STAFF PAPER

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Project	**IASB Update**		
Paper topic	Technical Activities – Update		
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1. The report provides the GPF and CMAC members with an update on the standard-setting activities of the IASB since the last meeting in Q1 2015. At the June 2015 joint GPF and CMAC meeting, the directors will provide an oral update, including the information about the changes between the date of the meeting and the information provided in this paper, if any.

2. This paper includes:

Overview of changes since the last Update

3. Since the last Technical Activities-Update report the IASB has focused on:

   (a) the completion of the *Conceptual Framework for Financial Reporting* Exposure Draft (ED) which was published on 28 May 2015;

   (b) reviewing matters arising from the Transition Resource Group for Revenue Recognition (TRG), including the publication of an ED proposing a one-year deferral of the effective date of IFRS 15 *Revenue from Contracts with Customers* to 1 January 2018; and

   (c) redeliberations of the Insurance Contracts ED published in June 2013.

4. The IASB issued the amendments to the *IFRS for SMEs* on 21 May 2015.

5. A copy of the work plan as at 27 May 2015 is set out in Appendix A of this paper.

Major projects

IFRS for SMEs-Comprehensive Review 2012-2014

6. In May 2015 the IASB issued *2015 Amendments to the IFRS for SMEs*— this completes the IASB's first comprehensive review of the Standard.

7. Following the feedback received and taking into account the fact that the *IFRS for SMEs* is still a relatively new Standard, the IASB has made limited amendments to the *IFRS for SMEs*. The most significant amendments are:

   (a) permitting the use of a revaluation model for property, plant and equipment; and

   (b) aligning the main recognition and measurement requirements for income tax with IFRS.

8. Most of the other amendments clarify existing requirements or add supporting guidance rather than change the underlying requirements in the *IFRS for*

SMEs. The amendments are expected to improve understanding of the existing requirements and thereby improve financial statements prepared in accordance with the *IFRS for SMEs*.

9. The amendments are effective for annual periods beginning on or after 1 January 2017. Earlier application is permitted.

Leases

10. Leases is a joint project with the US Financial Accounting Standards Board (FASB), and the two Boards have now finalised the redeliberations.

11. In Quarter 1 of 2015, the IASB made tentative decisions on the disclosure requirements that accompany the lessee accounting model and on transition requirements. The IASB has tentatively decided to provide substantive cost relief on transition to the new *Leases* Standard by giving entities a choice of transition methods, one of which does not involve the restatement of comparative financial information.

12. In March 2015, the IASB also considered the due process steps and concluded that it had completed all of the mandatory and optional due process steps required. The IASB instructed the staff to proceed to drafting and balloting. The IASB will decide upon the effective date at a future meeting when the drafting of the new Leases Standard is close to being ready for balloting.

13. It is anticipated that the Standard will be issued in Quarter 4 of 2015.

The Conceptual Framework

14. The IASB published the Exposure Draft *Conceptual Framework for Financial Reporting* (the *Conceptual Framework*) on 28 May 2015.

15. 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. It is also used by preparers to develop and select accounting policies and by all parties to understand and interpret the Standards.

16. 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 as part of a joint project with the US Financial Accounting Standards Board (FASB). 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, substance over form and reliability). Meetings were held with a number of investors to get a better understanding of their concerns and the IASB has decided to:

    (a) reintroduce an explicit reference to the notion of prudence (described as 'caution under conditions of uncertainty') into the *Conceptual Framework*;

    (b) give more prominence to stewardship within the description of the overall objective of financial reporting; and

    (c) clarify that a faithful representation represents the substance of an economic phenomenon rather than merely representing its legal form.

17. The IASB does not propose to reinstate the term 'reliability' to describe one of the two fundamental qualitative characteristics of useful financial information. This is because the IASB believes that the proposals in the ED address most of the concerns expressed by constituents about the use of the term 'faithful representation' rather than 'reliability'.

18. The ED is open for comment for a period of 150 days.

19. At this meeting, the GPF and CMAC members will discuss several questions from the ED that pertain to financial performance, and to measurement bases.

Insurance Contracts

20. The IASB has continued to redeliberate the proposals set out in the revised ED *Insurance Contracts*, published in June 2013. The IASB received 194 comment letters, and undertook extensive outreach and detailed field-testing of the operationality of the proposals set out in the June 2013 ED. 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.

21. During redeliberations, the IASB has maintained an extensive dialogue with all interested parties and continues to consult its advisory bodies. The IASB has engaged extensively with preparers and other interested parties, in particular in Canada, Europe, Japan and Korea. The IASB has also sought regular advice from the ASAF.

22. As previously reported the IASB has largely concluded its tentative decisions relating to non participating contracts. The IASB also made tentative decisions on some specific issues that were highlighted in the feedback to the June 2013 ED 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 June 2013 ED.

23. During 2015 the IASB continued to consider the accounting model for contracts with participating features, which was one of the most difficult and contentious of the specific aspects on which the IASB sought feedback. The IASB began to consider the models that the staff have developed in March 2015 and expects to continue to develop the proposals during Quarter 2 of 2015.

24. As a consequence of the complexity of the issues relating to contracts with participating features, the IASB has decided to extend its original timetable to allow it to consider the issues in detail, and to engage further with interested parties.

Relationship with IFRS 9

25. The IASB noted that entities that issue insurance contracts will be significantly affected by both the new insurance contracts standard and IFRS 9 *Financial Instruments*. Furthermore, the IASB noted that its decision to extend its original timetable for the insurance contracts standard means that the mandatory effective date of the new insurance contracts Standard will be after 1 January 2018, the mandatory effective date of IFRS 9.

26. At its May 2015 meeting, the IASB received an update on developments relating to the interaction between IFRS 9 and the insurance contracts project. The IASB noted that, on 4 May 2015, the European Financial Reporting Advisory Group (EFRAG) issued a draft endorsement advice (DEA) for the use of IFRS 9 in the European Union (EU). The draft DEA sets out EFRAG's conclusion that IFRS 9 satisfies the endorsement criteria and is conducive to the European public good and recommends IFRS 9 for endorsement without further delay. However, EFRAG also seeks views on a proposal to advise that the European Commission ask the IASB to defer the effective date of IFRS 9 for insurance businesses and align its effective date with that of the new insurance contracts Standard. The EFRAG noted this preliminary view would be subject to further insights and evidence from the European insurance industry. EFRAG's draft endorsement advice is open for comment until 30 June 2015.

27. In other jurisdictions that apply IFRS, implementation of IFRS 9 is already under way and these jurisdictions have not requested a deferral of IFRS 9. On the contrary some jurisdictions have asked that any deferral of IFRS 9 be optional, pointing out that stakeholders in their jurisdictions have already started implementing IFRS 9 or have applied the Standard early, including entities that issue insurance contracts.

28. The IASB is monitoring the developments in the EU and awaiting further evidence and insights from the insurance industry which would enable us to fully evaluate the concerns raised, in particular the overall effect of IFRS 9 on financial reporting by insurers in combination with existing IFRS 4 *Insurance*

Contracts. Such evidence would enable us to determine whether and how to best address concerns raised.

29. The IASB is concerned that any deferral of IFRS 9 for entities that issue insurance contracts would be technically complex and require extensive analysis and due process. Furthermore, any such deferral would impair comparability, create confusion for users of financial statements and delay the application of improved accounting for financial instruments. We believe that the improved accounting for financial instruments, including the new impairment model, would provide more useful information for all entities that are large investors in financial instruments, including entities that issue insurance contracts.

Disclosure Initiative

30. The Disclosure Initiative is a portfolio of projects being undertaken with the aim of improving the effectiveness of disclosures in financial reporting. The work is informed by a Discussion Forum that was held in January 2013, and by a related survey on Financial Reporting Disclosure. A Feedback Statement on these events was published in May 2013.

31. As part of its implementation activities, the IASB has issued narrow-scope amendments to IAS 1 *Presentation of Financial Statements*. It has also proposed narrow-scope amendments to IAS 7 *Statement of Cash Flows* and has tentatively decided to propose narrow-scope amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Disclosures about debt and cash

32. The IASB has published an ED of narrow-focused amendments to IAS 7. The ED aims to respond to investors' requests for better information about changes in an entity's debt, including non-cash movements. It also seeks to improve disclosures about restrictions on cash and cash equivalents. We had held a number of outreach meetings with investors to understand if these proposals would meet investors' informational needs.

