

AGENDA PAPER

London

January 2016

Agenda paper 2

Presenter: Hans Hoogervorst

Introduction

1. I am pleased to provide a report on developments since our last meeting.

Technical work overview

2. The Board issued IFRS 16: *Leases* on 13 January 2016, concluding its project to improve the accounting for leases. This is the culmination of a decade-long effort to ensure that customers (lessees) who lease assets should recognise assets and liabilities arising from those leases (including leases that are off balance sheet today).
3. The IASB continues to work intensively on finalising the Insurance Contracts and Conceptual Framework projects. Both these projects are top priority for 2016. During 2016, we also expect the Research programme to take a renewed shape following our Agenda Consultation which we have recently undertaken. Whilst the Board is yet to debate the feedback on that consultation, the Disclosure Initiative will remain a key element of the programme and is also discussed further below.
4. Regarding the Insurance Contracts project, the Board published an Exposure Draft in December 2015 proposing amendments to the existing insurance contracts Standard, IFRS 4 *Insurance Contracts*. The amendments result from the Board's consideration of issues that may arise from applying IFRS 9 Financial Instruments prior to the new insurance contracts Standard.
5. The deadline for comment letters is 8 February 2016 and the Board intends to complete its redeliberations as soon as possible following this date.

6. The Board is nearing completion of its other deliberations on its project on Insurance Contracts.
7. The IASB has finalised redeliberations on the *Conceptual Framework* and published the Exposure Draft on 28 May. The *Conceptual Framework* sets out the concepts that underlie the preparation and presentation of financial statements. It identifies principles for the IASB to use when it develops and revises its Standards.
8. We are making good progress with our Disclosure Initiative. The Disclosure Initiative is a portfolio of projects being undertaken with the aim of improving the effectiveness of disclosures in financial reporting, including both implementation and research projects. The Principles of Disclosure project is the cornerstone of the Disclosure Initiative. The IASB aims to publish a Discussion Paper (DP) in quarter 1 of 2016.
9. Finally, our Research programme is progressing satisfactorily despite a large pool of projects. We envisage that some of these projects will be completed quickly and will not lead to standard-setting activity. They also vary in size and complexity, which means that they will reach major milestones at different times.

Agenda Consultation

10. The Board issued its Request for Views 2015 Agenda Consultation on 11 August 2015. The comment period closed on 31 December 2015. The staff are currently analysing the comment letters and other feedback. The staff plan to present this analysis to the Board at its meeting in April 2016.
11. In Q4 of 2015 the Board has discussed the staff findings on a number of research projects but has not made tentative decisions. The feedback to the 2015 Agenda Consultation will help inform the Board in its decisions on the next steps it should take in several of the research projects.
12. In parallel to the Agenda Consultation, the Trustees are also undertaking a Review of Structure and Effectiveness. This is the subject of a separate discussion at this meeting.

Engagement strategy

13. As part of our strategy to develop a single set of high quality, understandable, enforceable and globally accepted accounting standards, it is important that we have an

effective engagement strategy with all stakeholders, especially the primary users of financial statements (i.e. investors and analysts).

14. In December 2014, we launched the first phase of the Investors in Financial Reporting programme. Created with the support of some of the world's leading asset managers and owners, the programme is designed to foster greater investor participation in the development of IFRS.
15. The Investors in Financial Reporting programme has been developed to further extend investor participation in our outreach activities by specifically encouraging greater involvement from the buy-side community. We have continued to receive positive reactions to this initiative, with support from the investment community and other stakeholders. A further event is taking place to coincide with this meeting.

Consistency in the application of IFRS globally

16. We have continued to take steps to ensure IFRS is applied and enforced on a globally consistent basis.
17. The Board published an ED in July 2015 proposing clarifications to IFRS 15 Revenue from Contracts with Customers. The clarifications result from the Board's consideration of issues discussed by the Revenue Transition Resource Group (TRG). The ED closed for comment on 28 October 2015. 74 respondents commented on the ED.
18. The Board considered the feedback and substantively completed its redeliberations of the proposals in December 2015. The Board decided to make the same amendments to the requirements in the Standard on identifying performance obligations as had been made by the FASB in October 2015. The Board plans to issue the final amendments to IFRS 15 towards the end of Q1 of 2016.
19. In relation to the TRG, the Board does not plan to schedule further discussion. The Board is now of the view that stakeholders need to know that they can continue their implementation process with the confidence that IFRS 15 will not be subject to further changes. To that end, the Board has emphasised that it does not expect to make any further amendments to the Standard until after the Post-implementation Review. The TRG will not be disbanded, and will be available for consultation if needed.

20. The Board will continue to monitor implementation. If a significant and pervasive issue arises, the Board would consider whether a public discussion would be helpful to assist practice.
21. We have also held a further meeting with the Transition Resource Group for Impairment of Financial Instruments in December 2015, and discussed a number of implementation issues. The objective of this group is to provide a forum for stakeholders to discuss emerging implementation issues arising from the new impairment requirements set out in IFRS 9 *Financial Instruments*. No amendments to IFRS 9 are planned.