IFRS

STAFF PAPER

April 2016

IASB meeting

Project	**Agenda Consultation**		
Paper topic	New project suggestions		
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Purpose of this paper

1. The feedback received on the Agenda Consultation included suggestions for additional projects to be added to the Board's agenda. The objective of this paper is to help the Board identify which of these suggestions should be considered further when the Board is asked to take preliminary decisions about its future agenda at the May Board meeting.

2. This paper provides a summary analysis of new projects suggested in the feedback received on the Agenda Consultation. That analysis is included in Appendix A to this paper.

3. This paper also includes the staff's proposals about which of the suggestions should be brought back to the Board next month for further consideration and which ones we think should not be considered further within the Agenda Consultation. The Board will be asked if it agrees with these proposals and whether it has any specific questions or comments it wants us to consider for the May Board meeting.

4. This paper sets out:

   (a) A description of the review and analysis undertaken (paragraphs 5-6),

   (b) A summary of the project suggestions that we think should be brought back to the Board in May for further consideration (paragraphs 7-19),

(c) a summary of the project suggestions that we think need further investigation and analysis before May(paragraphs 20-33), and

(d) question for the Board.

Description of the review and analysis undertaken

5. We reviewed all comment letters received on the agenda consultation to identify suggestions for possible additional projects to be added to the Board's agenda. Some of those suggestions are closely related to an existing project on the Board's agenda; where this was the case the relevant project team will include that comment received was included in their analysis of the comments received on the agenda consultation for that project. Some of the project-specific papers are being presented this month, and the others will be brought next month.

6. Each of the project suggestions that has not been linked to an existing project has been assessed in Appendix A. Those project suggestions that we think should be considered further for the Board's future agenda are listed in paragraph 7. For some project suggestions, we think more information is needed, either from the submitter, or other sources, in order to analyse whether that suggestion should be considered further. Those project suggestions are included in paragraph 20; we will bring further analysis of those projects to the May Board meeting.

Project suggestions proposed for further consideration

7. The following six project suggestions are ones that we think the Board should consider further as possible additional projects to add to its agenda. The setting of the Board's agenda is a question of identifying priorities among possible projects, so we propose that these projects be considered at the May Board meeting against other competing claims on the Board's resources. The reference indicates the paragraph reference in the appendix where more detail about the project suggestion can be found.

    (a) IFRS reporting by subsidiaries

    (b) General principles for separate financial statements

(c) Digital currencies, including cryptocurrencies

(d) Wider corporate reporting initiatives, including impact of environmental risks on financial reporting

(e) Reporting by not-for-profit entities

(f) Withdrawal of IAS 26 *Accounting and Reporting by Retirement Benefit Plans*

IFRS reporting by subsidiaries (reference A1[1])

8. Some countries permit reduced note disclosures in the financial statements of non-publically accountable subsidiaries of listed entities, whilst requiring (or permitting) the same recognition and measurement policies to be applied as used by the parent entity. Introducing this approach to IFRS Standards has been identified by some as having potential to reduce costs in financial reporting for subsidiaries of listed groups.

9. The Board could undertake initial research to assess feasibility of this approach. Typically these subsidiaries would meet the IFRS definition of an SME, so the Board could explore the use of disclosures from the IFRS for SMEs but with the recognition and measurement of full IFRS. We do not recommend exploring the development of push-down accounting, which would result in a change in measurement basis for the subsidiaries.

General principles for separate financial statements (reference A3)

10. Separate financial statements are important in many jurisdictions, and will often provide the basis for dividend distribution and the starting point for income tax assessment. IFRS Standards make little reference to separate financial statements, whether in terms of specific requirements or specific exceptions from the general IFRS requirements.

11. We think the Board could undertake a preliminary assessment of this issue, including consideration of the needs of users of separate financial statements. This could draw

[1] The reference number refers to the paragraph number in the Appendix where more detail about the comments received is provided

on the guidance about user needs in the revised Conceptual Framework after that has been finalised.

Digital currencies, including cryptocurrencies (reference A18)

12. A digital currency can be thought of as an online currency that can be used to settle transactions. The use of digital currencies is an emerging business practice.

13. We think the Board could undertake some preliminary research in this area to understand better the issues before making a formal decision about whether to add this project to the Board's agenda. As a first step we think the Board could ask the NSS that raised this issue to do that initial research.

Wider corporate reporting initiatives, including impact of environmental risks on financial reporting (reference A24-A27)

14. The Trustees of the IFRS Foundation proposed, in their request for views Trustees' *Review of Structure and Effectiveness: Issues for the Review* (the Trustees' RFV), that the Board should play an active role in wider corporate reporting. A large majority of those who responded on this issue agreed with the Trustees' view, with a number of respondents cautioning against the Board taking on further responsibilities in this area. At their meeting in January 2016, the Trustees reaffirmed the Board's current approach to co-operation with, and monitoring developments of, bodies with responsibility for areas across the whole range of corporate reporting. The Trustees agreed that some modest staff resource should be dedicated to this area. Within the technical staff, there has been a restructuring to set up an enlarged team, known as the Financial Reporting Initiative, whose responsibilities cover the Board's projects on the Disclosure Initiative and Primary Financial Statements, the IFRS Taxonomy, as well as wider corporate reporting.

15. We think this is an area that could be developed further in conjunction with the results from the Trustees' review.

Reporting by not-for-profit entities (reference A32)

16. The Trustees of the IFRS Foundation, in their request for views Trustees' Review of Structure and Effectiveness: Issues for the Review (the Trustees' RFV), asked for

views on whether the Board should extend its remit beyond the current focus to encompass not-for-profit bodies.

17. In May the Trustees will discuss further the responses received to their RFV on this topic and the staff analysis of the issues and potential implications for the Foundation and the Board. Consequently, we think that further consideration of the comments received on this topic should wait for the results of the Trustees' discussions.

Withdrawal of IAS 26 Accounting and Reporting by Retirement Benefit Plans *(reference A35)*

18. IAS 26 was issued in 1987, and has not been revised since. Concerns about its relevance have been raised for some time.

19. We think a first step could be to ask IFASS whether IFASS members believe there is a need to keep IAS 26.

Project suggestions that need further investigation and analysis before further consideration

20. The following project suggestions are ones that we think some additional research or outreach to the submitter is needed in order to allow the Board to consider these projects against others noted above as potential additions to the Board's agenda.
    - (a) Non-reciprocal transactions
    - (b) First-time adoption of IFRS Standards when national GAAP is close to IFRS Standards
    - (c) Clarify when effects of first-time adoption should be recognised outside retained earnings
    - (d) Variable and contingent consideration
    - (e) Risk sharing / collaborative arrangements
    - (f) Consideration of the choice of language and terminology and its translation consequences for IFRS Standards

Non-reciprocal transactions (reference A7)

21. The submitters raising these comments have identified a number of financial reporting issues, and identified the involvement of government as being a common feature. These transactions include tax-like transactions, including levies, pollutant-pricing mechanisms and contributions. We question whether the involvement of government in these transactions is necessarily the root of the most difficult issues.

22. We intend to analyse these suggestions further for discussion at the May Board meeting.

First-time adoption of IFRS Standards when national GAAP is close to IFRS Standards (reference A12)

23. Some jurisdictions have adopted IFRS Standards gradually, or have adopted IFRS Standards as issued by the IASB but labelled these standards as local GAAP. The concern raised is about how (or whether) IFRS 1 should be applied in those jurisdictions when local law or regulation requires or permits entities to report on the basis of IFRS as issued by the IASB.

