

CMAC meeting, 1 November 2018

Agenda Paper 1A

IASB Technical Update Capital Markets Advisory Group

July – October 2018

Nili Shah – Executive Technical Director

The views expressed in this presentation are those of the presenter, not necessarily those of the International Accounting Standards Board or the IFRS Foundation.

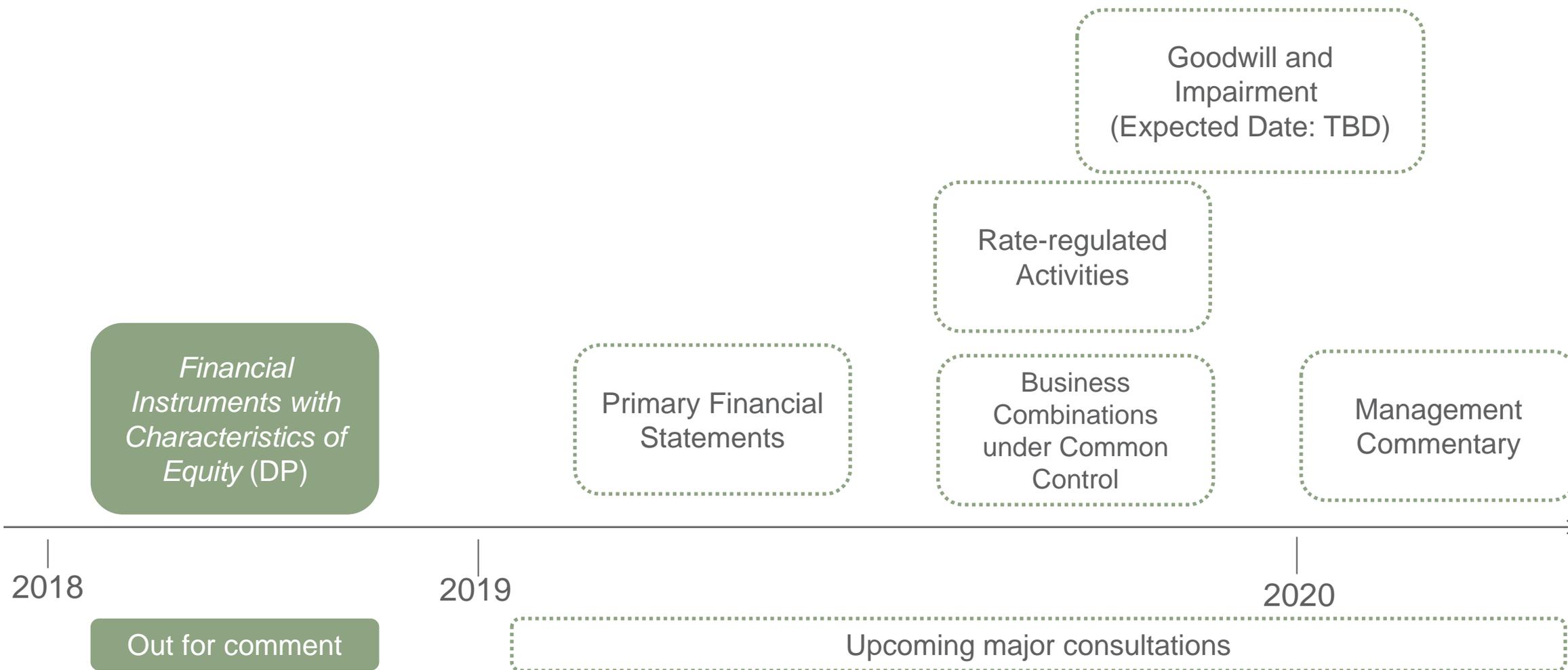


June – October 2018 activities & achievements

2018 publications

Final documents	Consultation documents
<p>Issued June – October</p> <ul style="list-style-type: none">• Definition of a Business (IFRS 3)	<ul style="list-style-type: none">• Proposed IFRS Taxonomy Update—Common Practice (IFRS13) (Comments due 19 November 2018)
<p>Upcoming</p> <ul style="list-style-type: none">• Definition of Material (IAS 1 and IAS 8)	<ul style="list-style-type: none">• <i>Costs Considered in Assessing whether a Contract is Onerous</i> (Exposure Draft: Q4 2018)
<p>Issued year-to-date</p> <ul style="list-style-type: none">• <i>Conceptual Framework for Financial Reporting</i>	<ul style="list-style-type: none">• <i>Financial Instruments with Characteristics of Equity</i> (Discussion Paper: comments due 7 January 2019)

