

IFRS Interpretations Committee update and implementation of new Standards strategy

Agenda ref: WSS10

Sue Lloyd, IASB Vice-Chair
Patrina Buchanan, Associate Technical Director

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World
Standard-setters
Conference
2018

#IFRS_WSS



Agenda

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1. Board's support for IFRS Standards

2. Implementation of new Standards Strategy

- IFRS 17

3. IFRS Interpretations Committee Update

- Background
- Recent Agenda Decisions
- Other topics discussed / ongoing discussions
- Narrow-scope standard-setting projects

4. Resources



Before we begin...

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- To make this session more interactive, we will use live polls via sli.do platform:
 - Go to www.slido.com
 - Enter the event code: **#IFRS_WSS**
 - Select 'IFRS Interpretations Committee update' room
(*'Day 1' for Monday, and 'Day 2' for Tuesday*)
- Let's warm up with the following poll...



Warming up

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Question:
What is your favourite new Standard?

- A. IFRS 9 *Financial Instruments*
- B. IFRS 15 *Revenue from Contracts with Customers*
- C. IFRS 16 *Leases*
- D. IFRS 17 *Insurance Contracts*



Board's support for IFRS Standards

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**New
Standards**

Transition
Resource
Groups

Webinars and
other
supporting
materials

Conferences

**Standards
in effect**

IFRS Interpretations Committee

IFRIC Interpretations

Narrow-scope amendments

Agenda decisions



Implementation of new Standards Strategy

IFRS 17 (case study)

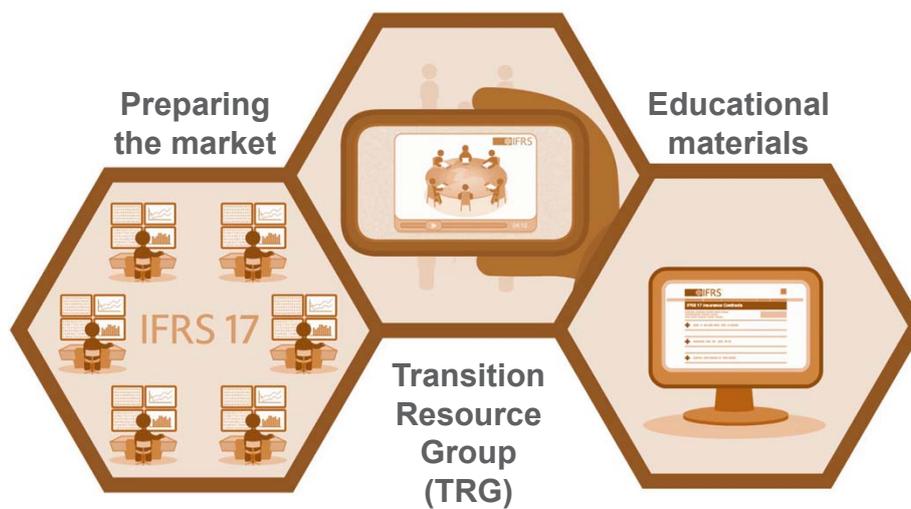


IFRS 17 implementation timeline

Companies disclose the expected impacts of IFRS 17

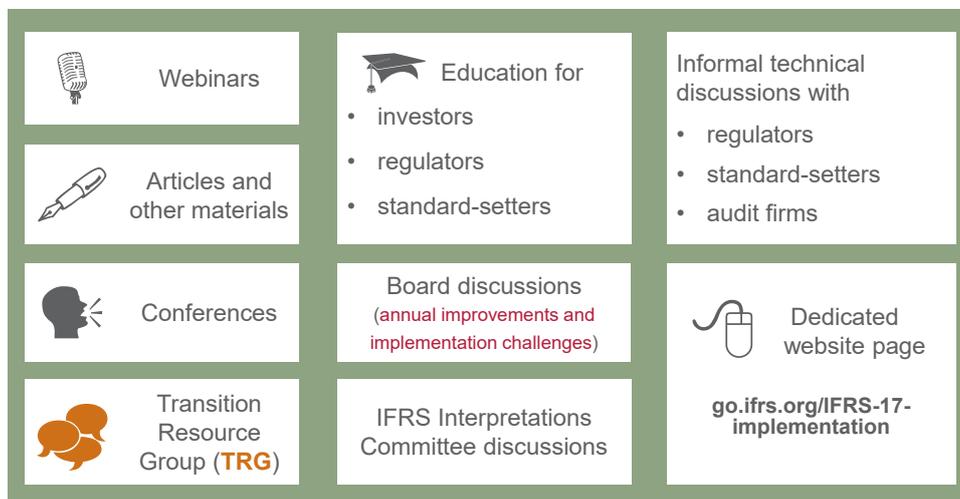
2017	2018						2019	2020	2021
Issuance of IFRS 17 18 May 2017	IASB support for IFRS 17 implementation								
	H2 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	H1 2019	H2 2019	1 January 2020	IFRS 17 is effective 1 January 2021
	TRG meeting 6 February	TRG meeting 2 May	TRG meeting 26-27 September	TRG meeting 4 December	Potential additional TRG meetings		Comparative period begins		
Expectations	Some companies begin implementation process General questions			Contentious / specific implementation questions			Companies are finalising implementation		
Objective	Monitor and proactively support implementation						Provide period of calm for implementation		

