

AGENDA [as at 10 October 2018]

Capital Markets Advisory Committee meeting

DATE Thursday 01 November 2018

LOCATION **IFRS Foundation (Boardroom), Columbus Building, 7 Westferry Circus, Canary Wharf, London, E14 4HD**

Time	Agenda item	Agenda paper #
09:00-09:30	IASB Update	AP1A AP1B
09:30-10:30	Primary Financial Statements To be discussed at this meeting: Overview of the Board's proposals to be included in the first consultation document, with focus on benefits the investors expect from presentation of defined subtotals in the statement(s) of financial performance and disclosure of management performance measures. Background: The Board is finalising deliberations on the Primary Financial Statements and the staff will soon begin work on drafting the project's first due process document. This session presents an opportunity to review all project proposals and discuss their expected benefits for users of financial statements. This is particularly useful for project areas where we received mixed feedback from stakeholders, such as management performance measures, which will be the focus of the discussions	AP2
10:30-11:30	FICE Education Session The IASB staff will provide an overview of the key proposals in the Discussion Paper <i>Financial Instruments with Characteristics of Equity</i> .	AP3
11:30-11:45	Break	

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11:45-12:45	FICE Topic 2 To be discussed at this meeting: Seeking CMAC members' views on whether the presentation and disclosures proposed in the Discussion Paper would be useful, in particular: <ul style="list-style-type: none">• expanded statement of changes in equity, which will show how total comprehensive income of an entity is attributed between the existing and potential ordinary shareholders (i.e. holders of own equity derivatives such as share warrants and conversion options);• presentation of income and expenses in other comprehensive income from particular types of financial liabilities i.e. those that have equity-like returns; and• additional disclosures, including priority of issued financial liabilities and equity instruments on liquidation, the maximum potential dilution of ordinary shares, and terms and conditions that affects the timing and amount of cash flows of the entity. Background: The objective of the Discussion Paper is to improve the information that companies provide in their financial statements about financial instruments they have issued. The Board's approach investigates both conceptual and application challenges with the classification of financial instruments applying IAS 32 <i>Financial Instruments: Presentation</i> ; and addresses those challenges through the articulation of clearer principles for classification and enhanced requirements for presentation and disclosure. The Discussion Paper was issued in June 2018 and is open for comment until 7 January 2019.	AP3
12:45-13:45	Lunch	

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13:45-14:45	<p data-bbox="400 412 735 450">Management Commentary</p> <p data-bbox="400 461 815 499">To be discussed at this meeting:</p> <p data-bbox="400 510 1182 667">The staff will provide an update on the Management Commentary project, including the feedback received at the first meeting of the Management Commentary Consultative Group held on 28 September 2018, and will seek CMAC members' views on the following topics:</p> <ul data-bbox="448 678 1209 992" style="list-style-type: none">• objective of management commentary – how to improve the information it provides and its alignment with investors' decision making;• applying materiality – helping preparers identify what to disclose in the management commentary to meet investor needs; and• principles for preparing management commentary – how to improve the coherence, balance and comparability of the management commentary. <p data-bbox="400 1055 564 1093">Background:</p> <p data-bbox="400 1104 1190 1413">In November 2017, the Board added a project to its agenda to update the IFRS Practice Statement 1 <i>Management Commentary</i> (Practice Statement) issued in 2010. In undertaking the project, the Board will consider how broader financial reporting could complement and support IFRS financial statements, taking into account recent developments in reporting initiatives and regulations. The focus of the project will remain within the boundaries of financial reporting. To support the Board's work on updating the Practice Statement, the Board established the Management Commentary Consultative Group.</p>	AP4
14:45-16:15	<p data-bbox="400 1473 695 1512">Goodwill & Impairment</p> <p data-bbox="400 1523 815 1561">To be discussed at this meeting:</p> <ol data-bbox="400 1572 1209 1774" style="list-style-type: none">1. The staff are seeking CMAC members' views on the disclosure objectives and requirements being developed and whether they are likely to meet users' needs.2. The staff want to understand from CMAC members how the goodwill balance is used by investors in the information that they use to make decisions about entities. <p data-bbox="400 1836 564 1874">Background:</p> <p data-bbox="400 1886 1214 2123">In response to feedback from the Board's Post-implementation Review of IFRS 3 <i>Business Combinations</i>, the Board initiated a research project on goodwill and impairment. In the July 2018 Board meeting, in response to feedback from users, the Board set an objective for its follow up work for the project, to explore whether disclosures could be improved to enable investors to assess more effectively whether a business combination was a good investment decision and whether the acquired business is performing after the</p>	AP5A AP5B

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	acquisition as was expected at the time of the acquisition. In addition the Board tentatively decided to pursue an objective of simplifying the accounting for goodwill	