Changes in accounting policies and estimates

33. At its meeting in May 2015 the IASB tentatively decided to develop proposals clarifying the distinction between a change in an accounting policy and a change in an accounting estimate. These proposals are expected to result in narrow-scope amendments to IAS 8 and an ED is planned for Quarter 4 of 2015.

Materiality

34. The IASB has tentatively decided to publish an ED of a Practice Statement on the application of materiality.

35. The IASB is aware of the sensitivity of this topic because, in some jurisdictions, materiality is considered to be the responsibility of the securities regulator and the courts. The IASB has, however, conducted outreach with national and regional standard setters regarding local guidance and practice on the application of materiality.

36. The IASB expects to publish the ED in Quarter 3 for a comment period of 120 days.

Principles of Disclosure-review of IAS 1, IAS 7 and IAS 8

37. This project is the cornerstone of the Disclosure Initiative. Its objective is to improve disclosures in financial statements by identifying and developing a set of principles for disclosure in IFRS. The project's aim is to set the basis for replacing the disclosure requirements in IAS 1, IAS 7 and IAS 8. The project may also affect the review of disclosure requirements and guidance in other Standards.

38. The IASB agreed the scope of the project in April 2014 and has discussed the project regularly during 2014. Advice on specific topics has been sought from the ASAF, GPF and the CMAC. The staff have also conducted a variety of meetings and conference calls with constituents on specific topics in preparing papers for the IASB meetings, including the International Organization of Securities Commissions (IOSCO); the European Securities and Markets

Authority (ESMA) about the disclosure of non-IFRS financial information; and investors and users of financial statements.

Standards level review of disclosures

39. This research project responds to concerns that the way in which disclosure requirements in Standards are written contributes to the 'disclosure problem'. The disclosure problem is described in more detail in the Feedback statement on the *Discussion Forum – Financial Reporting Disclosure*.

40. To address these concerns, the IASB is planning to develop a set of principles in the form of a drafting guide for the IASB's internal use when developing disclosure requirements in new or amended Standards. The IASB then plans to use these principles to review disclosures in existing Standards to identify targeted improvements with particular focus on duplication and inconsistency of requirements.

41. At this meeting, the GPF and CMAC members will discuss proposals to describe the role and the content of the notes, including the examples of how those proposals could change current requirements.

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

42. 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. Operational feasibility has also been one of the considerations that has been evaluated when exploring an accounting approach for dynamic risk management.

43. The IASB published a DP *Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging* in April 2014.

44. Although the IASB received support from constituents for addressing the issue of accounting for dynamic risk management, there is significant divergence in views between users and preparers in general on the merits of the new

approach. There is also a difference in views on what should be the overall objective of the project.

45. The IASB commenced discussions about next steps in the project at its meeting in May 2015. It acknowledged that any solution would need to consider the information needs of constituents concerning dynamic risk management activities, and that its approach should consider disclosures, recognition and measurement to arrive at a consistent set of proposals to address those needs. Accordingly, the IASB decided that it would first consider how the information needs of constituents concerning dynamic risk management activities could be addressed through disclosures before considering those areas that need to be addressed through recognition and measurement.

46. The IASB also decided to prioritise the consideration of interest rate risk and consider other risks at a later stage in the project.

Rate-regulated Activities

47. Many governments regulate the supply and pricing of particular types of activity by entities. These activities usually involve providing goods or services that are considered in that jurisdiction to be essential to customers, including transport services, some types of insurance policies, and utilities such as gas, electricity and water. The aim of the DP was to identify what information about the financial effects of rate regulation is most relevant to users of financial statements in making investment and lending decisions and to determine how best to reflect that information in IFRS financial statement.

48. The IASB published a DP *Reporting the Financial Effects of Rate Regulation* in September 2014. 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 sought comments on whether 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.

49. The initial review of the feedback received from outreach and comment letters suggests strong support for recognising at least some regulatory deferral account balances. A common suggestion made is to explore an approach based on the principles in IFRS 15 *Revenue from Contracts with Customers*, focusing on the entity's rights and obligations relating to its customers as a whole (the customer base), instead of on individual customer contracts.

50. The IASB commenced discussions about next steps in the project at its meeting in May 2015. The IASB decided that it should undertake standard-setting activity to address the issues identified in this project, but that the form of that standard-setting activity would become apparent as the project progresses. It will result in either the withdrawal or replacement of the temporary Standard, IFRS 14 *Regulatory Deferral Accounts*. The IASB also decided that development of a second DP would be the fastest way to progress the project.

Research projects

51. The classification of research projects on IASB work plan (see appendix A) has been updated to reflect the project's stage of development. For ease we have summarised the classifications in the following table:

Development phase	The IASB has completed its initial assessment and is developing a Discussion Paper or other Consultation Document.
Assessment phase	These projects are assessing possible practice issues to understand if there is a financial reporting problem and, if so, how to address it.
Exploratory phase	These projects are long-term projects exploring broad issues.
PIR follow-up work	These projects have been identified as a consequence of the post-implementation review of IFRS 3 *Business Combinations.*
Completed work	The IASB has completed its initial assessments on these projects and has no current plans to undertake additional work. It plans to remove these projects from the research programme, subject to feedback in the next agenda consultation.

Development phase projects

52. **Dynamic Risk Management** and **Disclosure Initiative-Principles of Disclosure** are development phase research projects.

53. Work on the **Financial Instruments with the Characteristics of Equity** project is linked to the Conceptual Framework project. The project is exploring improvements to the existing classification requirements of IAS 32 *Financial Instruments: Presentation* to ensure that the underlying principles are robust enough to deal with instruments that are causing problems. The project will also explore other tools to address some of those problems such as additional presentation and disclosure requirements within liabilities and within equity.

Assessment phase projects

54. We have been working on **Business Combinations under Common Control** project. 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.

55. The objective of the **Discount Rates** project is to identify why different rates are required and consider consistency across Standards. The IASB staff discussed the initial findings with the Emerging Economies Group in May 2015 and will discuss them with ASAF and the IAAB in July 2015.

56. The **equity method of accounting** is a major source of interpretation requests. In March 2015 we sought the views of ASAF on whether to divide the Equity method of Accounting project into two phases; ASAF members had mixed views on the proposal. The staff will make a proposal to the IASB in June 2015 on how to proceed with this project taking into consideration the feedback from ASAF.

57. A project on **Performance Reporting** was added to the research programme at the July 2014 IASB meeting. The scope of this project was discussed at the CMAC meeting in February 2015 and at the GPF meeting in March 2015. Following consultation with these groups we aim to discuss the scope of this

project with the IASB in June 2015. The project scope will need to carefully balance the work being undertaken in the Principles of Disclosure project and work previously undertaken in the Financial Statement Presentation project.

58. The **Pollutant Pricing Mechanisms** (formerly Emissions Trading Schemes) project was suspended in 2010. At that time the IASB had undertaken a lot of work to document and analyse schemes. That work is being updated at present. In addition, work has started with the International Public Sector Accounting Standards Board (IPSASB) and other standard-setters on background material.

59. In Quarter 1 of 2015, the IASB tentatively agreed to:

    (a) set a broad scope for the project, in order to consider the accounting for a variety of schemes that use tradable emission allowances and other financial tools to manage the emission of pollutants; and

    (b) establish the overall financial impact of such schemes before looking afresh at how to account for the combination of components that arise in them.

60. At this meeting, the GPF and CMAC members will discuss how they understand the economics of the emission trading and similar schemes and what information about the financial effects of the schemes they consider most useful.

61. 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, including ASAF in December 2014.

62. A project to amend IAS 37 ***Provisions, Contingent Liabilities and Contingent Assets*** (formerly the 'Liabilities' project) was suspended in 2010. Some preliminary work has begun to assess the implications of the IASB decisions on the *Conceptual Framework*. 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. We

are planning to discuss the project with ASAF in July 2015 and to hold an education session with the IASB in June 2015.

63. At this meeting, the GPF and CMAC members will discuss the recognition thresholds and measurement requirements in IAS 37.

64. We have allocated staff to work on developing plans for **Share-based Payments**. IFRS 2 *Share-based Payments* is a frequent source of interpretation requests. The project will help inform the next Agenda Consultation by initially assessing whether the application issues that most often generate interpretation requests can be addressed. The IASB discussed the approach to the project at its meeting in May 2015.

Exploratory phase projects

65. Work on developing plans for **Extractive Activities/Intangible Assets/Research and Development Activities** will start once staff become available.