24. We think some follow-up discussions with the submitter to understand better their experience of the issue. We would plan to bring this further information to the Board in May. If the Board decides to explore this further, we think a first step could be to consult the national standard setters in the jurisdictions affected to understand the extent of the issue and their views on possible solutions.

Clarify when effects of first-time adoption should be recognised outside retained earnings (reference A13)

25. IFRS 1 requires that the adjustments for the first-time application should be recognised “directly in retained earnings (or, if appropriate, another category of equity)”. The submitter notes that there is no IFRS guidance that indicates when it is appropriate to recognise such adjustments in another category of equity.

26. This is not an issue that we are familiar with, so we propose that we follow up first with the submitter to understand more about the concern and report back to the Board in May.

Variable and contingent consideration (reference A14)

27. The question of how to account for variable and contingent payments outside of a business combination has occupied the Interpretations Committee for some time. The Interpretations Committee has been unable to reach conclusions on all of the issues because the existing requirements in IFRS Standards are insufficient in this respect.

28. We think that this issue may be linked in some respects to risk sharing arrangements (see next suggested project). This is because the reason for the variable or contingent payment is sometimes to reflect the transacting parties' desire to share the risks and benefits associated with the asset being transacted. We think that we should bring a further analysis of this issue to the Board in May for consideration.

Risk sharing / collaborative arrangements (reference A15)

29. The topic of risk-sharing / collaborative arrangements is broad. It can include a contract to buy an asset in which the price payable reflects the performance of that asset after the transaction date (thereby sharing the risks and benefits of that asset's performance between the buyer and the seller). This has been the subject of extended Interpretations Committee discussions, as described above.

30. It can also include joint arrangements, and other similar arrangements in which the risks and rewards of a particular activity are shared between the participants. IFRS 11 provides guidance on the accounting for an interest in a joint arrangement, but it does not provide specific guidance on the accounting at the establishment of the joint arrangement. It gives only limited guidance on how to account for variations to a joint arrangements - the Board issued an amendment to IFRS 11 in 2014 to add requirements on the accounting for the acquisition of an interest in a joint operation.

31. We think that we could bring a further analysis of this issue to the Board in May for consideration.

Consideration of the choice of language and terminology and its translation consequences for IFRS Standards (reference A41-A43)

32. A number of stakeholders have highlighted a need that they see for the Board to consider its use of language and terminology in IFRS Standards and the consequence for understandability of the Standards, including when the Standards are translated.

33. We think that the Board could consider taking a coordinated look at this issue. The AASB and the KASB have already started some work in the area of terms of judgement. The Board could ask these and other NSS to lead some research on this topic. We propose to develop some further ideas in this area to bring to the May Board meeting for the Board to consider further

Question for the Board

Question for the Board
Does the Board agree with, and does it have any questions or comments about the projects that we propose to undertake further analysis of for the May meeting (paragraphs 20-33), or on the selection of other suggested projects (paragraphs 7-19) that we propose be considered further in May as part of the Agenda Consultation work?

Agenda Consultation - suggestions for additional projects

This appendix analyses suggestions made by respondents to the Agenda Consultation for new projects, and includes staff comments on possible next steps, if any.

Ref	*Topic*	*Feedback received*	*Possible next steps*
	Reporting entity		
A1	IFRS reporting by subsidiaries (Shell CL56, 100 Group CL85, Accounting Methodological Centre CL45)	In some countries, such as the UK, there is a legal requirement for individual entities (including subsidiaries of listed entities) to prepare and file financial statements. In the UK and Australia, the relevant national standard-setters have developed accounting regimes for individual entities that are based on "full IFRS" recognition and measurement principles but with reduced disclosures. We suggest that the Board considers developing an IFRS with reduced disclosures regime for subsidiaries of companies that prepare their financial statements in accordance with IFRS. (CL85) This is a specific area where the IASB could make a major contribution to eliminating unnecessary costs in preparing financial statements around the world. We also note that, in the European Commission's report on the evaluation of the IAS Regulation, it was highlighted that "some suggested a lighter version of IFRS, with reduced disclosures, for subsidiaries of listed groups". (CL56) Enable the entity to use the same values when preparing its own financial	The Board could undertake initial research to assess feasibility of this approach. Typically these subsidiaries would meet the IFRS definition of an SME, so the Board could explore the use of disclosures from the IFRS for SMEs but with the recognition and measurement of full IFRS. We do not recommend exploring the development of push-down accounting, which would result in a change in measurement basis for the subsidiaries.

		statements that are used in the consolidated financial statements of the ultimate parent company (CL45)	
A2	Extend or clarify exemption from consolidation in IFRS 10. paragraph 4(a)(iv) requires that the parent produces financial statements: (HK CPA CL78, AOSSG CL102)	The condition set out in paragraph 4(a)(iv) of IFRS 10 appears to have no clear rationale and is inconsistent with the thinking reflected in paragraph 3.24 of the IASB's Exposure Draft ED/2015/3 *Conceptual Framework for Financial Reporting* in relation to the boundary of a reporting entity. Consider deleting this criterion [HKICPA CL78, AOSSG CL102]	The request from HKICPA is for an expansion of the exemption from preparing consolidated financial statements by an intermediate parent entity. The request asks that the Board removes the requirement that a parent higher up the group prepares consolidated IFRS financial statements that are available to the public. Removing that requirement would remove an important safeguard for investors in that it might mean that investors would not have access to consolidated financial statements at any level of the group if consolidated financial statements are not publicly available. We do not recommend exploring this request further.
A3	General principles for separate financial statements (OIC CL111, 100 Group CL85, ICAEW CL107)	Develop a set of general principles from which to set requirements for separate financial statements. In 2014 OIC jointly with EFRAG, DASB and ICAC issued a Discussion Paper on Separate Financial Statements, which pointed out the need to deal with at least two aspects: - the definition of the objective of the separate financial statements with the development of a specific framework for	Separate financial statements are important in many jurisdictions, and will often provide the basis for dividend distribution and the starting point for income tax assessment.

		these accounts; - some implementation issues due to the use of IFRSs for the separate accounts. (CL111) The usefulness or otherwise of unconsolidated financial statements relative to consolidated financial statements will depend on the user's interests (CL85). In our view, the issues [BCUCC] cannot be adequately resolved until the IASB carries out a broader discussion of the principles for separate financial statements. As noted in our recent response to the IASB's draft revised Conceptual Framework, we feel the IASB could usefully articulate the extent to which its standards should deal with separate financial statements. We recommend that the IASB considers this matter further within its review of the draft revised Conceptual Framework. (CL107)	IFRS Standards make little reference to separate financial statements, whether in terms of specific requirements or specific exceptions from the general IFRS requirements. We think the Board could undertake a preliminary assessment of this issue, including consideration of the needs of users of separate financial statements. This could draw on the guidance about user needs in the revised Conceptual Framework after that has been finalised.
A4	Combined financial statements (KPMG CL51)	There is no specific guidance in IFRS on combined financial statements. As a result, in our experience there is significant diversity in practice, while being an area of considerable interest to investors – e.g. in carve-out or spin-off scenarios (CL51).	The Conceptual Framework ED describes combined financial statements. We think this description would, if finalised, make it clear that combined financial statements can be prepared in accordance with IFRS. We are not aware of widespread demand to develop standards-level requirements and when and how combined financial statements should or may be prepared. We do not propose to bring back further

