

December 2012

# Feedback Statement: Agenda Consultation 2011



# Agenda Consultation 2011

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# Foreword

IASB discusses the Agenda Consultation with the IFRS Advisory Council.

Request for Views published.

Extensive and focused consultations with investors—interviews, surveys and public forums.

246 comment letters received.

The IASB hosts four public round-table discussions.



## A new chapter

The last ten years have witnessed nothing short of a revolution in financial reporting. Various events around the world, including the Asian financial crisis, the fallout from the Enron scandal and most recently the global financial crisis have all served to demonstrate the globally interconnected nature of today's financial markets. In the last ten years, financial reporting has been playing catch-up—moving from 20th century national accounting regimes to international accounting standards fit for the 21st century. More than 100 countries have completed this transition, including a majority of the G20.

For anyone involved in financial reporting, the last ten years represented a period of almost continuous change. First, jurisdictions needed to cope with the transition from their own national standards to IFRS.

Second, the Standards themselves, inherited from the IASB's part-time predecessor body, needed to be improved. Third, the IASB and the FASB's convergence programme led to further changes. Finally, the need for a timely response to the financial crisis further amplified this sense of continuous change. Fortunately, the end of this first chapter in the IFRS story is in sight.

So, what is the next chapter in the IFRS story? What should the IASB prioritise as part of its future agenda? To answer that question, the IASB has conducted a far reaching public consultation on its work programme.

We consulted widely, seeking input from members of the investor and business communities who are not regular respondents to the IASB. We held public discussions in the Asia-Oceania region, Europe, North America and South America and engaged with thousands of people to seek their views on our new work programme.

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Comment summary presented to the IASB.

Views received are discussed with the IFRS Advisory Council.

The IASB considers, and endorses, a summary of the views received and a draft strategy for, and initial identification of, project priorities.

The IASB publishes a Feedback Statement, including a statement of priorities for the coming three years.

We received more than 240 comment letters, offering thoughtful advice on what should be our priorities.

This document summarises those responses—what we heard as a result of this extensive programme of outreach and how we intend to respond.

In summary, there were five clear messages.

First, respondents asked that a decade of continuous change should be followed by a period of relative calm, to let the dust settle and to allow everyone to get used to the new Standards. Second, there was almost unanimous support for the IASB to prioritise work on the *Conceptual Framework* to provide a consistent and practical basis for our standard-setting. Third, we were asked to make some targeted improvements to our Standards so that we can respond to the needs of new adopters of IFRS.

Fourth, we were asked to pay greater attention to the implementation and maintenance of the Standards, including the Post-implementation Review process for Standards that are recently issued. Finally, we were asked to improve the way we develop the Standards themselves—to front-load the research phase of our work by conducting more rigorous cost-benefit analysis and problem definition, which, coupled with our work on the *Conceptual Framework*, should result in fewer false starts and more disciplined work plans and timetables for our projects.

As we move to complete the remaining elements of our previous work plan, we have already begun to put in place arrangements for this new programme of work. At the same time, we have proposed a more collaborative way of working with the worldwide accounting standard-setting community—to involve them earlier on and in a more integrated way in our work using the Accounting Standards Advisory Forum.

These developments point to a new chapter in the IFRS story. A chapter characterised by a better and more collaborative approach to standard-setting, and a focus on the *Conceptual Framework* along with highly targeted improvements to the Standards and a greater emphasis on implementation and maintenance of those Standards.

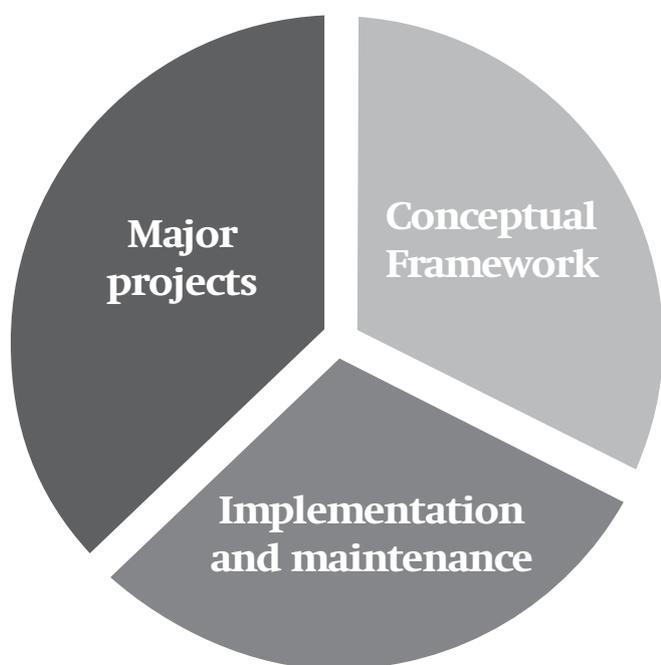
Our new work programme will address many challenging topics. But I look forward to facing those challenges with the support of the wider IFRS community.



Hans Hoogervorst

# The Technical Work Programme

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The IASB's technical programme will focus on three areas:

- implementation and maintenance (including Post-implementation Reviews);
- the Conceptual Framework; and
- a small number of major IFRS projects.

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## Implementation and maintenance

The IASB is not able to enforce IFRS. However, it is responsible for developing enforceable Standards and will give greater emphasis to addressing implementation concerns.

The views that the IASB received suggested that it should give greater emphasis on maintaining the portfolio of existing IFRS requirements rather than creating new requirements. By maintenance, we mean Interpretations, narrow-scope improvements (including Annual Improvements) and education.

Many of those respondents expressed a view that after a period dominated by joint projects focused on convergence, now is the time for the IASB, and its Interpretations Committee, to be more active in addressing matters related to the practical application of IFRS.

The IASB and the IFRS Foundation's Due Process Oversight Committee (DPOC) completed a review of the IFRS Interpretations Committee (the Interpretations Committee) at the beginning of 2011, in which similar messages were received.

In particular, the DPOC worked with the IASB and the Interpretations Committee to develop revised agenda criteria for the Interpretations Committee to allow it to deal with a wider range of requests.

The Interpretations Committee was also given a wider range of methods to address implementation matters—including developing proposals to the IASB for targeted, narrow-scope amendments that are beyond the scope of the Annual Improvements process, or proposals for additional illustrative examples. The IASB has also taken steps to improve the Interpretations Committee's communications on issues that it decides not to address and expanded the Interpretations Committee's outreach and the transparency surrounding its decisions on which issues to address.

The implementation of these changes will allow the Interpretations Committee to deal with a wider range of requests.

The IASB and the DPOC have been working together to revise the due process handbooks of the IASB and the Interpretations Committee, combining them to emphasise that the IASB and Interpretations Committee work together.

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## Post-implementation Reviews

In 2007 the Trustees introduced a formal Post-implementation Review (PIR) process for each new Standard or major amendment. The IASB sees these reviews as being an important part of the maintenance of the Standards.

The first such review focuses on IFRS 8 *Operating Segments* and was launched in early 2012. We consulted widely while we were developing the PIR methodology. We introduced a public consultation step in the early part of the review to provide a more open and transparent process.

Each review will have two phases. In the first phase we set the scope of the review, on the basis of consultation with preparers, users, auditors, securities regulators, standard-setters, other interested parties and the IFRS Advisory Council. These initial consultations help us to establish the questions to ask in the public Request for Information.

In the second phase we collect information, via the Request for Information extensive outreach and a review of existing research, to help it assess the IFRS being reviewed. The comment letters received and the IASB discussions are public. Once we have considered what it has learned from the review it publishes a report setting out its findings and identifying any actions it plans to take. That report is also considered by the DPOC.

The formal PIR process supplements the other mechanisms the IASB has in place to review the implementation of Standards— Interpretations, Annual Improvements, engagement with securities regulators and the three-yearly consultation on the IASB work plan.

The next planned PIR is for IFRS 3 *Business Combinations*. We have started to undertake some preliminary work to help set the scope of the review, but the main work will start once we have decided how effective the processes have been for the IFRS 8 PIR.

## Conceptual Framework

There is strong and broad support for the IASB to give priority to revising its *Conceptual Framework*. In May, we decided to restart the *Conceptual Framework* project, focusing on five topics: Reporting Entity, Presentation (including other comprehensive income), Disclosure, Elements and Measurement.

We think that it should move as quickly as possible to set in place this important framework, which will shape its future work. We have therefore set an ambitious target, aiming to finalise the new sections of the *Conceptual Framework* by September 2015. The first major milestone is a Discussion Paper, which we plan to publish in June 2013.

