

STAFF PAPER

4 November 2015

Prepared for the Global Preparers Forum Meeting

Project	IASB Update		
Paper topic	Technical Activities – Update		
CONTACT(S)	Hugh Shields	hshields@ifrs.org	+44 (0)20 7332 2733
	Peter Clark	pclark@ifrs.org	+44 (0)20 7246 6451
	Kumar Dasgupta	kdasgupta@ifrs.org	+44 (0)20 7246 6902
	Henry Rees	hrees@ifrs.org	+44 (0)20 7246 6466

This paper has been prepared for discussion at a public meeting of the GPF. The views expressed in this paper reflect the individual views of the author and not those of the IASB nor of the IFRS Foundation. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS.

Purpose of the session

1. This report provides an overview of activities of the International Accounting Standards Board in the period June to September 2015. Technical director will provide an oral Update on the activities after September 2015.
2. This report is primarily for information, but any views or comments are welcome.

Structure of this report

3. This paper is structured as follows:
 - (a) Details of due process documents published recently are set out in paragraphs 4 and 5.
 - (b) The key issues relating to technical activities are summarised in paragraphs 6 to 11.
 - (c) The full Technical Activities report is set out in Appendices, as follows:
 - (i) Appendix A - Major Standards;
 - (ii) Appendix B – Implementation Activities;
 - (iii) Appendix C - Research activities; and

- (iv) Appendix D – Update on the Transition Resource Groups.

Due process documents published recently

4. In the period June–September 2015 the IASB has published:
- (a) a Request for Views: 2015 Agenda Consultation;
 - (b) the following Exposure Drafts:
 - (i) Clarifications to IFRS 15 Revenue from Contracts with Customers;
 - (ii) Effective Date of Amendments to IFRS 10 and IAS 28; and
 - (iii) Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund from a Defined Benefit Plan (Proposed amendments to IAS 19 and IFRIC 14).
 - (c) a proposed IFRS Taxonomy Update: IFRS Taxonomy 2015—Common Practice (information technology, media, chemicals and utilities).
5. The IASB has also issued an amendment to IFRS 15 *Revenue from Contracts with Customers*, which confirms a one-year deferral of the effective date of the Standard.

Technical Activities—Key Issues

Different effective dates of IFRS 9 Financial Instruments and the new Insurance Contracts Standard

6. In the period June to September 2015 the IASB has continued to consider the possible accounting consequences of the application of IFRS 9 *Financial Instruments* prior to the application of the new insurance contracts Standard.

2015 Agenda Consultation

7. The IASB issued its Request for Views *2015 Agenda Consultation* on 11 August 2015. It is open for comment until 31 December 2015. This timing aligns with the Trustees' *Structure and Effectiveness Review*, which was issued in July and is open for comment until 30 November 2015.
8. The staff will discuss this topic with the GPF members at this meeting.

Extending the comment period for the Conceptual Framework for Financial Reporting Exposure Draft

9. In May 2015 the IASB published an Exposure Draft (ED) proposing a revised *Conceptual Framework for Financial Reporting*. In October 2014, the IASB decided to set a 150-day comment period for the ED. The IASB set a comment period in excess of the normal minimum period for an ED (120 days), because of the length and complexity of the *Conceptual Framework* ED and the fundamental nature of the *Conceptual Framework*. The IASB decided not to set a longer comment period than 150 days, noting that the *Conceptual Framework* ED had been preceded by a Discussion Paper. Hence, stakeholders should be familiar with the issues addressed.
10. However, since publishing the *Conceptual Framework* ED, the IASB has been encouraged by stakeholders from a number of jurisdictions to extend the comment period by up to two months. Stakeholders note the fundamental the importance of the *Conceptual Framework* for the IASB and its future decisions on Standard and the need for time to develop considered responses to the ED.
11. In response to these requests, the IASB decided, at its September 2015 meeting, to extend the comment period for the ED by 30 days. The comment period for the ED now ends on 25 November 2015.