			analysis on this issue.
A5	Develop the notion of indirect control (new in Conceptual Framework ED) and apply it in setting standards for consolidation and for the equity method from the standpoint of the reporting entity instead of group of entities. (Accounting Methodological Centre CL45)	The Exposure Draft of a new Conceptual Framework has introduced the notion of indirect control (Chapter 3). We suggest to develop this notion and apply it in setting standards for consolidation and for the equity method from the standpoint of the reporting entity instead of group of entities. (CL45)	This notion may be a useful concept for the Board to draw on if it continues its project on the equity method. We do not propose further analysis on this suggestion as part of the agenda consultation.
A6	Require disclosure of 'proportionate shares' (Eumedion CL48)	Require disclosing 'proportionate shares' as part of the existing requirement under IFRS 12 Other Entities to explain the effect that other entities have on the group as a whole…. Since the measurement of proportionate shares is not highlighted in IFRS 12, very few companies are aware of this very efficient means to (in part) meet the objective of IFRS 12. We would therefore request the IASB to explicitly explore a requirement to disclose proportionate shares in the upcoming Post Implementation Review for IFRS 12. (CL48)	The IFRS 12 PIR will start later this year, and we think exploration of this matter could be included in phase 1 of the PIR. Consequently we do not propose to analyse this suggestion further as part of the agenda consultation.
	Transactions with government		
A7	Non-reciprocal transactions, including with government (Deloitte CL89, ESMA CL11, UK FRC CL7,	Our general preference would be for this matter [Pollutant Pricing Mechanisms] to be addressed as part of a wider consideration of non-reciprocal arrangements with governments, and ideally within the revised Conceptual Framework. Indeed, in our recent response to the IASB's draft revised Conceptual Framework, we outlined concerns with the proposed	The submitters raising these comments have identified a number of financial reporting issues, and identified the involvement of government as

	ICAEW CL107)	definition of a liability, including the application of the definition to certain categories of obligation where it is difficult to identify a benefit received eg, levies. We noted in our response that the revised framework should discuss items that come into the category of non-reciprocal arrangements, but which are important features of business activity. If appropriately addressed in the revised Conceptual Framework, it may be possible to avoid the need for specific rules for pollutant pricing mechanisms. (CL107) We continue to encourage the Board to consider non-reciprocal transactions more broadly. Any project should address non-reciprocal inflows (contributions) as well as outflows (including 'tax-like' charges that do not meet the definition of income taxes). (CL89) Alternatively [to addressing levies and other non-exchange transactions in IAS 37], the IASB could consider setting up a separate research project dealing only with transactions with governments that have non-reciprocal character (together with Income Taxes and accounting for Government Grants). If such project is set-up, ESMA is of the view that it should have a high priority. (CL11) The FRC encourages the IASB to consider a research project on non-exchange transactions to address issues in respect of levies, government grants and income taxes. We believe this project should be of high priority because it seems unlikely that the issues surrounding these topics will be resolved without considering the non- exchange non-voluntary nature of levies and income taxes, and the non-exchange nature of government grants. (CL7)	being a common feature. We question whether the involvement of government in these transactions is necessarily the root of the most difficult issues. We intend to analyse these suggestions further for discussion at the May board meeting.
A8	Review IAS 20 (Norwegian ASB	CIPFA would encourage the review of the standard on government grants which is overdue for review and includes a number of treatments	Concerns about the consistency of IAS 20 with the Framework have

	CL95, CPA Australia CL10, CIPFA CL88, AOSSG CL102, AASB CL38, HOTARAC CL5); grants related to investment activities (AFRAC CL62)	inconsistent with the Conceptual Framework. (CL88) Like to see a thorough analysis of accounting issues arising for grants related to investment activities. Their number and complexity is tending to increase, and there is lack of transparency in the financial reporting for such grants. (CL62) The AASB believes its work [on proposals for accounting for income by not-for-profit entities, based on IFRS 15] might be useful as a basis for dealing with all income recognition in one IFRS and facilitate the removal of IAS 20, and the government grant requirements from IAS 41 Agriculture. (CL38) There may be inconsistencies between IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* and IFRS 15 *Revenue from Contracts with Customers*. We also understand that the requirements of IAS 20 may not be compatible with the accounting for Pollutant Pricing Mechanisms. In addition to the research projects listed in the Consultation, we recommend the IASB considers adding a further project to the work plan, to consider whether IAS 20 is still fit for purpose within the IFRS framework. (CL10) HoTARAC recommends the IASB add a project on government grants to align this with 'performance obligation' concept underpinning IFRS 15 Revenues from Contracts with Customers. Consistent with HoTARAC's comments on question 7 below, there is also a lack of guidance about how government grants should be accounted for by grantors. Therefore, HoTARAC recommends the IASB initiate a project to address this. (CL5)	been raised over several years, however specific concerns about the application of IAS 20 or the information it produces have been fewer. Several respondents suggested for a broader review of existing standards against the revised Conceptual Framework. If the Board decides to take on such a project, it could include IAS 20, however we do not see a pressing need to carry out a separate review of IAS 20. One of the comments received (AFRAC CL62) referred to increasing complexity of grants. The IFRS Interpretations Committee has recently been discussing a forgivable government loan which is forgiven if the project which it is financing is unsuccessful, but repayable at twice the amount received if successful. We think that complexities such as this would be better considered as part of a project on risk sharing arrangements – this is considered below. We think the suggestion by

			HoTARAC to provide guidance on the accounting for government grants by the grantor (ie the government) is beyond the scope of the Board's focus on for-profit entities.
	Segments		
A9	Further improvements to segment reporting (CFA Inst, CL119, SFAF CL100, CFA UK CL71, AFRAC CL62)	Desire to see more detail in disclosures, especially around revenues and expenses – current segment disclosures tend to give more detail on balance sheet items. Desire for geographic distribution of revenue and expenses – concern that IFRS 15 disclosures in this area will result in boilerplate. (CL119) IFRS 8 on segment reporting which introduced management approach. We still believe that this approach destroys what is so important for financial information, and in particular for segment reporting, that is to say comparability both over time and between companies in the same field. (CL100) Even though the post-implementation review of IFRS 8 has not brought up issues leading to a related research project, some constituents criticise the lack of verifiability regarding the concept applied in IFRS 8. (CL62) Business activities with different dynamics (e.g. with respect to growth rates, market maturity, margin structure, cyclicality, risk/reward profile) should be reported as separate segments. We would support minimum disaggregation requirements for each segment (e.g.	The Board has not long completed a PIR of IFRS 8 and is currently in the balloting phase for an ED of proposed clarifications and amendments to IFRS 8 in response to the more significant findings from the review. We do not propose that the scope of the project on IFRS 8 is broadened at this stage.

