

AGENDA PAPER

IFRS Advisory Council Meeting

LONDON 2–3 November 2015

Agenda ref 4

TOPIC FASAC

PRESENTERS Steven Buller/Alicia Posta

This paper has been prepared for discussion at a public meeting of the IFRS Advisory Council. The views expressed in this paper are those of the authors. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS.

Cover note

1. During this session, FASAC Chair Steven Buller and Executive Director Alicia Posta will provide background information about FASAC and discuss FASAC's recent activities.
2. The slides for the session are attached.

FASAC

IFRS Advisory Council Meeting Monday, November 2, 2015

Note: These materials are provided to facilitate understanding of the issues to be addressed at the November 2015 IFRS Advisory Council meeting. These materials are presented for discussion purposes only; they are not intended to reflect the views of the FASB or its staff. Official positions of the FASB are determined only after extensive due process and deliberations.



Session Overview

- Background: FASAC Role, Structure, and Operations
- Recent Activities
 - *Significant Topics Discussed*
 - *2015 Survey on FASB Agenda Priorities*

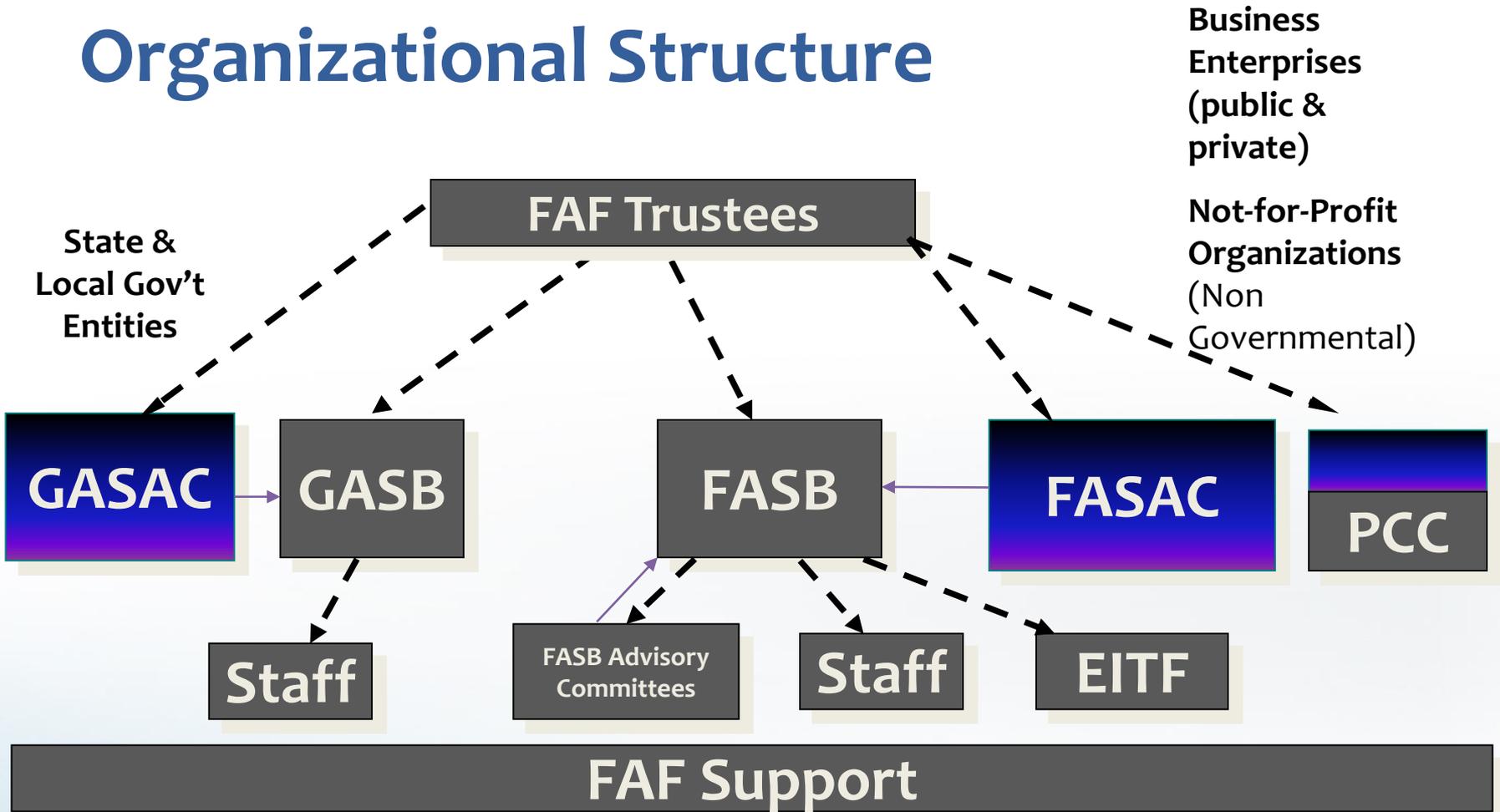
Background: FASAC



Broad Participation



Organizational Structure



Financial Accounting Standards Advisory Council (FASAC)

Mission: consult on major technical issues, technical agenda and project priority, and strategic matters (for example, private company issues)

Established in 1973

Outside Chairman since 1979 – currently Steven Buller

Between 30-40 members

FASAC's Role

Has an integral advisory role in the process of establishing and improving standards of financial accounting and reporting

Is expected to work closely with the FASB in an advisory capacity to ensure that its members' views are communicated

- Constantly and effectively to the FASB
- On a timely basis

Meets with the FASB as often as deemed necessary, generally quarterly.

FASAC Members

Knowledgeable about the problems and impact of financial reporting or possess a specific expertise of value to the FASB

Broadly representative of varied professional and occupational backgrounds with no profession or occupation dominating

Expected to consult with the FASB about:

- Major technical issues
- Agenda of projects and priority of projects
- Matters likely to require the attention of the FASB
- Other matters as may be requested by the FASB

FASAC Operations

As a body, FASAC is not expected to