## Topics

The IASB and FASB have previously considered the nature of the reporting entity, producing an Exposure Draft in 2009. The work on this topic will help to clarify the nature of the entity about which the financial information is being prepared.

We see the presentation sections of the framework as being pivotal because the main financial statements (profit or loss, cash flows and financial position) are the windows into the activities of the reporting entity. Of particular importance will be how financial performance is presented, including consideration of the role of other comprehensive income (OCI) and recycling.

There have been increasing calls for the IASB to review the disclosure requirements in IFRS. Financial statements are increasingly being perceived as cumbersome and dominated by disclosures that make it difficult to understand how an entity has performed. Although this is sometimes described as disclosure overload, the broader issue is the widely held concerns about the effectiveness of disclosures in financial reports. The framework project will aim to develop disclosure principles that we can use to develop disclosure requirements in Standards.

# The Technical Work Programme continued

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The work on the Leases, Emissions Trading Schemes, Rate-regulated Activities and Non-financial Liabilities projects have highlighted some difficulties with the current definitions of ‘asset’ and ‘liability’. We expect to refine and clarify the current definitions.

The current framework identifies some measurement approaches but does not provide any guidance to the IASB on which measurement approach is appropriate for a particular event or activity or asset or liability. The framework should provide clear guidance on what factors the IASB should consider when setting the approach to initial and subsequent measurement for particular transactions.

## Approach

In its first ten years the IASB used joint projects, through bilateral arrangements with national standard-setters, to converge IFRS and national financial reporting requirements. The largest and most substantial of these bilateral arrangements has been between the IASB and the US Financial Accounting Standards Board (FASB), as reflected by the Norwalk Agreement and the resulting Memorandum of Understanding (MoU). When the Conceptual Framework project was initiated in 2005 it was a joint project, with the IASB and FASB working together to replace their existing frameworks.

Their efforts culminated in the successful completion of chapters on the objectives of financial reporting and the qualitative characteristics that make financial information useful. The IASB and FASB suspended work on the Conceptual Framework in 2010 to allow the IASB and FASB to focus on high priority standards-level projects.

The IASB plans to run the project to revise its Conceptual Framework as an IASB project, rather than as a joint project. However, we recognise that other standard-setters have experience with conceptual frameworks and we intend to involve them in the project. It will be particularly important that we undertake broad consultation, particularly in the light of the ambitious timetable as well as the long-term and pervasive implications of the project.

We will not divorce the development of the Conceptual Framework from the types of transactions and problems that we deal with in standards-level projects. The standards-level and Conceptual Framework projects can, and should, inform each other, so we will use some of the practical problems that have arisen in Leases, Emissions Trading Schemes, Rate-regulated Activities and Non financial Liabilities to test the concepts being developed in the framework.

We have decided to develop our thinking on Reporting Entity, Presentation (including other comprehensive income), Disclosure, Elements and Measurement at the same time. The topics are related and we think that developing the chapters together reduces the risks of contradictory concepts—a risk that would be inevitable if the chapters were to be developed consequently.

## Scope

The IASB has also decided that it will not perform an extensive review of the Objectives and Qualitative Characteristics chapters, which the IASB and FASB completed in 2010. However, we will make any amendments that are necessary in the light of decisions we make as we develop the new chapters.

It is inevitable that, as we complete the new sections of the framework, we will identify some aspects of IFRS that conflict with the new concepts. Finalising a new Conceptual Framework does not compel the IASB to address all, or any, inconsistencies between the framework and IFRS. We plan to identify conflicts as part of the Conceptual Framework project, but the relative urgency, or need, to make changes to a Standard will be considered alongside other financial reporting issues as part of the IASB’s normal technical programme.

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## Major IFRS projects

Over the next three years the IASB will promote a broad research and development programme that will emphasise the defining of the problem to be solved in each possible project the problem. The research process will include an assessment of whether the IASB should undertake a project to change a Standard or develop a new Standard. We might conclude that no standards-level project is necessary. Identifying that there is indeed a problem that warrants fixing is essential. Every new or amended Standard is a solution to a problem. If that problem is not well defined, or if the need for a solution has not been established, this can make it more difficult to provide an effective solution.

With this approach the IASB, sometimes in conjunction with its network of accounting bodies, will develop Research Papers or Discussion Papers as the first step in assessing whether an interested party has identified a potential problem that merits the IASB developing a standards-level solution.

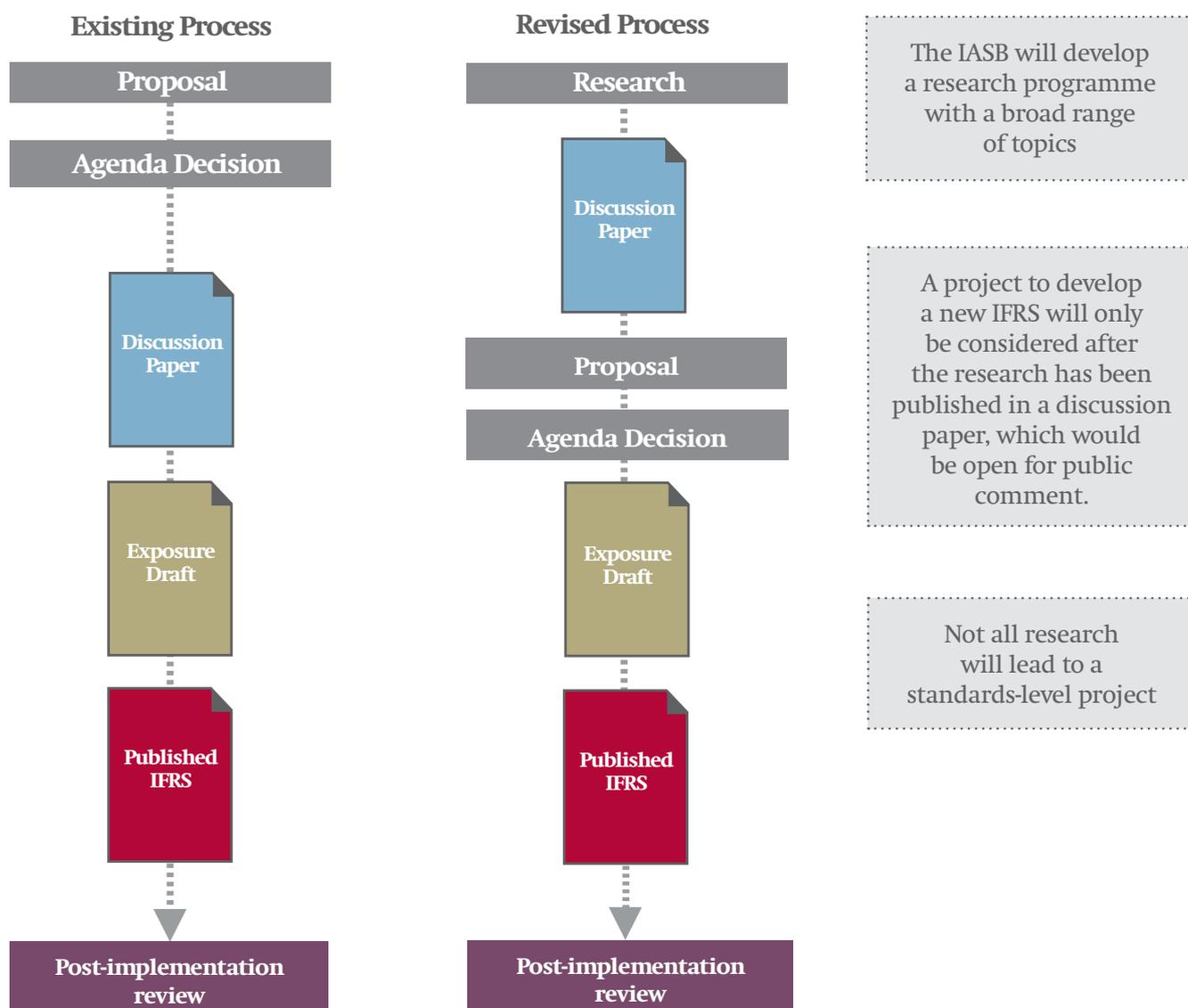
Once we have determined that a project to change a Standard is justified, identifying when a project should be added to the work programme to implement a change is a second-order question.

For each issue, the staff will provide the IASB with information to help it understand, with evidence, the breadth and depth of the problem. The staff will also provide an assessment of the potential solutions, making a preliminary assessment of the relative costs and benefits of each approach. This could involve the consideration of studies related to that problem, or to analogous problems. We might also want to consult preparers and investors on potential solutions, so that we can learn more about the potential costs of different options and identify areas in which investors say that the information they receive now is deficient. This will help the IASB to eliminate choices where the benefits are unlikely to exceed the costs.

