerging Economies Group in this project. We have undertaken outreach with regulators,



preparers, investors and auditors on the best way to approach this project. We expect to develop a Discussion Paper in the first half of 2015.

59. The **Disclosure Initiative** is part of the research programme; see the update above.
60. The IASB has discussed the preliminary work on **Discount Rates**. The staff are continuing to work on this project, and have been using the analysis presented previously to the IASB as a basis for discussion with other parties. The **Equity Method of Accounting** project is in a similar position. The staff plan to take the next papers to the IASB for public discussion before the end of 2014.
61. Work on **Financial Instruments with Characteristics of Equity** is linked to the *Conceptual Framework* project. Our goal is to develop a Discussion Paper on this important project. This project is being discussed by the ASAF in September.
62. Some issues related to **Foreign currency translation** and **Inflation** have been raised with the IASB by national standard-setters. Staff have recently been allocated to both threads. We plan to bring a paper to the October 2014 IASB meeting on foreign currency—relating to a request made to the IASB by the Korea Accounting Standards Board. Hyperinflation is being discussed at ASAF in September, at the request of the Brazilian standard-setter. We plan to bring a paper to the IASB before the end of 2014 recommending how the IASB should respond to requests that we should amend the scope of IAS 29 *Financial Reporting in Hyperinflationary Economies*.

#### **Medium-priority projects**

63. A project on **Liabilities**—amendments to IAS 37 was suspended in 2010. Some preliminary work has begun to assess the implications of the IASB decisions on the *Conceptual Framework*. We expect to bring papers to the IASB before the end of 2014. Concurrently, we have been collecting more detailed data about how IAS 37 is being applied as well as data about practice problems that have been relayed to the IFRS Interpretations Committee
64. A project on **Performance Reporting** was added to the research programme at the July 2014 meeting. Some preliminary work has been undertaken to develop a scope paper for this project and to assess ways to educate the IASB and interested parties on the work previously undertaken in the Financial Statement Presentation project.
65. The **Emissions Trading Schemes** project was also suspended in 2010. We have allocated staff to this project, and started to work with EFRAG and IPSASB on background material. The IASB did a lot of work to document and analyse schemes. That work is being updated. We have also started to think about emissions trading schemes (ETS) in the light of the rate regulation discussions. ETS is on the agenda at the World Standard-Setters meeting in London. We expect to start public discussions by the end of 2014.

#### **Longer-term projects**

66. We have started to plan the scope for a project on **Income Taxes**. The project will be staffed by our Asia-Oceania office, working closely with the London staff. As part of our consultations with investors, it is scheduled to be discussed by the Capital Markets

Advisory Committee in February 2015.

67. Work on a project to review the accounting for **Post-employment Benefits** (including pensions) is progressing well. The IASB has started to consider papers setting out the main issues to be considered, and we have begun seeking input from our consultative groups.
68. Two projects have yet to commence work, pending availability of staff. Work on developing plans for **Extractive Activities/Intangible Assets/R&D Activities** and **Share-based Payments** will start once staff become available.

### **Evidence-informed Standard-setting**

69. Part of our efforts has been focused on building our research capability and our interactions with the broader research community. Among the steps we have taken this year are:
  - (a) we hired a research resource manager to look after our resources and help staff to access information;
  - (b) we established an internal Research Portal, which gives us access to academic and professional research, business articles, financial statement data and some economic data;
  - (c) we established a new Research Centre (IFRS Research Centre) aimed at academics and other research professionals; and
  - (d) we published our first *Research Roundup*. We are aiming to publish a new issue every six months; and
  - (e) we started to receive applications from academics for research fellowships.
70. These steps are aimed at increasing our ability to consume, rather than create, research. We are helping staff and IASB members to become more aware of how independent research can inform and support their decisions, as well as the pitfalls.
71. We are engaging positively with the broader research community. The IAAER and the European Accounting Association, both of which have representatives on the Advisory Council, have been helpful and supportive in this process.
72. We have established a research forum as a catalyst for generating research that might prove helpful to the IASB. By the time we meet we will also have held our first Research Forum at Saïd Business School at Oxford University in conjunction with *Accounting and Business Research*. The focus of the papers is our work on the *Conceptual Framework*.

### **Post-implementation review (PIR)**

73. In July 2013 the IASB launched its PIR of IFRS 3 *Business Combinations*. The review includes both IFRS 3 (2004) and IFRS 3 (2008) as well as all the amendments made to other Standards (eg IAS 36 *Impairment of Assets*, IAS 38 *Intangible Assets* etc) as a result of the Business Combinations project.
74. The Request for Information (RFI) was published in January 2014 and closed for

comment on 30 May 2014. We have received 93 comment letters. In September 2014, we will discuss the feedback received in response to the RFI with ASAF and the IASB.