66. We have started to plan the scope for a project on **Income Taxes**. The project is staffed by our Asia-Oceania office, working closely with the London staff. As part of our consultations with investors, the project was discussed with CMAC at its meeting in February 2015.

Post-implementation Review - follow-up work

67. At its meeting in February 2015 the IASB decided to add two projects to its research agenda in response to the findings from the Post-implementation Review (PIR) of IFRS 3 *Business Combinations*. One project will consider the **Definition of a Business**; another project will consider the financial reporting requirements for **Goodwill**, both on initial recognition and subsequently. This project will include consideration of the relationship between separately recognised intangible assets and goodwill, and between systematic amortisation and impairment testing for goodwill. This project will also explore potential improvements to the impairment test for non-financial assets,

including goodwill. The IASB will consider the approach to these project in Quarter 3 of 2015.

Completed work

68. The IASB considered a paper on **foreign currency** at its October 2014 meeting—relating to a request made to the IASB by the Korea Accounting Standards Board (KASB). The IASB decided not to prioritise the broader work on foreign currency translation but encouraged the KASB and other standard-setters to provided further information on problematic issues to inform the 2015 Agenda Consultation.

69. The IASB considered a paper, at its meeting in April 2015, which reviewed the request of the Group of Latin American Standard-Setters (GLASS) to lower the inflation threshold in IAS 29 ***Financial Reporting in Hyperinflationary Economies***. The IASB did not support the ASAF's recommendation and decided that it would not propose lowering the inflation threshold in IAS 29. It also decided that it would not do any work on developing an alternative to IAS 29 or on a Standard that addresses inflation more generally. The project will remain on the research programme to enable interested parties to comment on these decisions in the Agenda Consultation.

70. The IASB invited its Emerging Economies Group (EEG) to develop a paper on enhancing disclosures in inflationary environments. EEG members (Argentina and Mexico) have accepted this invitation and will develop a paper in the coming months.

PIR of IFRS 3 Business Combinations

71. The IASB expects to issue the Feedback Statement on the PIR of IFRS 3 in Quarter 2. The outcome of the review is discussed in paragraph 60 above.

IFRS Taxonomy™

72. The IASB is holding two trials to assess the staff proposals to amend the IFRS Taxonomy due process.

73. The first trial relates the due process for IFRS Taxonomy content reflecting new or amended Standards. The ED *Disclosure Initiative (Amendments to IAS 7)*, includes the Proposed IFRS Taxonomy Update as accompanying material that has been reviewed and approved by the IASB. The Invitation to Comment incorporates IFRS Taxonomy due process-related questions. The staff will present the Analysis of Comments to members of the IASB at their June Board meeting. Initial indications are that there is little support for the proposal to publish an IFRS Taxonomy Update at the same time as, and in the form of accompanying material to, an Exposure Draft.

74. The second trial relates to the review by the IASB of proposed taxonomy changes for 2014 common practice additions and the initiation of a new common practice project. Members of the IASB hold the view that peer review, rather than IASB approval, is the most appropriate process to be followed. A panel consisting of at least three designated members of the IASB will review the proposed common practice taxonomy elements to affirm compliance with IFRS. This IASB review panel will also be responsible for the review of a new common practice project to provide strategic oversight and direction.

Implementation

Revenue Transition Resource Group

75. Since the last Council meeting, the IASB and the FASB's Revenue Transition Resource Group (TRG) has held its fourth meeting to consider potential questions arising on implementation of the new revenue recognition Standard, IFRS 15 *Revenue from Contracts with Customers* and its US equivalent.The TRG discussions to date have highlighted that for many of the questions considered, constituents should be able to understand and apply the principles

and guidance in the new Standard. We are now encouraging constituents to submit any remaining questions as soon as possible. The next meeting of the TRG is scheduled for 13 July 2015.

76. Over the last few months, the IASB and FASB discussed the five topics emerging from the TRG discussions that were identified as requiring consideration by the Boards. The IASB has tentatively decided to proposed limited and targeted amendments to clarify the application guidance for licences of intellectual property and principal versus agent considerations. It also decided to add further examples illustrating particular aspects of identifying performance obligations. The FASB has to date decided to make more extensive amendments to the Standard on licences and performance obligations and also to make amendments to clarify the guidance on measuring non-cash consideration and collectability. Both Boards have decided to add a practical expedient to ease the process of making the transition to the new Standard for particular contracts. The FASB has also decided to add a practical expedient for sales taxes.

77. The IASB plans to propose all of the above clarifications and practical expedients in a single ED, which it expects to approve at its June 2015 meeting.

78. In the light of this ED, the IASB decided at its April meeting to publish an Exposure Draft proposing a one-year deferral of the effective date of IFRS 15 to 1 January 2018 (early application would still be permitted). In reaching this decision, the IASB was also mindful that the FASB decided to propose a one-year deferral of the effective date of its revenue standard for public companies to 2018, with application in 2017 permitted.[1] At its July 2015 meeting, the IASB intends to consider the feedback on its Exposure Draft *Effective Date of IFRS 15* and decide whether to proceed with an amendment to IFRS 15 regarding the effective date.

[1] With a similar proposed deferral of the effective date for privately held companies from 2018 to 2019.

Impairment of Financial Instruments Transition Resource Group for (ITG)

79. Since the last Council meeting, the ITG has held its first meeting in London. Eight submissions pertaining to the new impairment requirements set out in IFRS 9 were discussed at the meeting.

80. The ITG discussions highlighted that for many of the submissions constituents agree on how the new impairment requirements should be applied. None of the submissions discussed at the meeting were referred to the IASB. The discussions did identify certain implementation challenges regarding specific aspects of the impairment requirements, which are likely to be discussed at a future meeting.

81. The next meeting of the ITG is scheduled for the 16 September 2015.

IFRS Interpretations Committee

Draft IFRIC Interpretation - Uncertainty in income taxes

82. The IFRS Interpretations Committee has tentatively decided to publish a draft Interpretation of IAS 12 *Income Taxes* on the accounting for uncertainty in income tax. The draft Interpretation will aim to address diversity in practice for recognition and measurement of a tax liability or asset when there is uncertainty in the application of the tax law.

Implementation projects

83. A summary of the implementation projects is set out in the following table.

Project	Objective	Status
Annual Improvements to IFRS 2014–2016 Cycle	The IASB has adopted the Annual Improvements process to deal efficiently with a collection of narrow-scope amendments to IFRS, even though the amendments are unrelated.	Publication of ED in Q3 of 2015.
Clarifications of Classifications of Share-based Payment	The IASB proposes three amendments to IFRS 2:	The IASB redeliberations are ongoing.

Project	Objective	Status
Transactions – IFRS 2 *(Closed for comment 25 March 2015)*	(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; and (c) share-based payments settled net of tax withholdings.	
Clarifications to IFRS 15 *Revenue from Contracts with Customers: Issues emerging from Transition Resource Group*	This ED will include clarifications from the TRG meetings that the IASB considers necessary.	The IASB deliberations are ongoing.
Classification of liabilities IAS 1 *Presentation of Financial Statements* *(Open for comment until 10 June 2015)*	The objective of this project is to clarify when rights to defer settlement affect the classification of liabilities.	ED published 10 February 2015.
Disclosure Initiative: Proposed amendments to IAS 7 *Statement of Cash Flows* *(Closed for comment 17 April 2015)*	The proposed amendments are designed to improve: (a) information provided to users of financial statements about an entity's financing activities, excluding equity items; and (b) disclosures that help users of financial statements to understand the liquidity of an entity.	The IASB to consider comment letter summary in Quarter 2 of 2015.
Elimination of gains or losses arising from transactions between an entity and its associate or joint venture. IAS 28 *Investments in Associates and Joint Ventures*	The objective of this project is to clarify (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; (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; and (c) that the partial elimination of a gain arising from a transaction with an associate or joint venture that results in the loss of control of	The IASB staff will propose that this project is transferred to the equity method of accounting research project.