Projects will only become standards level projects when the IASB is confident that the problem is defined properly and that the staff have identified solutions that are of high quality and are implementable. If this process works effectively, once a project is formally added to the IASB's standards level work plan the time taken to develop an Exposure Draft and thereafter a Standard would be considerably shorter than it is today.

We also cannot do all of this alone. To make this plan work, we will need help from national standard-setters and other interested parties and we will need to develop our research capability.

# The Technical Work Programme continued



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## Research projects

### Priority projects

On the basis of the views that we received we have identified the following as our priority research projects:

- Emissions Trading Schemes;
- Business Combinations under Common Control;
- Discount Rates;
- Equity Method of Accounting;
- Intangible Assets; Extractive Activities; and Research & Development Activities;
- Financial Instruments with the Characteristics of Equity;
- Foreign Currency Translation;
- Non-financial Liabilities (amendments to IAS 37); and
- Financial Reporting in High Inflationary Economies.

This Agenda Consultation has provided the IASB with sufficient information to decide that these matters are worthy of investigation. No additional formal steps are necessary for the IASB to begin research work on these issues. The IASB will report regularly to the IFRS Advisory Council on its research activities. The output of each research project will be a report or Discussion Paper on which the IASB would seek public comment, either directly or as part of the three-yearly review of the technical programme.

Accordingly, projects will only progress after they have been the subject of additional consultation. Not all research projects will lead to standards-level projects. The research on a particular issue may lead the IASB to conclude that changes to a Standard are not required. Such an outcome would bring an end to the research project, which would then be removed from the technical programme.

We expect to stagger the starting dates for these projects, and to begin work progressively over the next 18 months as IASB resource becomes available. The IASB's project pages provide information about the work plan, including estimates of when we expect to start research work on a project or publish a Discussion Paper. We also expect to involve other standard-setters in developing the research.

### Emissions trading schemes

Globally, many governments have developed schemes to encourage a reduction in the production of greenhouse gases. These schemes have financial reporting consequences, including how to account for allowances awarded by a scheme administrator and when, and how, to account for liabilities associated with the related emission of greenhouse gases. The Discussion Paper will provide an inventory of trading schemes, an analysis of the common economic characteristics of those schemes and an initial assessment of the potential financial reporting solutions.

We have already undertaken a significant amount of preparatory work in documenting the characteristics of different schemes and assessing their economic implications.

### Business combinations under common control (BCUCC)

Group restructurings and reorganisations, including those related to preparations for initial public offerings, are business combinations. However, because the combining entities are controlled by the same party, these transactions are excluded from the scope of IFRS 3 *Business Combinations*. The absence of specific requirements has led to diversity in practice. A related topic is what is commonly referred to as 'push down accounting', where the new values of assets in an acquired subsidiary are 'pushed down' to that subsidiary.

The research project will aim to identify common features of different types of restructurings as a first step towards identifying when an entity should continue to use the previous carrying amounts of the transferred subsidiary and when it should use new amounts, presumably a current value. The latter approach is sometimes referred to as 'fresh-start' accounting. Work undertaken recently by the European Financial Reporting Advisory Group (EFRAG) and the Italian accounting standard-setter Organismo Italiano di Contabilità (OIC) on BCUCC will provide a good basis from which to restart this project and develop a Discussion Paper.

# The Technical Work Programme continued

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## Discount rates

Many Standards specify, or refer to, the discount rate that must be used for estimates of future cash flows. Different Standards specify different discount rates, depending on the objective of the particular Standard. Views received during the Agenda Consultation suggest that the reasons for using different discount rates are not well understood, with some respondents suggesting that such differences cause IFRS requirements to be inconsistent. The research project will examine discount rate requirements in IFRS, explaining why those differences exist and assessing whether there are any inconsistencies that the IASB should address.

## Equity method of accounting

The equity method of accounting for some investments is often criticised. Some question whether it provides helpful information to users, while others note the complexities and inconsistencies it creates when it interacts with other requirements in IFRS—such as goodwill impairment, share based payments and joint arrangements. The research project will involve a fundamental assessment of the equity method in terms of its usefulness to investors and difficulties for preparers.

## Extractive Activities; Intangible Assets; and Research & Development Activities

A project team of national standard-setters from Australia, Canada, Norway and South Africa undertook a research project on extractive activities, the outcome of which the IASB published in April 2010. In October 2010, the IASB considered the comments received. Several respondents to the Agenda Consultation suggested that the IASB should examine extractive activities as part of a broader consideration of intangible assets and research & development activities. The research project will assess the feasibility of developing one set of financial reporting requirements for investigative, exploratory and developmental activities across a wide range of activities.

## Financial instruments with characteristics of equity

Any consideration of the distinction between liabilities and equity needs to be undertaken in conjunction with the *Conceptual Framework* work on elements. The research project will focus on identifying financial instruments that are difficult to classify under the current requirements, or for which preparers or users question the classification. These instruments will provide test cases for the staff developing the elements chapter of the *Conceptual Framework*.

## Foreign currency translation

The Korea Accounting Standards Board (KASB) has been examining the volatility of reported income on long-term construction contracts that are associated with movements in foreign currency exchange rates. The research project will examine the work of the KASB and assess whether any work on IAS 21 *The Effects of Changes in Foreign Exchange Rates* would be appropriate.

## Non-financial liabilities

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* deals with when, or if, liabilities should be recognised as a result of some of the less certain events an entity might be associated with, such as being a party of a lawsuit or having some responsibility for environmental remediation. The IASB proposed revisions to the requirements of IAS 37 in 2005, and later presented revised proposals in 2010. The IASB has already stated that it will not amend IAS 37 without a full re exposure. The research project will focus on identifying examples that are continuing to cause difficulty in practice, initially to provide test cases for the staff developing the elements and measurement chapters of the *Conceptual Framework*.

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## Longer term

We have also identified three topics that, because of their nature and complexity, cover matters for which the IASB does not plan to issue a Discussion Paper or research document within the next three years. However, we encourage other standard-setters to investigate these topics on our behalf. We will allocate staff to these projects to ensure that the information being gathered is likely to benefit the IASB when it does take a more active role in the project.

### Income taxes

The IASB and FASB did not succeed in developing a converged and simplified Standard on income taxes. A fundamental review of income tax accounting would be a significant project.

## Post-employment benefits (the second phase)

When the IASB completed the revisions to IAS 19 *Employee Benefits* it indicated that there were matters that needed to be considered as part of a more fundamental review of pensions and related benefits. The French standard-setter, the Autorité des Normes Comptables, has undertaken some preliminary work for the IASB.

### Share-based payments

There are mixed views on how effective IFRS 2 *Share Based Payments* has been in practice. Although we have a Standard that seems to work well, it also attracts a disproportionate number of Interpretation requests. We need to undertake some basic research before we are ready to assess a whether a review is required for IFRS 2.

## Other issues

The IASB is aware that it still has several projects on which work has stopped, including Earnings per Share, Government Grants, and Discontinued Operations. The IASB has asked its staff to review these projects and report on them with recommended courses of action.

Before it started the public consultation, the IASB was asked to consider introducing country by country reporting requirements. The agenda consultation revealed little support for such a project, and we do not plan to undertake any specific work on this topic.

## Standards-level projects

### MoU and joint projects with the FASB

The IASB has been working with the FASB to improve the financial reporting of financial instruments, leases and revenue. These three projects are part of the MoU with the FASB. The IASB has also been working on a Standard for insurance contracts, jointly with the FASB, since 2008. There was broad and strong support for the IASB to complete these projects. The IASB continues to give these projects high priority.

# The Technical Work Programme continued

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## New projects

The *Request for Views* included descriptions of a broad range of financial reporting issues. Respondents were asked for their views on whether the IASB should allocate resource to examine those issues.

The views that we received highlighted areas that are important to respondents. We need to address such topics to maintain the quality of IFRS or to fill known gaps in guidance. The process also identified other, less important areas that we should **not** treat as a priority. The views that we have received on individual standards-level topics are discussed below. The first three projects that we will consider are:

- Agriculture, in particular, bearer biological assets;
- Rate-regulated Activities; and
- Separate Financial Statements: Use of the Equity Method.

We chose these three projects as the first ones to be considered after listening to all of the views received on the Agenda Consultation, which asked for suggestions for any future projects.