		disclosure of COGS, R&D and SG&A spend). We suggest that the Board consider this in the forthcoming proposals to amend IFRS 8 following the post- implementation review. (CL71)	
A10	Minimum line items for segments (Eumedion CL48)	Consider a new IFRS 8 requirement to disclose a minimum number of the, through the eyes of management, most important line-items… Such a requirement would leave intact the current management perspective as it does not specify which line-items, while it would respond to investors' calls for more granularity. (CL48)	
	First-time adopters		
A11	Simplifications for first-time adopters, eg using existing carrying amount as deemed amortised cost (Japanese Bankers Association CL66)	We also request that a Post-implementation review will be performed on newly- issued standards from the perspective of mitigating IFRS implementation costs for those companies not adopting IFRS. For example, as an exemption from a retrospective application, if first-time adopters will be allowed to apply the carrying amount as of the transition date to the measurement of financial instruments measured at amortised cost, it would significantly reduce compliance burdens of those companies not adopting IFRS, and facilitate transition to IFRS. (CL66)	Part of the Board's standard procedures when developing a new IFRS Standard or an amendment is to consider whether an additional exemption or exception is needed in IFRS 1 for first-time adopters. We therefore do not propose to analyse this suggestion further.
A12	First-time adoption of IFRS where national GAAP is close to IFRS (Deloitte CL89)	How (or whether) IFRS 1 should be applied in jurisdictions that have adopted IFRSs gradually, or that have adopted IFRSs as issued by the IASB but labelled these standards as local GAAP, when local law or regulation requires or permits entities to report on the basis of IFRS as issued by the IASB. This will arise presently in China, Hong Kong and Singapore. We are not convinced that the application of IFRS 1 in these jurisdictions would in all cases be cost effective or provide relevant information to users. (CL89)	Before making a decision on this suggestion, we think some follow-up discussions with the submitter to understand better their experience of the issue. We would plan to bring this further information to the Board in May. If the board decides to explore this further, we think a first step could be to consult the national standard setters in the jurisdictions affected

			to understand the extent of the issue and their views on possible solutions.
A13	Clarify when effects of first-time adoption should be recognised outside retaining earnings (GLASS CL25)	We believe that the IASB should add a project to its research projects related to IFRS 1, First-time Adoption of IFRS, specifically paragraph 11, which indicates that the adjustments for the first-time application of a new IFRS standard should be recognized "directly in retained earnings (or, if appropriate, another category of equity)". We do not find any IFRS guidance that indicates when it is appropriate to recognize such adjustments in another category of equity. Is it when there are unrealized gains? This issue is not clear and creates a lot of confusion both for preparers, regulators and auditors. (CL25)	This is not an issue that we are familiar with, so we propose that we follow up first with the submitter to understand more about the concern and report back to the Board in May.
	Variable and contingent consideration		
A14	Variable consideration (Sanofi CL116,Deloitte CL89, Business Europe CL43, ICAEW CL107)	How to account for variable and contingent consideration for purchase of an asset (ie outside a business combination). IFRIC has conducted work on this area, and should be taken on by IASB. Should be undertaken with FASB (CL116). Contingent pricing of asset acquisitions is very common in modern business and further clarification of the accounting treatment would be helpful. (CL107) There is a lack of guidance (and, in some cases, inconsistent guidance) in the various standards dealing with assets (notably, IAS 16 *Property, Plant and Equipment*, IAS 38 *Intangible Assets* and IAS 2 *Inventories*), and in the absence of such guidance application of either IAS 39 *Financial*	The question of how to account for variable and contingent payments outside of a business combination has occupied the Interpretations Committee for some time. The Interpretations Committee has been unable to reach conclusions on all of the issues because the existing requirements in IFRS Standards are insufficient in this respect. The feedback received by the Interpretations Committee on its decision to not add this issue to its

		Instruments: Recognition and Measurement or IFRS 9 *Financial Instruments* to the liability to make variable payments may not produce a faithful representation of the economic substance of the transaction. … There is an inconsistency in approach between IFRS 3 *Business Combinations* and IAS 16 that is unhelpful and leads to accounting arbitrage in practice. (CL89) This is an issue that the IFRIC has been trying to resolve for a while in respect of asset purchases and business combinations. We think that the Conceptual Framework should provide the principles to deal with this by addressing the question of what the opposite side of the entry should be when there is a variation in a liability or an asset. This is a fundamental question, the answer to which could also provide a route to resolving other matters, such as variations in non-controlling interests. (CL43)	agenda, as well as the feedback received through its outreach activities, indicates that there is significant diversity in practice in accounting for variable and contingent payments outside of a business combination. Respondents to the Interpretations Committee's work on variable payments are of the view that this is an issue that should be addressed by the Board. We think that this issue may be linked in some respects to risk sharing arrangements (see next section). This is because the reason for the variable or contingent payment is sometimes to reflect the transacting parties' desire to share the risks and benefits associated with the asset being transacted. We think that we should bring a further analysis of this issue to the Board in May for consideration.
	New transactions		
A15	Risk sharing / collaborative arrangements (Sanofi	This issue is at the cross roads of topics such as licences, joint arrangements (JV and joint operations), variable consideration and royalties (CL116). [Collaborative agreements] are often signed between a	The topic of risk-sharing / collaborative arrangements is broad.

	CL116, CBN/CNC Belgian Standard Setter CL96, EY CL41)	partner applying IFRS and a partner applying US GAAP (CL116). Working with FASB to achieve convergence should be considered. These arrangements are difficult to account for, as they do not fit within a current standard. The arrangement is based on risk sharing, and not about the sharing of control. As recent standards are primarily based on a control notion, these arrangements require significant judgment in practice with a risk of divergence in practice. We believe the project should cover areas on revenue and expense recognition and the recognition and measurement of assets and liabilities. In practice it also shows to be complex to establish whether there is a current liability to be recognised or whether there is an executory contract of which expenses are recognised in the future. (CL96) We have seen an increase in the number of risk sharing agreements (which are sometimes called collaboration arrangements) in certain industries, such as pharmaceuticals and aerospace and defence. A characteristic of such agreements is that an investor, which often is an entity in the same sector, e.g. a supplier, invests in a certain project (e.g., a new drug, a new plane) without getting decision-making rights. The investor wants a return in case the project turns out to be successful. The return can take the form of a profit participation or through participation in future supplies. However, these arrangements are difficult to account for, as they do not fit within a current standard. Such arrangements are based on risk sharing, and not about the sharing of control. As recent standards are primarily based on a notion of control, the accounting for these arrangements requires significant judgement with a risk of divergence in practice. The project should cover areas on revenue and expense recognition and the recognition and measurement of assets and liabilities. In practice, it also shows to be complex to establish whether	It can include a contract to buy an asset in which the price payable reflects the performance of that asset after the transaction date (thereby sharing the risks and benefits of that asset's performance between the buyer and the seller). This has been the subject of extended Interpretations Committee discussions, as described above. It can also include joint arrangements, and other similar arrangements in which the risks and rewards of a particular activity are shared between the participants. IFRS 11 provides guidance on the accounting for an interest in a joint arrangement, but it does not provide specific guidance on the accounting at the establishment of the joint arrangement. It gives only limited guidance on how to account for variations to a joint arrangements - the Board issued an amendment to IFRS 11 in 2014 to add requirements on the accounting for the acquisition of an interest in a joint operation. We think that we could bring a

		there is a current liability to be recognised or whether there is an executory contract of which expenses are recognised in the future. (CL41)	further analysis of this issue to the Board in May for consideration.
A16	Joint operation accounting (EY 41, CBN/CNC Belgian Standard Setter CL96)	Joint operation accounting is difficult to apply in certain situations.(CL96) We recommend adding a project on joint operation accounting under IFRS 11 Joint Arrangements. Joint operation accounting is difficult to apply in certain situations. However, the IFRS Interpretations Committee rejected the request to deal with some of these situations because they were too broad to be analysed. Other situations we encounter are: joint operations in which the partners are jointly and severally liable for the obligations; and the interaction between the expected lease standard and joint operation accounting. These situations should be addressed in illustrative examples. There may be a link with the project on the equity method, although it is not specifically included in paragraphs A22 and A23 of the request for views. Joint operation accounting should also be specifically addressed in the post implementation review of IFRS 10-12. It would be beneficial to work on the projects of risk sharing and joint operation accounting together, as there may be some overlap in the concepts and the appropriate accounting. (CL41)	Two aspects of the accounting by a joint operator were among the Agenda Decisions published by the Interpretations Committee in March 2015. The Interpretations Committee noted in the case of one of these issues, the accounting treatment when the joint operator's share of output purchased differs from its share of ownership interest in the joint operation, the matter was too broad for it to develop additional guidance. We think that the first step, however, should be to investigate this issue in the forthcoming PIR of IFRS 11. Consequently we do not propose to conduct any further analysis as part of the agenda consultation.
A17	Digital economy transactions (IPA Australia CL70)	the IPA believes the guidance in IFRS 15 is inadequate in relation to digital transactions and would like to see specific guidance in relation to such transactions including: a. the provision of a digital product with the right to receive subsequent updates e.g. downloadable content (DLC) either priced separately or bundled, or b. the ability to "purchase" non-refundable currency for the	IFRS 15 includes substantially more guidance than its predecessor on service transactions, intellectual property transactions and principal/agent arrangements, all of which are more common in the digital environment. We think that