## **IFRS Taxonomy™**

75. The name 'IFRS Taxonomy' has now been registered as a trademark.
76. At the June 2014 meeting, we informed you of the staff proposals to amend the IFRS Taxonomy due process. In summary, these were:
  - (a) the IASB should approve the content of the IFRS Taxonomy; and
  - (b) the IFRS Taxonomy Updates reflecting content changes for new or amended IFRSs would be given the status of accompanying materials to IFRSs. They would be published at the same time as Exposure Drafts and final Standards.
77. Members of the IASB generally supported the proposal that the IASB should play a role in the approval of the content of the IFRS Taxonomy. However some members raised concerns about the resources required to support the new process and the potential delays it could cause. The IASB and staff concluded that the running of a trial may help us better assess the costs and benefits of the proposals.
78. At its July 2014 meeting, the Due Process Oversight Committee (DPOC) reviewed, and agreed with, the staff recommendation to postpone the public consultation on the proposals and to conduct two IFRS Taxonomy due process trials during the remainder of 2014 and the first quarter of 2015. These two trials focus on the following two matters:
  - (a) Trial 1—new or amended Standards: trial review by the IASB of the [Proposed] IFRS Taxonomy Updates for the planned Exposure Draft relating to the reconciliation of liabilities from financing activities<sup>2</sup>.
  - (b) Trial 2—common practice: trial review by the IASB of the [Proposed] IFRS Taxonomy Updates for planned 2014 common practice additions and trial review by the IASB of a new common practice project.
79. Work on both trials has commenced and the staff expect that both trials will be completed at the end of the first quarter of 2015.

## **Implementation projects**

80. A summary of the implementations projects is set out below.

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<sup>2</sup> This Exposure Draft is still subject to approval by the IASB. It is targeted for publication in September 2014

## Implementation projects

Project	Objective	Status	Next steps
<b>Annual Improvements 2012-2014</b>	The IASB has adopted the Annual Improvements process to deal efficiently with a collection of narrow-scope amendments to IFRSs, even though the amendments are unrelated.	We are currently balloting the final IFRS.	The amendments are expected to be issued in the third quarter of 2014.
<b>Annual Improvements 2014-2016</b>		The IASB has started to discuss issues for inclusion in the next cycle of Annual Improvements. So far only one amendment has been identified for the next ED.	Publication of ED in Q2 2015.
<b>Clarification of Classifications of Share-based Payment Transactions</b>  <i>IFRS 2 Share-based Payments.</i>	The IASB will propose three amendments to IFRS 2: (a) Measurement of cash-settled share-based payment transactions that include a performance condition. (b) Modification of a share-based payment from cash-settled to equity settled. (c) Share-based payments settled net of tax withholdings.	The IASB confirmed at its meeting in June 2014 that it has completed all necessary due process steps to date.	Publication of ED in Q4 2014.
<b>Classification of liabilities</b>  <i>IAS 1 Presentation of Financial Statements</i>	The objective of this project is to clarify when rights to defer settlement affect the classification of liabilities.	The IASB confirmed at its meeting in September 2014 that it has completed all necessary due process steps to date.	Publication of ED in Q4 2014.

Project	Objective	Status	Next steps
<p><b>Elimination of gains or losses arising from transactions between an entity and its associate or joint venture.</b></p> <p><i>IAS 28 Investments in Associates and Joint Ventures</i></p>	<p>The objective of this project is to clarify</p> <p>(a) 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; and</p> <p>(b) 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.</p>	<p>We are currently balloting the ED.</p>	<p>Publication of ED in Q4 2014.</p>
<p><b>Fair Value Measurement: Unit of Account</b></p> <p><i>IFRS 13 Fair Value Measurement</i></p> <p><i>(Open for comment until 16 January 2015)</i></p>	<p>To clarify the unit of account of equity investments in subsidiaries, associates and joint ventures and their corresponding fair value measurement.</p>	<p>The IASB confirmed at its meeting in February 2014 that it has completed all necessary due process steps to date.</p> <p>The ED was published on 16 September 2014.</p>	<p>Redeliberations of proposals in 2015.</p>
<p><b>Investment Entities: Applying the Consolidation Exemption</b></p> <p><i>IFRS 10 Consolidated Financial Statements</i> <i>IAS 28 Investments in Associates and Joint Ventures.</i></p> <p><i>(Comment period closed 15 September 2014)</i></p>	<p>To clarify three issues with respect to investment entities (IE):</p> <p>(a) how a non-IE investor accounts for an IE associate or joint venture.</p> <p>(b) whether a subsidiary that provides investment activities to its parent should be consolidated or held at fair value.</p> <p>(c) whether an investment entity should be exempt from preparing consolidated financial assets.</p>	<p>The IASB confirmed at its meeting in April 2014 that it has completed all necessary due process steps to date and agreed to shorten the normal comment period of 120 days to 96 days, reflecting the 1 January 2014 effective date of the original requirements in IFRS 10 for investment entities.</p>	<p>Redeliberations of proposals.</p>