Appendix A - Major projects

Work plan—projected targets as at 25 September 2015

Major Projects				
Next major project milestone				
	Current activity	Within 3 months	Within 6 months	After 6 months
Upcoming Standards				
Insurance Contracts	Analysis			Issue IFRS
Leases	Drafting IFRS	Issue IFRS		
Published Exposure Drafts				
<i>Conceptual Framework</i> [Comment period ends 25 November 2015]	Public Consultation			Decide Project Direction
Upcoming Exposure Drafts				
Disclosure Initiative — <i>Changes in accounting policies and estimates</i>	Analysis			Publish ED
Disclosure Initiative — <i>Materiality Practice Statement</i>	Drafting ED	Publish ED		
Published Discussion Papers				
Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging	Analysis			Publish DP
Rate-regulated Activities	Analysis			Publish DP
Upcoming Discussion Papers				
Disclosure Initiative — Principles of disclosure	Analysis		Publish DP	
The Disclosure Initiative is a portfolio of Implementation and Research projects.				

Insurance Contracts

Last due process document	Revised ED published in June 2013 with a comment period of 120 days. <i>In March 2015 the IASB published on its website an overview of the IASB's tentative decisions on the general model that would apply to insurance contracts without participation features, and the IASB's reasons for reaching those decisions.¹</i>
Current status	The IASB is redeliberating its proposals set out in the ED since January 2014.
Timing	The IASB to complete its redeliberations in Q4 of 2015 and issue a Standard in 2016.

- A1. The IASB received 194 comment letters and undertook extensive outreach and detailed field-testing of the operability 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.
- A2. During redeliberations, the IASB has maintained extensive dialogue with all interested parties and continues to consult its advisory bodies
- A3. 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

¹ Access the document [Insurance Contracts without Participation Features](#).

decisions was largely consistent with the feedback that it had heard on the June 2013 ED.

- A4. After extensive consideration, the IASB is now reaching tentative conclusions on the accounting model for contracts with participating features. This was one of the most difficult and contentious aspects on which the IASB sought feedback, in particular, the treatment of the insurer's interest in the investment portfolio underlying the participating contracts. The IASB has considered feedback on the proposals in the 2013 ED and tentatively decided to refine those proposals for some contracts with participating features that addresses their core concerns. The IASB is now considering follow-up consequences of that tentative decision.
- A5. The staff is planning to finalise the redeliberations by the end of 2015.

Leases

Last due process document	Revised ED published in May 2013.
Current status	The IASB's redeliberations were completed in March 2015 (subject to discussion about effective date and any sweep issues arising during drafting).
Timing	Standard currently expected to be issued in Q4 of 2015.

The Conceptual Framework

Last due process document	ED published in May 2015 with a comment period of 150 days. As noted in paragraph 11, the IASB decided at its September 2015 meeting to extend the comment period for the ED by 30 days.
Current status	The IASB's redeliberations of the DP were completed in October 2014.
Timing	Not yet determined.

- A6. The *Conceptual Framework* sets out the concepts that underlie the preparation and presentation of financial statements. It is not a Standard and does not override any specific Standard. 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.
- A7. The IASB published a Discussion Paper (DP) in July 2013. It has now completed its redeliberations of that DP and published the ED *Conceptual Framework for Financial Reporting* in May 2015. During its redeliberations of the DP the IASB sought input on various topics from its advisory bodies: the Advisory Council, the Accounting Standards Advisory Forum (ASAF), the Capital Markets Advisory Committee (CMAC) and the Global Preparers Forum (GPF).
- A8. During the comment period on the *Conceptual Framework* ED we are conducting outreach meetings to raise awareness of and obtain feedback on our proposals. We have held meetings with a range of stakeholders including standard-setters, regulators, users of financial statements, preparers, academics and auditors.
- A9. The staff will discuss this topic with the GPF members at this meeting.