- Take positions on substantive accounting or reporting issues
- To constitute an appeals forum for the review or reexamination of existing accounting standards

Individual members of FASAC are expected to communicate their individual views on proposed or existing standards and broader policy questions

FASAC meetings on technical matters are public (audio)

Developing FASAC Meeting Agendas



Develop and periodically refine one-year forward-looking topics

Meet and obtain feedback from FASB and FASAC
Share forward-looking agenda with FASB Board and FASAC

FASAC Steering Committee call held to consider adjustments/additions to the one-year agenda topics

Comparison of Certain FASAC and IFRS AC Characteristics

	FASAC	IFRS AC
Role/Mission	Advisory to FASB	Advisory to IASB, <i>plus</i> IFRS Trustees for strategic topics, encouraging participation in IFRS development.
Appointment by	FAF Trustees	IFRS Trustees
Size/Types	34 members from mix of backgrounds, primarily representing individuals	48 members from mix of backgrounds, primarily representing organizations
# of Advisory Meetings	4x/yr (1-day)	3x/year (2-day)
Board attendance	Full FASB generally attends, a few Trustees observe	IASB Chair, plus approximately 1/3 Board and a few Trustees

Significant Topics Discussed



2014 - 2015 Topics Covered

	Mar 2014	June 2014	Sept 2014	Dec 2014	Mar 2015	June 2015	Sept 2015
Reports: FASB/SEC/PCAOB/AICPA	X	X	X	X	X	X	X
Admin: Strategic Plan for FAF/FASB			X				
STRATEGIC							
Financial Reporting Boundaries (Framework vs. Lego GAAP)	X						
Forward-Looking Trends	X						
Non-GAAP Metrics and the Link to Aspects of Fin'l Stmt Pres		X					
E-Commerce and Technology Future Outlook			X				
Financial Market and Regulatory Developments				X			
Quality Indicators in Financial Reporting Standards					X		
Pension, OPEB, and Healthcare: Trends, Reforms, and Disclosure						X	
Amounts Paid to Governments (Including Income Taxes)							X

2014 - 2015 Topics Covered

	Mar 2014	June 2014	Sept 2014	Dec 2014	Mar 2015	June 2015	Sept 2015
<i>TACTICAL</i>							
Simplification Initiative		X					
Revenue Recognition Implementation		X					
Disclosure Framework (process for developing disclosures)			X				
Intersection between Internal Controls and Fin'l Rpting				X			
Cost-Benefit Analysis					X		
Government Assistance/Subsidies					X		
Valuation Reporting Standards						X	
FASB Future Agenda - Discussion about Preliminary FASAC Survey Results and Prioritization.							X