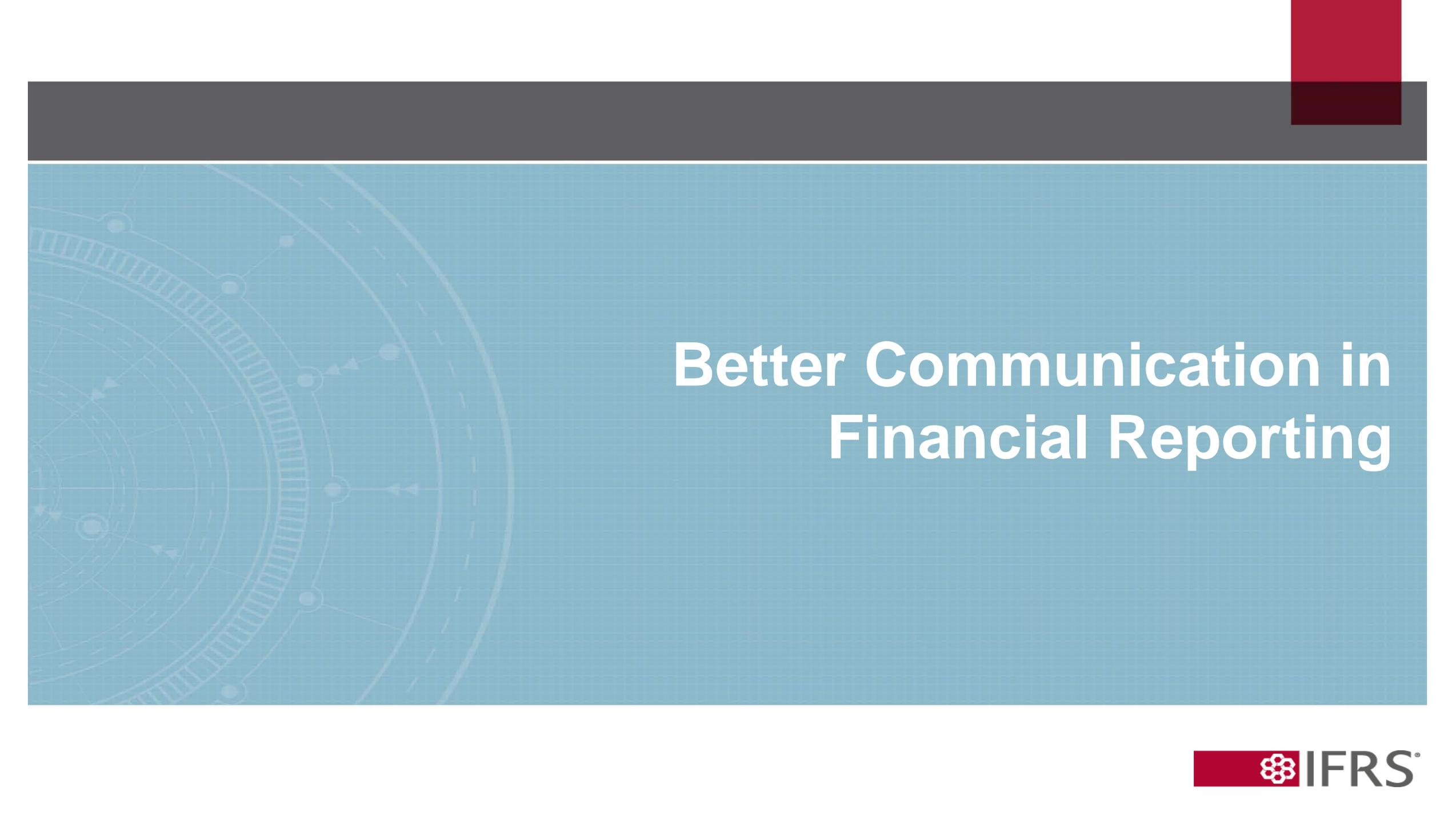
Upcoming major consultations



Active projects

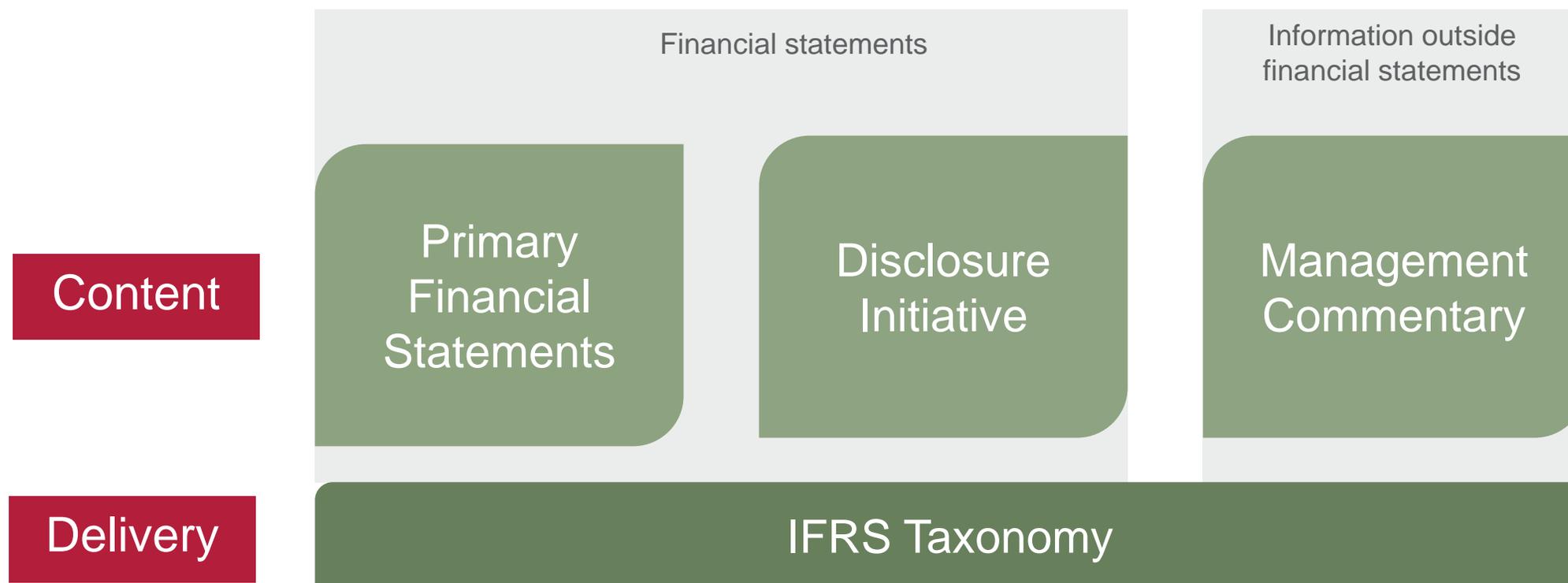
Active projects

Project	Next Milestones	When?
Disclosure Initiative—Targeted Standards-level Review of Disclosures	Exposure Draft	
Primary Financial Statements (Agenda item 2)	Discussion Paper or Exposure Draft	H1 2019
Management Commentary (Agenda item 4)	Exposure Draft	H1 2020
Business Combinations under Common Control	Discussion Paper	H2 2019
Rate-regulated Activities	Discussion Paper or Exposure Draft	H2 2019
Goodwill and Impairment (Agenda item 5)	Discussion Paper or Exposure Draft	
Dynamic Risk Management (DRM)	Core Model	H1 2019
Financial Instruments with Characteristics of Equity (Agenda item 3)	Out for comment	
Interbank Offered Rate (IBOR)	Decide Project Direction	December 2018
Pension Benefits that Depend on Asset Returns	Review Research	H2 2019
Extractive Activities	Review Research	



Better Communication in Financial Reporting

Better Communication in Financial Reporting





Objective

- help stakeholders improve the usefulness of disclosures for primary users
- not to change the volume of disclosure requirements, although this may be a consequence

Guidance for the Board

- the Board will develop the guidance through public discussion
- the Board has selected *IAS 19 Employee Benefits* and *IFRS 13 Fair Value Measurement* to test the draft guidance
- formal stakeholder feedback will be obtained when the guidance is subsequently used as part of standard-setting

Business Combinations under Common Control (BCUCC) are excluded from the scope of IFRS 3 *Business Combinations*