## Agriculture

IAS 41 *Agriculture* requires entities with agricultural activity to report the biological transformation of agricultural assets by measuring those assets using a current value, in this case at fair value less costs to sell. In the light of their experience in applying IAS 41, some preparers have asked the IASB to review how this methodology applies to biological assets that bear crops—such as fruit trees or vines. Preparers have expressed concerns about practical difficulties in measuring the bearer assets separately from the crops. They also note that, unlike their crops, the bearer assets are not sold but their productive capacity is consumed in generating the crops. Respondents to the Agenda Consultation expressed broad support for reviewing this aspect of IAS 41.

The Malaysian Accounting Standards Board and the Asian-Oceanian Standard-setters Group (AOSSG) have already undertaken a preliminary analysis of this issue, which the IASB staff used when developing a project proposal.

In September 2012 the IASB and, in October, the IFRS Advisory Council considered that proposal and the IASB decided to undertake a narrow-scope review of IAS 41, focusing on bearer biological assets. The IASB is aiming to publish an Exposure Draft in the first half of 2013.

## Rate-regulated activities

Many countries have regulations designed to provide price and stability of essential services, such as energy. There are many different types of schemes, with different levels of responsibility being placed on, or rights being given to, the regulated entities. Some schemes define and regulate the returns that an entity is entitled to generate from its assets. Others are designed to subsidise the construction of assets.

The issue to be addressed is whether assets or liabilities arise if rate regulation results in an entity incurring costs in one period and recovering those costs in a different period. Some national GAAPs provide specific guidance on this matter, based on the regulation in that jurisdiction. There is no equivalent guidance in IFRS. The IASB published an Exposure Draft in 2009 on Rate-regulated Activities. However, in 2010 the IASB suspended the project, having decided that it could not resolve some of the fundamental issues quickly.

There was strong support, shared by preparers and investors, for the IASB to re-examine this issue, particularly from countries with such schemes. In the light of the experience from our work on the last Exposure Draft, we expect to develop a Discussion Paper as the next document for public exposure.

The IASB will also consider whether it should develop an interim Standard for jurisdictions moving to IFRS, pending the outcome of the main Rate-regulated Activities project.

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## Separate financial statements: use of the equity method

When an entity prepares separate financial statements it has the choice of measuring investments in subsidiaries, joint ventures and associates at cost or at fair value. Corporate law in some countries requires listed entities to present separate financial statements using the equity method of accounting to measure these investments. Consequently, entities in those countries must currently prepare two sets of financial statements.

There was strong support from stakeholders in those countries affected, particularly from Latin America, for us to address this issue. Until 2005 the option of using the equity method to measure such investments was permitted—it had been removed as part of the IASB's improvements project, in 2005, to reduce the number of options available.

We understand that allowing this option would probably reduce compliance costs without a loss of information.

We will consider a proposal to amend IAS 27 *Separate Financial Statements* to restore this option to use the equity method of accounting and to clarify some matters related to balances with subsidiaries and joint arrangements.

## Other activities

### Islamic (Shariah-compliant) transactions and instruments

The IASB could benefit from learning more about Islamic (Shariah-compliant) transactions and instruments—neither the IASB nor our staff have expertise in this area. The IASB is establishing a consultative group to assess the relationship between Shariah-compliant transactions and instruments and IFRS and to help educate the IASB, mainly through public education sessions. Work undertaken by some standard-setters suggests that IFRS provides relevant information about Shariah-compliant transactions and that there is little, if anything, the IASB would need to do to bring this sector of the economy within IFRS. However, the IASB needs more information before it can make that assessment itself. We have asked the Malaysian Accounting Standards Board to assist us with setting up this group, reflecting the helpful analysis they provided to the AOSSG on Shariah-compliant matters.

### Disclosure Forum

The IASB is also undertaking a short-term initiative to explore opportunities to see how those applying IFRS can improve and simplify disclosures within the existing disclosure requirements. It is clear that when it comes to improving the quality of financial information, many parties have a role to play.

We have heard that the disclosure process is affected by the enforcement environment. Preparers have told us that they adopt a checklist approach because it is more costly to apply judgement: they first have to justify their decisions to their auditor and then, sometimes publicly, with regulators who question the absence of a particular disclosure. In other words, preparers using their judgement and applying materiality to disclosures face greater scrutiny from auditors and regulators than preparers who disclose everything on their 'checklist'.

The IASB needs to ensure that its Standards provide the right tools for preparers, auditors and regulators to work with. In 2013 the IASB will host a forum bringing together securities regulators, auditors, investors and preparers, to assess strategies for improving the quality of financial reporting disclosures. Such a forum could lead to short-term improvements in disclosures without the need for standard-setting intervention. In any case, the information we receive should be helpful input for the disclosure parts of the *Conceptual Framework* project.

# The Technical Work Programme continued

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## Research and evidence-based standard-setting

The *Request for Views* suggested that the IASB should increase its research efforts to support individual projects and to foster thinking about broader financial reporting issues.

The motivation for an increased research effort is to help ensure that the IASB has, and is seen to have, the evidence it needs to support its decisions and to help those who use IFRS understand how the IASB chose between competing solutions when it developed a Standard. In this context, the research being assessed would be practical and would focus on providing IASB members with the information that they need to make decisions. In contrast, many respondents read this to mean that the IASB was looking to have its staff perform empirical studies or to develop a ‘think-tank’ within the IASB. Those respondents discouraged us from doing so, suggesting that the IASB’s resources should be more grounded in the standard-setting process, leaving others to undertake the research. Although this was a misunderstanding of the IASB’s plans, it serves to emphasise how important it will be for the IASB to communicate clearly the nature and purpose of its research activities.

## The need for evidence

The IASB is planning to bring more evidence-based assessments to many threads of its work programme. One of the IASB’s initiatives, resulting from the Agenda Consultation, is a greater emphasis on defining more carefully the financial reporting problem and assessing potential solutions before we consider formally adding a project to the work programme. Most project proposals already incorporate information from academic and other research as evidence of the financial reporting problem. When a Standard begins to be applied in practice, matters will come to the attention of the Interpretations Committee. That committee is required to assess whether there is divergence in practice before it takes a matter onto its agenda. Until recently, this assessment has been largely anecdotal. The Interpretation Committee is now far more systematic about gathering evidence from a wide range of sources. The PIR process recently initiated by the IASB includes a review of existing research.

In their strategy review, the Trustees concluded that the IASB should establish, or facilitate the establishment of, a dedicated research capability to provide leadership in the thinking about financial reporting. They anticipated that such a research capability could draw upon some combination of internal and external intellectual resources, including a more active engagement of the academic community. Although the use of research and evidence gathering is not new to the IASB, the focus on establishing a more structured and formal research capability will make it easier for the IASB to gain access to the wealth of expertise and information that exists in the research community. The IASB will present a plan to the Trustees in early 2013 setting out how it plans to develop its research capability.

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## National accounting standard-setting and regional bodies

We are putting increased efforts into developing a network of national accounting standard-setting and regional bodies that are involved with accounting standard-setting. Communication within such a network would become an integral part of the global standard-setting process. These national and regional accounting standard-setters could:

- (a) undertake research in collaboration with the IASB;
- (b) provide input on the IASB's priorities;
- (c) encourage stakeholder input from their own jurisdiction into the IASB's due process;
- (d) identify emerging issues; and
- (e) assist with the identification and disclosure of deviations of national standards from IFRS.

The IASB is developing proposals as a matter of priority on how to integrate standard-setters and regional bodies into IASB work in a more systematic and formal manner, possibly including greater institutional recognition. It is important to note that the IASB already works with many jurisdictional and regional standard-setters and related bodies, in a positive and collaborative manner. The steps being taken to acknowledge this co-operation more formally are designed to enhance this existing collaborative work.

# Consultation

## IFRS Advisory Council

The IASB and staff consulted the IFRS Advisory Council throughout this process. The IFRS Advisory Council, which has over 50 members from a broad range of geographical and professional backgrounds, provided input to the Request for Views, discussed the views received on that document and reported back to the Trustees in April on the consultation process.

## Request for Views

In July 2011 the IASB published for public comment a Request for Views, with comments due by the end of November 2011.

The IASB received 243 comment letters, all of which are available on the IASB website. The names of responding organisations are listed on pages 32–35. The IASB discussed a summary analysis of the comment letters in January 2012.

The Request for Views asked open-ended questions so as to attract broad input from those directly and indirectly affected by financial reporting. As part of the consultation we worked, in consultation with the IFRS Advisory Council, to develop a tentative view on the main factors that we thought would shape the overall strategic approach and structure of our work plan over the next few years.

We concluded that there were five strategic areas driving the work of the IASB. These fell into two main categories: the **development of financial reporting** and the **maintenance of the existing Standards**.

