

STAFF PAPER

May 2015

REG IASB Meeting

IFRS IC Nov 2014 |

IASB Dec 2013, Jan 2015 and Apr 2015

Project	Annual Improvements to IFRS 2014–2016 Cycle		
Paper topic	Due process steps followed		
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This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IASB and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRS do not purport to set out acceptable or unacceptable application of IFRS. Technical decisions are made in public and reported in IASB *Update*.

Objective

1. The objective of this paper is to:
 - (a) set out the due process steps that the IASB has taken so far before the balloting of the Exposure Draft *Annual Improvements to IFRS 2014–2016 Cycle*;
 - (b) to ask the IASB to confirm that it is satisfied that it has complied with the due process requirements to date; and
 - (c) to ask the IASB to give permission for the staff to begin the balloting process.

Structure of the paper

2. The structure of the paper is as follows:
 - (a) background;
 - (b) summary of the proposed amendments;
 - (c) intention to dissent;
 - (d) comment period;
 - (e) proposed timetable for balloting and publication;

- (f) confirmation of due process steps; and
- (g) Appendix A—Actions taken to meet the due process requirements.

Background

3. The IASB has tentatively decided to include two proposed amendments, which affect two Standards, in the Exposure Draft *Annual Improvements to IFRS 2014–2016 Cycle*. These issues are as follows:
- (a) IFRS 1 *First-time Adoption of International Financial Reporting Standards*: short-term exemptions for first-time adopters. This amendment was tentatively approved by the IASB in December 2013.
 - (b) IAS 28 *Investments in Associates and Joint Ventures*: clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice. This amendment was tentatively approved by the IASB in January 2015.
4. The dates when each issue was discussed by the IASB and the IFRS Interpretations Committee (the ‘Interpretations Committee’), as well as the Agenda Paper references, are set out in the following table:

Standard	Amendment	Contact	Interpretations Committee meeting(s)/Agenda Papers ref	IASB meeting(s)/Agenda Paper ref
IFRS 1	Short-term exemptions for first-time adopters	Denise Durant	None. The issue was discussed by the IASB only.	December 2013 – AP 12D .
IAS 28	Measuring investees at fair value: an investment-by-investment choice or a consistent policy choice?	Koichiro Kuramochi	November 2014 – AP 16 .	January 2015 – AP 12D .

Summary of the proposed amendments

5. The first proposed amendment is to delete some short-term exemptions in IFRS 1, because they have now served their intended purpose. These amendments propose the deletion of:
 - (a) the short-term exemptions in paragraphs E3–E7 of IFRS 1; and
 - (b) the short-term exemptions that are related to the amendment to IFRS 7 *Financial Instruments: Disclosures* that were proposed in the Exposure Draft *Annual Improvements to IFRS 2012–2014 Cycle* published in December 2013.
6. The second proposed amendment is to clarify the wording of paragraph 18 of IAS 28 to make clear that an entity is permitted to measure investments in associates and joint ventures (that are held by, or are held indirectly through, an entity that is a venture capital organisation, a mutual fund, a unit trust or similar entities, including investment-linked insurance funds) at fair value through profit or loss on an investment-by-investment basis.

Intention to dissent

7. Before we ballot the proposed amendments we are required to formally ask whether any IASB members intend to dissent to any of the proposed amendments. We note that when IASB members voted on each one of the proposed amendments to IFRS 1 and IAS 28, their votes were as follows:
 - (a) for the issue on IFRS 1, no IASB members voted against this proposed amendments (refer to [IASB Update of December 2013](#)).
 - (b) for the issue on IAS 28, 10 IASB members agreed with the proposed amendment and four disagreed (refer to [IASB Update of January 2015](#)).

Question for IASB members

Do any IASB members intend to dissent to any of the proposed amendments that are to be included in the Exposure Draft?

Comment period

8. We recommend that the IASB should publish the Exposure Draft of *Annual Improvements to IFRS 2014–2016 Cycle* with a comment period of 90 days. This is the minimum normal period that the IASB allows for exposure for comments on Annual Improvements, and complies with paragraph 6.15 of the [IFRS Foundation Due Process Handbook](#) (February 2013).

