IASB Update

From the International Accounting Standards Board

May 2012

Welcome to IASB Update

The IASB met in public over four days, starting on Monday 21 May 2012 at the FASB offices in Norwalk, US.

The topics for discussion at the joint IASB/FASB meeting were:

- Financial instruments: classification and measurement
- Financial instruments: impairment
- Investment entities
- Insurance contracts
- Leases
- Revenue recognition

The topics discussed at the IASB meeting were:

- Agenda consultation
- Definition of the term 'non-monetary asset'
- Effective date and transition methods
- IFRS 10 *Consolidated Financial Statements* transition requirements
- Financial instruments: impairment
- Macro hedge accounting
- Post-implementation review of IFRS 8 *Operating Segments*
- Work plan

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Future Board meetings

The IASB meets at least once a month for up to five days.

The next Board meetings in 2012 are:

11-15 June 2012
16-20 July 2012

To see all Board meetings for 2012, **click here**.

Archive of IASB *Update* Newsletter

Click here for archived copies of past issues of IASB *Update* on the IASB website.

Podcast summaries

To listen to a short Board meeting audio summary (podcast) of previous Board meetings, **click here**.

IASB/FASB sessions

Financial instruments: classification and measurement

Fair value through other comprehensive income (FVOCI) category for eligible debt instruments

The IASB discussed *whether* an FVOCI category for eligible debt instruments (the meaning of 'eligible debt instruments' is discussed further in the following section) should be added to IFRS 9 *Financial Instruments* and, if so, *how* the mechanics of this category should work.

The IASB tentatively decided that an FVOCI measurement category for eligible debt instruments should be added to IFRS 9.

Twelve IASB members agreed.

For the FVOCI measurement category for eligible debt instruments, the IASB tentatively decided that:

- Interest income on such instruments should be recognised in profit or loss using the effective interest method that is applied to financial assets measured at amortised cost.
  Twelve IASB members agreed.
- Credit impairment losses/reversals on such instruments should be recognised in P&L using the same credit impairment methodology as for financial assets measured at amortised cost.
  Twelve IASB members agreed.
- The cumulative fair value gain or loss recognised in OCI should be recycled from OCI to P&L when these financial assets are derecognised.
  Eleven IASB members agreed.

FVOCI and Fair Value through Net Income (FVNI) Business Model Assessment for Financial Assets

The boards IASB discussed the business model assessment for FVOCI and FVNI, including which measurement category should be defined and which should be a residual category.

The boards tentatively decided that the FVOCI category should be defined, and FVNI should be the residual category.

The boards tentatively decided that financial assets should be measured at FVOCI if they are eligible debt instruments (that is, they pass the contractual cash flow characteristics assessment) and are managed held within a business model whose objective is both to hold the financial assets to collect contractual cash flows and to sell the financial assets. The boards tentatively decided to provide application guidance on the types of business activities that would qualify for the FVOCI business model.

Ten IASB members and six FASB members agreed.

Reclassification of financial assets

The boards discussed whether, and in what circumstances, financial assets should be reclassified.

The IASB tentatively decided to extend the existing reclassification requirements in IFRS 9 to the

FVOCI category.

Fourteen IASB members agreed.

The FASB tentatively decided to prospectively require financial assets to be reclassified when, and only when, the business model changes, which should be very infrequent. Changes in the business model that require reclassifications must be (i) determined by the entity's senior management as a result of external or internal changes (ii) significant to the entity's operations; and (iii) demonstrable to external parties. The FASB will discuss at a future meeting whether reclassification of financial assets would be accounted for prospectively as of the first day of the entity's next reporting period, or as of the last date of the entity's reporting period in which the business model changes.

Seven FASB members agreed.

At a future meeting, the boards will further consider how to account for reclassifications.

Financial instruments: impairment

At this meeting, the IASB and the FASB discussed the application of the proposed expected credit loss model to lease receivables.

