

# AGENDA PAPER

IFRS Foundation Trustees meeting – Due Process Oversight Committee

Sao Paulo

November 2017

Agenda ref 1G

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CONTACT

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## Education material—due process

### Introduction

1. The purpose of this paper is to report to the DPOC, in accordance with paragraph 6.45 of the *Due Process Handbook* (the *Handbook*):
  - a. the material developed and under development by the IFRS Foundation to support the implementation and application of IFRS Standards, and
  - b. the level of review undertaken in each case.

### Question for the DPOC

2. Does the DPOC agree that staff have undertaken in 2017 the appropriate peer review in accordance with paragraph 6.44 of the Handbook (outlined below at paragraph 6) as indicated in the Appendix?

### Scope of report to the DPOC

3. Paragraph 6.43 of the handbook explains that

The IASB and the technical staff have a responsibility to ensure that any educational material is not confused with an IFRS or perceived as being mandatory. Consequently, the IASB has an interest in ensuring that the Education Initiative has quality assurance processes that are appropriate for each of its publications.
4. In previous years, this report has covered the materials produced by the Education Initiative, as required by paragraph 6.44 of the Handbook.
5. However, in the light of the increased focus on implementation support and, consequently, the broader range of material now being provided by the IFRS Foundation, this report covers all publicly available materials designed to support implementation and application of IFRS Standards. The staff think that it would be

prudent to apply consistent standards of review to all such materials, regardless of whether produced by the implementation support team, the investor engagement team or the Education Initiative.

### Applying the requirements in the *Handbook*

6. Paragraph 6.44 of the *Handbook* specifies the peer review required for educational material developed by the Education Initiative as follows:

In order to meet the assurances above, educational material developed by the Education Initiative is subjected to the following peer reviews:

- a. **high level summaries**, such as Executive Briefings and PowerPoint presentations, are reviewed by an appropriate technical staff member and by a member of the Editorial team;
  - b. **teaching materials**, such as those used for *Conceptual Framework*-based teaching, are also reviewed by an IASB member or appropriate external expert, such as an academic. **More detailed teaching materials**, however, such as comprehensive *IFRS for SMEs* training material, is reviewed by at least two IFRS experts, one of which must be an IASB member; and
  - c. **educational material** accompanying an IFRS must be reviewed by at least three IASB members.
7. These requirements were written in contemplation of the material then being produced by the Education Initiative. They do not specifically address the level of review required for some of the newer types of materials being produced, such as webinars developed to support implementation of the new Standards.
  8. Accordingly, the staff has interpreted the requirements in paragraph 6.44 of the *Handbook* to specify three categories of educational material corresponding to the three tiers specified in paragraph 6.44. These are described in the following table, with some examples of the types of materials in each category.
  9. The staff plans to use these categories to guide the appropriate minimum level of peer review for material not specifically addressed in paragraph 6.44 of the *Handbook*.
  10. In determining the level of review, we consider both the technical quality of the material as well as ensuring the material is educational, explanatory information about IFRS Standards, rather than interpretative. In practice, the level of review often exceeds the minimum specified.

**Categories of materials supporting implementation and application of IFRS Standards published on the IFRS website**

<b>High level materials summarising requirements in IFRS Standards</b>	<b>More detailed introductory materials on requirements in IFRS Standards</b>	<b>More detailed explanatory materials on requirements in IFRS Standards</b>
Level of review: 6.44(a) of <i>Handbook</i>	Level of review: 6.44(b)	Level of review: 6.44(c)
Summary information about what a Standard says. The material is drawn <i>directly from the Standard</i> and its accompanying materials, or other materials reviewed by the Board (eg Effects Analysis)	Detailed information about what a Standard says and why. The material might: <ul style="list-style-type: none"> <li>- provide information about the <i>background</i> to the requirements (ie the ‘why’ drawn from the Basis);</li> <li>- use <i>simple examples</i> to illustrate the requirements; or</li> <li>- present the same information in a more <i>practical way</i> (eg step-by-step summary of the requirements).</li> </ul>	Information about how the requirements might be applied. The material does not contain any requirements that are not already in a Standard, but might include: <ul style="list-style-type: none"> <li>- information about the <i>Board’s expectations</i> as to how the requirements might be applied in practice;</li> <li>- <i>new examples</i> to demonstrate how the requirements might be applied to different fact patterns</li> </ul>
Recent examples include: Introductory webinars IFRS 17 <i>Insurance Contracts</i> .	Recent examples include: Webinars explaining specific topics in IFRS 16 <i>Leases</i> and IFRS 17 (eg webinar on lease modifications and on the scope of IFRS 17).	Recent examples include: Webinars on lease term in IFRS 16 and revolving facilities in IFRS 9 <i>Financial Instruments</i> .

The above table does not apply to Illustrative Examples that accompany an IFRS Standard and are published with that Standard. These form part of the package that is balloted by the Board.