		customer to use on the acquisition of further digital content c. the provision of identical digital and physical content e.g. music or other media content, and d. the specific nature of principal and agent in terms of digital distribution platforms for digital content. (CL70)	we should wait for entities to gain experience with applying the new Standard before deciding whether to explore this area. Consequently we do not propose to analyse this suggestion further as part of the agenda consultation.
A18	Digital currencies, cryptocurrencies (eg Bitcoin) (AOSSG CL102, AcSB CL37, NZASB CL26)	Undertake some preliminary scoping work in this area (CL102) The IASB should monitor future developments, such as the use of digital currency, if the need for accounting guidance arises. (CL37) We note the increasing interest in cryptocurrencies which are virtual decentralised currencies. The most well known of these is “bitcoins”… the IASB should undertake some preliminary scoping work in this area with a view to adding it to the Research Programme, and attribute a medium level of importance to it. (CL26)	We think the Board could undertake some preliminary research in this area to understand better the issues. As a first step we think the Board could ask the NSS that raised this issue to do that initial research.
A19	Crowd funding (IPA Australia CL70)	The accounting for money received as a result of crowd funding is often resolved by reference to the tax treatment rather than any underlying accounting basis. The IPA would like to see the IASB issue some guidance on the considerations applicable to consider whether crowd funding is equity or revenue from contracts with customers (CL70)	We are not aware of widespread concerns in this area. We do not propose that further analysis is undertaken on this suggestion.
	Going concern		
A20	Canadian securities administrators (CL75), KPMG (CL51),	Continued lack of clarity about disclosure required relating to events or conditions that may cast significant doubt upon an entity’s ability to continue as a going concern. We note that in November 2013 the IASB decided to not proceed with proposed narrow-scope amendments, and the	We note that there have been some important developments since the Board last discussed this issue that might be helpful for it to consider

		Interpretation Committee consequently removed the topic from its agenda in July 2014. We continue to see inconsistent practice in this area and recommend that the IASB further consider these disclosure requirements. (CL75) We believe that the disclosures relating to going concern (including 'close calls') warrant proper consideration within the standards. In particular, we question if paragraph 122 in IAS 1 referred to in the IFRIC agenda decision is adequate technical reference considering that judgements in regards to going concern assessment would not have effect on the amounts recognised in the financial statements. (CL51)	when assessing the need to take another look at this issue. In January 2015, the International Auditing and Assurance Standards Board (IAASB) issued new auditor reporting requirements. These new requirements, effective for years ending on or after 15 December 2016, introduce enhanced auditor reporting on going concern, including the requirement for the auditor to report when a material uncertainty exists (and has been adequately disclosed by management in the financial statements). The changes also introduce a requirement to challenge the adequacy of disclosures for 'close calls' in view of the applicable financial reporting framework when events or conditions are identified that may cast significant doubt on an entity's ability to continue as a going concern. In August 2014, the US Financial Accounting Standards Board (FASB) issued an Accounting Standards Update. This provides guidance on when there is

			substantial doubt and how the underlying events and conditions should be disclosed in the notes to the financial statements. FASB's requirements apply to annual periods ending on or after 15 December 2016. The required disclosures include ones similar to those that the Board has considered in its project: information about conditions or events that raise substantial doubt about an entity's ability to continue as a going concern, even if the substantial doubt is alleviated as a result of consideration of management's plans. We do not propose that the Board considers adding a project on going concern now, but we think that at some later date it would be helpful to review what effect, if any, the IAASB requirements have had on IFRS financial statements, and the outcome of the FASB requirements on US GAAP financial statements.
	User needs		

A21	Invest more in user needs research (NZ ASB CL26)	We believe that investing in research provides benefits to standard-setting in the long term, and we would encourage greater investment in user-needs research, for example, through the IASB Research Centre. (CL26)	The Board undertakes outreach to investors across a number of initiatives in order to receive investors' views on financial reporting matters. The Board launched the *Investors in Financial Reporting Programme* in December 2014. This programme is designed to increase our dialogue with the buy-side community, to ensure that IFRS continues to meet the information needs of investors globally. With regard to the agenda consultation, we received input from investors about their needs and views through comment letters, responses to the online survey and outreach meetings. An overview paper on investor feedback to the Agenda Consultation is presented at this meeting (Agenda Paper 24C).
A22	Know your User: (Altaf Noor Ali CL 92)	• How understandable is global financial reporting? • How can financial reporting be made more user-friendly? • Who reads financial reports, and to what extent? • Survey perception of achievement of IASB mission statement. (CL92)	
A23	Conduct research on how investors access and process information with the increasing digitisation of information delivery (JICPA CL61)	Do investors make economic decisions by considering traditional general purpose financial reports as a whole or by focusing on digital information? If based on digital information, what kind of information draws their attention (CL61)	
	Wider corporate reporting initiatives		
A24	Play a larger role in Integrated Reporting (Calpers CL82, FEE CL29, NZ ASB CL26)	We believe the IASB should play a larger role in the movement towards integrated reporting, particularly ESG reporting.(CL82) FEE would strongly encourage the IASB to take a more proactive role in	The Trustees of the IFRS Foundation proposed, in their request for views *Trustees' Review of Structure and Effectiveness:*

		the corporate reporting agenda; to move from monitoring to the forefront, and to contribute to shaping the vision for the future (CL29) We note the importance of meaningful corporate performance reporting (including financial statements). A more holistic approach to reporting is gaining momentum internationally, and the integrated reporting movement is one example of this broadening of the scope of corporate reporting. In our view, General Purpose Financial Reporting is broader than financial statements, and the IASB needs to move towards increasing the relevance and usefulness of financial reporting by tackling financial reporting issues that go beyond the financial statements, and require corporates to tell a broader story about the entity. We believe that the IASB needs to play a leadership role in the wider corporate performance reporting area, and consider the possible future direction of corporate reporting and the implications for IFRS in meeting the needs of users. This is to ensure that the IASB and IFRS remain relevant globally, and continue to do so in the future. (CL26)	*Issues for the Review* (the Trustees' RFV), that the Board should play an active role in wider corporate reporting. A large majority of those who responded on this issue agreed with the Trustees' view, with a number of respondents cautioning against the Board taking on further responsibilities in this area. At their meeting in January 2016, the Trustees reaffirmed the Board's current approach to co-operation with, and monitoring developments of, bodies with responsibility for areas across the whole range of corporate reporting. The Trustees agreed that some modest staff resource should be dedicated to this area. Within the technical staff, there has been a restructuring to set up an enlarged team, known as the Financial Reporting Initiative, whose responsibilities cover the Board's projects on the Disclosure Initiative and Primary Financial Statements, the IFRS Taxonomy, as well as wider corporate reporting.
A25	Stay abreast of current reporting developments (PwC CL32)	We encourage the IASB to allocate time to stay abreast of current reporting developments to ensure that IFRS remains relevant as part of a broader reporting framework. However, given the IASB's full agenda, we believe that maintaining the current level of involvement in wider corporate reporting developments, rather than increasing it, is appropriate in order to maintain the relevance of IFRS and to meet stakeholders' needs for information. (CL32)	
A26	Climate risks, including stranded assets (2 degrees investing	Consider impact of climate change on valuation/impairment of assets, including consequences for hydrocarbon/mineral reserves. Impact on long-term economic (as well environmental) sustainability	We think this is an area that could be developed further in