IASB support for IFRS 17 implementation



IASB support for IFRS 17 implementation

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Purpose of the TRG

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Public forum for discussion of submitted questions

Helps companies to implement IFRS 17

Helps the Board to identify if more support is needed

3 meetings so far

Webcasts, papers and summaries available for each meeting

Next meeting in December 2018

Test your I(FRS)Q

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Question:

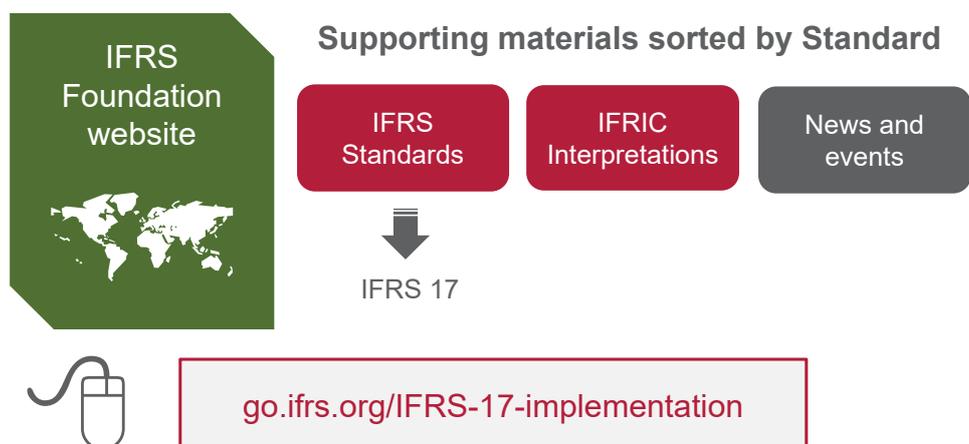
How many questions have been submitted to IFRS 17 TRG to date (September 2018)?

- A. 35
- B. 49
- C. 81
- D. 98



Supporting materials on the website

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Series of IFRS 17 webinars and webcasts

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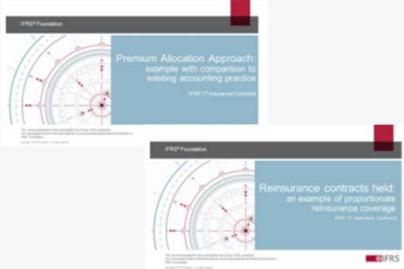
2017	1	Introduction to IFRS 17	2	Scope of IFRS 17	3	Measurement essentials of IFRS 17
	4	Simplified accounting for contracts with short coverage periods	5	Reinsurance contracts held		
	6	Recognition and derecognition	7	Transition to IFRS 17		
	2018					
	8	Level of aggregation	9	Recognising the contractual service margin in profit or loss	10	Insurance contracts with participation and other features

Educational materials June-July 2018

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Examples

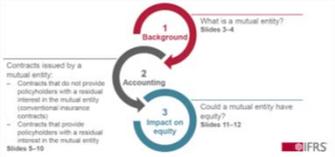
- Premium allocation approach—comparison to existing accounting practice
- Reinsurance contract held—proportionate reinsurance coverage