For lease receivables recognised as a result of the joint leases project, the boards tentatively decided that an entity could elect either to fully apply the proposed 'three-bucket' model or apply a simplified approach in which those lease receivables would have an impairment allowance measurement objective of lifetime expected credit losses at initial recognition and throughout the lease receivables' life.

The simplified approach would reduce complexity in practice because an entity would not be required to track credit deterioration through the buckets of the 'three-bucket' model.

The cash flows and the discount rate used in the measurement of the lease receivables would be used as the contractual cash flows and effective interest rate when assessing the lease receivables' impairment allowance.

Eleven IASB members and four FASB members agreed.

To address potential timing differences between the finalisation of the proposed leases and impairment standards, the boards tentatively decided that the same approach described above would apply for lease receivables that are recognised by a lessor under the existing guidance in IAS 17 *Leases* and Topic 840.

All IASB members and FASB members agreed.

Investment entities

The IASB and FASB discussed the overall approach to providing guidance for determining whether an entity is an investment entity and the related application guidance.

The boards tentatively decided that an entity would not be required to meet a list of strict criteria to be an investment entity. Instead, an entity would be required to meet a definition and consider additional factors to determine whether it is an investment entity. The boards decided that an entity would consider its purpose and design when making the assessment of whether it is an investment entity.

Twelve IASB members agreed and five FASB members agreed.

Definition of an investment entity

IASB decisions

The IASB tentatively decided that the definition of an investment entity would be as follows:

1. An investment entity does all of the following:
    a. obtains funds from an investor or investors and provides the investor(s) with professional investment management services;
    b. commits to its investor(s) that its business purpose and only substantive activities are investing the funds for returns from capital appreciation or capital appreciation and investment income; and
    c. manages and evaluates the performance of substantially all of its investments on a fair value basis.
2. An investment entity and its affiliates do not obtain, or have the objective of obtaining, returns or benefits from their investments that are either of the following:
    a. other than capital appreciation or capital appreciation and investment income; and
    b. not available to other non-investors or are not normally attributable to ownership interests.

The IASB tentatively decided that an entity that has more than an insignificant amount of investments that are not managed on a fair value basis or held for investment income only would not be an investment entity.

All IASB members agreed.

FASB decisions

The FASB tentatively decided to have the same definition as the IASB, except that it would not include 1(c). The FASB definition also refers to 'capital appreciation, investment income or both' rather than 'capital appreciation or capital appreciation and investment income'. The FASB also decided that the concept of managing on a fair value basis, as described in the FASB's exposure draft, would be a factor that an entity would consider to determine whether it is an investment entity. That assessment would consider how the entity manages and evaluates the performance of its investments, how the entity transacts with its investors and how asset-based fees are calculated to determine whether the entity manages its investments on a fair value basis.

Five FASB members agreed.

Application guidance

The boards tentatively decided that relevant application guidance that was included in the exposure drafts would be included in the final guidance issued. The boards made the following additional tentative decisions regarding application guidance:

1. Transactions between controlled investees would be permitted. Thirteen IASB members and all FASB members agreed.
2. An entity can be, but does not need to be, a legal entity to be an investment entity. All IASB and FASB members agreed.
3. Investment entities are not required to be set up at the same time in order to apply the guidance relating to when they are formed in conjunction with each other. All IASB and FASB members agreed.

4. An entity is permitted to set up single-investor or single-investment funds alongside a main fund for various business reasons other than legal, regulatory, or tax reasons provided that the funds meet the definition of an investment entity. All IASB and FASB members agreed.

The IASB made the following additional tentative decisions regarding application guidance:

1. An investment entity would be allowed to provide investment-related services to third parties only if those services are not substantive. Thirteen IASB members agreed.
2. Involvement in the day-to-day management of investees would not disqualify an entity from investment entity status. Thirteen IASB members agreed.
3. An investment entity would be required to have an exit strategy for substantially all of its investments. The exit strategy assessment would be performed at a portfolio level. All IASB members agreed.
4. In a master-feeder structure, when determining whether a feeder fund meets the exit strategy requirement to be an investment entity, the master fund would be required to have an exit strategy for substantially all of its investments. All IASB members agreed.
5. An entity is not required to measure its financial liabilities at fair value and manage those financial liabilities on a fair value basis to be an investment entity. All IASB members agreed.