## Request for Views—respondents



In addition, the IASB received comment letters from organisations such as global accounting firms and industry groups, that represent global interests or those of a particular region. Global: 21, Europe: 16 and Asia-Oceania: 1.

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Developing financial reporting means:

- strengthening the consistency of Standards by completing the update of the *Conceptual Framework* and improving the usability of financial reports through the development of a presentation and disclosure framework;
- investing in research and addressing the strategic issues for financial reporting to aid future standard-setting and to develop further the IASB's vision of the future shape of financial reporting, including exploring the interaction of IFRS with integrated reporting; and
- filling gaps in the IFRS literature by undertaking standards-level projects, ie developing new Standards or making major amendments to existing Standards.

Maintaining existing Standards by:

- obtaining a better understanding of operational issues of new Standards and major amendments to Standards by conducting PIRs; and
- improving the consistency and quality of the application of Standards by responding to implementation needs arising from the revised set of Standards, through the use of targeted, narrow-scope improvements to Standards, including consideration of the completeness and consistency of integration of XBRL with IFRS.

The Request for Views sought views on whether the IASB had identified the appropriate strategic priorities and which specific areas of financial reporting for which the IASB should give priority.

### Investors

Investors and financial analysts are primary users of the information that IFRS requires entities to present and, as such, are important stakeholders. The IASB was therefore particularly interested in hearing their views on the quality of financial reporting.

The IASB received 14 comment letters from investors and analysts (12 of which were from organisations representing investor groups). Although letters from investors and analysts only accounted for about six per cent of the comment letters received, this is an unusually high proportion when compared to other IASB consultations. Historically, investors and analysts are under-represented in the comment letter process. The IASB normally undertakes additional steps to hear views from this group.

Consequently, the IASB also ran an online survey of investors and analysts, to which 63 responses were received. Participants were asked for their views on the relative importance and urgency of the projects that had been suggested for inclusion in the IASB work plan and, more generally, open questions about which aspects of financial reporting should be improved. Responses came from investors and analysts in many parts of the world, including the Asia-Oceania region, Europe, North America and South America. About one-third of the survey respondents worked for organisations that have a global reach.

IASB staff conducted follow-up meetings and telephone calls with most comment letter respondents and many survey respondents to ensure that they had a thorough understanding of the problems investors and analysts face when analysing financial statements and to elicit views on how those problems might be resolved.

# Consultation continued

## Outreach activities

The IASB and staff designed the consultation specifically to engage with a broad cross section of groups and individuals interested in, or affected by, financial reporting. The questions were deliberately kept open in order to give contributors an opportunity to tell the IASB what they believed the IASB's priorities should be when discussing future agenda items.

In doing so, the IASB sought input from national standard-setters, soliciting their views on what they perceived to be the most important areas in the future of financial reporting. In addition the IASB asked national standard-setters to support its efforts by raising awareness of the Agenda Consultation in their own jurisdictions. In particular, the IASB sought the views of those that would not usually involve themselves in the technical details of standard-setting but possessed a wider interest in financial reporting, and to users of financial statements.

The IASB and staff held over 80 outreach meetings in a range of formats, including discussion forums, conferences, webcasts and individual meetings. Individual IASB members, including the Chairman and Vice-chairman, discussed the future agenda with a range of preparer forums, standard-setters and regulators.

The topic was also presented to a wider public at nine conferences hosted or co-hosted by the IASB; in addition, over a dozen outreach meetings were directed specifically at investors.

80	Outreach meetings
9	Conferences
12	Investor targeted outreach meetings
243	Comment letters received

## Public round-table meetings

The IASB held public round-table meetings in:

- Singapore, on 12 January 2012;
- Connecticut, on 13 March 2012;
- Toronto, on 14 March 2012; and
- London, 23 March 2012.

# Views received and our responses

## Conceptual Framework

Comments received	Our responses
<p><b>Priority</b></p> <p>Most respondents consider a sound <i>Conceptual Framework</i> to be fundamental to the success of principle-based Standards.</p>	<p>We agree that the <i>Conceptual Framework</i> is fundamental. We also agree with respondents, and the IFRS Advisory Council, that updating the <i>Conceptual Framework</i> should be a priority.</p>
<p><b>Methodology</b></p> <p>Some respondents have suggested that all standards-level projects should be deferred until the <i>Conceptual Framework</i> has been completed.</p> <p>Other respondents stress the importance of maintaining the <i>Conceptual Framework</i> on an ongoing basis.</p>	<p>We agree that a <i>Conceptual Framework</i> is an important document to help the IASB develop Standards. However, planned revisions to that framework should not stop the IASB from making necessary improvements to Standards. The current framework continues to serve the IASB well for many aspects of its standard-setting. The IASB is seeking to improve the framework to help it with several major financial reporting issues that are on its research agenda. Views received on the Interpretations Committee review were clear that short-term improvements are often necessary even if some of those improvements have to be revisited in the longer term.</p> <p>We agree that the <i>Conceptual Framework</i> will need to be reviewed from time to time and could change as economies and expectations change.</p>
<p><b>Disclosure framework</b></p> <p>Many respondents think that a disclosure framework is needed to ensure that information disclosed is more relevant to investors and to reduce the burden on preparers.</p>	<p>We agree that a disclosure framework would be beneficial for the IASB development of IFRS.</p> <p>We will be considering disclosure as part of the <i>Conceptual Framework</i> project. We are also holding a disclosure forum to foster discussion and to provide input for the framework project.</p>

## Views received and our responses continued

Comments received	Our responses
<p><b>Element definitions—assets, liabilities etc</b></p> <p>Many respondents think that clarifying the definition of assets and liabilities is a prerequisite for resolving a number of issues.</p> <p>A clear definition of assets would be the starting point for a project on intangibles. Respondents say that such a project would provide insight into developing guidance on rate-regulated industries and extractive activities.</p> <p>Similarly, defining the nature of liabilities would advance the IASB’s thinking on distinguishing between financial instruments that should be classified as equity and those instruments that should be classified as liabilities.</p>	<p>We agree. Although the <i>Conceptual Framework</i> does provide definitions, the recent standards level work in the Leases, Emission Trading Schemes, Rate-Regulated Activities and Non financial Liabilities projects has highlighted that those definitions did not provide the IASB with clear enough guidance to solve some difficult issues.</p> <p>We are giving high priority to developing new elements sections of the <i>Conceptual Framework</i>. We intend to use some of these challenging standards-level issues to test revisions to the definitions.</p>
<p><b>Measurement</b></p> <p>Many noted that the measurement section of the <i>Conceptual Framework</i> needs expanding. Some have suggested that measurement bases in general should be reviewed. Others have targeted the measurement of performance and the place of fair value in financial statements as particular areas for review.</p>	<p>We agree that the measurement section of the framework requires work. Many of the more difficult accounting problems are associated with measurement, such as financial instruments and non-financial liabilities.</p> <p>We are giving high priority to developing new measurement sections of the <i>Conceptual Framework</i>.</p>
<p><b>Performance and OCI</b></p> <p>The concept of profit or loss, the nature of OCI and the conceptual basis for recycling are given a high level of importance by the majority of respondents, across all jurisdictions. These topics are of particular relevance to investors.</p>	<p>We agree that performance, OCI and recycling are important and interlinked topics. We have already started work on this section of the <i>Conceptual Framework</i>.</p>

## Research

Comments received	Our responses
<p><b>The role of research as a basis for robust standard-setting</b></p> <p>Researching strategic issues for financial reporting, described by some as ‘blue sky thinking’, is not seen as a priority by most respondents. Respondents think that the IASB should focus its scarce resources on researching users’ needs and on establishing the need for any changes to Standards.</p> <p>Many respondents suggested that the IASB should target research into the operational application of existing Standards, to highlight areas of weakness and to identify amendments that are needed to improve the consistency and clarity of financial reporting.</p> <p>Others think that the purpose of research should be to provide evidence about the need for any changes to financial reporting. This research would identify gaps in IFRS and consider how those gaps could be filled.</p> <p>Many respondents think that adequate initial research will halt the start/postpone/restart cycle of standard-setting that can result from the problem having been poorly defined in the first place.</p>	<p>We agree that our role is one of standard-setting and not pure research for its own sake. However, as indicated by the comments received, research should be important to our future standard-setting approach. Research will provide us with evidence to help the IASB members assess the problem and to define what needs to be achieved.</p> <p>Research will be used to establish agreed objectives at the outset. Projects will only be added to the standard-setting phase when we are confident that the problem is defined properly and the staff have identified solutions that are of high quality and are implementable.</p> <p>The Trustees have asked the IASB to present plans for establishing a research capability within the IASB. Those plans will be presented to the Trustees in 2013.</p>
<p><b>Evidence-based standard-setting</b></p> <p>There was a general view that projects should be added to the work plan only when there were good reasons to think that capital markets would benefit from changes in accounting or reporting.</p> <p>In accordance with that view, the initial stage of the agenda-setting process should consist of obtaining documented evidence that there is a problem in financial reporting. Some suggested that feasibility studies should be carried out before a standards-level project is added to the agenda.</p>	<p>We agree with the idea of evidence-based standard-setting. We also agree with the IFRS Advisory Council’s recommendation that research is needed to weigh the evidence before a project is added to the work plan and throughout each project, to ensure that it is addressing relevant practical issues. This assessment will test that there are feasible solutions within reasonable cost benefit constraints and that the time frame and resource requirements are appropriate. This evaluation process will recur throughout the life cycle of a project.</p>