	initiative CL93, Sarasin & Partners CL112, UNEPFI CL117, UNEP CL118)	(CL118)(CL117) Assess whether companies' exposure to: 1) increasingly stringent climate-related regulations, and 2) the physical impacts from climate change could result in foreseeable losses / impairments / liabilities that should be reflected in companies' financial statements. (CL112) Our response focuses on an emerging issue that we believe should be addressed by the IASB: 'stranded assets'. We define 'stranded assets' as assets that can face impairments, if an energy transition scenario aligned with international goals (+2°C or +1.5C°) prevails. The Financial Stability Board recently launched a global task force to develop consistent voluntary guidelines for companies providing information on climate---related issues to lenders, insurers, investors and other stakeholders. In the very short term, it would be important that the IASB put a process in place to integrate the outputs of this taskforce and other research initiatives in existing work streams an explore the medium and long term implications for accounting standard development via a research project. (CL93)	conjunction with the results from the Trustees' review. In addition, we note that some of the matters raised in comment letters in respect of environmental matters, specifically the question of impairment of assets and identification of liabilities, are matters that are covered, to some extent, by IAS 36 *Impairment of Assets* and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. However, there could be benefit from considering how these are applied in the context of environmental risks and whether any supplementary guidance is needed. The area of emerging environmental risks could also be an appropriate focus for an example in the Materiality Practice Statement. The Board is about to review comment letters received on the draft Practice Statement.
A27	Develop natural capital accounting Framework (Cornwall and Isles of Scilly Local Nature Partnership CL91)	There are [therefore] two requirements for proper corporate accounting for natural capital. First, either the consumption of natural capital has to be fully priced to reflect the social cost of its utilization or the ownership of natural capital has to be associated with the creation of a legal liability. So, for example, possession of a natural habitat on land should create a liability for the corporate owner of the land. Second, the principle on which the liability should be valued is one of sustainability so that a capital maintenance charge is created which is equal to the minimum cost of replacing the asset on a like-for- like basis. Thus in the case of the natural habitat, the landowner will be responsible	

		for its preservation and accounting for the cost of so doing. These two principles ensure analogous treatment of corporate and national natural capital accounting (CL 91).	
	Financial instruments		
A28	Amend IFRS 9 to allow wider use of FVOCI and allow recycling from OCI for such instruments (af2i France, CL 90, Life Insurance Association of Japan, CL57)	[If the cash flows on the instruments issued in collective investment schemes include amounts based on fair values rather than being solely payments of principal and interest] IFRS 9 will no longer allow collective investment schemes to be allocated via "fair value through [OCI]" [If measured at FVPL] all income from capital gains or losses, whether realised or unrealised, will thus be allocated to income ("fair value through profit and loss"). This provision will create high volatility in terms of results, similar to that created by equity instruments classified in the same category. (CL90) [For equity investments that are presented in other comprehensive income IFRS 9 does not allow recycling of gains and losses.] The recycling of realised capital gains in the event of asset allocation in the "fair value through OCI" category should be recognised in principle, even if this means reintroducing provisioning principles which are consistent with the methods used to manage these assets. (CL90) IFRS 9 should be refined as follows, so that the standard can appropriately represent the realities of life insurance business. - Entities should be allowed to measure wider range of assets using FVOCI measurement category, while currently it is limited to equity and certain types of debt instruments. - The inconsistency in treatment for recycling across asset classes should be eliminated by allowing the recycling for	The Board issued the final version of IFRS 9 in July 2014. Determining the classification and measurement requirements for different types of financial instrument, including determining the criteria to be met for an instrument to be classified as FVOCI and its subsequent measurement, and the classification of equity investments including the simplifications to remove impairment and recycling for equity instruments was a key part of its deliberations. The post-implementation review of IFRS 9 will provide an opportunity to learn about experience with the new requirements. Consequently we do not propose to conduct any further analysis as part of the agenda consultation.

		FVOCI measurement category without exception (CL57)	
A29	Derecognition of financial assets that have been modified or exchanged (EY CL41, KPMG CL51, ESMA CL11)	The issue as to when modification (or an exchange between an existing holder and issuer) of a financial asset should result in its derecognition (together with the initial recognition of the modified instrument as a new and different asset) has been a contentious area for some years. Indeed, it has been discussed by the IFRS Interpretations Committee in every year from 2012 to 2015. In November 2015, the Committee tentatively acknowledged that the issue does arise in practice but "could not be resolved through an Interpretation and instead would require an amendment to the Standards". Moreover, we expect that IFRS 9 will make this issue more important because of its interaction with the new guidance on accounting for modifications that do not result in derecognition and the new impairment requirements based on assessing increases in credit risk since initial recognition. Therefore, we recommend that the Board address this issue. (CL51) In November 2015 the Interpretations Committee discussed the derecognition of financial assets that have been modified or exchanged. The Interpretations Committee noted that, because of the broad nature of the issue it should be addressed and cannot be resolved through an Interpretation. Instead would require an amendment to the Standards. We agree with the IFRS Interpretations Committee, this issue should be addressed and therefore we suggest adding this item as a research project. (CL41) ESMA highlights that derecognition of financial instruments remains the area where lack of explicit guidance leads to significant divergence in practice as documented by multiple ESMA submissions to the IFRS IC1 and suggests that the IASB considers adding this project to its research	The issue of derecognition, and more specifically the issue of derecognition within the context of modified financial assets, is a complex matter that has been discussed on a number of occasions by the Interpretations Committee. In its discussions to date, the Interpretations Committee has noted that given the broad nature of the issues that arise even when looked at within the context of modified financial assets, means that it cannot be addressed through an Interpretation or a narrow-scope amendment. The comment letters that the Interpretations Committee received on its most recent tentative agenda decision on this issue (due to be discussed at its May meeting) made similar comments to those received on the agenda consultation. However, the staff note that the Board has already undertaken a comprehensive derecognition

		agenda in the medium to long-term and addresses in the meanwhile specific issues as part of its maintenance activities. (CL11)	project, jointly with the FASB. In March 2009, the IASB published an Exposure Draft that focussed on new proposals for the derecognition of (i) transfers of financial assets and (ii) financial liabilities. This project was curtailed in June 2010 and the proposals were not taken forward, other than for the disclosures of transferred assets. In making that decision, the IASB noted the feedback it had received from national standard-setters on the largely favourable effects of the IFRS derecognition requirements during the financial crisis. In finalising the impairment requirements in IFRS 9 the Board discussed whether this issue should be addressed and concluded that it was more appropriately addressed within the context of a broader project on derecognition, if the Board decided to do such a project. We recognise that some challenges may exist with accounting for the derecognition of modified financial assets. However, given the current level of concern, and the limited scope of the issue, we do not consider