Project	Objective	Status	Next steps
<p><b>Recognition of Deferred Tax Assets for Unrealised Losses</b></p> <p>IAS 12 <i>Income Taxes</i></p> <p><i>(Open for comment until 18 December 2014)</i></p>	<p>To clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.</p>	<p>The IASB confirmed at its meeting in June 2014 that it had completed all necessary due process steps to date.</p> <p>The ED was published in August 2014.</p>	<p>Redeliberations of proposals commencing Q1 2015.</p>
<p><b>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</b></p> <p>IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures (2011)</i></p>	<p>To address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture.</p>	<p>The amendment was issued on 15 September 2014.</p> <p>The medium risk reflects that three IASB members dissented from the amendments (and the amendments also note that a former member of the IASB had indicated their intention to dissent but that their term expired shortly before issuance).</p>	<p>Completed project.</p>

## Appendix A—Work plan as at 30 July 2014

### Major projects

Next major project milestone

	2014 Q3	2014 Q4	2015 Q1	2015 Q2	Change since July 2014
<b>Upcoming Standards</b>					
<b>Insurance Contracts</b>	Redeliberations				No change
<b>Leases</b>	Redeliberations				No change
<b>IFRS for SMEs: Comprehensive Review 2012-2014</b>		Redeliberations			No change
<b>Upcoming Exposure Drafts</b>					
<b>Conceptual Framework</b>			Target ED		Delayed by one month.
<b>Issued Discussion Papers</b>					
<b>Accounting for Dynamic Risk Management: A Portfolio Revaluation Approach to Macro Hedging</b> [Comment period ends 17 October 2014]	Public consultation				No change
<b>Upcoming Discussion Papers</b>					
<b>Rate-regulated Activities</b>	Target DP				DP Issued
<b>Disclosure Initiative</b>					
<b>Principles of disclosure</b>	Board discussion				No change

## Research projects

Next major project milestone

	2014 Q3	2014 Q4	2015 Q1	2015 Q2
<b>Short- and medium-term projects</b>				
<b>Business Combinations under Common Control</b>	Board discussion			
<b>Disclosure Initiative</b>				
<b>General disclosure review</b>	To be determined			
<b>Materiality</b>	Board discussion			
<b>Principles of Disclosure</b>	Board discussion			
<b>Discount Rates</b>		Board discussion		
<b>Emissions Trading Scheme</b>	To be determined			
<b>Equity method of accounting</b>	Board discussion			
<b>Financial instruments with characteristics of equity</b>	Pending developments in the <i>Conceptual Framework</i> project			
<b>Foreign currency translation/ inflation</b>		Board discussion		
<b>Liabilities—amendments to IAS 37</b>	Pending developments in the <i>Conceptual Framework</i> project			
<b>Longer-term projects</b>				
<b>Extractive activities / Intangible assets/R&amp;D activities</b>				
<b>Income taxes</b>				
<b>Post-employment benefits (including pensions)</b>				
<b>Share-based payments</b>				

The IASB is developing its research capabilities – for further information see the Tommaso Padoa-Schloppa Memorial Lecture and IASB Research Forum page.



## Post-implementation Reviews

Next major project milestone

	2014 Q3	2014 Q4	2015 Q1	2015 Q2	Change since July 2014
<b>IFRS 3 <i>Business Combinations</i></b>	Deliberations				No change

## Implementation projects

Next major project milestone

<b>Narrow-scope amendments</b>	2014 Q3	2014 Q4	2015 Q1	2015 Q2	Change since July 2014
<b>Annual Improvements 2012-2014</b>	Target IFRS				No change
<b>Annual Improvements 2014-2016</b>				Target ED	New Project
<b>Clarifications of Classification and Measurement of Share-based Payment Transactions</b> (Proposed amendment to IFRS 2)		Target ED			No change
<b>Classification of liabilities</b> (Proposed amendment to IAS 1)		Target ED			No change
<b>Disclosure initiative</b>					
<b>Amendments to IAS 1 (Disclosure Initiative)</b> [Comment period ended 23 July 2014]	Redeliberations				No change
<b>Reconciliation of liabilities from financing Activities</b>		Target ED			No change
<b>Elimination of gains or losses arising from transactions between an entity and its associate or joint venture</b> (Proposed amendments to IAS 28)		Target ED			No change
<b>Equity Method in Separate Financial Statements</b> (Proposed amendments to IAS 27)	Target IFRS				Issued
<b>Fair Value Measurement: Unit of Account</b>	Target ED				Issued
<b>Investment Entities: Applying the Consolidation Exception</b> (Proposed amendments to IFRS 10 and IAS 28) [Comment period ends 15 September 2014]		Redeliberations			No change
<b>Recognition of Deferred Tax Assets for Unrealised Losses</b> (Proposed amendments to IAS 12)	Target ED				Issued
<b>Sale or Contribution of Assets between an investor and its Associate or Joint Venture</b> (Proposed amendments to IFRS 10 and IAS 28)	Target IFRS				Issued