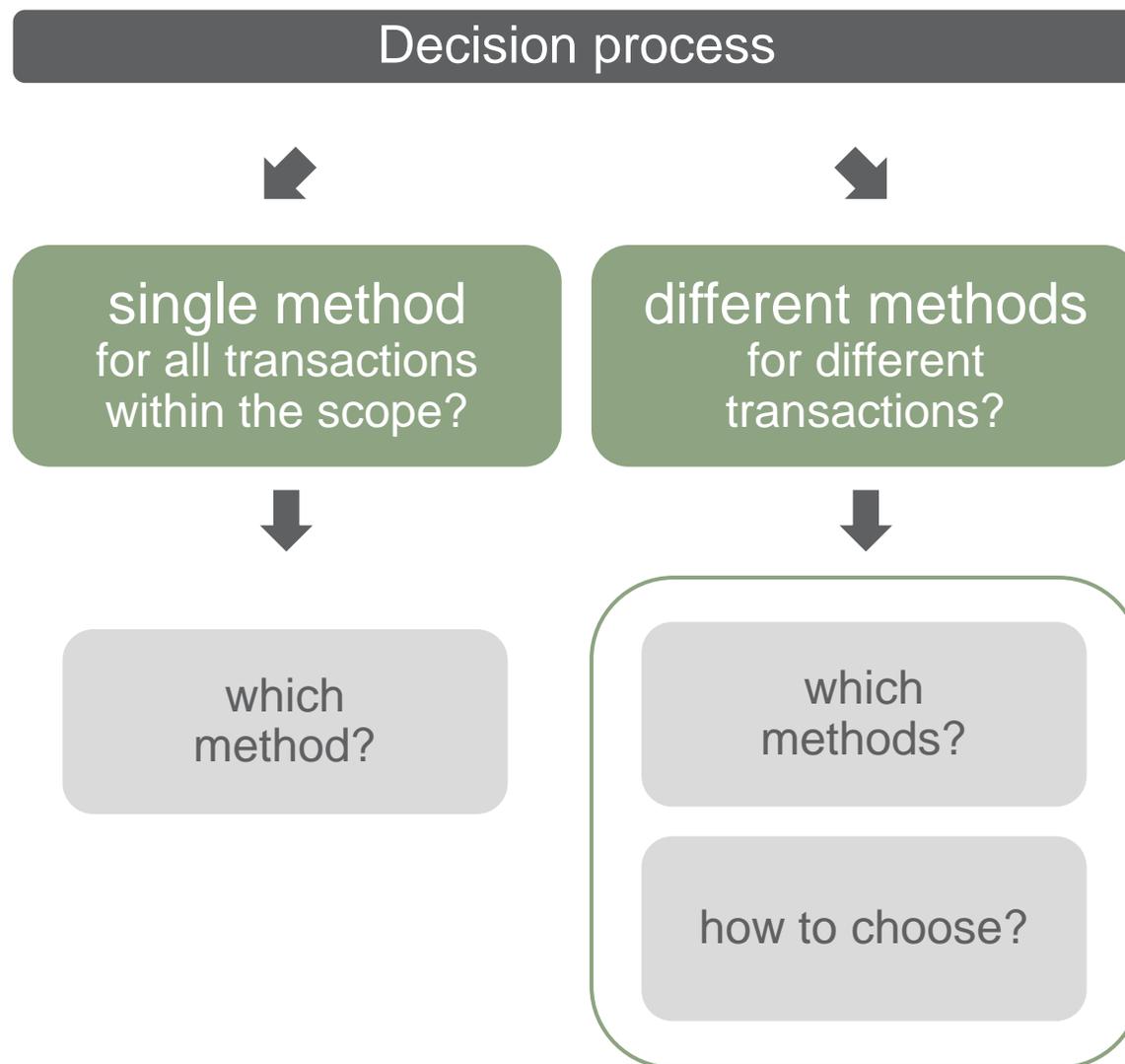


In practice, companies account for BCUCC using:

acquisition method
as set out in IFRS 3

predecessor method
but there is diversity in practice in
how the method is applied

concerns about the diversity in practice raised by various interested parties, notably security regulators