			this to be a high priority issue. No new information has been provided beyond that previously considered by the Board when it decided not to include this in IFRS 9. Consequently we do not propose to analyse this suggestion further at this time.
A30	Add implementation guidance for IFRS 9 (HOTARAC CL5)	Feedback to HoTARAC's members suggests that users outside the finance industry have found the newly issued IFRS 9 *Financial Instruments* very technical and difficult to follow. HoTARAC recommends additional implementation support be provided on this standard. (CL5)	The Board issued the final version of IFRS 9 in July 2014. This included implementation guidance across classification and measurement, impairment and hedge accounting. The post-implementation review of IFRS 9 will provide an opportunity to learn about experience with the new requirements. Consequently we do not propose to conduct any further analysis as part of the agenda consultation.
	Specific types of entity		
A31	Micro Entities [Altaf Noor Ali CL 92)	The IASB at its convenience may like to take up the Micro Entity framework. (CL92)	The Board's Standards are intended for entities preparing general purpose financial statements, directed to the common information needs of a wide range of users. Micro entities sometimes produce financial

			statements only for the use of owner-managers or for tax purposes. Financial statements produced solely for those purposes are not necessarily general purpose financial statements. In developing the IFRS for SMEs we received feedback from some respondents that the Board should develop a separate framework for micro entities. However, the Board concluded that the resulting financial statements would not be useful to a wide range of users in making economic decisions In June 2013 the Board published a *Guide for Micro-sized Entities Applying the IFRS for SMEs*. This guide provides guidance for micro entities preparing general purpose financial statements in accordance with the IFRS for SMEs. It is not a separate Standard for micro entities. The Board has also provided comprehensive training material to help entities apply the IFRS for SMEs. The staff are considering how to update these materials for the recent amendments to the IFRS

			for SMEs.
A32	Not for profit (CINIF Mexico CL97, IAIS CL24, Accounting Methodological Centre CL45, GLENIF/GLASS CL25, HoTARAC CL5)	These entities manage resources over which they must demonstrate stewardship, including disbursement in accordance with their objectives. Those that provide resources to not-for-profit entities do not expect the financial statements to demonstrate the value of the entity (as prescribed in paragraph OB3 of the Conceptual Framework for businesses) but rather to obtain information that demonstrates a sound and proper use of the resources obtained. Using standards designed for businesses does not address the expectation that the financial statements of a not-for-profit entity provide a fair view of its financial position and operating results, since their objective is other than to generate a profit. (CL 97) The mere asset recognition concept based on the asset's ability to generate future economic benefits is unsuitable for non- profit operations. Thus, special guidance is required that would set at least the most general specific requirements for applying IFRS by entities (or in situations) not aimed at generating profit (CL45) A new project to be added to the Agenda is that of not-for-profit entities, of which there are many in the region, and, since there are no specific IFRS standards, there is significant divergence in the methodology being applied… The importance of this issue is due to the fact that these entities manage resources over which they must demonstrate stewardship, including disbursement in accordance with their objectives. Those that provide resources to not-for-profit entities do not expect the financial statements to demonstrate the value of the entity (as prescribed in paragraph OB3 of the Conceptual Framework for businesses) but rather to obtain information that demonstrates a sound and proper use of the	The Trustees of the IFRS Foundation, in their request for views *Trustees' Review of Structure and Effectiveness: Issues for the Review* (the Trustees' RFV), asked for views on whether the Board should extend its remit beyond the current focus to encompass not-for-profit bodies. In May the Trustees will discuss further the responses received to their RFV on this topic and the staff analysis of the issues and potential implications for the Foundation and the Board. Consequently, we think that further consideration of the comments received on this topic should wait for the results of the Trustees' discussions.

		resources obtained. Using standards designed for businesses does not address the expectation that the financial statements of a not-for-profit entity provide a fair view of its financial position and operating results, since their objective is other than to generate a profit. (CL25) Certain IAIS members indicated that they would welcome further IASB work on accounting within the not-for-profit and government sectors. (CL 24) HoTARAC supports the extension of the remit to the not-for-profit sector and would further recommend this include the Government sector. The Government sector is far larger proportion of the economy, typically accounting for over a third of GDP is most advanced economies. 1The experience of the Australian domestic standard-setter, the Australian Accounting Standards Board (AASB), suggests that relatively minor changes to the IFRS suite of standards can accommodate both the private and public not-for-profit sectors, particularly for recognition and measurement. Consideration of public sector issues would also facilitate further cooperation and pooling of resources with the International Public Sector Accounting Standards Board (following from the MoU of December 2014) and the possibility of leveraging off AASB's work in this regard. (CL5)	
A33	Islamic finance (IAIS CL24)	Certain IAIS members indicated that they would welcome further IASB work on IFRS for Islamic financial institutions. (CL24)	Following comments received in the last agenda consultation, the Board established a consultative group on Shariah-Compliant Instruments and Transactions. We think that consultation with this group when issues are identified is

			preferable to developing a dedicated IFRS Standard on Islamic financial institutions. We do not propose any further analysis on this point as part of this Agenda Consultation.
	IAS 8 Hierarchy		
A34	Reference to other GAAPs in the hierarchy? (EFRAG CL113, AFME CL50)	EFRAG notes that following the widespread adoption of IFRS in most jurisdictions, the IASB should reconsider the relevance of the current hierarchy in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The suggestion to consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards needs to be removed so that constituents would not automatically assume that any US GAAP guidance is relevant for IFRS compliant standards (CL113) In order to assist with application of paragraph 12 of IAS 8, we would welcome the IASB providing more clarity in the future on whether it considers that particular pronouncements by other standard-setting bodies (such as the FASB) do not conflict with the sources listed in paragraph 11. (CL50)	The hierarchy in IAS 8 assists in the development of an accounting policy when IFRS Standards do not provide guidance that specifically applies to a transaction, other event or condition. We believe that it would be neither helpful nor appropriate nor feasible to analyse particular requirements of particular national standard setters to assess whether those requirements conflict with the hierarchy in IAS 8. Consequently we do not propose further analysis on this point.
	Sundry issues		
A35	Withdraw IAS 26 (ICAI CL79)	IAS 26, *Accounting for Retirement Benefit Plans*, is hardly used in any country. Its existence as an IFRS creates issues about its relevance and applicability. (CL79)	IAS 26 was issued in 1987, and has not been revised since. Concerns about its relevance have been raised for some time. We think a first step could be to

			ask IFASS whether IFASS members believe there is a need to keep IAS 26.
A36	Advances and prepayments (Accounting Methodological Centre CL45)	No guidance is available with regard to any of the key aspects of their treatment – recognition, measurement, classification, or presenting information in the financial statement. … practice is fairly inconsistent (CL45)	We are not aware of widespread concerns in these areas. We do not propose that further analysis is undertaken on these suggestions.
A37	Expenses / deferred expenses (Accounting Methodological Centre CL45)	IFRS does not contain any guidance on this matter. It is unofficially presumed that any costs shall be automatically deemed to be expenses unless asset recognition criteria are met. However, this presumption is in no way reflected in IFRS (CL45).	
A38	Permit OCI for biological assets (UPM Kymmenen CL33, also various investors replying to UPM Kymmene)	We appreciate the fair value of biological assets is important to the stake holders but we also believe that reporting the change of that value through profit and loss distorts reporting of our business performance, as the fair value change may show different trends and movements from actual business performance. In addition, there is a significant time difference between our operational cycle and time period required for trees to grow for harvesting. We understand that not all businesses having biological assets face similar challenges as we, therefore we would suggest if IASB could consider an alternative accounting treatment based on business model, where fair value changes of biological asset would be recognized through other comprehensive income. (CL33)	We are not aware of widespread concerns in this area. We do not propose that further analysis is undertaken on this suggestion.
A39	Review IAS 41 (Norwegian ASB CL	Re-evaluate the main principles of the Standard – there has been a lot of debate among preparers and users, but no PIR has been performed.	We are not aware of widespread concerns in this area. We do not propose that further analysis is