**IFRS 17
pocket guide
on reinsurance
contracts held**

IFRS 17 and mutual entities



What is a mutual entity?
Slides 3-4

1 Background

2 Accounting

3 Impact on equity

Could a mutual entity have equity?
Slides 11-12

Other supporting materials

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Board members **articles**

What investors asks about IFRS 17

IFRS 17—Help is at hand

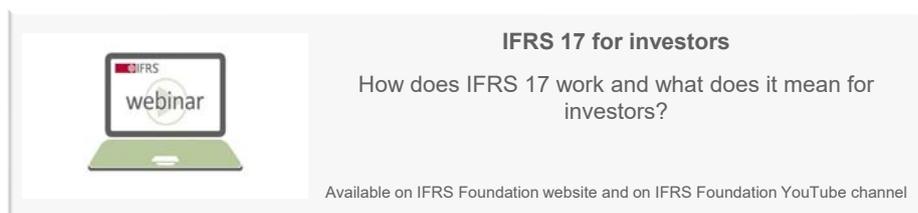
Transitioning to the new IFRS Standard for insurance contracts

Reducing the gap between insurance and other industries



Supporting materials for investors

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What investors think about IFRS 17

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Between May 2017 and August 2018

c. 100 meetings

44 buy side, 31 sell side, 17 mixed groups, 8 credit rating agencies

c. 500 investors and analysts

41% Europe, 26% Global, 23% Asia Pacific, 5% Africa, 5% North America

Areas of support

- Information about insurers' performance
- Consistency with other industries
- Disclosures
- Transparency

Areas of concern

- Company-specific judgements
- Options

BUT disclosures will help to assess the effects of judgements and options on comparability

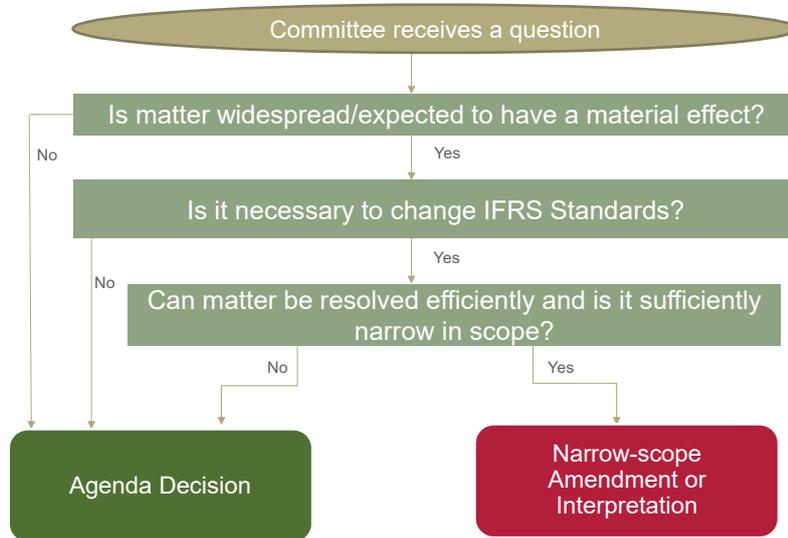
IFRS Interpretations Committee Update

Background



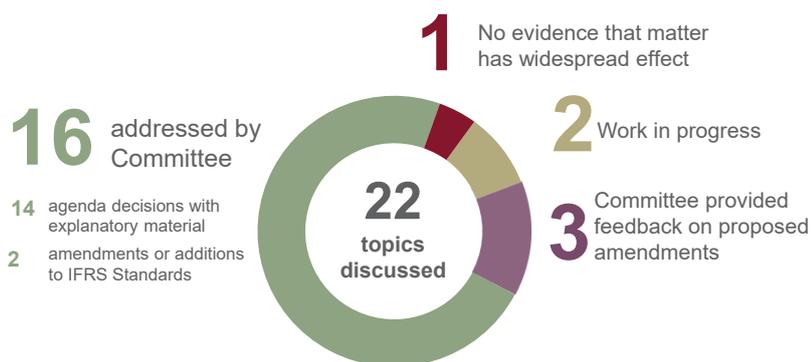
The Interpretations Committee's process

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Overview of 2018 activities (to date)

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5 Committee meetings held in 2018 (to-date); one further meeting to be held in November 2018.

Recent Agenda Decisions -a sample



Revenue recognition in real estate contracts

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Residential real estate industry

Identification of performance obligations

Point in time or over time?

- Are the land and building separate performance obligations?