In addition, the IASB decided that it would not include guidance regarding consideration of how an entity transacts with its investors and how asset-based fees are calculated in determining whether the entity manages its investments on a fair value basis. All IASB members agreed.

Next steps

The boards also discussed whether an entity should consider the number of investments held, the number of investors, whether the investors are related parties, and the concept of ownership interests, to be an investment entity. The boards asked the staff to explore further how these factors would interact with the definitions decided by each board, to be confirmed at a future joint meeting.

The IASB noted that it was important for them to complete the redeliberations expeditiously given the effective date of IFRS 10 *Consolidated Financial Statements*.

Insurance contracts

The IASB and FASB continued their discussions on insurance contracts by considering the separation of investment components from the insurance contract. In addition, the IASB considered its previous decisions on risk adjustment and residual margin and held an education session on other comprehensive income.

Separation of investment components from the insurance contract

The boards tentatively decided that if the investment component is distinct, an insurer shall unbundle the investment component and apply the applicable IFRSs or US GAAP in accounting for the investment component.

The boards tentatively decided that an investment component is distinct if the investment component and the insurance component are not highly interrelated.

Indicators that an investment component is highly interrelated with an insurance component are:

- a lack of possibility for one of the components to lapse or mature without the other component also lapsing or maturing;

- if the products are not sold in the same market or jurisdiction; or
- if the value of the insurance component depends on the value of the investment component or if the value of the investment component depends on the value of the insurance component.

An insurer shall account for investment components that are not distinct from the insurance contract together with the insurance component under the insurance contracts standard.

Twelve IASB members and seven FASB members agreed.

The boards confirmed their previous tentative decisions regarding separation from insurance contracts, as follows:

- Embedded derivatives: unbundled when the embedded derivative is not closely related (for the IASB) or clearly and closely related (for the FASB) to the insurance component.
- Non-insurance goods and services: unbundled when the performance obligation to provide the goods or services is distinct, as previously defined by the boards.
- Investment components: exclude from the premium presented in the statement of comprehensive income an amount for an investment component as previously defined by the boards. The IASB previously tentatively decided that this should be the amount that the insurer is obligated to pay to policyholders or to their beneficiaries, regardless of whether an insured event occurs. The FASB will vote in a future meeting on how to determine the amount that is excluded from the premium presented in the statement of comprehensive income.

All IASB members and FASB members agreed.

The boards tentatively decided that insurers should be prohibited from applying revenue recognition or financial instrument standards to components of an insurance contract when unbundling is not required.

Thirteen IASB members and seven FASB members agreed.

Risk adjustment and residual margin - IASB only

The IASB tentatively decided to confirm its previous decisions on the risk adjustment and residual margin, namely:

- That the measurement of an insurance contract should include an updated, explicit risk adjustment. 11 IASB members agreed.
- That changes in estimates of future cash flows should be offset in the residual margin. Ten IASB members agreed.

The IASB also decided that it would not explore whether other changes in estimates should be offset in the residual margin. Seven IASB members agreed.

Use of other comprehensive income

The boards tentatively decided that an insurer should:

1. present in OCI changes in the insurance liability arising from changes in the discount rate.

   Eight IASB members and five FASB members tentatively decided to require the presentation of those changes in OCI in all cases, subject to a future discussion on the treatment of participating insurance contracts (see below).
2. not present in OCI changes in the insurance liability arising from changes in interest sensitive

cash flow assumptions. thirteen IASB members and five FASB members agreed.
3. present in interest expense using the discount rate locked in at inception of the insurance contract. Nine IASB members and seven FASB members agreed.