2014 - 2015 Topics Covered

	Mar 2014	June 2014	Sept 2014	Dec 2014	Mar 2015	June 2015	Sept 2015
Dinner Speakers – Broad Trends							
Technology/E-Commerce	X		X				
Payments to governments around the world							X
Dinner Speakers – Others Involved in Fin'l Rpting							
SEC Chief Accountant				X			
Canadian Accounting Standards Board Chair					X		
Trends in the Valuation Profession						X	
Private Company Council: overview and update		X					

2015 Survey on FASB Future Agenda

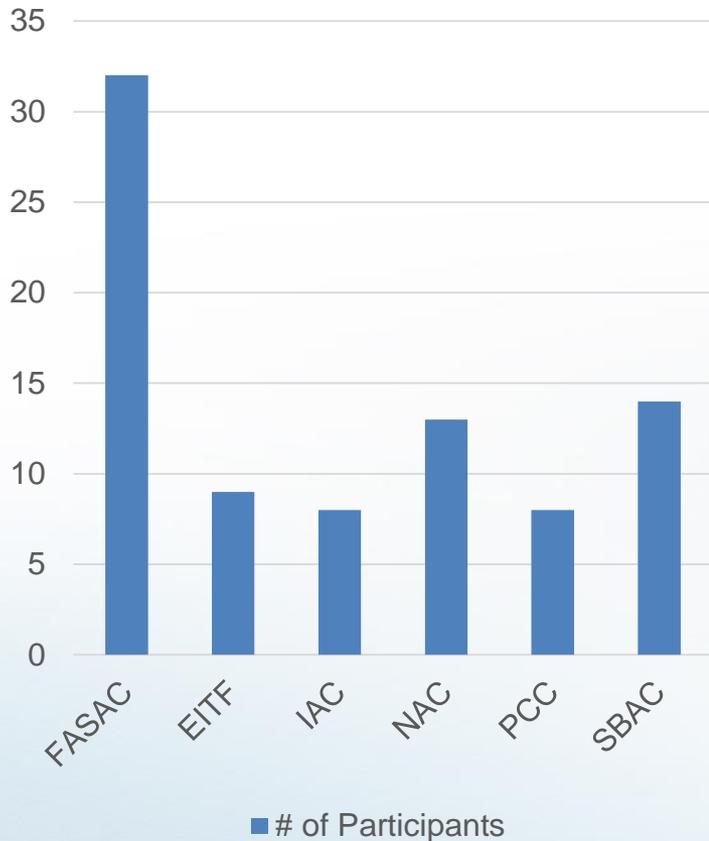


Survey: Background

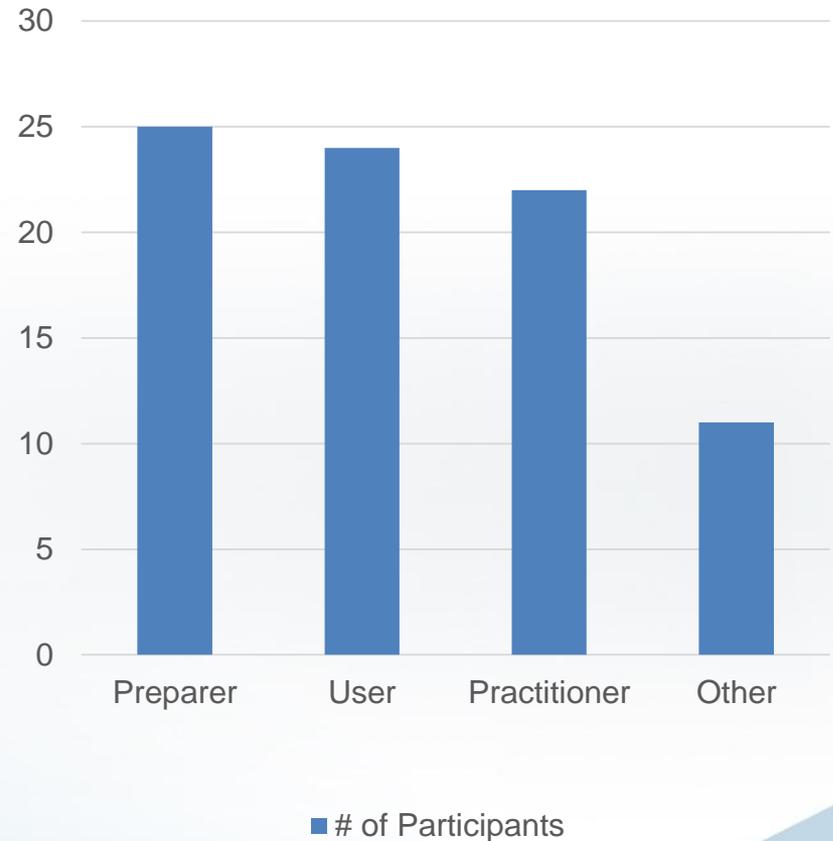
- Survey launched June 2015; last conducted in May 2013.
- Includes members of:
 - FASAC
 - Investor Advisory Committee (IAC)
 - Not-for-Profit Advisory Committee (NAC)