Project	Objective	Status
	a subsidiary is excluded from the calculation of goodwill/negative goodwill on commencement of equity method of accounting.	
Fair Value Measurement: Unit of Account IFRS *13 Fair Value Measurement* *(Closed for 16 January 2015)*	To clarify the unit of account for equity investments in subsidiaries, associates and joint ventures and their corresponding fair value measurement. The ED also included a proposed illustrative example to IFRS 13 to illustrate the application of the portfolio exception of that Standard.	The IASB decided at its meeting in April 2015 that the proposed illustrative example to IFRS 13 in the ED appropriately illustrates the application of the portfolio exception of that Standard. In addition, the IASB decided that a separate publication of the proposed illustrative example in IFRS 13 was not required because it is non-authoritative in nature and the comments received did not reveal significant diversity in practice.
Recognition of Deferred Tax Assets for Unrealised Losses IAS 12 *Income Taxes* *(Closed for 18 December 2014)*	To clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.	The IASB deliberations are ongoing.
Remeasurement at a plan amendment, curtailment or settlement IAS 19 *Employee Benefits*	To clarify: (a) The availability of a refund of a surplus from a defined benefit plan when an independent trustee has a unilateral power. (b) Remeasurement at a plan amendment, curtailment or settlement.	Publication of ED in Q2 of 2015.
Transfers of investment property IAS 40 *Investment Property*	This narrow scope amendment will propose to bring the guidance on transfers of investment property more in line with the principle for classification of investment property.	Publication of ED in Q3 of 2015.

Appendix A: IASB Work plan as at 27 May 2015

	2015 Q2	2015 Q3	2015 Q4	2016 Q1
Upcoming Standards				
Insurance Contracts	Redeliberations			
Leases			Target IFRS	
Upcoming Exposure Drafts				
Conceptual Framework	Target ED			
Disclosure Initiative – Changes in accounting policies and estimates			Target ED	
Disclosure Initiative – Materiality Practice Statement		Target ED		
Published Discussion Papers				
Accounting for Dynamic Risk Management: A Portfolio Revaluation Approach to Macro Hedging	Redeliberations			
Rate-regulated Activities	Board discussions			
Upcoming Discussion Papers				
Disclosure Initiative - Principles of disclosure			Target DP	

The Disclosure Initiative is a portfolio of Implementation and Research projects.

Appendix A: IASB Work plan as at 27 May 2015

Implementation projects

Next major project milestone

Narrow-scope amendments	2015 Q2	2015 Q3	2015 Q4	2016 Q1
Annual Improvements 2014-2016		Target ED		
Clarifications of Classification and Measurement of Share-based Payment Transactions (Proposed amendment to IFRS 2)		Redeliberations		
Clarifications to IFRS 15 *Revenue from Contracts with Customers*: issues emerging from TRG discussions		Target ED		
Classification of liabilities (Proposed amendment to IAS 1)		Redeliberations		
Disclosure initiative				
Amendments to IAS 7 [Comment period ended 17 Apr 2015]	Redeliberations			
Elimination of gains or losses arising from transactions between an entity and its associate or joint venture (Proposed amendments to IFRS 10 and IAS 28)	Target ED			
Fair Value Measurement: Unit of Account	Redeliberations			
Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to IAS 12)	Redeliberations			
Remeasurement at a plan amendment, curtailment or settlement/ Availability of a refund of a surplus from a defined benefit plan (Proposed amendments to IAS 19 and IFRIC 14)	Target ED			
Transfers of investment property (Proposed amendments to IAS 40)		Target ED		

Interpretations	2015 Q2	2015 Q3	2015 Q4	2016 Q1
Draft IFRIC Interpretation –Uncertainties in income taxes		Target draft Interpretation		

Post-implementation Reviews	2015 Q2	2015 Q3	2015 Q4	2016 Q1
IFRS 3 *Business Combinations*	Target Feedback Statement			

Conceptual Framework

	2015 Q2	2015 Q3	2015 Q4	2016 Q1
Conceptual Framework	Target ED			

Appendix A: IASB Work plan as at 27 May 2015

Research projects

Next major project milestone

Development phase	The IASB has completed its initial assessment and is developing a Discussion Paper.
Disclosure initiative	This initiative comprises several active projects. See also **Major Projects.**
Financial instruments with characteristics of equity	IASB discussions are planned for 2015 with the next step likely to be a DP.
Assessment phase	These projects are assessing possible practice issues to understand if there is a financial reporting problem and, if so, how to address it.
Business combinations under common control	IASB discussions are planned for 2015 with the next step likely to be a DP in 2016.
Discount rates	IASB discussions are planned for 2015 with the next step likely to be a Research Paper.
Equity method of accounting	IASB discussions are planned for 2015 with the next step likely to be a DP in 2016.
Performance Reporting	IASB discussions are planned for 2015 with the next step likely to be a DP.
Pollutant Pricing Mechanisms	IASB discussions are planned for 2015 with the next step likely to be a DP.
Post-employment benefits (including pensions)	IASB discussions are planned for 2015 with the next step likely to be a DP.
Provisions, Contingent Liabilities and Contingent Assets	IASB discussions are planned for 2015. The next steps are pending developments in the *Conceptual Framework* project.
Share-based payments	IASB discussions are planned for 2015 with the next step likely to be a Research Paper.
Exploratory phase	These projects are long-term projects exploring broad issues.
Extractive activities / Intangible assets / R&D activities	The IASB is not currently working on this topic.
Income taxes	Discussions are expected during 2015 with a DP in 2016.
PIR follow-up work	These projects have been identified as a consequence of the post-implementation review of IFRS 3 *Business Combinations.* The next step has yet to be determined.
Business (definition of)	IASB discussions are planned for 2015.
Goodwill	IASB discussions are planned for 2015.
Completed work	The IASB has completed its initial assessments on these projects and has no current plans to undertake additional work. It plans to remove these projects from the research programme, subject to feedback in the next agenda consultation.
Foreign currency translation	
High Inflation	

Appendix B: Activities of the IFRS Interpretations Committee as at 26 May 2015

Proposed Changes	
This section contains issues that the Interpretations Committee has proposed for an interpretation or for a narrow scope amendment (including issues considered as an annual improvement) and that have been agreed by the IASB. Issues recommended by the Interpretations Committee but not yet discussed by the IASB, (and therefore not yet agreed by the IASB), remain as work in progress.	
Draft IFRIC Interpretations	
Draft IFRIC Interpretation—*IAS 12 Income taxes*	**Uncertainty in income taxes**
Narrow-scope amendments	
IAS 12 *Income Taxes*	**Recognition of Deferred Tax Assets for Unrealised Losses**
IAS 28 *Investments in Associates and Joint Ventures*	**Elimination of gains or losses arising from transactions between an entity and its associate or joint venture**
IAS 28 *Investments in Associates and Joint Ventures*	**Gains or losses on transactions between an Entity and its Associate or Joint Venture**
IAS 40 *Investment Property*	**Transfers of investment property**
IFRS 2 *Share-based Payment*	**Classification and Measurement of Share-based Payment Transactions**
IFRIC 14 *IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	**Availability of refunds from a defined benefit plan managed by an independent trustee**
IAS 19 *Employee Benefits*	**Remeasurement at a plan amendment, curtailment or settlement**
Annual Improvements	
Annual Improvements (2014-2016)	
IFRS 1 *First-time Adoption of International Financial Reporting Standards*	**Short-term exemptions for first-time adopters**
IAS 28 *Investments in Associates and Joint Ventures*	**Measuring investees at fair value: an investment-by-investment choice or a consistent policy choice?**
Recommendations for annual improvements not yet approved by the IASB	
IAS 23 *Borrowing Costs*	**Borrowing costs on completed qualifying assets**

Work in Progress	
This section contains issues that the Interpretations Committee is still working on towards developing an interpretation or a narrow scope amendment and issues that will be proposed for inclusion in the next cycle of annual improvements but which the Interpretations Committee is still working on. It also includes issues that are on hold and other work developed by the Interpretations Committee.	
This section also includes issues concluded by the Interpretations Committee, and recommended for the IASB to action, but which have not yet been discussed and agreed by the IASB.	
Tentative Agenda Decisions*	
IFRIC 14 *IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	**Should an entity assume continuation of a minimum funding requirement for contributions relating to future service?** (comment period ends 2 June 2015)
The Interpretations Committee reviewed the above matters and tentatively decided that they should not be added on their agenda. After the comment period, the Interpretations Committee will reconsider these Tentative Agenda Decisions and feedback received from interested parties. Interested parties are encouraged to email their responses to **Ifric@ifrs.org**.	
Work in progress	
IAS 2 *Inventories*	**Should interest be accreted on prepayments in long-term supply contracts?**
IAS 16 *Property, Plant and Equipment*	**Accounting for net proceeds and costs of testing for property, plant and equipment**
IAS 21 *The Effects of Changes in Foreign Exchange Rates*	**Foreign Currency Transactions and Advance Consideration**
IAS 32 *Financial Instruments: Presentation* and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*	**Classification of the liability for prepaid cards issued by a bank in the bank's financial statements**
IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	**Reversal of impairment loss relating to goodwill recognised for a disposal group**
IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	**Write-down of a disposal group**
IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	**Issues relating to the requirements for scope, measurement, presentation and disclosure in IFRS 5**
IFRS 11 *Joint Arrangements*	**Becoming a joint operator through acquisition of an additional interest in an existing joint operation**
Issues concluded by the Interpretations Committee, and recommended for the IASB to action	
IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	**Distinction between a change in an accounting policy and a change in an accounting estimate**
IFRS 2 *Share-based Payment*	**Accounting for share-based payment transactions in which the manner of settlement is contingent on a future event that is outside the control of both the entity and the counterparty**
Issues on hold	
IAS 16 *Property, Plant and Equipment*	**Variable payments for the separate acquisition of PPE and intangible assets**
IAS 28 *Investments in Associates and Joint Ventures*	**Assessment of significant influence: fund manager acting as agent and holding own investment in the fund**

