

International Financial Reporting Standards

GPF meeting, 4 November 2015
Agenda paper 5

2015 Agenda Consultation and Trustees' Review

The views expressed in this presentation are those of the presenter,
not necessarily those of the IASB or IFRS Foundation.

Purposes of the session

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- To present a summary of the issues covered in two important public consultations
 - the IASB's 2015 Agenda Consultation
 - the Trustees' Review of structure and Effectiveness
- To seek members' views on six key questions
- To encourage responses to both RFVs
 - 2015 Agenda Consultation available at:
<http://go.ifrs.org/AC-Request-for-Views>
 - Trustees' review available at:
http://go.ifrs.org/Trustees_RFV

IASB 2015 Agenda Consultation

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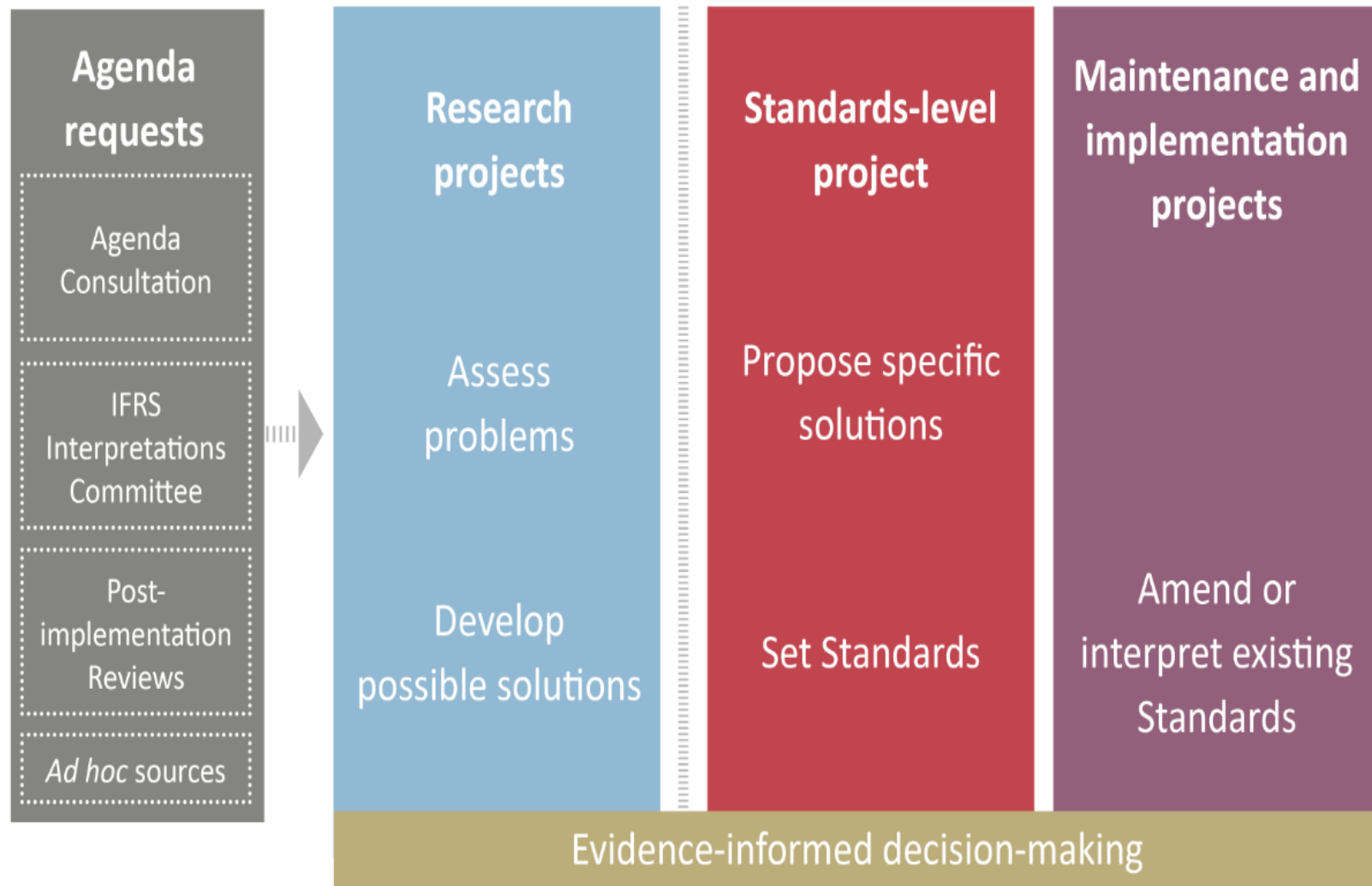
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2011-12 Agenda consultation