 - Small Business Advisory Committee (SBAC)
 - Private Company Council (PCC)
 - Emerging Issues Task Force (EITF).
- Survey results
 - 84 advisory group members participated (85% overall response rate).
 - Results discussed with IAC, NAC, PCC, FASAC (3Q) and SBAC (4Q).
 - Will be used by the FASB to develop a Discussion Paper seeking broad stakeholder input on possible agenda ideas to help the Board develop its thinking and structure an action plan.
 - Full compilation to be issued 4Q.

Overall Survey Respondents

FASB Affiliation



Primary Background



Top Priorities

Potential projects that respondents think should be a priority for the FASB's agenda (100 points allocated/respondent)

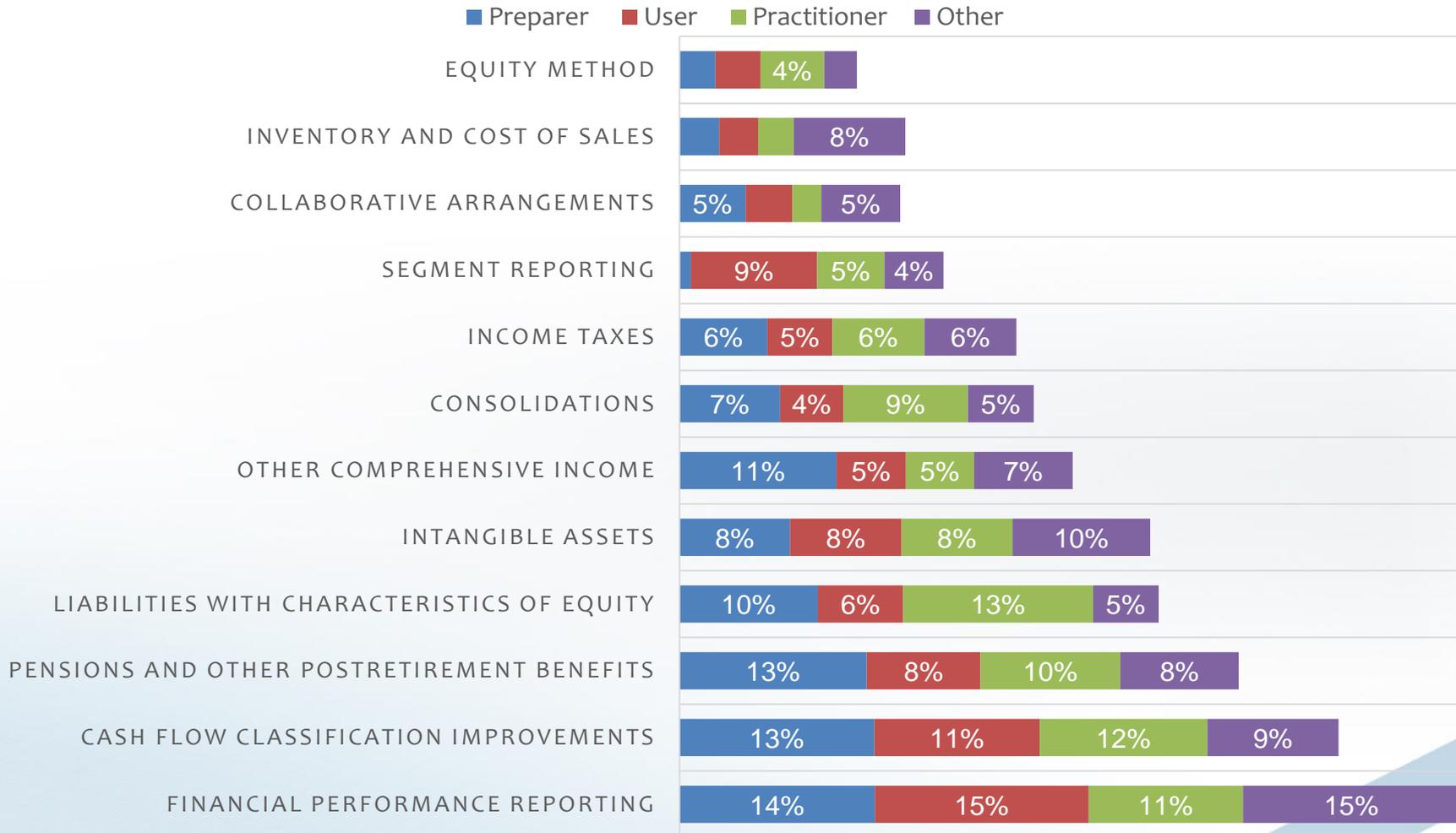
Top 5 (by Total Points)