Issues Rejected	
This section includes finalised Agenda Decisions issued by the Interpretations Committee from March 2013 onwards. It also includes issues that were considered but transferred to the IASB. You can also view Issues considered but not included in the **Annual Improvements to IFRSs project**.	
Agenda Decisions	
IAS 1 *Presentation of Financial Statements*	**Disclosures requirements about assessment of going concern** (July 2014)
IAS 1 *Presentation of Financial Statements*	**Issues related to the application of IAS 1** (May 2014)
IAS 7 *Cash Flow Statements*	**Identification of cash equivalents** (May 2013)
IAS 10 *Events after the Reporting Period*	**Reissuing previously issued financial statements** (May 2013)
IAS 12 *Income Taxes*	**Recognition of deferred tax for a single asset in a corporate wrapper** (July 2014)
IAS 12 *Income Taxes*	**Recognition of current income tax on uncertain tax positions** (July 2014)
IAS 12 *Income Taxes*	**Impact of an internal reorganisation on deferred tax amounts related to goodwill** (May 2014)
IAS 12 *Income Taxes*	**Recognition and measurement of deferred tax assets when an entity is loss-making** (May 2014)
IAS 12 *Income Taxes*	**Selection of applicable tax rate for measurement of deferred tax relating to investment in associate** (March 2015)
IAS 16 *Property, Plant and Equipment*	**Disclosure of carrying amounts under the cost model** (May 2014)
IAS 16 *Property, Plant and Equipment* and IAS 2 *Inventories*	**Accounting for core inventories** (November 2014)
IAS 17 *Leases*	**Meaning of 'incremental costs'** (March 2014)
IAS 19 *Employee Benefits*	**Employee benefits plans with a guaranteed return on contributions or notional contributions** (May 2014)
IAS 19 *Employee Benefits*	**Pre-tax or post-tax discount rate** (July 2013)
IAS 19 *Employee Benefits*	**Actuarial assumptions: Determination of discount rate** (November 2013)

IAS 19 *Employee Benefits*	**Should longevity swaps held under a defined benefit plan be measured at fair value as part of plan assets or on another basis as a qualifying insurance policy?** (March 2015)
IAS 24 *Related Party Disclosures*	**Definition of close members of the family of a person** (May 2015)
IAS 21 *The Effects of Changes in Foreign Exchange Rates*	**Foreign exchange restrictions and hyperinflation** (November 2014)
IAS 28 *Investments in Associates and Joint Ventures*	**Associates and common control** (May 2013)
IAS 29 *Financial Reporting in Hyperinflationary Economies*	**Applicability of the concept of financial capital maintenance defined in terms of constant purchasing power units** (January 2014)
IAS 32 *Financial Instruments: Presentation*	**Accounting for a financial instrument that is mandatorily convertible into a variable number of shares subject to a cap and a floor** (May 2014)
IAS 32 *Financial Instruments: Presentation*	**Classification of financial instruments that give the issuer the contractual right to choose the form of settlement** (September 2013)
IAS 32 *Financial Instruments: Presentation*	**A financial instrument that is mandatorily convertible into a variable number of shares (subject to a cap and a floor) but gives the issuer the option to settle by delivering the maximum (fixed) number of shares** (January 2014)
IAS 32 *Financial Instruments: Presentation*	**Classification of a financial instrument that is mandatorily convertible into a variable number of shares upon a contingent 'non-viability' event** (January 2014)
IAS 34 *Interim Financial Reporting*	**Condensed statement of cash flows** (July 2014)
IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*	**Measurement of liabilities arising from emission trading schemes** (May 2014)
IAS 39 *Financial Instruments: Recognition and Measurement*	**Classification of a hybrid financial instrument by the holder** (July 2014)
IAS 39 *Financial Instruments: Recognition and Measurement*	**Accounting for term-structured repo transaction** (March 2014)
IAS 39 *Financial Instruments: Recognition and Measurement*	**Holder's accounting for exchange of equity instruments** (November 2014)
IAS 39 *Financial Instruments: Recognition and Measurement*	**Income and expenses arising on financial instruments with a negative yield – presentation in the statement of comprehensive income** (January 2015)

IAS 39 *Financial Instruments: Recognition and Measurement*	**Accounting for embedded foreign currency derivatives in host contracts** (January 2015)
IAS 41 *Agriculture*	**Valuation of biological assets using a residual method** (March 2013)
IFRS 2 *Share-based Payment*	**Price difference between the institutional offer price and the retail offer price for shares in an initial public offering** (July 2014)
IFRS 2 *Share-based Payments*	**Timing of the recognition of intercompany recharges** (May 2013)
IFRS 3 *Business Combinations*	**Definition of a business** (May 2013)
IFRS 3 *Business Combinations*	**Accounting for reverse acquisitions that do not constitute a business** (March 2013)
IFRS 3 *Business Combinations*	**Identification of the acquirer in accordance with IFRS 3 and the parent in accordance with IFRS 10 *Consolidated Financial Statements* in a stapling arrangement** (May 2014)
IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	**Classification in conjunction with a planned IPO but where the prospectus has not been approved by a securities regulator** (September 2013)
IFRS 10 *Consolidated Financial Statements*	**Effect of protective rights on an assessment of control** (September 2013)
IFRS 10 *Consolidated Financial Statements*	**Classification of puttable instruments that are non-controlling interests** (November 2013)
IFRS 10 *Consolidated Financial Statements*	**Transitional provisions in respect of impairment, foreign exchange and borrowing costs rate** (November 2013)
IFRS 10 *Consolidated Financial Statements*	**Investment Entities Amendments—The definition of investment-related services or activities** (March 2014)
IFRS 10 *Consolidated Financial Statements*	**Single-asset, single lessee leave vehicles** (May 2015)
IFRS 11 *Joint Arrangements*	**Classification of joint arrangements** (May 2014)
IFRS 11 *Joint Arrangements*	**Various implementation issues** (March 2015)
IFRS 12 *Disclosure of Interests in Other Entities*	**Disclosure of summarised financial information about material joint ventures or associates** (January 2015)

IFRS 12 *Disclosure of Interests in Other Entities*	**Disclosures for a subsidiary with a material non-controlling interest and for a material joint venture or associate** (January 2015)
IFRS 13 *Fair Value Measurement*	**The fair value hierarchy when third-party consensus prices are used** (January 2015)
IFRIC 21 *Levies*	**Identification of a present obligation to pay a levy that is subject to a pro rata activity threshold as well as an annual activity threshold** (March 2014)
IFRIC 21 *Levies*	**Levies raised on production property, plant and equipment** (January 2015)
View a list of **Items not taken onto the agenda since 2004.**	

Issues considered but transferred to the IASB	
IAS 1 *Presentation of Financial Statements*	**Classification of liabilities** (Proposed amendment to IAS 1)
IAS 28 *Investments in Associates and Joint Ventures*	**Equity method: Share of Other Net Asset Changes**
IAS 32 *Financial Instruments: Presentation*	**Put options written on non-controlling Interests** (Proposed amendments to IAS 32)
IFRS 3 *Business Combinations*	**Mandatory purchases of non-controlling interests in business combinations**
IFRS 13 *Fair Value Measurement*	**Portfolios**
Issues transferred to the IASB but rejected by the IASB	
IAS 40 *Investment Property*	**Accounting for a structure that appears to lack the physical characteristics of a building**
IFRS 2 *Share-based Payment*	**Accounting for share based payment transactions in which the manner of settlement is contingent on a future event that is within the control of the counterparty**