The boards also tentatively decided:

1. that the discount rate locked in at inception of the insurance contract would be applied to changes in expected cash flows. Twelve IASB members and six FASB members agreed.
2. not to include a loss recognition test in their proposed requirements. Thirteen IASB members and six FASB members agreed. 1 FASB member opposed this decision and 1 IASB member abstained.

The boards will consider at a future meeting how the above decisions will apply to participating insurance contracts including the interaction with previous tentative decisions for participating insurance contracts.

Acquisition costs in the building block approach

The IASB tentatively confirmed that an insurer should include acquisition costs in the cash flows used to determine the margin (and hence the insurance contract liability), rather than account for them as a separate deferred acquisition cost asset.

Ten Board members agreed.

The FASB tentatively decided against an approach that would require an insurer to expense the acquisition costs and recognise income equal to, and offsetting, those costs when the acquisition costs are incurred (Alternative C in Agenda Paper 2C/83C). Six FASB members agreed.

At a future meeting, the FASB will consider the following two approaches:

1. An approach which recognises the right to recover acquisition costs as an asset (Alternative A in Agenda Paper 2C/83C).
2. An approach which requires an insurer to recognise a reduction in the margin when the acquisition costs are incurred, with no effect in the statement of comprehensive income. The acquisition costs would be shown net against the single margin and allocated to profit or loss in the same way as the single margin (Alternative B in Agenda Paper 2C/83C).

The FASB will consider acquisition costs in the premium allocation approach in a future meeting.

Next steps

The boards will continue their discussion on insurance contracts in the week commencing 11 June 2012.

Leases

The IASB and the FASB discussed the feedback received during the April and May 2012 outreach meetings with auditors, preparers, and users of financial statements regarding the lessee accounting model. The outreach discussions had focused on different methods of amortising the right-of-use asset as well as any consequences that a change to the lessee accounting model would have on the tentative decisions for lessor accounting.

The boards were not asked to make any decisions.

Revenue recognition

The IASB and the FASB considered a summary of the feedback received from outreach activities undertaken between September 2011 and May 2012 and the comment letters on the revised exposure draft *Revenue from Contracts with Customers*.

These summaries will be posted on the revenue recognition project page on the IASB and FASB websites.

The boards also approved a project plan for completing their redeliberations on the revenue recognition project and thereby finalising a common revenue standard for entities that apply either IFRSs or US GAAP. No other decisions were made.

IASB sessions

Agenda consultation

The IASB discussed the topics for inclusion in the consultation summary and feedback statement on its 2011 agenda consultation 2011 and the Board's strategy for developing its technical programme.

The Board discussed the main messages that it received in response to the Request for Views *Agenda Consultation 2011*. These messages and responses will form the basis of the feedback statement.

The Board was asked whether:

a. all the main messages received had been correctly identified;
b. it agreed with the proposed responses to those messages; and
c. Board members had any further comments to include in the feedback statement.

The Board also discussed how the feedback received should affect how the IASB's technical programme is developed.

The Board discussed the proposed changes to how it structures its technical programme, with the main recommendation being the development of a broader research and development programme that supports a smaller and more focused standards-level programme. The Board also considered recommended project-level priorities. These included restarting the conceptual framework project as well as a discussion of some specific topics identified for early assessment in accordance with the Board's agenda-setting priorities.

The Board unanimously supported:

- the IASB hosting a public forum to assess strategies for improving the quality of financial reporting disclosures, within the existing disclosure requirements.
- giving priority to work on the Conceptual Framework project and that the main focus should be on elements, measurement, presentation, disclosure and reporting entity.
- giving priority to:
    - developing standards-level proposals for potential amendments to IAS 41 *Agriculture* (in relation to bearer crops); rate-regulated activities; and the equity method in separate financial statements; and
    - re-commencing research on emissions trading schemes and business combinations

under common control.