1. **Financial Performance Reporting**
2. **Improving Cash Flow Classification**
3. **Pensions and Other Postretirement Benefits**
4. Liabilities and Equity
5. Intangible Assets

Top 5 Projects Selected by Stakeholder Type

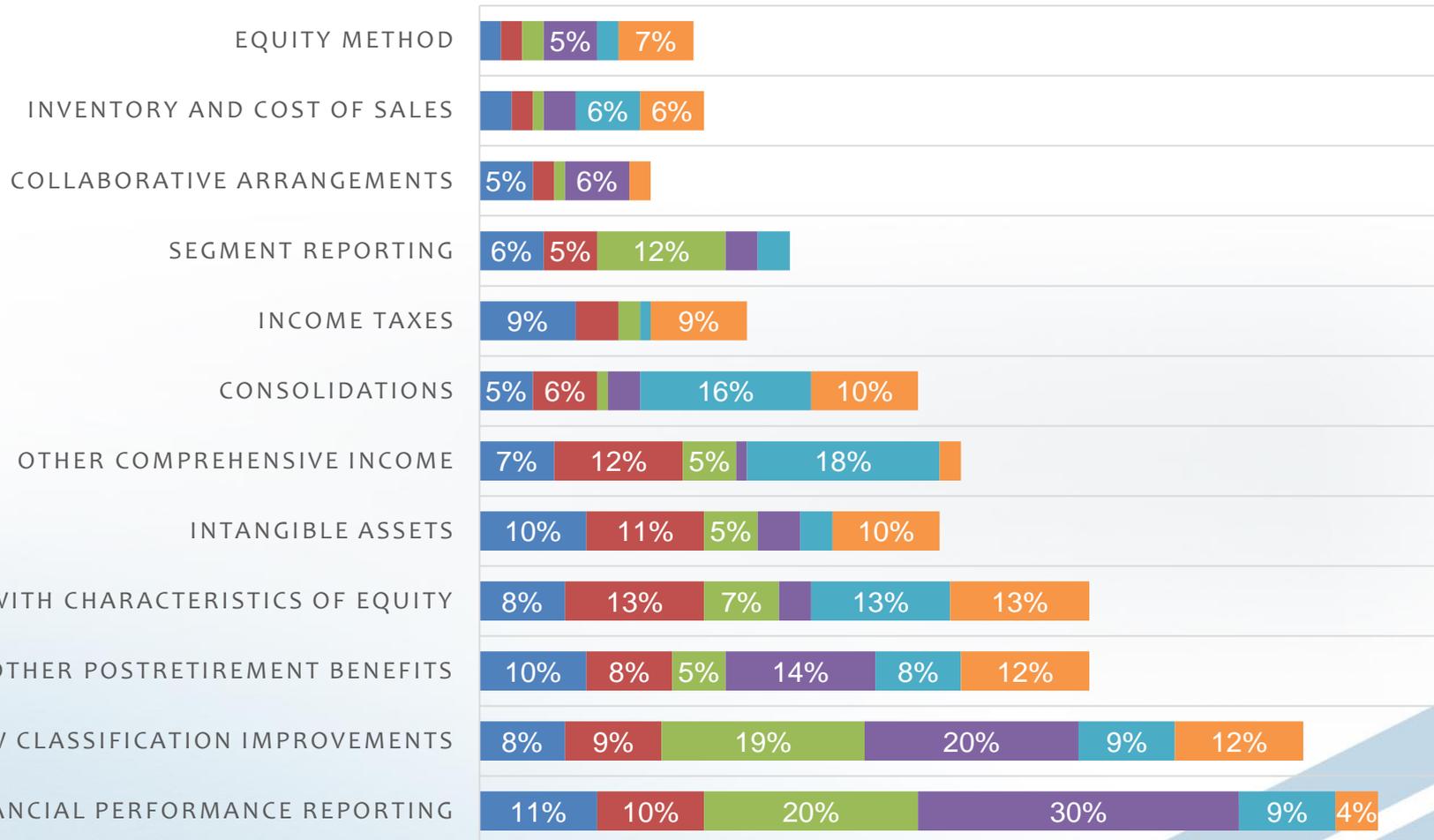
	Preparer	Practitioner	Users	Academics & Other
Financial Performance Reporting	X	X	X	X
Improving Cash Flow Classification	X	X	X	X
Pensions and Other Postretirement Benefits	X	X	X	X
Liabilities with Characteristics of Equity	X	X		
Intangible Assets			X	X
Other Comprehensive Income	X			
Consolidations		X		
Segment Reporting			X	
Inventory and Cost of Sales				X

