

AGENDA PAPER

London

May 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 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 our Work Plan to take a renewed shape following our Agenda Consultation which we have recently undertaken and are deliberating.
3. Regarding the Insurance Contracts project, at the February 2016 Board meeting the Board:
 - a) reviewed the due process steps that it has taken in developing the new Insurance Contracts Standard and confirmed that it is satisfied that the Board has completed the necessary due process steps on the project to date; and
 - b) granted the staff permission to begin the balloting process for the new Insurance Contracts Standard.
4. The Board has also commenced its redeliberations of the December 2015 Exposure Draft (ED) of proposed amendments to the existing Insurance Contracts Standard, IFRS 4 *Insurance Contracts*. These 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 Board will complete its technical deliberations of these proposed amendments at the May 2016 meeting. At that meeting the Board will also consider a summary of the due process steps and, if satisfied it has complied with the due process requirements, give the staff permission to start the balloting process. It is anticipated that the amendment will be issued in September 2016, providing no further matters arise in the balloting process.
6. The Board published the *Conceptual Framework* ED in May 2015. 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. It is also used by preparers to develop and select accounting policies, and by all parties to understand and interpret the Standards.
7. At its meeting in April 2016 the Board discussed its approach to redeliberations of the *Conceptual Framework* ED. The Board decided that it would redeliberate the topics that have proved controversial or those topics for which new information has become available. On other topics, the Board will discuss whether to confirm the proposals in the ED but would not undertake significant additional analysis.
8. We continue to make 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.
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. A key focus area for the Board this quarter has been its consideration of the feedback received to its Request for Views 2015 *Agenda Consultation*. The comment period for the request for views closed on 31 December 2015 and the Board commenced its deliberations of the feedback received in March 2016.

11. At its April 2016 meeting the Board began to discuss summaries of responses on individual projects.
12. At its meeting in May 2016 the Board will discuss;
 - (a) further summaries for individual projects;
 - (b) its future work plan, for discussion with the IFRS Advisory Council in June 2016; and
 - (c) feedback on its proposal, as set out in the request for views, to extend the interval between agenda consultations from three to five years.
13. Although deliberations have yet to be concluded, it is clear that the Primary Financial Statements and Disclosure Initiative projects are considered high priority by many constituents.

Engagement strategy

14. 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).
15. 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. 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.
16. We have continued to receive positive reactions to this initiative, with support from the investment community and other stakeholders. In April 2016 we announced three new joiners, bringing the total number of investment organisations in the programme to 18.

Consistency in the application of IFRS globally

17. We have continued to take steps to ensure IFRS is applied and enforced on a globally consistent basis.

18. IFRS 16 *Leases* was issued in January 2016 and has a mandatory effective date of 1 January 2019. The Board is currently undertaking a number of activities to support implementation of the Standard, including developing a series of educational webcasts and organising conferences. IFRS stakeholders can also inform us about implementation questions through the website.
19. In April 2016, the Board published clarifying amendments 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 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.
20. As previously reported 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.
21. Some Board members and staff observed the FASB TRG meeting in April 2016—no issues arose from that meeting that require consideration by the Board. The Board has created an implementation page for revenue recognition on the IASB website. In part, this was to signal that the decision not to schedule any further TRG meetings does not mean that the Board is stepping back from supporting the consistent and faithful implementation of IFRS 15.
22. The Board will continue to monitor implementation of IFRS 15. If a significant and pervasive issue arises, the Board would consider whether a public discussion would be helpful to assist practice.
23. We have similarly not held further meetings of the Transition Resource Group for Impairment of Financial Instruments. 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.