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

Last due process document	DP published in April 2014 with a comment period of 180 days.
Current status	The IASB is redeliberating proposals.
Timing	Not yet determined.

- A10. 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.
- A11. The IASB received 126 comment letters in response to the DP. The staff discussed the comments received with the IASB in Q1 of 2015. A summary of the comment letters and other feedback (including from users) received is available on the IASB website.
- A12. Although we have 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.
- A13. The IASB commenced discussions about the next steps in the project at its meeting in May 2015. It decided to consider if the information needs of constituents concerning dynamic risk management activities can be addressed through disclosures before considering the areas that need to be addressed through recognition and measurement.
- A14. The IASB also decided to prioritise the consideration of interest rate risk and consider other risks at a later stage in the project.

A15. The IASB has decided that the project should remain in the research programme with the aim of publishing a second DP.

Rate-regulated Activities

Last due process document	DP published in September 2014 with a comment period of 120 days.
Current status	The IASB is redeliberating proposals.
Timing	Not yet determined.

A16. The IASB received 118 comment letters in response to the DP. The staff provided a preliminary analysis of the comments to the IASB at its meeting in February 2015. Responses to the DP suggested that:

- (a) a type of rate regulation that contains elements of both cost recovery and incentive approaches, termed ‘defined rate regulation’ in the DP, creates distinguishable financial effects.
- (b) the financial effects of defined rate regulation may not be faithfully represented by the existing predominant IFRS practice.
- (c) there is strong support for recognising at least some regulatory deferral account balances in IFRS financial statements. A common suggestion made is to explore an approach based on the principles in IFRS 15, focusing on the entity’s rights and obligations relating to its customers as a whole (the customer base), instead of on individual customer contracts.

A17. A summary of the comment letters and other feedback (including from users) is available on the project page on the IASB website.

A18. The IASB commenced discussions about the next steps in the project at its meeting in May 2015. The IASB decided that the development of a second DP would be the fastest way to progress the project.

Disclosure Initiative

A19. 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, which 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.

A20. The Disclosure Initiative includes the following research projects:

- (a) Principles of Disclosure—review of IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*; and
- (b) Standards-level review of disclosures.

A21. The Disclosure Initiative also includes the following implementation projects:

- (a) narrow-scope amendments to IAS 1 (completed);
- (b) narrow-scope amendments to IAS 7 *Statement of Cash Flows*; and
- (c) narrow-scope amendments to IAS 8 (Exposure Draft to be issued).

A22. In addition to these implementation projects, the IASB will publish an ED of a Practice Statement on the application of materiality.

A23. In the period June–September 2015 the IASB has focused on completing the narrow-scope amendments to IAS 7 and the drafting on the Principles of Disclosure DP.

Principles of Disclosure—review of IAS 1 and IAS 8

Last due process document	No due process documents issued.
---------------------------	----------------------------------

Current status	The IASB is developing a DP.
Timing	DP to be published in Q1 of 2016.

- A24. 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 and IAS 8. The project may also affect the review of disclosure requirements and guidance in other Standards.
- A25. The IASB agreed the scope of the project in April 2014 and discussed the project regularly during 2014. Advice on specific topics was sought from the ASAF, the GPF and the CMAC during 2014 and in Q1 of 2015. The staff have also conducted a variety of meetings and conference calls with constituents on specific topics in preparing papers for the IASB meetings.

Standards-level review of disclosures

- A26. 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*](#).
- A27. 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. This project will be informed by the principles being developed in the Principles of Disclosure project.

Amendments to IAS 7

- A28. 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 sought to improve the disclosures about liquidity, including restrictions on cash and cash equivalents.

- A29. At its meeting in September 2015 the IASB tentatively decided to proceed with the proposed amendment to improve disclosures about changes in an entity's liabilities arising from financing activities. The IASB will continue its work on improving liquidity disclosures.