Projects Selected by Stakeholder Type



Projects Selected by FASB Group

■ FASAC ■ EITF ■ IAC ■ NAC ■ PCC ■ SBAC



Past Survey Results

May 2013 Survey – Top 5 Projects

1. Disclosure Framework
2. Financial Instruments: Hedging
3. Conceptual Framework
4. Financial Instruments with Characteristics of Equity
5. (tie) Pensions and Financial Performance

November 2009 Survey – Top Projects

- Memorandum of Understanding (MOU) projects
 1. Financial Instruments
 2. Revenue Recognition
 3. Financial Statement Presentation
 4. Consolidations
- Non-MOU projects
 1. Conceptual Framework
 2. Disclosure Framework
 3. Disclosures about the Credit Quality and the Allowance for Credit Losses

Agenda Consultation - IASB Current Research Program (as listed in the Aug 2015 IASB Request for Views)

Assessment Stage

- Definition of a Business
- Discount Rates
- Goodwill and Impairment★
- Income Taxes★
- Pollutant Pricing Mechanisms
- Post-employment Benefits (including Pensions)★
- Primary Financial Statements (previously Performance Reporting)★
- Provisions, Contingent Liabilities and Contingent Assets
- Share-based Payment

★ Depending on scope, *could* have commonality with a FASAC top priority.

Agenda Consultation - IASB Current Research Program (as listed in the Aug 2015 IASB Request for Views)

Development Stage

- Business Combinations under common control
- Disclosure Initiative—Principles of Disclosure (including Standards-level Review of Disclosures)★
- Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging
- Equity Method of Accounting
- Financial Instruments with Characteristics of Equity★

Inactive Projects

- Extractive Activities / Intangible Assets / R&D★
- Foreign Currency Translation
- High Inflation

★ Depending on scope, *could* have commonality with a FASAC top priority.

Next Steps – FASAC/FASB

- Publish the full compilation of the survey responses (4Q)
- Discussion Paper –
 - FASB developing the paper
 - Will incorporate and consider the survey results
 - Will seek broad stakeholder input on possible agenda ideas and priorities
 - FASB plans to issue in 1Q 2016.