

# AGENDA PAPER

IFRS® Foundation Trustees meeting – Due Process Oversight Committee

Conference call      **October 2020**

**Agenda ref    1E**

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CONTACT            Henry Rees

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## **Educational material—review of due process**

### **Purpose**

1. The purpose of this paper is to report to the DPOC, in accordance with paragraph 8.11 of the *Due Process Handbook*, on the educational material published by the Foundation on its website to support the consistent application of IFRS Standards. The report covers the year to 30 September 2020.
2. The staff confirms that all educational material published in the year to 30 September 2020 has received the level of review required by the *Handbook*.

### **Question for the DPOC**

3. On the basis of the descriptions set out in the Appendix, does the DPOC agree that educational material published in the year to 30 September 2020 has been appropriately reviewed as specified by paragraph 8.10 of the *Handbook*?

### **Background**

4. Educational material refers to material published on the IFRS Foundation website related to *issued* IFRS Standards, including webcasts, articles, presentations for conferences and *IFRS for SMEs* training material (ie it does not include any materials relating to ongoing projects). For these purposes it does not include:
  - (a) Illustrative Examples accompanying an IFRS Standard and that are published with that Standard—these form part of the package that is balloted by the Board;
  - (b) Agenda Decisions published by the Interpretations Committee—the Committee follows the due process requirements in paragraphs 8.2–8.7 of the *Handbook*.
5. Paragraphs 8.8 and 8.9 of the *Handbook* explain that:

...Educational material is not part of the Standards and cannot add or change requirements in the Standards.

The development of educational material does not take place in public meetings and is not subjected to the public scrutiny that is given to the development of IFRS Standards. Nonetheless, educational material is subject to quality assurance processes

reflecting the nature and complexity of the material, and to ensure that the material does not add or change requirements in the Standards and is clearly distinguished from the Standards.

6. Paragraph 8.10 of the *Handbook* specifies the review required for educational material as follows:

In order to meet the assurances in paragraph 8.9, educational material is subjected to at least the following level of review:

- a. high-level summaries of the requirements in an IFRS Standard, such as introductory webcasts on a new Standard, are reviewed by a Board member;
- b. more detailed materials explaining the requirements in a Standard, such as a webcast on specific aspects of a Standard, are reviewed by two Board members; and
- c. material explaining or illustrating how the requirements in a Standard might be applied to particular transactions or other circumstances, such as a new example demonstrating how the requirements might be applied to a particular fact pattern, are reviewed by three Board members.

#### **Educational material published and level of review**

7. Educational material published since the last review in October 2019 is set out in the Appendix to this paper, categorised by the levels of review required by paragraph 8.10 of the *Handbook* (as described above). The staff confirms that the contents of the materials are accurately described in the Appendix and believe that the level of review meets the requirements of the *Handbook*.
8. The reviews consider both the technical quality of the material as well as ensuring the material is educational, explanatory information about IFRS Standards, and does not add or change requirements in the Standards. In practice, the level of review often exceeds the minimum specified.

## Appendix

## Educational materials published in the year to 30 September 2020

<p><b>Level of review specified in paragraph 8.10(a)—1 Board member</b></p> <ul style="list-style-type: none"> <li>• <i>Investor Update</i> newsletter articles discussing IFRS Standards to support investor education. In 2020, this included articles that discussed the Board's response to the covid-19 pandemic. (Other articles discussed the Board's proposals in discussion papers and exposure drafts.)</li> </ul>
<p><b>Level of review specified in paragraph 8.10(b)—2 Board members</b></p> <ul style="list-style-type: none"> <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 2020, this included materials supporting education meetings on IFRS 9 <i>Financial Instruments</i>, IFRS 15 <i>Revenue from Contracts with Customers</i>, IFRS 16 <i>Leases</i>, IFRS 17 <i>Insurance Contracts</i> and briefings on the Board's initiatives in response to the covid-19 pandemic.</li> </ul> </li> <li>• Project Summary: <i>Interest Rate Benchmark Reform—Phase 2</i></li> <li>• Project Summary: <i>Amendments to IFRS 17</i></li> <li>• Investor webcast: <i>IFRS 9 and IFRS 7 for Investors—disclosures about Expected Credit Losses</i></li> <li>• Webcasts on <i>Amendments to IFRS 17</i> (2 webcasts)</li> </ul>
<p><b>Level of review specified in paragraph 8.10(c)—3 Board members</b></p> <ul style="list-style-type: none"> <li>• Article: <i>IFRS Standards and climate-related disclosures</i></li> <li>• Educational document: <i>IFRS 9 and covid-19—accounting for expected credit losses</i></li> <li>• Educational document: <i>Accounting for covid-19-related rent concessions</i></li> <li>• IFRS for SMEs Q&amp;A (developed by the SME Implementation Group): <i>Application of the undue cost or effort exemption when measuring fair value on transition to the IFRS for SMEs Standard</i></li> </ul>

In addition, in the period, the Foundation published:

- two volumes of *The Annotated IFRS Standards*—one based on the Standards that have been issued, the other on Standards that are in effect. These volumes include the text of IFRS Standards annotated with extensive cross-references, footnotes setting out Agenda Decisions of the Interpretations Committee, and other minor annotations. These annotations are prepared and reviewed by technical staff. All the underlying material has previously been subject to the Board's or Interpretations Committee's due process.
- two volumes of *Compilation of Agenda Decisions*—these bring together all the Agenda Decisions published in a period (Vol. 1 January 2019–September 2019 and Vol. 2 October 2019–March 2020).