Completed Work		
This section includes finalised interpretations and amendments.		
Finalised interpretations	**Issued date**	**Effective date**
Interpretations:		
IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*	October 2011	1 January 2013
IFRIC 21: *Levies*	May 2013	1 January 2013
Finalised amendments:		
Annual Improvements 2009—2011		
IAS 1 *Presentation of Financial Statements*: Clarification of the requirements for comparative information	May 2012	1 January 2013
IAS 16 *Property, Plant and Equipment*: Classification of servicing equipment	May 2012	1 January 2013
IAS 32 *Financial Instruments: Presentation*: Tax effect of distribution to holders of equity instruments	May 2012	1 January 2013
IAS 34 *Interim Financial Reporting*: Interim financial reporting and segment information for total assets and liabilities	May 2012	1 January 2013
IFRS *First-time Adoption of International Financial Reporting Standards*: Repeated application of IFRS 1	May 2012	1 January 2013
IFRS 1 *First-time Adoption of International Financial Reporting Standards*: Borrowing costs	May 2012	1 January 2013
Annual improvements (2010-2012)		
IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*: Revaluation method–proportionate restatement of accumulated depreciation	December 2013	1 July 2014
IAS 24 *Related Party Disclosures*: Key management personnel	December 2013	1 July 2014
IFRS 2 *Share-based Payment*: Definition of 'vesting condition'	December 2013	1 July 2014
IFRS 3 *Business Combinations*: Accounting for contingent consideration in a business combination	December 2013	1 July 2014
IFRS 8 *Operating Segments*: Reconciliation of the total of the	December 2013	1 July 2014

reportable segments' assets to the entity's assets		
IFRS 8 *Operating Segments*: Aggregation of operating segments	December 2013	1 July 2014
IFRS 13 *Fair Value Measurement*: Short-term receivables and payables	December 2013	1 July 2014
Annual improvements (2011-2013)		
IAS 40 *Investment Property*: Clarifying the interrelationship of IFRS 3 *Business Combinations* and IAS 40 *Investment Property* when classifying property as investment property or owner-occupied property	December 2013	1 July 2014
IFRS 1 *First-time Adoption of International Financial Reporting Standards*: Meaning of effective IFRSs	December 2013	1 July 2014
***IFRS 3 Business Combinations*: Scope of exception for joint ventures**	December 2013	1 July 2014
IFRS 13 *Fair Value Measurement*: Scope of paragraph 52 (portfolio exception)	December 2013	1 July 2014
Annual Improvements (2012-2014)		
IAS 19 *Employee Benefits*: Discount rate: regional market issue	September 2014	1 January 2016
IAS 34 *Interim Financial Reporting*: Disclosure of information "elsewhere in the interim financial report"	September 2014	1 January 2016
IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Change in methods of disposal	September 2014	1 January 2016
IFRS 7 *Financial Instruments Disclosures*: Servicing Contracts	September 2014	1 January 2016
IFRS 7 *Financial Instruments: Disclosures*: Applicability of the amendments to IFRS 7 to condensed interim financial statements	September 2014	1 January 2016
Narrow scope amendments:		
IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*: Clarification of Acceptable Methods of Depreciation and Amortisation	May 2014	1 January 2016
IAS 19 *Employee Benefits*: Defined Benefit Plans: Employee	November 2013	1 July 2014

Contributions		
***IAS 36 Impairment of Assets*: Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)**	May 2013	1 January 2014
IAS 39 *Financial Instruments*: *Recognition and Measurement*: Novation of Derivatives and Continuation of Hedge Accounting	June 2013	1 January 2014
IFRS 1 *First-time Adoption of International Financial Reporting Standards*: Government Loans	March 2012	January 2013
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	September 2014	1 January 2016
IFRS 11 *Joint Arrangements*: Accounting for Acquisitions of Interests in Joint Operations	May 2014	1 January 2016
IAS 1 *Presentation of Financial Statements*: Presentation of other OCI arising from equity-accounted investments (included as part of International Financial Reporting Standard Disclosure Initiative (Amendments to IAS 1)	December 2014	1 January 2016
IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* *Investment Entities*: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)	December 2014	1 January 2016

Appendix C: How the IASB considered feedback received from the GPF

This table presents how the IASB considered feedback received from the Global Preparers Forum during its March 2015 meeting.

Topic	Issue discussed	Summary of the feedback received from GPF[2]	Next steps / action taken by the IASB
IFRS Interpretations Committee: IAS 2 *Inventories* / IAS 38 *Intangible Assets*: Should interest be accreted on prepayments for long-term supply contracts?	The staff asked GPF members what experience they had of these types of transactions.	Two GPF members thought that this type of transaction was less common than formerly. A third GPF member thought that they did currently still take place. Depending on the individual arrangement, some transactions included a financing component; others did not and, in effect, the prepayment provided collateral against customer credit risk.	The staff will take these comments into account when they report back on this topic in the agenda paper expected for the July 2015 meeting of the Interpretations Committee.
IFRS Interpretations Committee: IAS 16 *Property, Plant and Equipment* (PPE):	The staff asked for GPF members' practical experiences of deducting revenue from PPE cost before	One GPF member noted that in the extractive industries there is diversity in interpreting 'functioning properly' in accordance with paragraph 17(e) of IAS 16. Some companies make	The staff summarised and presented the GPF's comments at the May 2015 Interpretations Committee meeting (as noted in Agenda Paper 2 paragraph 9). At

[2] Information about past GPF meetings (including detailed notes from the meetings) can be found here.

Topic	Issue discussed	Summary of the feedback received from GPF[2]	Next steps / action taken by the IASB
Accounting for proceeds and costs of testing of PPE	the PPE becomes ready for use.	the testing assessment solely from a technical and engineering perspective, while others also consider financial aspects such as the level of net proceeds. IAS 16 implies that the assessment should be made only from the technical and engineering perspective.	that meeting, the Interpretations Committee tentatively decided to develop an Interpretation on the meaning of testing, focussing on the meaning of ‘functioning properly’ in paragraph 17(e) of IAS 16. The Interpretations Committee considered that ‘functioning properly’ reflects the technical/physical performance of the PPE.
IFRS Interpretations Committee: IAS 12 *Income Taxes*: Reflecting uncertainty in the recognition and measurement of income taxes	The Interpretations Committee has tentatively decided to develop a draft Interpretation on accounting for uncertainty in income taxes. The staff provided the summary of the Interpretations Committee's tentative decisions.	Some GPF members made comments about transition, measurement, disclosure and the scope of the draft Interpretation. For further details, see pages 5-6 of [Minutes from March 2015 GPF meeting.]	The feedback was shared and analysed at the April 2015 IASB meeting. (See the section of the *Supplementary information* of [Agenda Paper 12C].) IASB members instructed the staff to begin the balloting process. The release of the draft Interpretation is expected in Q3 2015.

Topic	Issue discussed	Summary of the feedback received from GPF[2]	Next steps / action taken by the IASB
Agenda Consultation 2015	The IASB staff sought the views of the GPF members on the IASB agenda in light of the next Agenda Consultation, which is due to begin in July 2015 with a Request for Views.	GPF members commented on: (a) The strategic direction of the IASB agenda. Members commented on the need for a “period of calm” or “stable platform" following completion of the major projects. (b) The prioritisation of projects. It was felt that the overall strategy should inform the Agenda Consultation. Members also commented on a number of particular projects. (c) Convergence of IFRS and US GAAP. Two members felt this topic should not be raised in the Agenda Consultation. Other issues, including narrow-scope amendments and the wide array of reporting initiatives.	These matters are being taken into account in drafting the Request for Views. A draft of this document will be discussed with the Advisory Council in June 2015, after which the document will be published at the end of July 2015.
Business Combinations under Common Control	The IASB staff sought the views of the GPF members on the accounting approach to	Some GPF members supported the staff's preliminary view that the predecessor method should be used for BCUCC that affect third-party	The staff continues targeted outreach with interested parties, including users of financial statements, standard-setters and

Topic	Issue discussed	Summary of the feedback received from GPF[2]	Next steps / action taken by the IASB
(BCCUC)	different types of business combinations under common control in the consolidated financial statements of the acquirer.	equity investors. However, some other GPF members: (a) supported using that method for BCUCC between wholly owned subsidiaries undertaken in preparation for an initial public offering; but (b) expressed concerns about using it when there are non-controlling shareholders (NCI) in the accounting acquirer. A few GPF members commented on the scope of the project and suggested additional topics to be considered in the project, such as separate financial statements or other types of transactions under common control.	regulators. The staff plan to present to the IASB combined feedback from interested parties, including feedback from the GPF, in Q3 2015.
Income Tax Accounting: The Need for Change?	Identification of issues arising from the application of IAS 12 *Income Taxes*.	GPF members commented that: (a) There is an urgent need to make a narrow-scope amendment to address the issue of deferred tax effects arising on the	The feedback from GPF, together with feedback from CMAC and investor survey will be used to review the approach to the project.