	95)	(CL95)	undertaken on this suggestion.
	SMEs and smaller listed companies		
A40	Pre-empt EU Capital markets Union (Mazars CL65, Black Rock CL98, Investment Association CL28)	BlackRock supports the IASB taking forward work on financial reporting for Small and medium-sized enterprises ("SMEs") listed on an unregulated market as a part of the European Commission's work on developing a Capital Markets Union. However, this does not appear to be reflected in this consultation. As a global investor, BlackRock supports financial reporting that is consistent and comparable globally. Accordingly, using a global framework such as IFRS and adapting it for SMEs is preferable to the EU creating new distinct standards. IFRS is widely understood by investors and it is generally accepted that, while not perfect, it provides quality, comparable information. This initiative is also important for small and medium-sized companies accessing international finance. The key to its successful implementation will be its proportionality, in particular adopting a streamlined disclosure framework, whilst still benefiting from IFRS's recognition and measurement framework. (CL98) We do not consider this [developing a voluntary tailor-made accounting solution, which could be used for companies admitted to trading on SME Growth Markets] to be an appropriate solution and bring your attention to the following position we expressed in our answer to the EC's questionnaire: "We acknowledge that IFRSs are complex. However, we note that simple transactions within IFRS are accounted for in a simple manner. We do consider however that the following improvements should to be brought to IFRSs regardless of the nature, size of companies applying them:	The European Commission published in February 2015 a Green Paper *Building a Capital Markets Union* (CMU). The Green Paper asks whether there is 'value in developing a common EU level accounting standard' for SMEs listed on certain unregulated trading venues (Multilateral Trading Facilities, MTFs). The IFRS Foundation submitted a response to the Green Paper outlining its current basis for differentiating on the basis of public accountability, but expressing a willingness to work with the European Commission and other constituents across the whole world (including the users of financial statements) in considering further the financial reporting implications of developing a CMU. The IFRS Foundation Trustees referred to these recent developments in their Review of Structure and Effectiveness.

		Finalisation of the IASB's disclosure initiative with a view to produce relevant, understandable, legible and entity-specific financial information, thus in effect resulting in pragmatic and proportionate implementation of IFRS presentation and disclosure requirements. We are confident that this initiative will have a positive outcome. Simplification of IFRSs, especially in terms of some complex measurement requirements. These improvements would therefore equally benefit the listed companies which today apply IFRSs." (CL65) We support the IASB taking forward work on financial reporting for SMEs listed on an unregulated market as a part of the European Commission's work on developing a Capital Markets Union… The Capital Markets Union provides an opportunity for the IASB to discuss with the investor community whether there is merit in developing a differentiated disclosure framework for smaller listed companies. (CL28)	A small number of respondents to the Trustees' RFV commented on this, with the views being mixed, with some welcoming the Trustees' proposal to work with the EC and other constituents across the world on the issue, but others not seeing it as a priority. The Trustees have reaffirmed their view that any work on this issue should be considered in the context of the EC's CMU proposals. We do not recommend any further analysis of this matter within the context of the agenda consultation.
	Quality of IFRS, language, complexity		
A41	Use simpler and straightforward English (China ASC CL67, 100 Group CL85)	We suggest the IASB use simpler and straightforward English language in the standards, to ensure the understandability and consistent use of IFRSs, especially in the non-English speaking countries. (CL67) We have found that standards are written in an unnecessarily complex way which, on occasion, is difficult even for native English speakers to understand. We suspect that some of the Board's intentions do not always translate well into other languages.	We think that the Board could consider taking a coordinated look at the language we use in the Standards and the consequence it has for translation. The AASB and the KASB have already started some work in the area of terms of judgement. The

		We recommend that the Board initiates an overarching review of its standards with a view to expressing them in plain English and making them clear and concise. We believe that, in the long run, the Board will reap the benefits of such an initiative, in that it will facilitate the consistent application of IFRSs. (CL85)	Board could ask these and other NSS to lead some research on this topic. We propose to develop some further ideas in this area to bring to the May Board meeting for the Board to consider further.
A42	Impact of translation (KASB CL68, AOSSG CL102)	Identifying and improving translation issues would encourage more jurisdictions to adopt IFRS around the world (CL102, CL68)	
A43	Regional differences in interpretation of terms involving judgement (KASB CL68, AOSSG CL102, AASB CL38)	Clarifying IFRS expressions that may have diversity in interpretation would be helpful for consistently applying IFRS globally (CL102, CL68) The AASB suggests the IASB consider a project on standardising the terms of likelihood used in IFRS. The AASB thinks that its joint project with the Korea Accounting Standard Board on the terms of likelihood may help inform whether a project would be useful. Consistent interpretation of terms of likelihood, and limiting variation in the terms used in IFRS, would improve consistent application of IFRS and therefore comparability between entities, both within and across jurisdictions. (CL38)	
A44	Develop a quality framework against which new standards can be assessed. (100 Group CL85)	It continues to be unclear as to how the Board actually assesses the quality of its standards. We recommend that the Board includes a research project to develop a quality framework against which new standards can be assessed. Such a framework would also provide a basis for future post-implementation reviews. (CL85)	The Board undertakes post-implementation reviews of its new Standards. These reviews include consideration of users' views on the usefulness (ie quality) of the information produced. They also seek feedback from other stakeholders on the challenges of applying the Standards. Consequently we do not propose

			any further analysis of this suggestion.
A45	Simplify IFRS, especially some complex measurement requirements (Mazars CL65, CINIF Mexico CL97, GLENIF/GLASS CL25)	As a corollary to the *Conceptual Framework* (CF) and *Disclosure Initiative* (DI) projects, a project to simplify the standards should be initiated. There are some standards that, due to the fact that they deal with complex issues, such as financial instruments, employee benefits or revenues from contracts with customers, could be improved by better organizing the standards. For example, chapter 5 of IFRS 9, *Financial Instruments*, should follow the sequence of the three stages of risk of default for financial instruments. Also, IFRS 15, *Revenue from Contracts with Customers*, should be structured following the five steps to recognize revenue, from the identification of the contract to final revenue recognition. (CL97) We note that the larger most recently issued standards are more complicated and have led to a significant number of issues being raised and/or amendments being made shortly after their publication. We consider the IASB needs to take a step back and identify why this has been the case so as to remove such needs with future standards (CL65) There are some standards that, due to the fact that they deal with complex issues, such as financial instruments, employee benefits or revenues from contracts with customers, could be improved by better organizing the standard. For example, chapter 5 of IFRS 9, Financial Instruments, should follow the sequence of the three stages of risk of default for financial instruments. Also, IFRS 15, Revenue from Contracts with Customers, should be structured following the five steps to recognize revenue, from the identification of the contract to final revenue recognition. (CL25)	The level of detailed guidance needed in an IFRS Standard will vary according to the nature of the topic, as recognised by the respondents. Given that this will be a Standard-by-Standard determination by the Board we do not think that a separate project on this topic should be considered. Consequently we do not propose any further analysis of this suggestion.