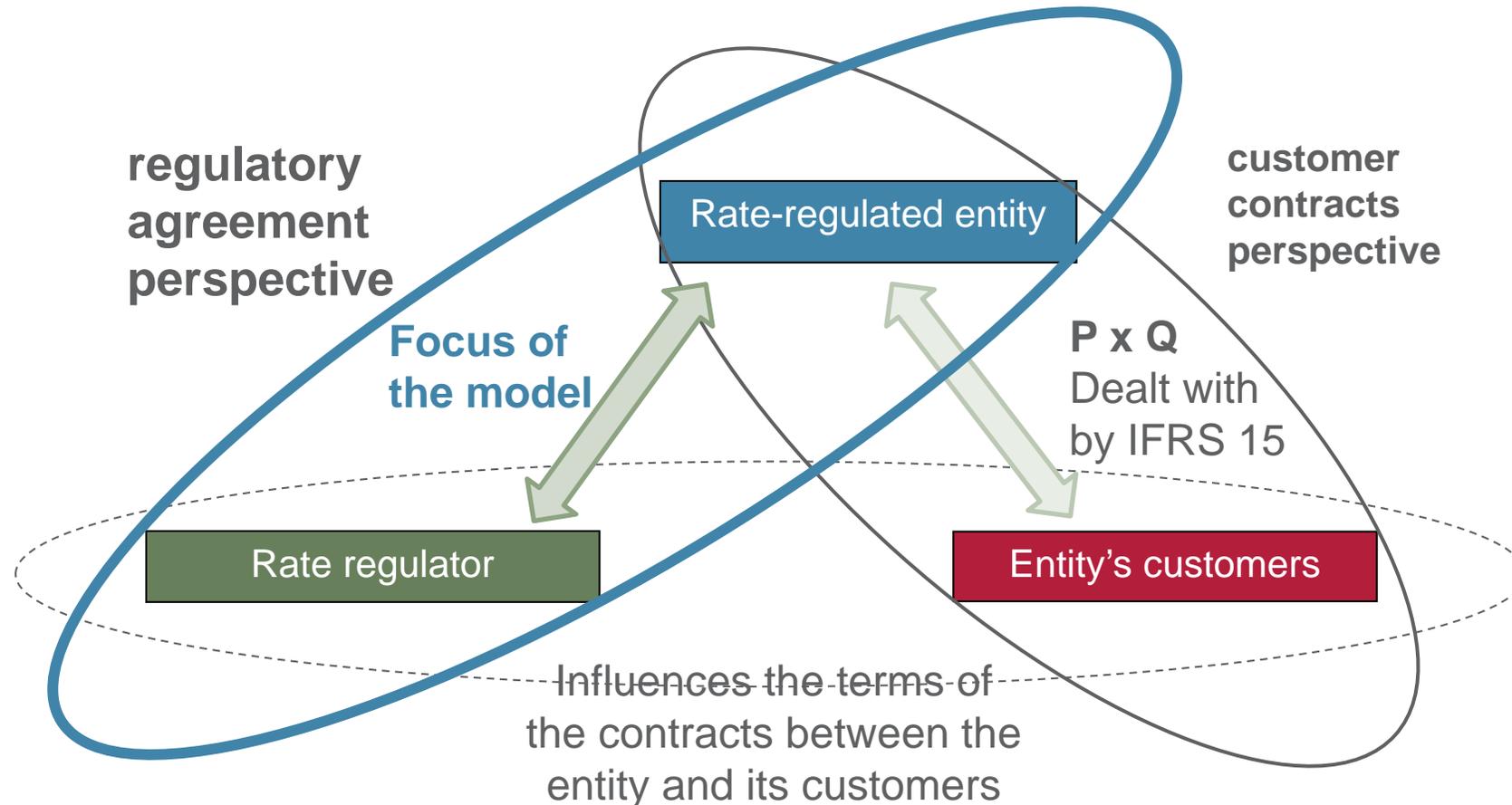


Alternatives to explore

- acquisition method, as in IFRS 3?
- predecessor method? If yes, how to apply it?
- other methods?

Rate-regulated Activities—the regulatory agreement

- In **defined rate regulation**, the rate regulator intervenes to affect both the **amount** and the **timing** of the price (P) billed to customers.



Dynamic Risk Management (DRM)

14

Objective

- improve information regarding risk management and how risk management activities affect the entity's current and future economic resources

Guiding principles

- transparency
- consideration of capacity constraints
- dynamic nature
- performance measurement

Focused on solutions involving both measurement and disclosure

Interbank Offered Rate (IBOR)

Challenge

- market developments question the long-term viability of interest rate benchmarks, such as LIBOR

Objective

- monitor market developments and determine whether there are any implications for the existing accounting requirements; if so decide whether the Board should take action

Board's decision

- the discontinuance of IBOR could impact across financial markets and stakeholders are starting to ask about financial reporting implications
- at its June 2018 meeting, the Board decided to add a research project to its active research agenda