- initiating a research programme, focusing initially on discount rates; the equity method of accounting; extractive activities/intangible assets/R&D; financial instruments with the characteristics of equity; foreign currency translation; non-financial liabilities; and financial reporting in high-inflation and hyperinflationary economies.
- establishing a consultative group to assist the IASB with matters related to Shariah law.

The proposals discussed in this meeting will be presented to the IFRS Advisory Council in June 2012 for further discussion.

Definition of the term 'non-monetary asset'

The IFRS Interpretations Committee received a request to clarify whether a business meets the definition of a 'non monetary asset'. The question was asked within the context of identifying whether the requirements of SIC 13 *Jointly Controlled Entities-Non-Monetary Contributions by Venturers* and IAS 28 *Investments in Associates and Joint Ventures* (revised in 2011) apply when a business is contributed to:

- a jointly controlled entity (JCE) as defined in IAS 31 *Interests in Joint Ventures*; or to:
- a joint venture (JV) as defined in IFRS 11 *Joint Arrangements*; or:
- an associate.

in exchange for an equity interest in that JCE/JV or associate.

At the January 2012 Interpretations Committee meeting, the Committee noted that this matter is related to the issues arising from the acknowledged inconsistency between the requirements in IAS 27 *Consolidated and Separate Financial Statements* and SIC-13, in dealing with the loss of control of a subsidiary that is contributed to a JCE/JV or an associate. SIC-13 restricts gains and losses arising from contributions of non-monetary assets to a JCE to the extent of the interest attributable to the other equity holders in the JCE. IAS 27 requires full profit or loss recognition on the loss of control of the subsidiary.

At the March 2012 meeting, the Committee discussed various alternatives that would address the inconsistency and decided to ask the Board whether it wants the Committee to consider further how to resolve the inconsistency between the requirements in IAS 27 and those in SIC-13, on the basis of the different alternatives discussed.

At the May 2012 Board meeting, the staff consulted the Board on this matter. The Board discussed three alternatives that would address the inconsistency:

- Alternative 1: account for all contributions in accordance with the rationale developed in IAS 27.
- Alternative 2: account for all contributions of businesses (whether housed in a subsidiary or not) in accordance with IAS 27 and account for all other contributions in accordance with SIC-13.
- Alternative 3: account for all contributions to a JCE/JV or an associate in accordance with SIC-13.

The majority of the Board members considered Alternative 1 to be the most robust alternative from a conceptual point of view, but that it would require addressing multiple cross-cutting issues. Some Board members were concerned that the Committee would not be able to address those cross-cutting issues on a timely basis.

As a result, a majority of Board members expressed support for Alternative 2. One Board member suggested that the Committee should also consider Alternative 3 when it decides which alternative to follow.

Effective date and transition methods

The IASB discussed issues arising from the disclosures given when there is a change in accounting policy. The issues were raised in the feedback received on the *Request for Views* on the effective date and transition methods, and from the outreach that had been performed.

The Board discussed the following issues:

- *Adjusting comparative information:* the Board discussed whether an entity should adjust its comparative information if it provides more than one period of comparative information. The Board decided not to make any changes to current requirements, noting that this issue would be better considered as part of a broader scope project, such as its future work on a presentation and disclosure framework.
- *Disclosure of the impact of a required change in accounting policy in the current period:* the Board tentatively agreed to remove the requirement to disclose the current period effect of a new accounting policy when the change is a result of changes in IFRSs. Nine Board members agreed. The Board also tentatively agreed to decide on a case-by-case basis whether additional disclosures are needed when transition provisions for a new or amended IFRS do not require retrospective application rather than as part of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
- *Disclosure of the impact of a voluntary change in accounting policy in the current period:* the Board tentatively agreed to retain the requirement to disclose the current period effect of a voluntary change in the accounting policy. Eight Board members agreed and one was absent.
- *Disclosure about forthcoming IFRSs:* the Board tentatively agreed to retain the requirement to disclose the possible impact of forthcoming IFRSs that are not yet effective. However, the Board tentatively decided to modify IAS 8 to require this disclosure only for IFRSs that were issued by the end of the reporting period. Thirteen members agreed and one was absent.

