

STAFF PAPER

September 2014

Accounting Standards Advisory Forum

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| 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 also 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 26 August 2014, is summarised in Appendix A of this paper. We have also identified when we currently expect that the IASB will seek advice 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 we include draft agendas for the December 2014 and March 2015 meetings.

Question 2 for ASAF members

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

Project Update & Agenda Planning

| PROJECT | STATUS | FUTURE ASAF INPUT |
|---------------------------|---|---|
| Standards projects | | |
| 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 the light of the feedback received on the 2013 ED.</p> | <p>September 2014 We are discussing participating contracts and transition provisions at this meeting.</p> <p>December 2014 We will provide a project update. The advice of ASAF on specific topics will depend on progression made by the IASB in its redeliberations.</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 on the 2013 ED.</p> | <p>September 2014 We will provide a project update at this meeting but do not envisage seeking further input.</p> |

| PROJECT | STATUS | FUTURE ASAF INPUT |
|---|---|--|
| Discussion Papers | | |
| 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>December 2014 We will review the comment letters and seek advice on the next steps in the project.</p> <p>March 2015 Discussions will depend on the feedback received to the DP.</p> |
| Conceptual Framework | | |
| 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 <i>Conceptual Framework</i> for comment to the public.</p> | <p><i>The ASAF acts as the advisory body for this project.</i></p> <p>September 2014 We plan to update ASAF on the project.</p> <p>March 2015 Depending on the date of publication of the Exposure Draft, we plan to seek feedback in advance of the formal responses.</p> |

| PROJECT | STATUS | FUTURE ASAF INPUT |
|--|--|---|
| Disclosure Initiative | | |
| 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 <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> . The results of this research will form the basis of a Discussion Paper that is expected to be published before the end of 2015. | <p>September 2014 At this meeting we plan to discuss the boundaries of the notes to the financial statements.</p> <p>December 2014 We plan to discuss the FRC's and EFRAG's research on the Statement of Cash Flows.</p> <p>March 2015 We will seek input on specific topics to be included in the DP.</p> |
| Amendments to IAS 1 <i>Presentation of Financial Statements</i> | We have published an ED of narrow-scope amendments to IAS 1. 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. | <p>September 2014 We will provide an overview of comments received and seek feedback on the Exposure Draft.</p> <p>We do not envisage seeking further advice on the project.</p> |
| Reconciliation of liabilities arising from financing activities (Amendments to IAS 7 <i>Statement of Cash Flows</i>) | We plan to publish an ED of amendments to IAS 7 with the objective of improving disclosures about an entity's liabilities arising from financing activities. | <p>December 2014 We will seek feedback on the Exposure Draft in advance of formal responses.</p> |

| PROJECT | STATUS | FUTURE ASAF INPUT |
|--|---|---|
| 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. | <p>September 2014 We are planning to will discuss our findings and seek input on next steps.</p> <p>Further input from ASAF will depend on what, if any, action the IASB decides to take.</p> |
| Research | | |
| 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 discussion paper in the fourth quarter of 2014.</p> | <p>December 2014 Depending on the date of publication of the Discussion Paper, we plan to seek feedback in advance of the formal responses.</p> <p>March 2015 The discussion will depend on the nature of feedback to the DP.</p> |
| Business Combinations Under Common Control (BCUCC) | <i>The IASB has decided to give priority to considering BCUCC where the transactions involve third parties. This is a limited-scope review but should respond to the concerns of Regulators.</i> | <p>December 2014 We plan to discuss specific topics.</p> |
| Discount Rates | <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>September 2014 We are seeking input on local issues relating to the determination of an appropriate discount rate.</p> <p>March 2015 We will discuss the next steps in the project.</p> |

| PROJECT | STATUS | FUTURE ASAF INPUT |
|---|---|---|
| Equity Method of Accounting | <i>We 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> | December 2014 We plan to discuss specific topics. |
| Foreign Currency Translation/Inflation | <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> | December 2014 We plan to discuss specific topic. |
| 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 <i>Conceptual Framework</i> project. | September 2014 We plan to seek input on the scope of this project. March 2015 We will discuss the next steps in the project. |
| Post-implementation Review 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> . | 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. The IASB has published a Request for Information seeking the views of the wider IFRS community to help determine the scope of the review. | September 2014 We will discuss the feedback received on the consultation document and seek input on the next steps in the project. |

| PROJECT | STATUS | FUTURE ASAF INPUT |
|--|---|-------------------|
| Implementation Projects | | |
| Clarification of Classifications and Measurement of Share-based Payment Transactions (Proposed amendments to IFRS 2) | <p>The objective of this project is to clarify:</p> <ul style="list-style-type: none"> (i) how a vesting or a non-vesting condition should be reflected in the measurement of cash-settled share-based payments; (ii) classification of a share-based payment that is settled net of tax withholdings; and (iii) accounting for a modification of a cash-settled share-based payment that results in reclassification from cash-settled to equity-settled. <p>The IASB has reviewed due process steps undertaken on this project and expects to issue an ED in Q4 of 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 complete its deliberations and publish an ED in Q4 of 2014.</p> | No planned input. |
| Elimination of gains or losses arising from transactions between an entity and its associate or joint venture | <p><i>The objective of this project is to clarify:</i></p> <ul style="list-style-type: none"> (i) <i>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</i> (ii) <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>The IASB expects to publish an ED in Q4 of 2014.</p> | No planned input. |

| PROJECT | STATUS | FUTURE ASAF INPUT |
|---|---|--------------------------|
| <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 planned input.</p> |
| <p>Clarifications to the accounting for interests in investment entities and 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"> (i) the accounting by an investment entity that has a subsidiary meeting the definition of an investment entity and, additionally, provides investment-related services. (ii) whether the exemption to present consolidated financial statements, set out in paragraph 4 of IFRS 10, is available to entities affected by the Investment Entities amendments. (iii) application of the equity method by a non-investment entity investor to an investment entity investee. | <p>No planned input.</p> |

| PROJECT | STATUS | FUTURE ASAF INPUT |
|---|---|--|
| 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 published the ED in August 2014.</p> | No planned input. |
| 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 of this project and aims to issue the final amendments in Q3 of 2014.</p> | No planned input. |
| Other Projects | | |
| 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 <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>In 2014 the boards will consider the feedback to the 2013 ED.</p> | It is not planned to seek input from ASAF on this project, because the IASB has a separate advisory body (the IFRS for SMEs Implementation Group). |

Proposed agenda items for ASAF meetings

| Meeting | Potential agenda topic |
|----------------------|---|
| December 2014 | Insurance |
| | Accounting for Macro Hedging |
| | Disclosure Initiative: <ul style="list-style-type: none"> • Reconciliation of liabilities arising from financing activities • Principles of Disclosure—Statement of Cash Flows |
| | Research Projects: <ul style="list-style-type: none"> • Rate-regulated Activities • Business Combinations Under Common Control • Equity Method of Accounting • Foreign Currency Translation • [Emission trading schemes] |
| | Effects Analysis |
| | 2015 Agenda Consultation |
| | Project Update |
| March 2015 | Accounting for Macro Hedging |
| | Disclosure Initiative |
| | Conceptual Framework |
| | Research Projects: <ul style="list-style-type: none"> • Rate-regulated Activities • Discount Rates • Financial Instruments with Characteristics of Equity |
| | Project Update |