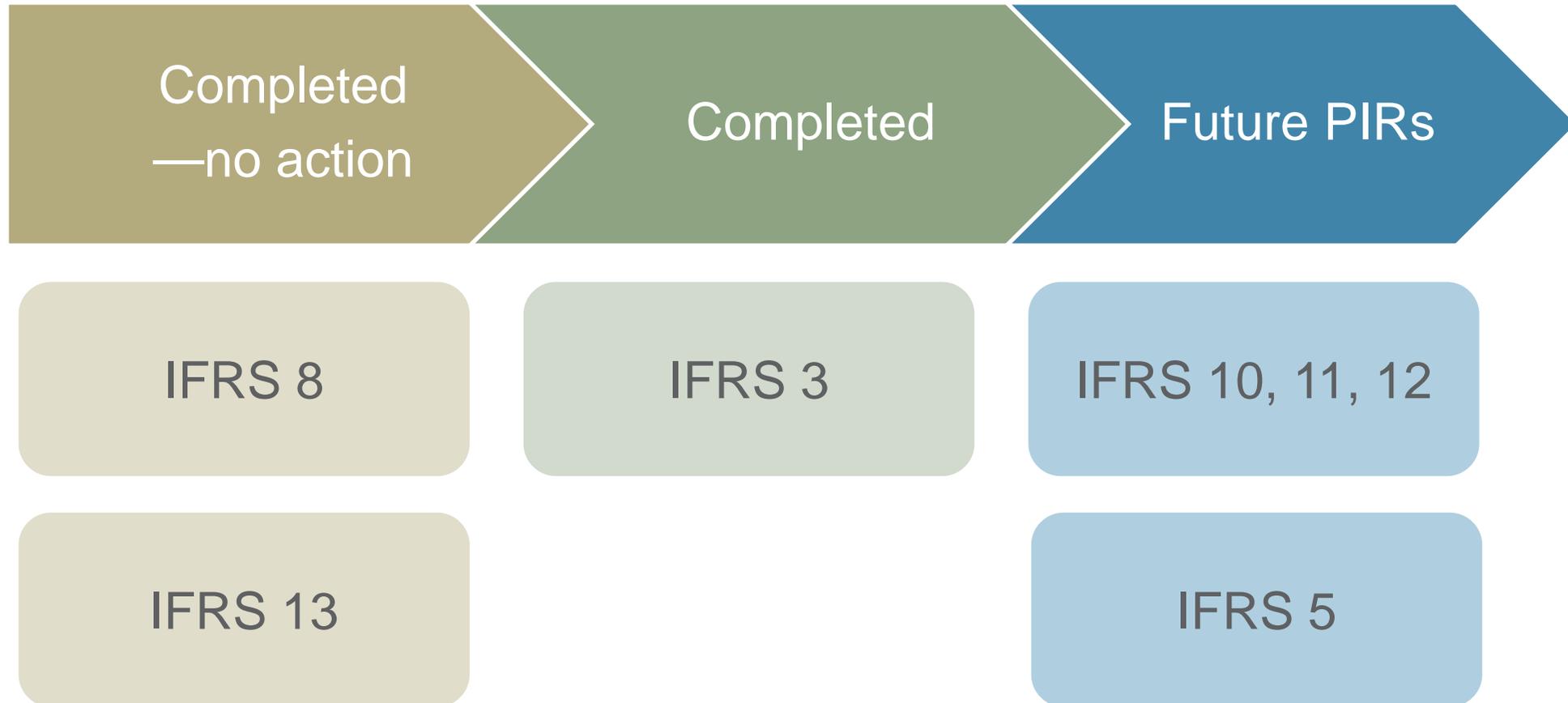
Research pipeline and post-implementation reviews

Research pipeline

Projects starting in coming months	Remaining pipeline projects (to start in 2019-2020)
<ul style="list-style-type: none">• Provisions• Variable and Contingent Consideration• SMEs that are subsidiaries	<ul style="list-style-type: none">• Equity Method• Pollutant Pricing Mechanisms• High Inflation: Scope of IAS 29