- Customer control of asset
- Enforceable rights
- Payment for performance completed to date

Presentation of interest revenue

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IAS 1 requirement to present separately interest revenue calculated using effective interest method

Assets measured at amortised cost

Assets measured at fair value through OCI

Exchange rate: long term lack of exchangeability

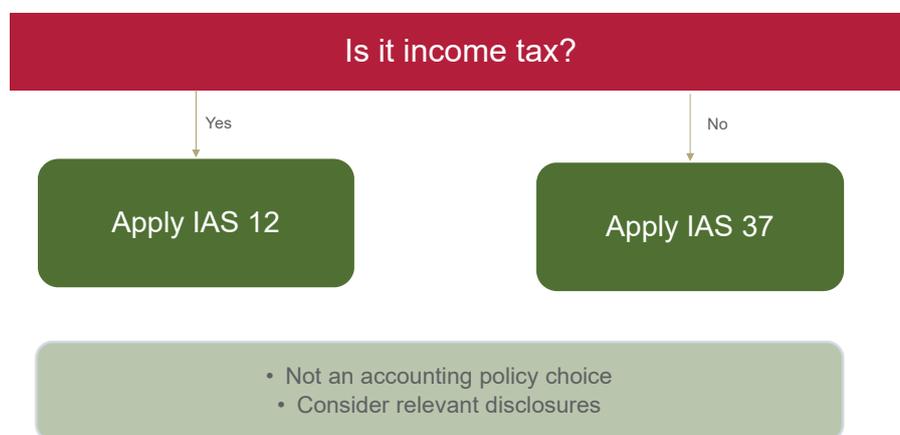
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Exchange rate to use to translate a foreign operation (eg in Venezuela) into the presentation currency

Does a company use the official exchange rate in applying IAS 21?
Does the official exchange rate = 'spot exchange rate'?

• Agenda Decision finalised in September 2018.

• Research possible **standard-setting**



Test your I(FRS)Q

Question:

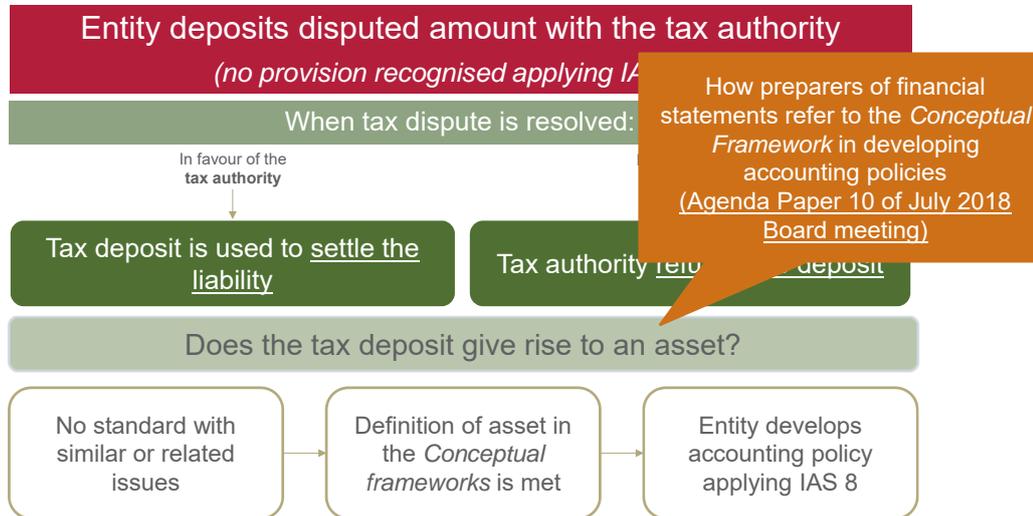
If no IFRS Standard specifically applies to a transaction, other event or condition, which source should an entity refer to, and consider the applicability of, first when developing an accounting policy applying paragraphs 10 and 11 of IAS 8?

- The definitions, recognition criteria and measurement concepts in the *Conceptual Framework*.
- The requirements in IFRS Standards dealing with similar or related issues.
- Most recent pronouncements of other standard-setters, other accounting literature and accepted industry practices.