## Views received and our responses continued

Comments received	Our responses
<p><b>Research-based standard-setting reinforces independence</b></p> <p>Basing the agenda-setting process on research will ensure the IASB's independence and help it to avoid the effects of undue lobbying.</p>	<p>We have a broad group of stakeholders and our processes need to be, and be seen to be, independent and objective. Research-led standard-setting is a good basis for that. This demonstration of independence will be increasingly important as the IFRS' constituency increases in size and diversity.</p>
<p><b>Effect on investors</b></p> <p>Many thought that more weight should be given to research on users' needs than is done at present, in order to establish where improvements are required. Many cited surveys of users, reviews of published financial statements and the results of PIRs as useful starting points for assessing whether change was required. Some respondents, particularly preparers, were concerned about the costs incurred to satisfy investors' needs.</p>	<p>Our constitution states that the IASB will focus on creating Standards that help investors make economic decisions. That continues to be our objective. We continue to explore ways to engage with investors and to research their needs. It is equally important that we also consider the costs of making changes to financial reporting. We need to better research those costs at an early stage in the development of Standards.</p>
<p><b>Engage with academics</b></p> <p>It was noted that at present there is a perceived lack of engagement by the IASB with academics. The IASB and its staff include few academics. The IASB needs to find an effective way of including academic research in its process.</p> <p>Respondents also stated that academics typically have little experience in the application of financial Standards by preparers, auditors or investors. There is a need to strengthen links between practitioners and academics and the IASB has a role to play in this.</p>	<p>Although only a minority of IASB members and staff have experience of research methods, or of academic research generally, we do not view this as an impediment to developing sound analysis.</p> <p>What is important is ensuring that the IASB has adequate access to such skills. We already have visiting Academic Fellows at the IASB and the IASB intends to reach out more to academics to ensure their engagement and to facilitate a free exchange of ideas. In 2011 the Trustees announced that more academics will be appointed to the IFRS Advisory Council to ensure their input into that consultative forum. Making academic research more relevant and accessible to the IASB will be one of the goals when we develop a research capability.</p>

Comments received	Our responses
<p><b>Act as a research network co-ordinator, involving other agencies</b></p> <p>Many think that the IASB should not undertake research itself, but should instead cultivate those organisations that have carried out research and help to co ordinate necessary research by setting up a liaison group. This liaison group could create a global research network by drawing on research undertaken around the world and by assessing changes in the current economic context.</p> <p>Almost all respondents agreed that the IASB should make more use of outside research than at present.</p>	<p>We are currently reassessing our whole approach to research and to the ways in which we can collaborate with others in the standard-setting process.</p>

# Views received and our responses continued

## Standards-level projects

Comments received	Our responses
<p><b>New Standards</b></p> <p>In general, adding new standards-level projects to our work programme was not seen as a priority, with the exception of a few areas in which there was a perceived gap in existing guidance.</p> <p>Indicators that existing Standards need to be improved include:</p> <ul style="list-style-type: none"> <li>(a) significant deficiencies in Standards resulting in divergence in practice;</li> <li>(b) changes in markets or economies render existing Standards irrelevant;</li> <li>(c) existing Standards conflicts with other Standards or with the <i>Conceptual Framework</i>.</li> </ul>	<p>We interpret this message as reflecting the calls for a period of calm.</p> <p>The Agenda Consultation highlighted that there are some areas of financial reporting for which new or revised Standards should be developed. We think that we can create a period of relative calm by changing the way we work, undertaking more detailed research initially so that the problem is better understood before the standards-level work begins.</p>
<p><b>Transparent process</b></p> <p>There was a general request for seeking views from interested parties and for consultation throughout the agenda-setting process. Some suggested that the IASB should publish its project proposals and explain their effect in detail, and expose these proposals for public comment, before finalising its work programme.</p>	<p>We are committed to using rational and consistent bases for assessing topic priorities, in a way that is transparent to all.</p> <p>We need to demonstrate clearly how our project priorities are set and how we consider the input of the IFRS Advisory Council and that of other consultative bodies.</p>
<p><b>Selection criteria</b></p> <p>Many respondents discussed the notion of ‘urgent and important’ as criteria for prioritising topics for development. Other respondents took a different view and thought that we should set the agenda by looking at a balance between the resources required and the effect achieved.</p> <p>Many noted that in assessing this balance, undue emphasis should not be placed on ‘sunk’ costs. We need to assess any balance on the basis of the resources required to complete part-completed proposals.</p>	<p>We are developing selection criteria, which will be incorporated in our new <i>Due Process Handbook</i>. We also heard through the round-table meetings and comment letters that people understand how difficult it is for the IASB to select topics. What they want is a clear explanation of why the IASB selected particular projects.</p> <p>We think that the change to having a broader research programme will make it easier for the IASB to establish its priorities.</p>

## Post-implementation reviews

Comments received	Our responses
<p><b>Scope of the review</b></p> <p>The IASB’s Due Process Handbook refers to the role of PIRs in dealing with those items that were contentious during a Standard’s development and those that led to unexpected costs. This is interpreted by some as preventing the IASB from undertaking a broader review of a new requirement. Most respondents think that the PIR should answer wider questions such as: was the objective of the Standard achieved? And does the Standard further the objectives of financial reporting?</p> <p>Many think that these reviews should take place in any areas in which stakeholders have concerns. The widely held view is that a PIR should be initiated whenever significant implementation issues arise or wherever views received suggest that the Standard is not addressing users’ concerns.</p>	<p>It is not the purpose of a PIR to revisit all of the decisions made and all of the issues raised when the new Standard was developed. However, neither the IASB nor the Trustees think that the reviews should be artificially constrained to matters identified as being contentious at the time the Standard was developed.</p> <p>The goal of improving financial reporting underlies any new Standard and concerns about the quality of a new Standard should always be considered as part of the PIR process. The Trustees have updated the Due Process Handbook to reflect this revised approach.</p> <p>The PIR process is designed specifically to ensure a timely review of new Standards. We will use our periodic agenda consultations to assess whether we need to consider amendments to ‘old’ Standards that are not within the scope of the PIR process.</p>

## Views received and our responses continued

Comments received	Our responses
<p><b>Timing of reviews</b></p> <p>The reviews are planned to be conducted about two years after the effective date of the new Standard.</p> <p>Some think that this is too late to identify unexpected implementation issues or distinguish them from other effects of change.</p> <p>Others think that this is too early to assess whether the change has improved the quality of financial reporting. Such an analysis will rely on academic studies, which generally require that more data is available than would normally be provided by two years of application of the Standard.</p>	<p>The PIR process is not rigid and nor is it the only review process undertaken by us.</p> <p>We have an active review process from the time a new Standard is issued. Staff and IASB members meet with auditors, regulators and preparers after each new requirement is issued. We are aware that two years may be too early to be able to assess the effectiveness of the new Standard. The revised draft Due Process Handbook reflects this concern and requires that the PIR is held two years after the Standard is applied internationally. If insufficient information is available at that stage, the PIR report might recommend that the IASB should continue a review of available literature as part of its research programme. We think it is important to have some discipline around when the IASB should start the PIR process.</p> <p>The three-yearly review of our work programme also provides an opportunity to reassess a topic that was previously the subject of a PIR.</p>
<p><b>The structure of the Post-implementation Review</b></p> <p>Some respondents suggested that the IASB should seek broad input through a comment letter process, with a transparent analysis of views received and then make decisions on the basis of those views. Most have suggested that the IASB should define the methodology in some detail and seek views on the proposals before starting the review.</p>	<p>We consulted widely while we were developing the PIR methodology that was used for our first PIR, on IFRS 8 Operating Segments. In response to the messages received about transparency we introduced a public consultation step in the early part of the review process. By issuing a Request for Information at an early stage in the process, we think that this will provide a more open and transparent process.</p>