Research pipeline

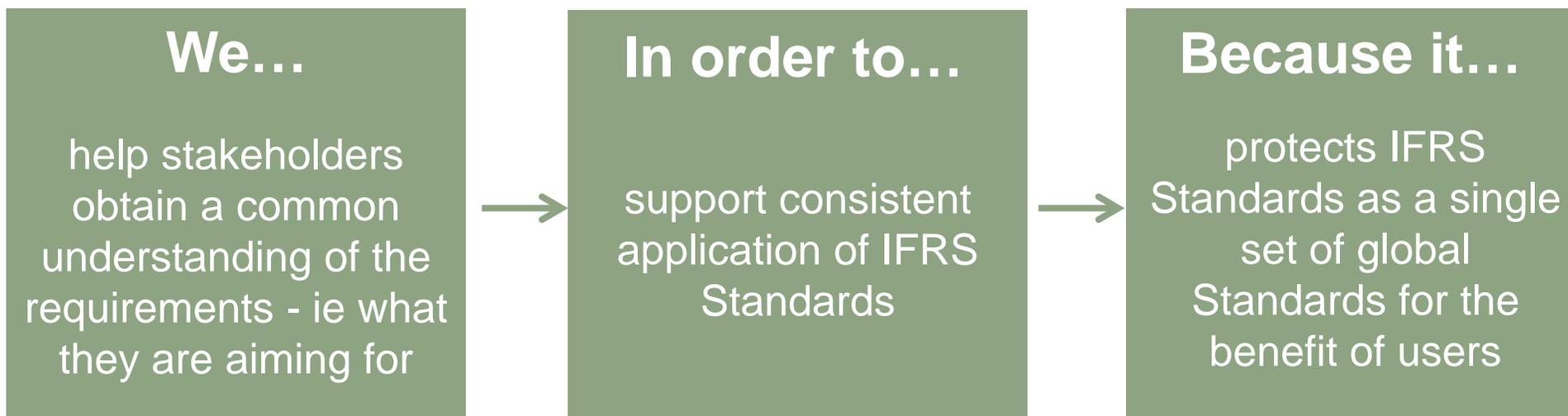
Project	Comments
Provisions	Initial research on IAS 37 is largely complete, plan to update for revised <i>Conceptual Framework</i>
Variable and Contingent Consideration	Cross-cutting issue raised in agenda consultation and in earlier deliberations of other topics. This work may also lead to follow on work on risk-sharing and collaborative arrangements
SMEs that are subsidiaries	Assess whether it is feasible to permit subsidiaries that are SMEs to use: <ul style="list-style-type: none">• the recognition and measurement of IFRS Standards with• the disclosure requirements for SMEs
Equity Method	A number of queries over time. Topic to be investigated as part of PIR of IFRS 11 <i>Joint Arrangements</i>
Pollutant Pricing Mechanisms	An analysis of the common economic characteristics of the various mechanisms will be needed
High Inflation: Scope IAS 29	Assess whether it is feasible to extend the scope of IAS 29 to cover economies subject to high, rather than hyper, inflation. No other work is planned on IAS 29