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- The IASB first consulted on its agenda in 2011
- In 2012 the IASB published its Feedback Statement
- The IASB would focus on:
 - a small number of major projects in progress at that time (financial instruments, insurance contracts, leases and revenue recognition);
 - the *Conceptual Framework*; and
 - maintenance and implementation
- The IASB also committed to establishing a research programme that would define the problem to be solved before deciding whether to add the project to the work plan

The standard-setting process



2015 Agenda consultation

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- The 2015 Agenda Consultation provides an opportunity to comment on how the IASB prioritises and balances its work plan
- The Request for Views (RFV) was published in August 2015 and is out for comment until 31 December 2015
- The full RFV is available on the IASB's website:
<http://go.ifrs.org/AC-Request-for-Views>
- You can submit a comment letter on the IASB's website
- You can take part in a survey asking which topics you think the IASB should prioritise:
<http://go.ifrs.org/WeNeedYourViews>

Questions in the RFV

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- In the RFV, the IASB asks eight questions. Today we will discuss three of them, questions 3,5 and 6:
 - Q1 the balance of the IASB's projects
 - Q2 the composition of its research programme
 - **Q3 prioritising the research programme**
 - Q4 commenting on the work plan for major projects
 - **Q5 maintenance and implementation projects**
 - **Q6 the level of change**
 - Q7 other comments on the work plan
 - Q8 the frequency of agenda consultations
- You can submit a comment letter on the IASB's website:
<http://go.ifrs.org/AC-Request-for-Views>

Assessment phase

- definition of a business
- discount rates
- goodwill & impairment
- income taxes
- pollutant pricing mechanisms
- post-employment benefits
- primary financial statements
- provisions, contingent liabilities and contingent assets
- share-based payment

Development phase

- business combinations under common control
- principles of disclosure
- dynamic risk management
- equity method
- financial instruments with characteristics of equity

On hold

- extractive activities; foreign currency translation and high inflation

+ Potential project on discontinued operations



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Q 1 for GPF: Research projects

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Both the Request for Views and the survey ask:

- (a) What priority you would ascribe to each research project, allocated between high, medium and low.
- (b) Are there any topics that you would add to, or delete from, the research programme?

What priority do you think should be ascribed to each research project ?

A survey is available at:

<http://go.ifrs.org/WeNeedYourViews>

- The Interpretations Committee addresses issues that:
 - are widespread and have a material effect on those affected
 - would improve financial reporting by reducing diversity
 - can be resolved within existing IFRS and the *Conceptual Framework*
- The IASB also has a number of support activities, not reflected in the work plan, such as:
 - education activities;
 - endorsement and adoption support;
 - IFRS Taxonomy; and
 - the IFRS translation process

Q 2 for GPF: Implementation

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Are the IASB and the Interpretations Committee providing the right mix of implementation support to meet stakeholders' needs and is that support sufficient?

- Since the last Agenda Consultation:
 - the IASB has issued 15 annual improvements, narrow-scope amendments or Interpretations relating to 21 Standards; and
 - the Interpretations Committee has issued 54 agenda decisions
- Some suggest that we make too many changes to IFRS; others think that more improvements should be prioritised

Q 3 for GPF: Level of change

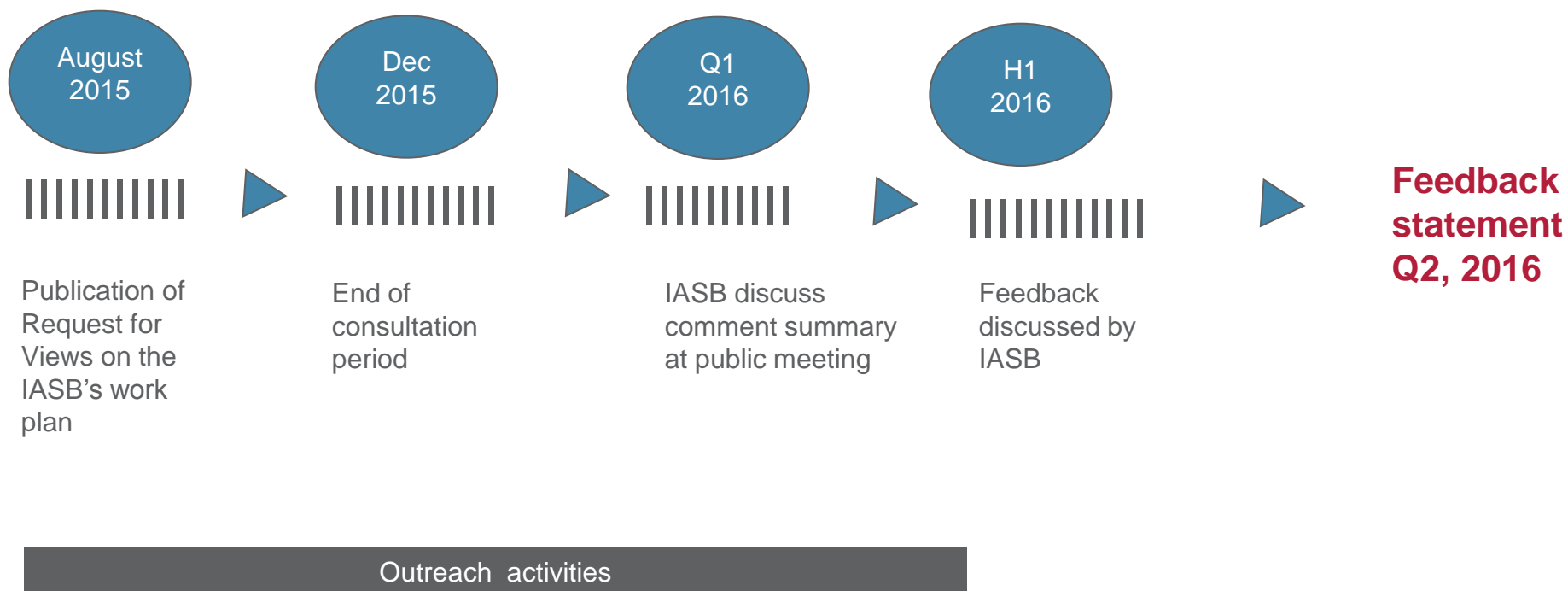
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- The IASB balances requests for fundamental improvements to IFRS and requests for fine-tuning of existing IFRS against the constraints that it and its stakeholders necessarily put on change