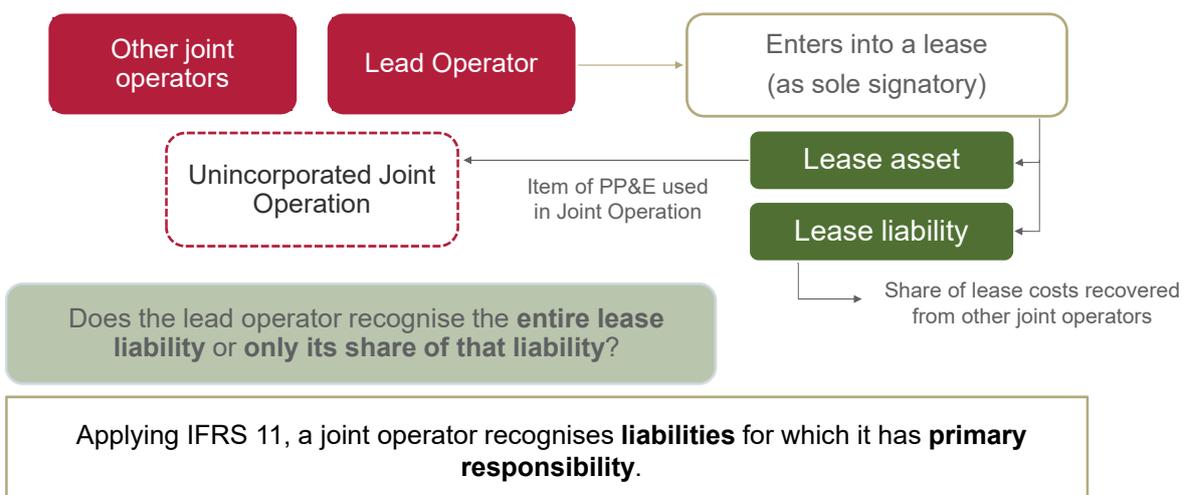
Payments of taxes other than income tax

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Accounting for lease liabilities in joint operations

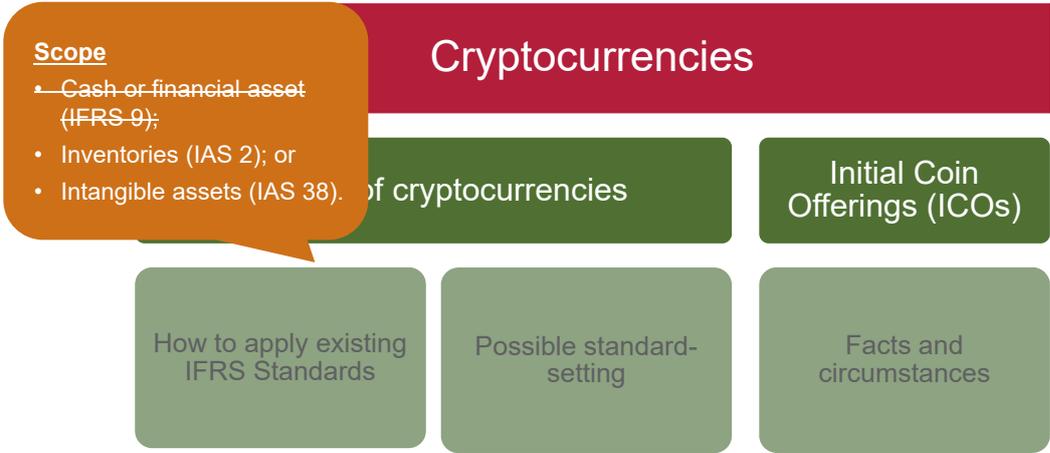
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Other topics discussed / ongoing discussions



Cryptocurrencies



Cloud computing arrangements

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Are rights to access software within the scope of IAS 38 or IFRS 16?

IAS 38

Rights by a lessee under licencing agreements are outside the scope of IFRS 16.

Do Software as a Service (SaaS) arrangements create an intangible asset for the customer?

Is it a service contract?