## Material in development in 2017 and level of review

11. Material to support implementation and application of IFRS Standards developed in 2017 and publicly available on our website, as well as material currently under development, is set out in the Appendix to this paper, categorised by the levels of review specified in paragraph 6.44 (as described above). The staff believe that the level of review satisfies or exceeds those set out in the *Handbook*.

### *New materials in development for 2018*

12. In 2018, the staff will begin to produce material for the pilot of the Continuing Professional Development project as approved by the Trustees. The pilot will result in modules on the new revenue standard, IFRS 15. The staff views this material as ‘teaching materials’ and plans the higher level of review specified in paragraph 6.44(b)—1 appropriate technical staff + 1 Editorial team member + 2 IASB members.

## Review level for materials developed and under development in 2017 supporting implementation and application of IFRS Standards

<p><b>Level of review specified in paragraph 6.44(a)—1 appropriate technical staff + 1 Editorial team member</b></p> <ul style="list-style-type: none"> <li>• The Annotated IFRS Standards (The ‘Green Book’) <ul style="list-style-type: none"> <li>○ <i>The official text of IFRS Standards annotated with extensive cross-references, footnotes setting out Agenda Decisions of the IFRS Interpretations Committee, and other minor annotations.</i></li> <li>○ 2 Volumes Produce in 2017 (1 Jan 2017, updated 1 July 2017)</li> <li>○ 2 Volumes Planned for 2018 (based on Standards issued and Standards effective)</li> <li>○ All material already forms part of the published documents of the IFRS Foundation.</li> </ul> </li> <li>• Comprehensive IFRS for SMEs training modules* <ul style="list-style-type: none"> <li>○ 35 modules accounting for over 1500 pages of material. In 2017 we plan to publish 7 modules that have been comprehensively reworked and updated, with the remaining 28 modules expected to be available in early 2018.</li> <li>○ Modules requiring only minor editorial amendments have this level of review because they are modifications to materials previously given higher level of review.</li> </ul> </li> <li>• Introductory webinars on IFRS 17 <i>Insurance Contracts</i></li> </ul>
<p><b>Level of review specified in paragraph 6.44(b)—1 appropriate technical staff + 1 Editorial team member + 1 IASB member</b></p> <ul style="list-style-type: none"> <li>• Microsoft PowerPoint presentations used in the Education Initiative’s multi-day IFRS for SMEs ‘train the trainer’ workshops <ul style="list-style-type: none"> <li>○ All slides used in IFRS for SMEs ‘train the trainer’ workshops (amounting to 100s of slides) are being reviewed as part of a rewrite and review of the material in light of the 2015 amendments to the IFRS for SMEs Standard.</li> </ul> </li> <li>• Comprehensive IFRS for SMEs training modules* <ul style="list-style-type: none"> <li>○ Modules not incorporating significant changes to the IFRS for SMEs Standard, but requiring some rewriting and changes to examples have this level of review because they are modifications to materials previously given higher level of review.</li> </ul> </li> <li>• Microsoft PowerPoint presentations used in the Investor Engagement meetings/workshops for institutional investment professionals. <ul style="list-style-type: none"> <li>○ Where material is new it is developed within technical teams. In 2017, this included materials supporting education meetings on IFRS 17.</li> </ul> </li> <li>• <i>Investor Update</i> newsletter articles discussing existing IFRS Standards to support investor education. In 2017, this included articles that discussed IFRS 15, and IAS 7.</li> <li>• Investor education article in <i>The Essentials</i> series on IFRS 17 <i>Busting insurance jargon</i> <ul style="list-style-type: none"> <li>○ Where material is new it is developed in collaboration with appropriate member(s) of the technical team.</li> </ul> </li> </ul>
<p><b>Level of review specified in paragraph 6.44(b)—1 appropriate technical staff + 1 Editorial team member + 1 IASB member + 1 external IFRS expert or additional IASB member</b></p> <ul style="list-style-type: none"> <li>• Comprehensive IFRS for SMEs training modules* <ul style="list-style-type: none"> <li>○ Modules incorporating significant changes because of either amendments to the IFRS for SMEs Standard or substantial rewriting have this level of review.</li> </ul> </li> <li>• Webinars on IFRS 16 <i>Leases</i>: lessee disclosure, lease modifications</li> <li>• Webinars on IFRS 17 <i>Insurance Contracts</i>: scope, measurement essentials, simplified accounting for short coverage periods and reinsurance contracts held</li> <li>• Webinar on IFRS 9 <i>Financial Instruments</i>: disclosures</li> </ul>
<p><b>Level of review specified in paragraph 6.44(c)—three IASB members</b></p> <ul style="list-style-type: none"> <li>• Webinar on IFRS 16 <i>Leases</i>: Lease term</li> <li>• Webinar on IFRS 9 <i>Financial Instruments</i> (Impairment): The expected life of revolving facilities</li> </ul>

\* Decision on level of review appropriate for Comprehensive IFRS for SMEs training modules is undertaken in consultation with appropriate Board member.