Proposed timetable for balloting and publication

9. We expect the balloting process of the Exposure Draft of *Annual Improvements to IFRS 2014-2016 Cycle* to commence in July 2015, with publication of the Exposure Draft scheduled during the third quarter of 2015.

Confirmation of due process steps

10. In **Appendix A** of this paper we have summarised the due process steps followed by the IASB in developing the Exposure Draft including confirmation that each amendment meets the criteria for an annual improvement. In summarising these steps, and thereby demonstrating that the IASB has met all the due process requirements to date, we used the reporting template ‘Development and publication of Annual Improvements Exposure Drafts’ from the [Due Process Protocol](#).
11. We note that the required due process steps applicable so far at this stage have been completed. We think that the completion of these steps support the publication of the Exposure Draft of *Annual Improvements to IFRS 2014–2016 Cycle*.

Questions for the IASB

Questions for the IASB

1. Does the IASB agree that the Exposure Draft should be published with a comment period of 90 days?
2. Do IASB members agree with the proposed timetable for publication and give the staff permission to start the balloting process?
3. Are IASB members satisfied that all due process steps required to date that relate to the publication of the Exposure Draft *Annual Improvements to IFRS 2014–2016 Cycle* have been complied with?

Appendix A—Actions taken to meet the due process requirements

A1. The following table sets out the actions taken by the IASB to meet the due process requirements required.

Development and publication of Annual Improvements Exposure Drafts

<i>Step</i>	<i>Required/optional</i>	<i>Metrics or evidence</i>	<i>Actions</i>
The IASB's and the Interpretations Committee's meetings are held in public, with papers being available for observers. All decisions are made in a public session.	Required	Meetings held. Project website contains a full description with up-to-date information. Meeting papers posted in a timely fashion.	The issues were discussed and approved for inclusion in the 2014–2016 cycle of the Annual Improvements process by the IASB in its December 2013 and January 2015 meetings. The project webpage was updated by the staff after every Interpretations Committee or IASB meeting in which issues proposed for inclusion in Annual Improvements were discussed. Agenda Papers were posted on the website before every Interpretations Committee or IASB meeting.
Finalisation			
Due process steps are reviewed by the IASB.	Required	Summary of all the due process steps have been discussed by the IASB before an Exposure Draft is published.	In this paper we are demonstrating that all the required due process steps applicable to date have been performed.
A check is performed to ensure that each amendment included in the package meets the Annual Improvements criteria.	Required		All the papers presented to the IASB included an assessment of the proposed amendments against the Annual Improvements criteria. On IFRS 1, see AP12D presented to the IASB in December 2013 (paragraphs 36–38 and Appendix B). On IAS 28, see AP12D presented to the IASB in January 2015 (paragraph 27).
The ED has an appropriate comment period.	Required	The period has been set by the IASB. If outside the normal comment period, an explanation from the IASB to the DPOC has been provided, and the decision has been approved.	In accordance with the IFRS Foundation Due Process Handbook we are proposing a comment period of 90 days.
Drafting			

Drafting quality assurance steps are adequate.	Required	The Translations team has been included in the review process.	To be done in due course.
Drafting quality assurance steps are adequate.	Required	The XBRL team has been included in the review process.	To be done in due course
Drafting quality assurance steps are adequate.	Optional	External reviewers have reviewed drafts for editorial review and the comments have been collected and considered by the IASB.	To be done in due course.
Drafting quality assurance steps are adequate.	Optional	Drafts for editorial review have been made available to members of the International Forum of Accounting Standard Setters (IFASS) and the comments have been collected and considered by the IASB.	To be done in due course.
Publication			
Exposure Draft <i>Annual Improvements to IFRS 2014–2016 Cycle</i> published.	Required	Exposure Draft posted on the IASB website	The Exposure Draft will be posted on the IFRS Foundation website when published.
Press release to announce the publication of the of the Annual Improvements ED package.	Required	Press release published. Media coverage of the release.	The press release will be posted on the IFRS Foundation website when the Exposure Draft is published.