Topic	Issue discussed	Summary of the feedback received from GPF[2]	Next steps / action taken by the IASB
		intercompany transfer of inventory. (b) It may be worth introducing the US GAAP two-step approach for recognising a deferred tax asset in full and a valuation allowance to reduce the balance to the amount that will probably be realised. (c) The disclosure on tax consequences of future dividends from overseas subsidiaries can be meaningless as it would be affected by factors that are outside the control of an entity. (d) It will be very difficult, complicated and probably not useful to provide segmental tax information, because tax planning is managed globally at corporate level across segments. (e) There are mixed views on whether the tax reconciliation required by IAS 12 provides useful information.	

Topic	Issue discussed	Summary of the feedback received from GPF[2]	Next steps / action taken by the IASB
Review of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	Discuss the results of a survey, conducted by the Italian standard setter (OIC), to find out more about preparers' experience with IAS 8	Most GPF members agreed with respondents to the survey that there were some instances in which it could be difficult to distinguish a change in an accounting policy from a change in an accounting estimate. They also agreed that: (a) changes in the measurement basis were changes in accounting policy, and (b) changes in the method used to make an estimate, and changes in the inputs and assumptions used to make an estimate, were changes in accounting estimates.	The main results of the survey and outreach activities, which incorporated the feedback received from GPF members, were presented to the IASB in May 2015 (see Agenda Paper 11A). The IASB asked the staff to further develop the proposed amendments to IAS 8.
Discount Rates	The IASB staff presented preliminary findings from the research project on discount rates.	GPF members expressed support for conducting research on discount rates, and made the following comments: (a) Use of judgement is always required in present value measurements. The requirements should	GPF members' input was discussed in one of the papers on discount rates discussed with the Emerging Economies Group (EEG) in May 2015. The research paper (including GPF members' input) will be discussed with the IASB and ASAF in the

Topic	Issue discussed	Summary of the feedback received from GPF[2]	Next steps / action taken by the IASB
		be consistent so that consistent judgement is applied. IAS 19 *Employee Benefits* is currently not consistent with other IFRS. (b) Other comprehensive income (OCI) should be used to report the effects of changes in discount rates for all assets and liabilities, to achieve consistency and to avoid misleading volatility in profit or loss. (c) Own credit should be excluded from measurement of all liabilities, because including own credit does not provide relevant information. (d) The IASB should carry outcross-cutting projects, as opposed to piecemeal amendments to different individual Standards at different times.	next couple of months. We anticipate publishing the research paper towards the end of 2015.
Share-based Payment	Identification of issues arising from the application of IFRS 2	GPF members broadly agreed with the list of issues identified by staff in the agenda paper presented at	Outreach with GPF members was included, as one of the research steps

Topic	Issue discussed	Summary of the feedback received from GPF[2]	Next steps / action taken by the IASB
	Share-based Payment.	the meeting.	included in the agenda paper for the IASB meeting in May 2015. It is anticipated that the results of the outreach will be included in the Research Paper.
Performance Reporting	The IASB staff informed GPF members about the Research Project on Performance Reporting. The project was added to the research programme in July 2014, but until now it has not been given a high priority.	Many GPF members expressed concerns about some aspects of the previous Financial Statement Presentation (FSP) project. They stressed that the IASB should not reintroduce those aspects.	The staff plans to present an agenda paper to the IASB in June 2015 recommending the scope for the project. The staff recommendation to the IASB will be to broaden the project to cover *Primary Financial Statements* (ie not just performance reporting). The scope of the project will, however, be significantly narrower than scope of the FSP project.

Appendix D: How the IASB considered feedback received from the CMAC

This table presents how the IASB considered feedback received from the CMAC during its February 2015 meeting.

Topic	CMAC views presented	Next steps/actions taken by the IASB or staff
EFRAG Discussion Paper: Separate Financial Statements EFRAG and its partners published in 2014 a Discussion Paper (DP) on separate financial statements. The DP considers how separate financial statements are used in Europe, analyses the challenges that arise in practice and proposes improvements to the existing guidance.	The CMAC members considered that banks and trade creditors were the primary users of separate financial statements. The CMAC members further explained that these users would often need information about the resources of, and the claims against, the legal entity when making credit decisions. Many CMAC members also agreed that equity investors were usually focused on consolidated financial statements when making investment decisions, although separate financial statements were at times used to supplement the information found in consolidated financial statements. In particular, use is made of information about cash available for use, distributable dividends, debt arrangements (for example, subordinated debt) and intra-group commitments (for example,	On 15 April 2015, EFRAG published a feedback statement summarising the main messages from respondents to the Discussion Paper and summarising the feedback received by EFRAG during its outreach activities, including the feedback from the EFRAG User Panel and the Capital Markets Advisory Committee. Many respondents and participants in meetings welcomed the initiative of EFRAG and its partners in issuing the DP as a way of stimulating the discussion on separate financial statements, a topic that the IASB has not prioritised in the past. While not all respondents considered that separate financial statements give rise to

Topic	CMAC views presented	Next steps/actions taken by the IASB or staff
	guarantees or other support arrangements. Some CMAC members noted that the value of separate financial statements and the reason for differences in accounting treatment between separate and consolidated financial statements were related to the fact that these financial statements reflected different views: the view of the legal (parent) company and the view of the economic group. Nevertheless, these CMAC members considered that it was useful to have separate and consolidated financial statements prepared under the same basis (IFRS) and to have improved disclosures about, for example, guarantees and distribution of dividends to shareholders in both separate and consolidated financial statements.	significant issues, a majority agreed that it would be useful if the IASB reviewed existing requirements, with a view to developing a specific set of general principles for separate financial statements. The feedback statement can be downloaded **here**. With the publication of the feedback statement, EFRAG has finalised its project on separate financial statements and does not envisage any other activity on the project at this stage
IAS 29 Financial Reporting in Hyperinflationary Economies	The strong and consistent message from CMAC members was that the IASB should not lower the indicative threshold. Among the comments expressed were: • lowering the threshold would put a lot of pressure on	The project was discussed by the IASB at its meeting in April. The feedback from CMAC members was incorporated in the paper. The IASB decided not to undertake any further work on lowering the threshold for IAS 29 or

Topic	CMAC views presented	Next steps/actions taken by the IASB or staff
	the credibility of the particular price index used, given that most countries will have experienced this level of inflation, or something close to it, in the last 20 years. • IAS 29 is a very blunt instrument, which is trying to fundamentally correct a major economic event in a country. Lowering the threshold without considering the Standard more carefully would be dangerous. • analysts cope with price changes and that is one of their roles. • adjusting prices as if the price changes had not occurred is like adjusting for a very high fever and pretending it is normal. The adjustments can make it hard to really understand the true financial health of the company and hide economic reality. There was also a general discussion about the effects of inflation, particularly in countries with exchange controls, which caused counterintuitive results. Again, CMAC members thought that IAS 29 should	for developing a more general inflation Standard. However, the IASB decided to ask members of the Emerging Economies Group to examine whether some specific disclosure requirements about how inflation was affecting an entity should be developed. The IASB is asking for specific feedback in the Agenda Consultation on whether to remove this project from its research programme.

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	only be used when it was obvious that a country was going through a major economic readjustment and the currency is, effectively, irrelevant—the test must be very high. In summary, there was no support for lowering the indicative threshold.	
Income taxes Today's accounting for income tax has been criticised for not providing information that is useful to users of financial statements and for the complexity in its application.	The staff asked the CMAC members: • what tax information is used for analysis today and how this information is incorporated into valuation models; • whether today's accounting for income tax provides the information needed, and in which areas do the CMAC members recognise a need for improvement; and • to what extent should the Standard be improved, whether limited amendments to improve disclosures or a new Standard to tackle difficult issues such as the discounting of deferred tax? The main messages from the CMAC members are as	The staff is reaching out to the wider investor community to seek more input from users and incorporate their views, together with views expressed by CMAC members, into the research paper, which is expected to be presented to the board during Q3-2015.