## Implementation support and maintenance of Standards

Comments received	Our responses
<p><b>Focus on implementation support and maintenance</b></p> <p>Many respondents believe that the IASB has not put sufficient resources into implementation and maintenance.</p> <p>Respondents stress that the consistent application of the existing Standards should form the basis of high quality financial reporting on a worldwide basis. Others state that the quality of any Standard is judged by how easily, and consistently, it is implemented. Some respondents noted that a principle-based set of Standards can place greater burdens on preparers.</p> <p>For these reasons most respondents agreed that the IASB should focus more attention on this area in the next three years.</p>	<p>The implementation of the Trustees' review of the Interpretations Committee will ensure that the IASB and the Interpretations Committee are more responsive to implementation and maintenance issues.</p>
<p><b>First-time adopters</b></p> <p>Many think that jurisdictions considering the adoption of IFRS require particular support. Many believe that special resources should be dedicated to helping individual jurisdictions.</p>	<p>We will continue to be receptive to suggestions about how to improve IFRS 1 <i>First-time Adoption of IFRS</i>.</p>
<p><b>Emerging economies</b></p> <p>Some respondents think that we should take more notice of business practice and customs in emerging economies. They think that standard-setting to date has been too centred on Europe and North America.</p>	<p>Emerging economies have their own technical and practical issues. They may, for example, be subject to specific measurement problems where markets are not active.</p> <p>In 2011 we established an Emerging Economies Group to look at ways in which we can support these jurisdictions.</p>

## Views received and our responses continued

Comments received	Our responses
<p><b>Role of the Interpretations Committee</b></p> <p>Many respondents think that the Interpretations Committee has a key role to play in maintaining Standards and should take on responsibility for activities in this area. The Interpretations Committee should provide Interpretations, amendments through the Annual Improvement process and should address worldwide implementation issues through narrow-scope projects. Many suggest that the IASB should consider clarifying the work to be undertaken by the Interpretations Committee and also decide what levels of resources should be allocated to this work.</p> <p>It has been suggested that the Interpretations Committee should give top priority to narrow-scope improvements that would produce ‘quick win’ improvements to IFRS. Many think that there are a number of such initiatives that would not require significant resources but that would significantly improve the quality and consistency of application globally.</p>	<p>The Trustees’ review of the Interpretations Committee also concluded that the Interpretations Committee should be given a wider range of tools and be more active in addressing implementation and maintenance issues.</p> <p>In implementing the recommendations of the Trustees’ review, we have strengthened working arrangements between the Interpretations Committee and the IASB.</p> <p>We recognise that differentiating between an Interpretation and a narrow-scope improvement can be arbitrary if it achieves the same outcome.</p> <p>We are increasingly asking the Interpretations Committee to propose solutions for addressing each implementation issue in the most efficient and effective manner. The IASB retains the responsibility for issuing all Interpretations and all amendments to Standards.</p> <p>We have also reviewed the agenda selection and rejection processes of the Interpretations Committee, which will help to clarify their role.</p>

## The standard-setting process

Comments received	Our responses
<p><b>Current projects</b></p> <p>Many respondents think that the IASB should give priority to completing the four major projects on its work plan—Financial Instruments, Insurance Contracts, Leases and Revenue Recognition.</p>	<p>The IASB is committed to completing these projects. The IASB and the FASB continue to consider that the financial reporting in all four topic areas needs to be improved.</p>
<p><b>Period of calm</b></p> <p>The first 10 years of the IASB has been widely perceived as one of constant change. The 2004 stable platform, the MoU projects and the financial crisis mean that the five year period between 2008 and 2013 has been very active. We anticipate that this activity will necessarily continue beyond 2013. However, there is a widespread request for a period of calm at this stage.</p> <p>Many respondents also said that the IASB should generally focus its efforts on providing additional attention to both supporting the implementation of new Standards and assisting those jurisdictions that are adopting IFRS for the first time.</p>	<p>We acknowledge and understand the calls for less change. However, we think it is very important that we complete the four remaining major projects on the work plan—Financial Instruments, Leases, Revenue Recognition and Insurance Contracts. We were also told how important maintenance (Interpretations and narrow-scope improvements) is to most respondents. Change is therefore unavoidable if we are to meet our responsibilities.</p> <p>However, our new work programme is designed to focus on the Conceptual Framework and on building a core of research projects. This will create a period of calm because we are unlikely to start major broad based standard-setting projects until we have completed the related research phase for the topics identified on our research programme.</p>

## Views received and our responses continued

Comments received	Our responses
<p><b>Working effectively with partners</b></p> <p>Most respondents thought that it was important for the IASB to establish how it could act as a partner with national standard-setters. Regional forums and focus groups were also identified by some respondents as possible additional resources for the IASB.</p> <p>Among the benefits highlighted by respondents were:</p> <ul style="list-style-type: none"> <li>• the important inclusion of all markets and economies in the development of Standards. Using regional groups in regions where a topic is most relevant ensures that local expertise and experiences will be passed on to the IASB.</li> <li>• the flow of information from a wide range of members to local groups, which gives those local groups the potential to identify a greater number of possible solutions.</li> <li>• greater ownership of the standard-setting process by all stakeholders as a result of the use of regional and national research.</li> <li>• the ability of the IASB to maintain a neutral position during the development of Standards as a result of encouraging regional forums to focus on controversial issues.</li> <li>• An encouragement of comment as individual conclusions are reached after local research has been conducted in the public eye.</li> </ul>	<p>We are grateful that a variety of partners are both able and willing to help us in our standard-setting work.</p> <p>We are developing proposals as a matter of priority on how to integrate standard-setters and regional bodies into IASB work in a more systematic and formal manner, possibly including greater institutional recognition. It is important to note that the IASB already works with many jurisdictional and regional standard-setters and related bodies, in a positive and collaborative manner. The steps being taken to acknowledge this co-operation more formally is designed to enhance this collaborative work.</p>

# Respondents

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A.S.A Abfall Service AG

Accounting Council [former Accounting Standards Board UK (ASB)]

Accounting Standards Board of Canada (AcSB)

Accounting Standards Board of Japan (ASBJ)

Accounting Standards Council (ASC) [Singapore]

Accounting Standards Oversight Council (AcSOC) [Canada]

Canadian Electricity Association (CEA)

American Academy of Actuaries

American Gas Association (AGA)

American Institute of CPAs (AICPA)

American Petroleum Institute (API)

Anglo American Platinum Limited

Asia Oil Palm Sendirian Berhad

Asian-Oceanian Standards Setters Group (AOSSG)

Associação Brasileira de Distribuidores de Energia Elétrica (ABRADEE) [Brazilian Association of Distribution Companies]

Association Actuarielle Internationale (AAI) [International Actuarial Association (IAA)]

Association des Banquiers Canadiens (ABC) / Canadian Bankers Association (CBA)

Association for Financial Markets in Europe (AFME)

Association française des entreprises privées (AFEP) [French Association of private companies]

Association of British Insurers (ABI)

Association of Chartered Certified Accountants (ACCA)

ATCO Group Ltd.

Atlas Copco Group Centre

Australia and New Zealand Banking Group Limited (ANZ)

Australian Accounting Standards Board (AASB)

Australian Institute of Company Directors (AICD)

Austrian Financial Reporting And Auditing Committee (AFRAC)

Autorité des normes comptables (ANC) [French standard-setting body]

Autorités Canadiennes en Valeurs Mobilières (ACVM) [The Canadian Securities Administrators Chief Accountants Committee (CSA)]

Baker Tilly

Banco Bilbao Vizcaya Argentaria, S.A. (BBVA)

Bank of America Merrill Lynch

Barclays PLC

BDO International

BDO China Da Hua Certified Public Accountants Co. Ltd.

Boustead Plantation Berhad

BP p.l.c

British Bankers Association (BBA)

British Columbia Ferries Services Inc. (BC Ferries)

British Telecommunications plc (BT)

Bundesverband deutscher Banken e.V [Association of German Banks]

BusinessEurope

Canadian Energy Pipeline Association (CEPA)

Canadian Electricity Association (CEA)

Canadian Institute of Chartered Accountants (CICA)

Canadian Life and Health Insurance Association (CLHIA)

Canadian Natural Resources Limited

Canadian Public Accountability Board (CPAB)

Carin van Mourik

Cenovus Energy Inc.