Amendments to IAS 8

- A30. At its meeting in May 2015 the IASB discussed how to clarify the existing distinction between a change in an accounting policy and a change in an accounting estimate. At that meeting, the IASB tentatively 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 now planned for Q1 of 2016.

Materiality

- A31. The IASB has conducted outreach with national and regional standard-setters regarding local guidance and practice on the application of materiality. It has also spoken on various topics to the ASAF, the GPF, the WSS, the Advisory Council, IOSCO and the International Auditing and Assurances Standards Board (IAASB) about how materiality is applied in practice and the need for potential guidance.
- A32. 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 staff have been liaising with securities regulators for that reason and are confident of developing helpful, non-mandatory guidance that is globally accepted.
- A33. The IASB will publish the ED in Q4 of 2015 with a comment period of 120 days.
- A34. The staff will discuss this topic with the GPF members at this meeting.

Appendix B – Implementation activities

Work plan—projected targets as at 25 September 2015

Implementation Projects				
Next major project milestone				
Narrow-scope amendments	Current activity	Within 3 months	Within 6 months	After 6 months
Annual Improvements 2014–2016	Drafting ED	Publish ED		
Clarifications Arising from the Post-implementation Review (Proposed amendments to IFRS 8)	Drafting ED	Publish ED		
Clarifications of Classification and Measurement of Share-based Payment Transactions (Proposed amendment to IFRS 2)	Analysis	Decide Project Direction		
Clarifications to IFRS 15 <i>Revenue from Contracts with Customers: Issues emerging from TRG discussions</i>	Public Consultation	Decide Project Direction		
[Comment period ends 28 October 2015]				
Classification of Liabilities (Proposed amendment to IAS 1) [Comment period ended 10 June 2015]	Public Consultation	Decide Project Direction		
Different effective dates of IFRS 9 and the new insurance contracts Standard	Drafting ED	Publish ED		
Disclosure Initiative—Amendments to IAS 7 [Comment period ended 17 Apr 2015]	Analysis	Decide Project Direction		
Effective Date of Amendments to IFRS 10 and IAS 28	Public Consultation	Decide Project Direction		
Fair Value Measurement: Unit of Account	Analysis			Issue IFRS
Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to IAS 12)	Drafting IFRS		Issue IFRS	
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) [Comment period ends 19 October 2015]	Public Consultation			Decide Project Direction
Transfer of Investment Property (Proposed amendments to IAS 40)	Drafting ED	Publish ED		

Interpretations	Current activity	Within 3 months	Within 6 months	After 6 months
Draft IFRIC Interpretation—Accounting for Uncertainties in Income Taxes	Drafting DI	Publish DI		
Draft IFRIC Interpretation—Foreign Currency Transactions and Advance Consideration	Drafting DI	Publish DI		

IFRS Interpretations Committee update is provided in Agenda Paper 2.

Clarifications to IFRS 15 Revenue from Contracts with Customers

- B1. The IASB published an ED in July 2015 proposing clarifications to IFRS 15. The clarifications result from the IASB's consideration of issues discussed by the Revenue Transition Resource Group.
- B2. The ED is open for comment until 28 October 2015.

Fair Value Measurement: Unit of Account (Amendments to IFRS 10, IFRS 12, IAS 27, IAS 28 and IAS 36)

- B3. The IASB published an ED to clarify the unit of account for investments in subsidiaries, joint ventures and associates and their corresponding fair value measurement when those investments are quoted. The ED closed for comment on 16 January 2015.
- B4. The ED also included a proposed illustrative example to IFRS 13 *Fair Value Measurement* to illustrate the application of the portfolio exception of that Standard.
- B5. At its meeting in April 2015 the IASB tentatively decided 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.

B6. At its meeting in July 2015 the IASB decided that further research should be undertaken on the proposals set out in the ED.

B7. The staff will discuss this topic with the GPF members at this meeting.