Does the IASB's work plan as a whole deliver change at the right pace?

What's next?

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Trustees' Review of Structure and Effectiveness

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- The Strategic Overview 2015-17 contains four primary strategic goals:
 - (1) to develop a single set of principle-based financial reporting standards;
 - (2) to pursue the global adoption of IFRS;
 - (3) to support the consistent application and implementation of IFRS globally; and
 - (4) to ensure that the IFRS Foundation, as an organisation, is independent, stable and accountable.
- Focus is on (1), (3) and (4) above.

Goal 1: single set of Standards

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- Consultation focuses on relevance of IFRS and covers:
 - which entities? Public sector, private not-for-profits
 - the boundaries of financial reporting: non-IFRS, Alternative Performance Measures?
 - the IASB's role in wider corporate reporting
 - role of the IFRS Taxonomy
 - technological developments in the context of general purpose financial reporting

Q 4 to GPF: Single set of Standards

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- How can we ensure that the relevance of IFRS is maintained in the face of developments in financial reporting, corporate reporting and technology?
 - should the IASB develop Standards for entities in the private or not-for-profit sector?
 - should the IASB be involved in wider corporate reporting, such as the International Integrated Reporting Council (IIRC)?
 - what should our strategy be with regard to the IFRS Taxonomy?
 - how can we factor changes in technology into our work?

Goal 3: consistent application of IFRS

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- Trustees' view is that this is a main theme of the review.
- RFV outlines efforts and progress made:
 - clear, understandable and enforceable Standards;
 - a principle-based approach to standard-setting;
 - co-operation with securities regulators, audit regulators, national accounting bodies and national standard-setters;
 - work of the Interpretations Committee;
 - education activities in support of consistent application;
 - Post-implementation Reviews.

Q 5 for GPF: Consistent application

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- What are your views on what the Foundation is doing to encourage the consistent application of IFRS?
- Considering resourcing and other limitations, do you think that there is anything more that the Foundation could and should be doing in this area, including:
 - scope for enhancing co-operation with others;
 - enhancing work of the Education Initiative in this area?

Goal 4: Governance and funding

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- Seeking views on:
 - functioning of the three-tier governance structure of Monitoring Board, Trustees and IASB (but not the structure itself);
 - geographical distribution of Trustees and their professional backgrounds;
 - focus and frequency of future reviews;
 - size of the IASB (proposal for 13 members), balance of professional backgrounds and terms of appointment;
 - functioning of the Foundation's funding model.

Q 6 for GPF: Governance and funding

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- Do you have any views or comments on the governance and funding issues raised in the RFV, in particular:
 - the functioning of the three-tier governance structure;
 - the size of the IASB, together with the geographical distribution and professional backgrounds of IASB members;
 - the proposal to change the focus of Trustee reviews to one of strategy and effectiveness, to take place every five years after the completion of the previous review?

Questions and next steps

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- Any other questions or comments on the Trustees' review?
- Deadline for responses 30 November 2015
- Respond via:.
- Comment letter summary scheduled to be presented to the Trustees at their January 2016 meeting
- Feedback analysis, including proposals for Constitutional changes and any further due process, May 2016 Trustees' meeting

Thank you

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