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	follows: • the use of tax information and its usefulness: - investors use tax information, including deferred tax information, to help them to project future tax cash flow. - the tax information investors use are, for example, information on tax rates, tax loss carryforwards and other items that may affect future tax payments. Some investors see a deferred tax asset representing tax loss carryforwards, and a deferred tax liability, which is a mixture of liability (ie non-recurring items), equity (ie recurring items) and something else (for example, deferred tax on revaluation). - some users think that the disclosure of information about tax is useful information but currently there is a lack of transparency, with some seeing it as a 'black box'.	

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	- some users think deferred tax is a mechanism to smooth out earnings and hide volatility, whereas those investors would prefer to see the volatility. • investors are looking for more information about effective tax rates and differences in taxation that relate to jurisdictional factors. They would like more information such as: - geographical or segment information on the breakdown of the composition of effective tax rate and tax expense, as well as key tax information such as application of special tax schemes (for example, patent box), planning to use tax losses etc. - some users want the management's projections while other users prefer to get raw data, based on which they will project future tax themselves, • mixed views on the discounting of deferred tax balances:	

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	- those who support discounting believed that deferred tax balances are affected by the time value of money like any other assets or liabilities. - those who oppose discounting suggested that it is difficult to determine which discount rate should be used and discounting will make deferred tax balances even more difficult to understand.	
Disclosure Initiative **Project update**	CMAC members were asked whether the topics addressed in the Principles of Disclosure project respond to investors' concerns about disclosures and whether there are any topics of importance missing from the current project. The CMAC members were also asked what topics were of most interest to them. The resulting discussion highlighted the following points: • most CMAC members agreed with the topics addressed in the Principles of Disclosure project,	• The IASB tentatively decided that a general disclosure Standard (such as IAS 1 or a replacement Standard) should include proposed amendments to the definition of materiality and clarifying paragraphs on the key characteristics of materiality. • The IASB plans to issue an Exposure Draft of a proposed Practice Statement Application of materiality to financial statements in Q3 2015. • The IASB's deliberations on the content of a

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	including topics of importance to investors. • the concept of materiality was of particular interest to investors. A few CMAC members stated that the IASB should lead the materiality discussion, with close interaction with the International Auditing and Assurance Standards Board. • some CMAC members were of the view that the linkage between the primary financial statements should be discussed within the Disclosure Initiative. • a few CMAC members expressed a preference for discussing the disclosure of less speculative forward looking information.	Principles of Disclosure Discussion Paper are expected to be completed in Q2 of 2015 and it plans to issue the discussion paper in Q4 2015. • IASB staff will provide a summary of the feedback received on the IAS 7 ED at the June 2015 IASB meeting. • The IASB will commence its redeliberations of the proposals set out in the IAS 7 ED with the aim of issuing a final amendment in Q4 2015. • The staff is planning to discuss the IFRS Taxonomy due process with the IASB in July prior to formalising its proposals for approval by the Due Process Oversight Committee at its October 2015 meeting. • The IASB decided to develop proposals clarifying the distinction as a separate project within the Disclosure Initiative. These proposals are expected to result in narrow-scope amendments to IAS 8 and an ED is

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		planned for Q4 2015. • The IASB will discuss in June 2015, whether the current requirement in IAS 8 to restate all comparative information should be retained as part of the retrospective application requirement for mandatory changes.
Disclosure Initiative Proposals to improve debt disclosures	Feedback was sought from CMAC members on whether the proposed reconciliation would provide investors with sufficient information to perform their analysis of an entity's debt. CMAC members were also asked whether this requirement to provide a reconciliation of debt will encourage entities to disclose supplementary information about how they manage debt. The resulting discussion highlighted the following points: • overall agreement that the proposed amendments would provide useful information. Some CMAC	• The IASB staff will provide a summary of the feedback received on the IAS 7 ED at the June 2015 IASB meeting. • The IASB will commence its redeliberations of the proposals set out in the IAS 7 ED with the aim of issuing a final amendment in Q4 2015. • The staff is planning to discuss the IFRS Taxonomy due process with the IASB in July prior to formalising its proposals for approval by the Due Process Oversight

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	members suggested other areas related to debt for which disclosures could be improved, such as debt held by the parent entity and that held by subsidiaries. • CMAC members were not sure whether the proposed reconciliation would give rise to entities providing more information about debt, but they agreed that the proposal would provide more discipline and transparency around current disclosure practice on this topic. • some CMAC members were interested in the possible effect that the proposed reconciliation might have on current debt rating practices that treat particular items as debt, but that are not currently included in financing activities, such as pensions. In addition, the CMAC members were also asked for their feedback on the proposed requirement to disclose information about restrictions that would affect an entity's decision to use cash and cash	Committee at its October 2015 meeting.

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	equivalents. In particular, they were asked whether the proposals would provide useful information that helps them to better understand the liquidity of an entity and for their views on the definition of cash and cash equivalents in IFRS. Most CMAC members agreed with the direction of the proposed disclosure requirements about restrictions on cash and cash equivalents. However, there were some concerns about whether the requirements would capture current problems in understanding liquidity. Hence, CMAC members suggested that the proposals should clearly require entities to disclose information about: • the ultimate parent entity's ability to access the consolidated group's cash and cash equivalents balances, by taking into consideration factors such as upstreaming time and conversion costs; • the nature of cash restrictions, for example, when: - construction companies hold large cash	

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	advances from clients; or - cash and cash equivalent balances are held by subsidiaries whose noncontrolling interests directly affect the ultimate parent's ability to access those balances. Some CMAC members also suggested widening the scope of the amendments to require information about an entity's cash and cash equivalents balance by region or by group entity (for example, by using a table). They also suggested that information about an entity's debt split by region or group entity would be useful. The IASB staff also asked for CMAC members' views on the inclusion of the Proposed IFRS Taxonomy Update in the ED and what other actions should be taken to increase investor involvement within the IFRS Taxonomy development. CMAC members largely supported the Proposed IFRS Taxonomy Update accompanying the	

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	proposed amendments, but advised that the lack of a proper jurisdictional mandate requiring entities to file their IFRS financial statements in XBRL is preventing data aggregators and investors from using the results of the IFRS Taxonomy. Until such mandates are in place, it will be difficult to engage investors in the development of the IFRS Taxonomy.	
Principles of Disclosure (Reporting Accounting Changes)	In order to understand the changes in accounting policies and accounting estimates, CMAC members were asked what information they need an entity to disclose. The resulting discussion highlighted the following points: • some CMAC members stated that the impracticability threshold for voluntary changes in accounting policies by entities should be very high. • with respect to mandatory changes of accounting policies (ie due to new IFRS guidance), most CMAC members preferred restatements of	• The IASB decided to develop proposals clarifying the distinction as a separate project within the Disclosure Initiative. These proposals are expected to result in narrow-scope amendments to IAS 8, and an ED is planned for Q4 2015. • The IASB will discuss in June 2015 whether the current requirement in IAS 8 to restate all comparative information should be retained as part of the retrospective application requirement for mandatory

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	comparative periods. However, they agreed that the IASB should use its discretion to allow an exemption to restate comparative periods whenever it determines that retrospective application is impracticable for preparers. • most CMAC members stated that information provided by the limited retrospective application method and the catch-up adjustment (with enhanced disclosures) method should provide sufficient information in cases in which an entity (ie a preparer) finds it impracticable to restate all comparative information. • one CMAC member suggested that changes in accounting policies should be reflected in a consistent way in both interim and annual financial statements. • another CMAC member suggested that by giving entities more time for making mandatory accounting changes, the IASB could keep the full retrospective application requirement. This would	changes.

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	achieve greater comparability between entities. • one CMAC member made a comment that it would be preferable—to the extent possible—to have the same application method for changes in accounting policies across Standards and entities. • most CMAC members opposed the possibility of an alternative method proposed by the OIC staff, which distinguished between ‘measurement’ and ‘other’ accounting. In their view, the distinction between changes in accounting estimates and changes in accounting policies was generally understood by investors. They also believed that requiring only prospective application for all measurement changes would prevent entities from reporting useful information. However, some CMAC members acknowledged that the retrospective application of a change in measurement can be onerous and may require the use of hindsight. • some CMAC members were of the view that the	

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	quality of disclosures around changes in accounting estimates should be improved.	