An exposure draft proposing amendments to IAS 8 is expected to be published in the second half of 2012 with a 120-day comment period.

IFRS 10 *Consolidated Financial Statements* transition requirements

The IASB discussed the proposed amendments to IFRS 10 *Consolidated Financial Statements* arising from the exposure draft published in December 2011. On the basis of the comments received from respondents, the Board tentatively decided to finalise the following amendments:

a. Add a definition of the date of initial application to IFRS 10. This would be 'the beginning of the reporting period in which IFRS 10 is applied for the first time';
b. Clarify that an entity is not required to make adjustments to the accounting for its involvement with an entity that was disposed of in the comparative period(s); and
c. Paragraphs C4—C5 of IFRS 10 are amended to clarify how the investor shall retrospectively adjust comparative periods when the consolidation conclusion changes between IAS 27 *Consolidated and Separate Financial Statements*/SIC-12 *Consolidation-Special Purpose*

Entities and IFRS 10. The amendments to paragraph C4 will also clarify that when an investor concludes that it shall consolidate an investee that was not previously consolidated, and control was obtained before the effective date of the 2008 revisions to IFRS 3 *Business Combinations* and IAS 27, an entity can apply either the revised versions of those standards or the versions issued in 2004.

Thirteen Board members agreed and one was absent.

The Board also discussed whether similar transition relief should be provided for first-time adopters of IFRS. It was noted that the issues raised regarding retrospective application were not specific to IFRS 10 and should be considered more comprehensively. The Board asked the staff to examine the issue for future consideration by the Board.

The Board also tentatively decided to provide additional transition relief in IFRS 10, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*:

a. to limit the requirement to provide adjusted comparative information to only the preceding comparative period; nevertheless, presentation, in addition, of earlier adjusted comparative periods is not prohibited. If earlier comparative information is not restated, it should be made clear on the face of the financial statements that the earlier periods have not been adjusted. (Twelve Board members agreed); and
b. for the first year that IFRS 12 is applied, to remove the requirement to present comparative information for the disclosures related to unconsolidated structured entities. All Board members agreed.

The Board asked the staff to prepare a ballot draft reflecting the decisions made at the meeting.

Financial instruments: impairment

Discount rate

At this meeting, the IASB discussed the discount rate that should be used when discounting expected losses of originated and purchased non-credit impaired financial assets in the general 'three-bucket' impairment model. During this discussion, the Board also considered the feedback received from the joint supplementary document *Financial Instruments: Impairment* (the SD) published in January 2011.

The Board tentatively decided to confirm the proposal included in the SD to permit an entity to use a current discount rate between, and including, the risk-free rate and the IAS 39 effective interest rate (EIR) when discounting expected losses to provide operational relief to entities.

In the discussions the Board noted that the choice of rate was an accounting policy choice that must be applied consistently in the accounting for the impairment allowance of an asset over its life.

In relation to the previous joint discussion on lease receivables in May 2012, the Board noted that this IASB-only decision would also be relevant in determining the discount rate used to discount expected losses for lease receivables.

All Board members agreed

Modified financial assets

At this meeting the Board discussed how an entity should account for a modification of financial assets under the 'three-bucket' impairment model. The scope of the discussion was limited to modifications that do not result in derecognition.

Whether modified assets should be treated consistently to other assets

The Board tentatively decided that modified financial assets should be considered for transfer in the same way as other (non-modified) assets within the general 'three-bucket' impairment model. In other words, originated and purchased non-credit-impaired financial assets that have been modified should move between buckets according to whether the transfer notion is or is no longer met. Furthermore, purchased credit-impaired financial assets that have been modified should remain outside Bucket 1 throughout their lives.

All Board members agreed.