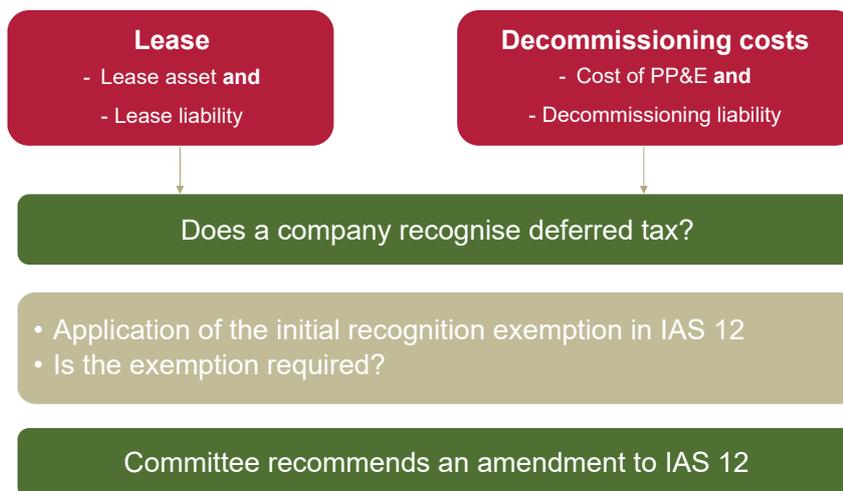
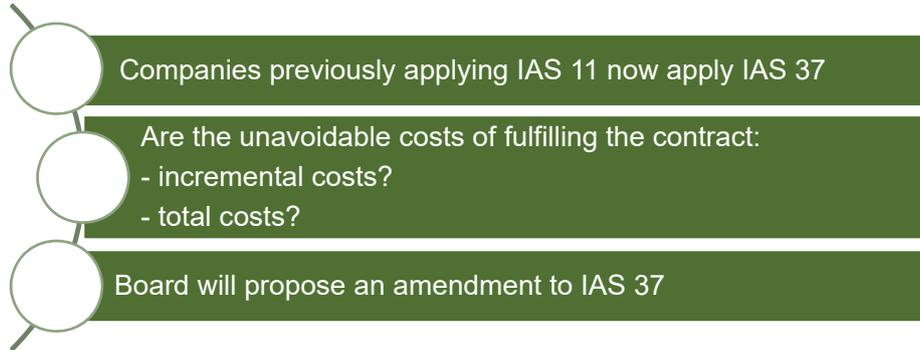
OR

Does the customer control an intangible asset?

Narrow–scope standard-setting projects



Unavoidable costs in IAS 37



Voluntary changes in accounting policy

Resulting from
Agenda Decisions



Retrospective application unless:

- impracticable
- *(proposed) cost exceeds benefits*

Other changes



Retrospective application
unless impracticable

Feedback on the proposed amendments

- Scope of the proposed cost-benefit threshold
 - All voluntary changes or only those resulting from Agenda Decisions?
- Applying the proposed cost-benefit threshold
- Timing of applying changes

Next
steps

Board will consider feedback at a future meeting

Other narrow-scope standard-setting projects

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IAS 16—Proceeds before intended use

IAS 8—Accounting policies and accounting estimates

Annual Improvements

Questions

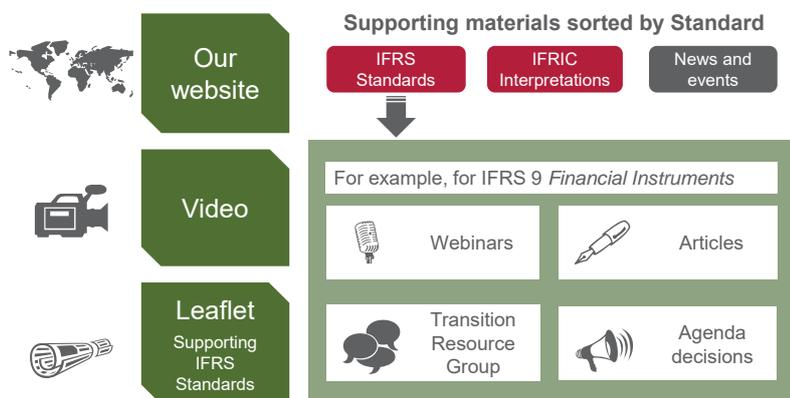
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Resources

Resources on our website



Committee's work – Get involved

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The screenshot shows the IFRS website interface. At the top, there is a navigation menu with categories: ABOUT US, AROUND THE WORLD, ISSUED STANDARDS, SUPPORTING IMPLEMENTATION, PROJECTS, NEWS AND EVENTS, and SERVICES. Below the menu, there are several links: Work plan, Current areas of focus, Interpretations Committee open items, Research Programme, Open for comment documents (circled in red), Completed projects, and Better Communication in Financial Reporting. A prominent banner reads "We have moved" with the new address: IFRS Foundation, Columbus Building, 7 Westferry Circus, Canary Wharf, London E14 4HD. Below the banner is a "NEWS" section with four articles dated 22 August 2018 and 16 August 2018. At the bottom, there is an "EVENTS" section and a "DOCUMENTS OPEN FOR COMMENT" section (circled in red) with a link to "Exposure Draft and comment letters – Amending the".



Get involved

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