

## STAFF PAPER

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## Accounting Standards Advisory Forum

Project	Conceptual Framework		
Paper topic	Cover paper		
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**Purpose of this session**

1. The purpose of this session is to:
  - (a) discuss a paper on measurement prepared by EFRAG staff (Agenda Paper 4A *Measurement and the Conceptual Framework*);
  - (b) seek feedback on a staff draft of proposed revisions to the discussion of factors to be considered in selecting a measurement basis (Agenda Paper 4B *Measurement: redrafting the factors to consider in selecting a measurement basis* and Agenda Paper 4C *Measurement: suggested redraft of parts of Chapter 6*);
  - (c) provide an update on the Board's tentative decisions on presenting information about financial performance (Agenda 4D *Information about financial performance*); and
  - (d) discuss a paper on financial performance and measurement prepared by the ASBJ (Agenda Paper 4E *The Linkage between Financial Performance and Measurement*).
2. The Board discussed Agenda paper 4D *Information about financial performance* at its meeting in June 2016. Paragraphs 3–4 provide a summary of the tentative decisions made by the Board at that meeting.

**Extract from the June 2016 IASB Update**

3. The Board tentatively decided that the revised *Conceptual Framework* would:
- (a) describe the statement of profit or loss as the primary source of information about an entity's financial performance for the period but would not set out the purpose of that statement.
  - (b) set out a principle that income and expenses should be included in the statement of profit or loss unless the relevance or faithful representation of the information provided in the statement of profit or loss for the period would be enhanced by including a change in the current value of an asset or a liability in other comprehensive income (OCI). This principle would replace the rebuttable presumption about the use of the statement of profit or loss proposed in the ED. The revised *Conceptual Framework* would state that this is only expected to occur in exceptional circumstances.
  - (c) state that a decision about including income and expenses in OCI can be made only by the Board in setting Standards. In making such a decision the Board would need to explain why excluding a change in the current value of an asset or a liability from the statement of profit or loss for the period would enhance the relevance or faithful representation of the information provided in that statement.
  - (d) state that in principle, income and expenses included in OCI should be recycled when doing so would enhance the relevance or faithful representation of the information in the statement of profit or loss for that period. This principle would replace the rebuttable presumption about recycling proposed in the ED.
  - (e) state that income and expenses included in OCI may not be recycled if, for example, there is no clear basis for identifying the period in which recycling should occur or the amount that should be recycled to enhance the relevance or faithful representation of information provided in the statement of profit or loss for that period.

(f) state that a decision about whether and when income and expenses included in OCI should be recycled can be made only by the Board in setting Standards. In making such a decision the Board would need to explain why recycling would enhance the relevance or faithful representation of the information provided in the statement of profit or loss for that period.

4. The Board also tentatively decided to remove the statement in the ED that an inability to identify a clear basis for recycling may indicate that such income or expenses should not be included in OCI.