Centrica plc

Certified General Accountants Association of Canada (CGA)

CFA Institute

CFA Society of the UK

Charities SORP Committee

Chartered Accountants Ireland

Chartered Institute of Public Finance and Accountancy (CIPFA)

Chevron Corporation

China Accounting Standards Committee (CASC)

Chinese Institute of Certified Public Accountants (CICPA)

## Respondents continued

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Chris Barnard	Elinkeinoelämän Keskusliitto (EK) [Confederation of Finnish Industries]
Christian Aid	Emirates NBD Bank (PJSC)
Citigroup Inc.	Ernst&Young
Climate Disclosure Standards Board (CDSB)	Eumedion [Corporate Governance Forum]
Colegio de Contadores de Chile [Chilean Association of Accountants]	European Accounting Association (EAA)
Comisión Especial de Normas Contables y de Auditoría (CENCYA) [Special Commission on Accounting and Auditing - Spain]	European Association of Co-operative Banks (EACB AISBL)
Comitê de Pronunciamentos Contábeis (CPC) [Brazilian Accounting Pronouncements Committee]	European Banking Authority (EBA)
Comité Européen des Assurances (CEA) [European Insurance and Reinsurance Federation]	European Banking Federation a.i.s.b.l. (EBF)
Committee for Mineral Reserves International Reporting Standards (CRIRSCO)	European Commission
Commonwealth Bank of Australia (CBA)	European Committee of Central Balance-Sheet Data Offices (ECCBSO)
Confederation of British Industry (CBI)	European Federation of Financial Analysts Societies (EFFAS)
Consejo Mexicano para la Investigacion y Desarrollo de Normas de Informacion Financiera (CINIF) [Mexican Council for the implementation and overview of financial information]	European Financial Reporting Advisory Group (EFRAG)
Contrôleur des finances de Québec [Comptroller of Finance of Québec]	European Insurance CFO Forum
CPA Australia Ltd	European Round Table of Industrialists (ERT)
Corporate Reporting Users Forum (CRUF) [UK]	European Savings Bank Group (ESBG)
Credit Suisse Group	European Securities and Markets Authority (ESMA)
Deloitte Touche Tohmatsu Limited	External Reporting Board of New Zealand (XRB)
Denise Silva Ferreira Juvenal	Federacion Argentina de Consejos Profesionales de Ciencias Economicas (FACPCE) [Argentina Federation of Professional Councils in Economic Sciences]
Deutsche Bank AG	Federal Energy Regulatory Commission (FERC)
Deutsche Prüfstelle für Rechnungslegung e.V. (DPR) [The Financial Reporting Enforcement Panel (FREP)]	Fédération Bancaire Francaise (FBF) [French Banking Federation]
Deutschen Rechnungslegungs Standards Committee e.V (DRSC) [German Accounting Standards Committee]	Fédération des Experts Comptables Européens (FEE) [The Federation of European Accountants]
Dewan Standar Akuntansi Keuangan (DSAK) [Indonesian Accounting Standard Board]	Financial Executives International (FEI) [Canada]
EDF Group	Financial Reporting Council (FRC) [Australia]
Edison Electric Institute (EEI)	FirstEnergy Corporation
EIRIS Foundation	Freeport-McMoRan Copper & Gold Inc.
	Freudenberg & Co. Kommanditgesellschaft
	Fujitsu Limited
	GazMetro
	Genting Plantations Berhad

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Global Accounting Alliance (GAA)	International Association of Consultants, Valuators and Analysts (IACVA)
Goldcorp Inc.	International Association of Insurance Supervisors (IAIS)
Grant Thornton International Ltd	International Auditing and Assurance Standards Board (IAASB)
Group of 100 (Australia)	International Banking Federation (IBFed)
Group of North American Insurance Enterprises (GNAIE)	International Business Machines (IBM)
Grupo Latinoamericano de Emisores de Normas de Información Financiera (GLENIF) [Group of Latin American Standard Setters (GLASS)]	International Corporate Governance Network (ICGN)
Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC)	International Energy Accounting Forum (IEAF)
Hermes Equity Ownership Services	International Network of Insurance Associations (INIA)
Hess Corporation	International Organisation of Securities Commissions (IOSCO)
Hong Kong Institute of Certified Public Accountants (HKICPA)	International Public Sector Accounting Standards Board (IPSASB)
HSBC Holdings plc	International Swaps and Derivatives Association Inc (ISDA)
Hundred Group	Investment Management Association (IMA)
Hydro-Québec	IOI Group
IFRS Interpretations Committee	J.H.G. Milne
IJM Plantations Berhad	Japanese Bankers Association
Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW) [Institute of Public Auditors in Germany]	Japanese Institute of Certified Public Accountants (JICPA)
Institut des Actuairens en Belgique (IABE) [Institute of Actuaries in Belgium]	Japanese Society of Certified Pension Actuaries
Institute for the Accountancy Profession in Sweden (FAR)	Jardine Matheson Ltd
Institute of Certified Public Accountants in Ireland (CPA)	Jong-Cheon Lee and Jongsoo Han
Institute of Chartered Accountants in England and Wales (ICAEW)	Komitet Standardów Rachunkowoci [Polish Accounting Standards Committee]
Institute of Chartered Accountants of India (ICAI)	Korea Accounting Institute (KAI)
Institute of Chartered Accountants of Scotland (ICAS)	Korea Accounting Standards Board (KASB)
Institute of Certified Public Accountants of Singapore (ICPAS)	KPMG
Institute of International Finance (IIF)	Landcorp Farming Limited
Institute of Management Accountants, Inc. (IMA)	LANXESS AG
Instituto de Contabilidad y Auditoría de Cuentas (ICAC) [Accounting and Auditing Institute of Spain]	Liberty Holdings Ltd
Intellectual Ventures Management, LLC	Life Insurance Association of Japan (LIAJ)
International Air Transport Association (IATA)	Linde Group
	M P Evans Group PLC
	Macquarie Group Limited
	Malaysia Malaysian Palm Oil Association (MPOA)

## Respondents continued

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Malaysian Accounting Standards Board (MASB)	REESA Real Estate Equities Securitisation Alliance
Malcolm Howard	Repsol
Manitoba	Richard Moreton
Marketing Accountability Standards Board (MASB)	Rio Tinto plc
Mazars	Roche Group
Michael A St Claire-George	Rosneft Oil Company
Microsoft	RSM International Limited
Ministry of Finance, British Columbia	Rubber Trade Association of Europe
MSU	Securities and Exchange Board of India (SEBI)
Namarata Maheshwari	Security Analysts Association of Japan (SAAJ)
National Accounting Standards Board of Russia (NASB)	Shell International B.V
Nestlé S.A.	Siemens AG
New Britain Palm Oil Limited	Sipef Group
New Zealand Institute of Chartered Accountants (NZICA)	SIX Swiss Exchange
Nicolaas Smith	South African Institute of Chartered Accountants (SAICA)
Nippon Keidanren [Japan Business Federation]	Standard Life Investments
Norsk RegnskapsStiftelse (NASB) [Norwegian Accounting Standards Board]	Statoil
Oil Industry Accounting Committee (OIAC)	Stock Exchange of Hong Kong Ltd
Ontario Ministry of Finance	Svenskt Näringsliv [Confederation of Swedish Enterprise]
Organismo Italiano di Contabilità (OIC) [Italian standard-setting body]	SwissHoldings [Federation of Industrial and Service Groups in Switzerland]
Pan-China Certified Public Accountants Ltd	Syngenta International AG
Peabody Energy Corporation	Teck Resources Ltd
PetroChina Company Limited	TransCanada Corporation
Petróleo Brasileiro SA - Petrobras	Tropical Growers Association Ltd
Pitcher Partners	Unico-Desa, Plantations Berhad
PricewaterhouseCoopers (PWC)	Unilever
Prof. Dieter Gloeck	Union of the Electricity Industry (EURELECTRIC AISBL)
Publish What You Pay / Revenue Watch Institute	United Malacca Berhad
Quoted Companies Alliance (QCA)	United Plantations Berhad
R.E.A Holdings Plc	Verband österreichischer Banken und Bankiers [Austrian Bankers' Association]
Raad voor de Jaarverslaggeving [Dutch Accounting Standards Board (DASB)]	Verbond van Verzekeraars [The Dutch Association of Insurers]
Radet for Finansiell Rapportering [The Swedish Financial Reporting Board]	Vereinigung zur Mitwirkung an der Entwicklung des Bilanzrechts für Familiengesellschaften (VMEBF)

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Wirtschaftsprüferkammer (WPK) [Chamber of public accountants]

Wolfson Microelectronics plc

World Bank

Wüstenrot & Württembergische AG

Yapidmas Plantation SDN. BHD

Zambia Institute of Chartered Accountants (ZICA)

# Notes

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