Evaluation of transfer notion for modified assets

The transfer notion previously agreed upon by the Board includes two parts: (a) there has been a more than insignificant deterioration in credit quality, and (b) the likelihood that some or all of the contractual cash flows may not be recoverable is at least reasonably possible. The Board tentatively decided that when an entity evaluates the transfer in or out of Bucket 1 for an asset that has been modified, it should:

a. evaluate the current credit quality against the credit quality at initial recognition in determining whether there has been more than an insignificant deterioration in credit quality, and
b. consider the cash flows of the modified instrument when evaluating whether the likelihood that some or all of the contractual cash flows may not be recoverable is at least reasonably possible.

All Board members agreed.

Presentation of a modification

The Board tentatively decided that the standard should specify that the gain or loss upon modification should be recognised against the gross carrying amount of the financial asset.

All Board members agreed.

Macro hedge accounting

The IASB discussed a procedural aspect of the macro hedge accounting project: whether the next due process step should be a discussion paper (DP) or an exposure draft (ED).

The Board discussed the benefits of a DP, which would allow eliciting views on a broader range of accounting alternatives and from a broader range of constituents. This was important because it would involve users of financial statements as well as promoting the discussion of other risks than interest rate risk.

The Board also discussed that as a consequence of moving towards a DP, macro hedge accounting would not be a part of IFRS 9 *Financial Instruments*. The Board noted that during the macro hedge accounting project the status quo of 'macro' hedge accounting under existing IFRSs would be maintained so that entities would not be worse off in the meantime. The Board also discussed that adopting a new macro hedge accounting model after the application of IFRS 9 would raise the question of transition regarding entities' elections under the fair value option.

The Board tentatively decided to move towards a DP as the next due process step.

Twelve Board members agreed.

Post-implementation review of IFRS 8 *Operating Segments*

The IASB discussed the planned approach for the post-implementation review (PIR) of IFRS 8 *Operating Segments*.

The Board discussed a proposal that the structure of the investigation and reporting phases should reflect the main decisions made when the Board developed IFRS 8. These decisions were:

a. to identify segments on the basis of the management approach;
b. to measure disclosed line items on the basis used for internal reporting; and
c. to disclose only those line items that are regularly reviewed by the chief operating decision maker.

The Board also discussed the proposed structure of a Request for Information (RFI) on the effect of implementing IFRS 8 that the Board expects to issue in July 2012. As part of that discussion, the Board discussed a list of preliminary issues identified for investigation and considered what other investigation tools, in addition to the RFI, could be employed in the PIR process.

All Board members agreed with the staff's proposals.

The Board plans to discuss the post-implementation review of IFRS 8 at its June 2012 meeting when it will consider the preliminary findings of the review of academic literature. At the June meeting, the staff will also request permission from the Board to issue the RFI.

Work plan

The work plan reflecting decisions made at this meeting will be updated on the IASB website in the week beginning 4 June 2012.

Projected targets as at 1 June 2012	2012 Q2	2012 Q3	2012 Q4	2013 Q1	MoU	Joint
Next major project milestone						
Agenda consultation						
Three-yearly public consultation	Feedback Statement	Development of strategy				
Next major project milestone						
Financial Crisis related projects						
IFRS 9: Financial instruments (replacement of IAS 39)						
- Classification and measurement (review)			Target ED		?	?
- Impairment			Re-exposure		?	?

Hedge accounting						
- General hedge accounting	Review draft	Target IFRS				
- Macro hedge accounting		Target DP or ED				
Next major project milestone						
Memorandum of Understanding projects						
Leases		Re-exposure				
Revenue recognition	Consider comments received					
Next major project milestone						
Other Projects						
Insurance contracts		Review draft or revised ED				
IAS 8 Effective date and transition methods		Target ED				
Annual improvements 2010-2012				Target completion		
Annual improvements 2011-2013		Target ED				
Consolidation–Investment entities						
Transition Guidance (Proposed amendments to IFRS 10)	Target amendment					
Next major project milestone						
Post-implementation reviews						
IFRS 8 Operating Segments	Request for Views					
IFRS 3 Business Combinations		Initiate review				

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