Remeasurement on a plan amendment, curtailment or settlement/Availability of a refund from a defined benefit plan (Proposed amendments to IAS 19 and IFRIC 14)

B8. The IASB published an ED in June 2015 to clarify:

- (d) the availability of a refund of a surplus from a defined benefit plan when an independent trustee has a unilateral power; and
- (e) the remeasurement on a plan amendment, curtailment or settlement.

B9. The ED is open for comment until 19 October 2015.

Appendix C - Research activities

Work plan—projected targets as at 25 September 2015

Research Projects	
The IASB's Research Programme The objective of the IASB's research programme is to assess perceived problems or deficiencies in IFRS requirements. The research programme was proposed in the 2011 Agenda Consultation. Read more.	
Assessment stage	These projects are assessing possible practice issues to understand if there is a financial reporting problem and, if so, how to address it.
Definition of a Business	IASB discussions are planned for 2015. This project was started as a result of the post-implementation review of IFRS 3 <i>Business Combinations</i> . IASB staff are planning how to address the problems identified.
Discount Rates	IASB discussions are planned for 2015.
Goodwill and Impairment	IASB discussions are planned for 2015. This project was started as a result of the post-implementation review of IFRS 3 <i>Business Combinations</i> . IASB staff are planning how to address the problems identified.
Income Taxes	IASB discussions are planned for 2015.
Pollutant Pricing Mechanisms	The IASB has begun discussions and the next step is likely to be a DP in 2016.
Post-employment Benefits (including Pensions)	IASB discussions are planned for 2015.
Primary Financial Statements (previously Performance Reporting)	The IASB has begun discussions. This project is closely linked with the work being undertaken in the Disclosure Initiative. IASB staff will assess the interaction with the Disclosure Initiative projects before proposing a scope for this project.
Provisions, Contingent Liabilities and Contingent Assets	IASB discussions are planned for July 2015. The next steps are pending developments in the <i>Conceptual Framework</i> project.
Share-based Payment	IASB discussions are planned for 2015.

Development stage	The IASB has completed its assessment work and is developing proposals to respond to the problem(s) identified.
Business Combinations under Common Control	The IASB has begun discussions and the next step is likely to be a DP in 2016.
Disclosure Initiative—Principles of Disclosure (including Standards-level Review of Disclosures)	<p>The IASB has begun discussions and the next step is likely to be a DP (see Major Projects).</p> <p>The Standards-level Review is a component of the Disclosure Initiative—Principles of Disclosure project. The principles defined through that project will be used as the basis for the Standards-level Review.</p>
Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging	The IASB has begun discussions and the next step is likely to be a DP (see Major Projects).
Equity Method of Accounting	The IASB has begun discussions and the next step is likely to be a DP in 2016.
Financial Instruments with Characteristics of Equity	The IASB has begun discussions and the next step is likely to be a DP.
Inactive projects	
Extractive Activities / Intangible assets / R&D activities	The IASB is not currently working on this project.
Foreign Currency Translation	The IASB has completed its assessment work on this project and has no current plans to undertake additional work. It plans to remove this project from the research programme, subject to feedback in the next Agenda Consultation.
High Inflation	The IASB has completed its assessment work on this project and has no current plans to undertake additional work. It plans to remove this project from the research programme, subject to feedback in the next Agenda Consultation.

Assessment-phase projects

Assessment-stage research projects are undertaken to identify and assess practical application issues in order to understand whether there is a financial reporting problem and to consider what further action, if any, is needed.

Once the assessment stage is complete, the project will typically move into the development stage, be suspended or be removed from the research programme.

- C1. The IASB added the projects on the Definition of a Business and Goodwill and Impairment to the research programme in February 2015. The problem-identification-assessment work for these projects was completed in the Post-implementation Review (PIR) of IFRS 3 Business Combinations.

Definition of a business

- C2. The accounting treatment for a business combination differs from the accounting treatment for an asset acquisition. The PIR of IFRS 3 identified some challenges in determining whether a transaction is a business combination or an asset acquisition. This research project will consider whether the challenges can be dealt with by clarifying the existing definition of a business or by eliminating the differences between the two accounting treatments.

