

STAFF PAPER

January 2016

IASB Meeting – Education Session

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|--------------------|---|---------------------|---------------|
| Project | Present value measurements – discount rates research | | |
| Paper topic | Cover note | | |
| CONTACT(S) | Aida Vatrenjak | avatrenjak@ifrs.org | 0207 246 6456 |

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1. The purpose of the educational session this month is to discuss with the IASB the findings from the staff research on present value measurements. The discussion is based on draft Research Paper first presented to the IASB in September 2015.
2. Since September, we have been receiving detailed feedback as well as input on the individual points and strategic advice from the IASB members and directors. We plan to prepare and submit the revised paper after the IASB as a whole has had the opportunity to discuss all of the findings. Therefore, the discussion this month continues to be based on the September paper. Nevertheless, we are already considering how to reflect the feedback received so far.
3. During December 2015 educational session we discussed components of present value measurement and some aspects of the measurement methodology. In the discussion this month, we will aim to go through the remainder of the findings, including:
 - (a) completing discussion relating to present value measurement methodology, in particular relating to tax;
 - (b) presentation and disclosures relating to present value measurement;
 - (c) present value measurement objectives and how they explain the differences in discount rates; and
 - (d) scope of present value measurements in IFRS.

4. The focus of the discussion will be on the potential financial reporting problems identified by the staff as relating to these areas. The problems we have identified include:
 - (a) Methodology for reflecting tax in measurement can be misunderstood and unclear leading to material effects and additional implementation costs – three separate issues were identified in this area;
 - (b) Inconsistent use of Other Comprehensive Income and Profit or Loss relating to present value measurements which makes comparisons difficult;
 - (c) Inconsistent disclosure requirements further hamper comparisons;
 - (d) Three issues relating to lack of clarity of measurement objectives in individual Standards; and
 - (e) Not discounting deferred tax impairs comparability and can have material effect.
5. There are a lot of topics included. Some topics may take short time to cover and we may be able to cover all of the material during this session. We propose to discuss the issues in the order as listed above and go to the level of detail the IASB desires. Any topics we do not manage to cover at this session will be discussed next time.
6. The papers for the session comprise:
 - (a) Agenda Paper 17A—slides summarising findings and the potential financial issues identified in Research Paper and not covered in December 2015 session, including a summary of December discussion for reference,
 - (b) Agenda Paper 17B—draft Research Paper (same as AP 17B in December 2015), and
 - (c) Agenda Paper 17C – summary of views from stakeholders (same as AP 17B in December 2015).