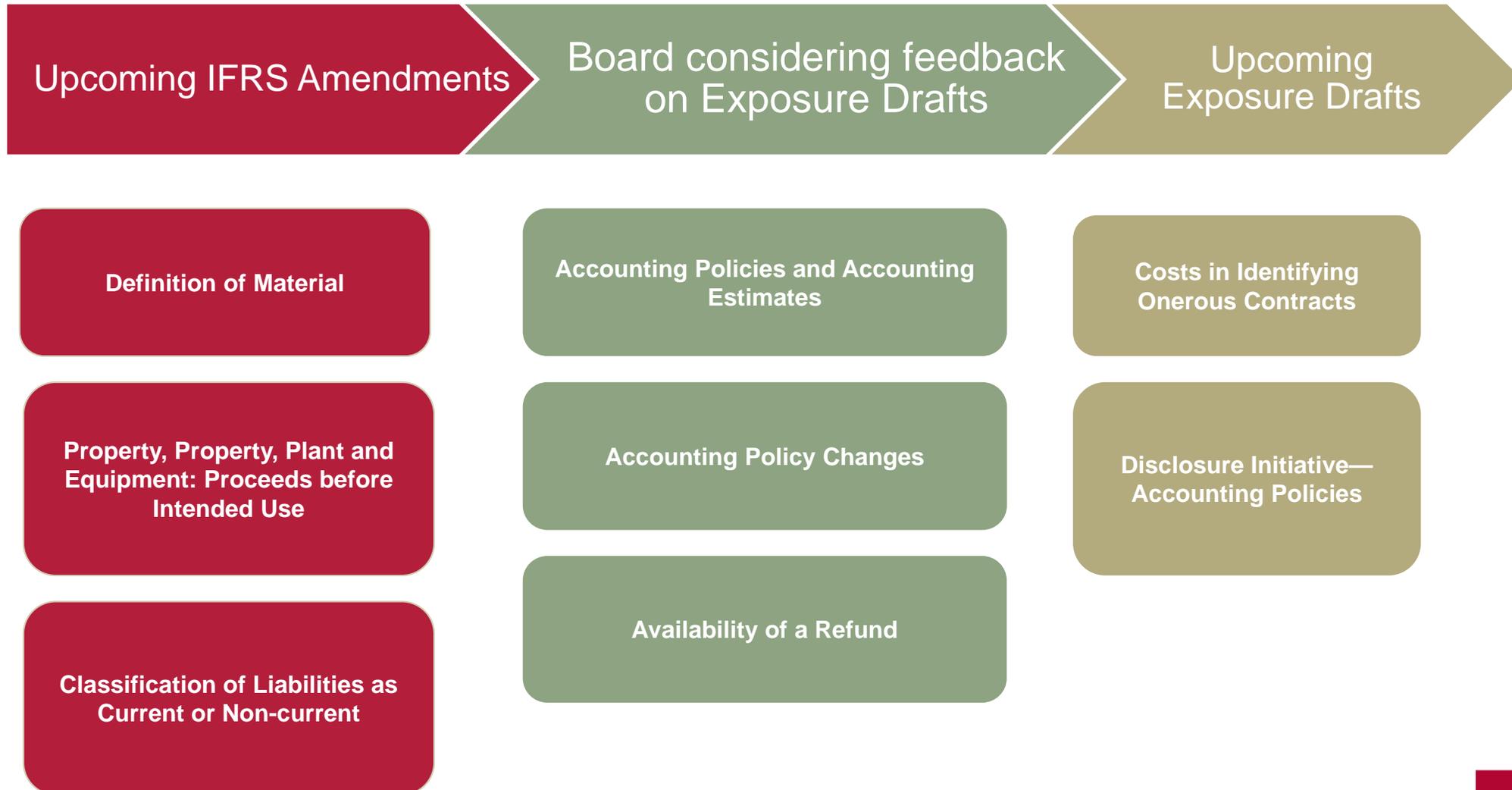


Supporting Implementation

Objective in supporting the Standards



Maintenance projects – IFRS Standards



Resources available on our website



New website



Video



Leaflet
Supporting IFRS Standards

Supporting materials sorted by Standard

IFRS Standards

IFRIC Interpretations

News and events



For example, for IFRS 9 *Financial Instruments*



Webinars



Articles



Transition Resource Group



Agenda decisions

IASB support for IFRS 17 implementation

 <p>Webinars</p>	 <p>Education for</p> <ul style="list-style-type: none">• investors• regulators• standard-setters	<p>Informal technical discussions with</p> <ul style="list-style-type: none">• regulators• standard-setters• audit firms
 <p>Articles and other materials</p>		
 <p>Conferences</p>	<p>Board discussions (annual improvements and implementation challenges)</p>	 <p>Dedicated website page</p>
 <p>Transition Resource Group (TRG)</p>	<p>IFRS Interpretations Committee discussions</p>	<p>go.ifrs.org/IFRS-17-implementation</p>



Public forum for discussion of submitted questions

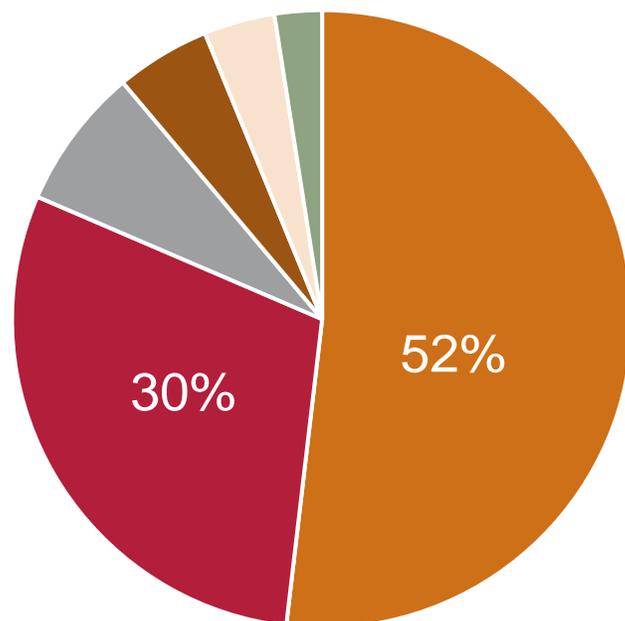
Helps companies to **implement** IFRS 17

Helps the **Board to identify** if more **support** is needed

Webcasts, papers and summaries available on web site

Overview of submissions received on IFRS 17

26



- 42 - Topic specific TRG papers
- 24 - Answered applying only the words in IFRS 17
- 6 - Did not meet the submission criteria
- 4 - Implementation challenges
- 3 - Identified annual improvements or editorial corrections
- 2 - Resulted in educational materials

81

submissions as at September 2018

- **October Board** meeting
 - considered concerns and implementation challenges
 - agreed on criteria to use **if** Board decides to explore amending IFRS 17
- **Future Board meetings**
 - consider **whether** any concerns and implementation challenges indicate that there might be a need to amend IFRS 17 (including effective date)
- Ongoing activities to support IFRS 17 implementation

Get involved

Find out more: www.ifrs.org

Follow us:  @IFRSFoundation

 IFRS Foundation
International Accounting Standards Board

 IFRS Foundation

 IFRS Foundation

Join our team: go.ifrs.org/careers

Join the IFRS Foundation team

29



a mission
that matters



working with global
accounting experts



access to network of
influential people



small organisation
with a big impact



unique development
opportunities



intellectually
stimulating



international
environment

visit go.ifrs.org/careers