Discount rates

- C3. Different discount rates are used in different Standards. The IASB staff are assessing why those differences exist and their effects.

Goodwill and impairment

- C4. This research project will consider three specific issues identified in the PIR of IFRS 3:
- (a) whether changes should be made to the existing impairment test for goodwill and other non-current, non-financial assets;
 - (b) the extent to which other intangible assets should be separated from goodwill; and

- (c) whether goodwill should be amortised.

Income taxes

- C5. The IASB has received feedback that questions the decision-usefulness of some of the information provided by IAS 12 *Income Taxes*. The IASB and the Interpretations Committee have also received many questions about the application of IAS 12.
- C6. The IASB staff are currently analysing the results of recent surveys of users of financial statements and other stakeholders. This analysis should help the IASB to assess whether it should embark on a fundamental review of IAS 12, whether it should consider making targeted improvements to the existing requirements or whether it should take no further action. The IASB expects to consider the findings of the research late in 2015.

Pollutant pricing mechanisms (formerly emissions trading schemes)

- C7. There is significant diversity in how pollutant pricing mechanisms, including emissions trading schemes, are accounted for in practice. The assessment stage is nearing completion. The IASB expects to publish a DP in 2016.

Post-employment benefits (including pensions)

- C8. Previous work has established that existing requirements in IAS 19 *Employee Benefits* do not work well for some schemes that have some features of defined contribution schemes and some features of defined benefit schemes. This project is assessing whether a solution can be developed for these hybrid schemes without reconsidering the current accounting for defined benefit and defined contribution schemes. If not, a more fundamental reconsideration may be needed. The IASB expects to consider the next steps for the project late in 2015.

Primary financial statements (formerly performance reporting)

- C9. In June 2015, the IASB changed the title of the project to 'Primary Financial Statements' and tentatively decided that the project should examine the purpose,

structure and content of the primary financial statements, including the relationship between the individual statements.

- C10. As part of the research project on the principles of disclosure, the IASB tentatively decided in March 2015 that primary financial statements are the statements of financial position, profit or loss and other comprehensive income, changes in equity and cash flows. Issues about performance reporting will be included among the issues being considered in this project.
- C11. The IASB staff are starting to develop a plan for how to progress the project. The initial approach will involve:
- (a) reviewing concepts explored in the old Financial Statement Presentation project, to assess which of them merit further investigation;
 - (b) monitoring work currently being done by the FASB in this area;
 - (c) gathering some background information on how entities using IFRS report on their financial performance;
 - (d) looking at some research work being done on cash flow reporting by the UK Financial Reporting Council; and
 - (e) performing informal outreach to identify the gaps and deficiencies in existing requirements and practices.
- C12. Those steps are likely to take several months.

Provisions, contingent liabilities and contingent assets

- C13. Concerns have been raised about aspects of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, in particular:
- (a) the requirements for identifying liabilities (and especially how those requirements have been applied for levies and for restructuring costs); and
 - (b) diversity in the application of the measurement requirements.

- C14. The IASB staff have presented their research findings to members of the ASAF and the IASB. The members in each meeting discussed:
- (a) a range of matters that have been raised as possible problems with IAS 37; and
 - (b) the implications of proposed amendments to the Conceptual Framework.
- C15. The IASB is likely to wait until it is close to finalising revisions to the Conceptual Framework before making any decisions on whether to start an active project to amend aspects of IAS 37. In the meantime, the staff are continuing to gather evidence about matters that need to be addressed within the scope of such a project.

Share-based payment

- C16. Many respondents to the 2011–2012 Agenda Consultation commented on the complexity of IFRS 2 *Share-based Payment*, which is evidenced by a number of submissions to the Interpretations Committee. The objective of the research project is to identify the main areas of complexity and their causes. The IASB expects to consider the findings of the research before the end of 2015.

Development stage projects

These are research projects for which the IASB has completed the preliminary assessment and decided that the project warrants further investigation. Generally, the IASB will have established that there is a financial reporting problem to be addressed by the project, but will not yet have decided whether any changes to IFRS are likely to be required.

Thus, the main focus of development-stage projects will be assessing whether the IASB can identify a solution to the financial reporting problem and describing what form that solution is likely to take.

The output from a development-stage project is likely to be the publication of a DP.

- C17. Dynamic **Risk Management and Disclosure Initiative—Principles of Disclosure** are development-phase research projects; their progress is reviewed in paragraphs A10 to A15 and A19 to A23.

Business combinations under common control

- C18. Business combinations under common control, including those undertaken when preparing for initial public offerings, are excluded from the scope of IFRS 3, because the combining entities are controlled by the same party. The IASB has observed diversity in practice in accounting for such transactions. The IASB expects to publish a DP in 2016.

Equity method of accounting

- C19. The equity method of accounting is used to account for an investor's interests in associate entities, joint ventures and for subsidiaries in separate financial statements. There has been a high level of submissions to the Interpretations Committee, highlighting the complexities of that method and suggesting the need for a fundamental review of the equity method. In June 2015, the IASB decided to focus on a narrower-scope research project to address application problems arising from the equity method requirements set out in IAS 28 *Investments in Associates and Joint Ventures*. The IASB expects to publish a DP in 2016.
- C20. The IASB plans to consider the need for a wider research project on the equity method after completion of the PIRs of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*.

Financial instruments with characteristics of equity

- C21. The classification of financial instruments as liabilities or equity in accordance with IAS 32 *Financial Instruments: Presentation* presents many challenges. The project is exploring whether the existing classification requirements in IAS 32 could be improved. In addition, the project is looking at what improvements could be made to the presentation and disclosure requirements for financial instruments with characteristics of equity. The timing of a DP has yet to be determined.

Inactive projects

Inactive projects are projects for which the IASB has no current plans to undertake additional work.

Extractive activities/intangible assets/R&D activities

- C22. A project team of national standard-setters from Australia, Canada, Norway and South Africa undertook a research project on extractive activities (such as mining and the extraction of oil or gas). The IASB published the team's findings in April 2010. In October 2010 the IASB considered the comments received and decided not to do any additional work until after the 2011–2012 Agenda Consultation. That consultation highlighted broader concerns about the accounting for research and development activity and the recognition and measurement of intangible assets. These issues have parallels with some issues arising in the extractive activities.
- C23. However, in response to the feedback from the 2011–2012 Agenda Consultation, the IASB assigned a low priority to the project. As a result, the IASB has not carried out any further direct research to date and has not received strong demand to do so.

Foreign currency translation

- C24. In the research project on foreign currency translation, the IASB looked at two sets of issues raised by the Korea Accounting Standards Board (KASB):
- (a) whether the accounting requirements for long-term payables and receivables denominated in a foreign currency are appropriate when the currency is volatile and thinly traded; and
 - (b) whether a more comprehensive review of IAS 21 The Effects of Changes in Foreign Exchange Rates is needed to address some other matters raised with the Interpretations Committee and identified through the work of the KASB.
- C25. The IASB completed its assessment of these issues in October 2014 and has no current plans to undertake additional work. The IASB plans to remove this

project from the research programme, subject to feedback in the current Agenda Consultation.

High inflation

- C26. In this research project on high inflation, the IASB considered a request made by the Group of Latin American Standard Setters (GLASS) to:
- (a) eliminate or reduce the cumulative inflation rate threshold currently included in IAS 29 *Financial Reporting in Hyperinflationary Economies* to identify when hyperinflation exists; and
 - (b) modify the procedures for reporting the adjustments resulting from restating the financial statements.
- C27. The IASB completed its assessment of these issues in April 2015 and has no current plans to undertake additional work. The IASB plans to remove this project from the research programme, subject to feedback in the current Agenda Consultation.

Appendix D: Update on the Transition Resource Groups

Joint Transition Resource Group (TRG) for Revenue Recognition

- D1. The IASB and the US Financial Accounting Standards Board (FASB) have formed a limited-life Joint Transition Resource Group for Revenue Recognition (TRG). The TRG has been established to inform the IASB and the FASB about potential implementation issues that could arise when companies and organisations implement the new Standard. The TRG also provides stakeholders with an opportunity to learn about the new Standard from others involved with implementation. The TRG does not issue guidance.
- D2. The TRG met in July 2015 for the fifth time. Only one of the issues discussed at that meeting was identified as needing further consideration by the IASB. The issue relates to the transition requirements in the revenue Standard. The IASB considered this issue at its September 2015 meeting and concluded that standard-setting is not required. The next meeting of the TRG is scheduled for 9 November 2015. There are no TRG meetings scheduled for 2016. The IASB and the FASB will arrange further meetings on an as-needed basis.
- D3. The IASB published the ED *Clarifications to IFRS 15* in July 2015. As reported previously, this ED stems from the IASB's considerations of issues emerging from TRG meetings. The ED proposes amendments to clarify the application guidance for licences of intellectual property and principal versus agent considerations. It also proposes to add examples illustrating particular aspects of identifying performance obligations, and to include a practical expedient to ease the process of making the transition to the new Standard for particular contracts. 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. The FASB has also decided to add a practical expedient for sales taxes. The Basis for Conclusions on the IASB's ED explains the reasons why the IASB reached different decisions to the FASB, when that is the case.

- D4. The comment period for the ED ends on 28 October 2015. The IASB plans to complete substantive redeliberations by the end of 2015 and issue final amendments in the Q1 of 2016.
- D5. In May 2015, the IASB published the ED *Effective Date of IFRS 15*, proposing a one-year deferral of the effective date of IFRS 15 to 1 January 2018. In September 2015, having considered the feedback received on that ED, the IASB issued the amendment to IFRS 15 confirming the deferral of the effective date by one year (early application continues to be permitted). The FASB also decided in July 2015 to defer the effective date of its revenue Standard by one year to 2018 for public companies, with application in 2017 permitted.

TRG: Impairment of Financial Instruments

- D6. The Impairment of Financial Instruments Transition Resource Group (ITG) has held its second meeting in London (on 16 September). Six submissions (covered in four Agenda Papers) pertaining to the new impairment requirements in IFRS 9 were discussed at the meeting.
- D7. The ITG's discussions highlighted that constituents generally agreed with the accounting analysis presented by the staff for each of the issues raised by submitters. As with the previous meeting the discussion focused on the various implementation challenges and how constituents were addressing these in practice. One of the submissions discussed at the meeting will also be discussed with the IASB.
- D8. The next meeting of the ITG is scheduled for 11 December 2015. No further submissions have been received to date. However, one of the submissions received for the September meeting has been carried forward and will be discussed at the December meeting.

Schedule of future advisory group meetings, including TRG

D9. In terms of the future, the following meetings are scheduled until the end of 2015:

Group	Date	Location
IFRS Taxonomy Consultative Group (ITCG)	27 October (face-to-face meeting) and 9 December (conference call).	London
IFRS Advisory Council	2-3 November.	London
Global Preparers Forum (GPF)	4 November.	London
Capital Markets Advisory Council (CMAC)	6 November.	London
Joint TRG Revenue Recognition (RTRG)	9 November.	London and Norwalk (simultaneously).
IFRS Interpretations Committee (IFRIC)	10-11 November.	London
Emerging Economies Group (EEG)	1-2 December	Saudi Arabia
Accounting Standards Advisory Forum (ASAF)	7-8 December.	London
TRG Impairment of Financial Instruments (ITRG)	11 December.	London