

# AGENDA PAPER

IFRS Foundation Trustees meeting – Due Process Oversight Committee

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## Technical Activities: update

### Introduction

1. This report provides the Due Process Oversight Committee (DPOC) with an update on the due process activities for the standard-setting activities of the IASB, in the period January to March 2015.

### Overview

2. Since the Technical Activities—Update report to the DPOC in January 2015 we have focused on:
  - a. finalising our redeliberations of the *Leases* Exposure Draft (ED) published in May 2013;
  - b. completing the *Conceptual Framework for Financial Reporting* ED;
  - c. reviewing matters arising from the Transition Resource Group for Revenue Recognition;
  - d. redeliberating the *Insurance Contracts* ED issued in June 2013.
3. We have:
  - a. published an ED: *Classification of Liabilities* (Proposed amendments to IAS 1); and
  - b. issued the *IFRS Taxonomy 2015*.
4. A copy of the work plan as at 24 March 2015 is set out in Appendix A of this paper.
5. We have noted changes to the projected timings, as set out in the work plan, for the publication of due process documents and indicated the reason for the changes since the last Update report to the DPOC.

## **Due process**

6. A list of IASB papers that were posted after the posting deadline for the three months January to March 2015 is set out in Appendix B. The explanations for the late posting are also included in Appendix B.

## **Major projects**

### **Insurance Contracts**

7. As discussed in previous meetings, the IASB published a revised ED *Insurance Contracts* in June 2013. That revised ED sought feedback on specific aspects of its proposals, reflecting the extensive debate that the IASB has undertaken over many years, and the need to avoid further undue delay in finalising the much-needed Standard for insurance contracts.
8. During the comment period between June and October 2013, the IASB received 194 comment letters, and undertook extensive outreach and detailed field testing of the operability of the proposals. The feedback received suggested broad support for the principle of current value measurement of insurance contracts. However, there were also significant areas of disagreement, in particular about performance reporting, and concerns about excessive complexity.
9. The IASB has been deliberating the response to the 2013 ED since January 2014. During redeliberations, the IASB has maintained extensive dialogue with all interested parties and continues to consult its advisory bodies. In particular:
  - a. The IASB has engaged extensively with preparers and other interested parties, in particular in Europe, Canada and Japan.
  - b. The IASB has sought advice from the Accounting Standards Advisory Forum (ASAF) at three meetings in 2014 and, most recently, at its March 2015 meeting.
10. The IASB has largely concluded its tentative decisions relating to non-participating contracts. In particular, the IASB has addressed each of the areas that were targeted in the 2013 ED that relate to insurance contracts without participation features, as follows:
  - a. unlocking the contractual service margin;
  - b. recognising the effects of changes in discount rates in other comprehensive income (OCI);
  - c. insurance contracts revenue; and

d. transition.

11. The IASB also made tentative decisions on some specific issues that were highlighted in the feedback but that were not targeted for input. The direction that the IASB took in all these decisions was largely consistent with the feedback that it had heard on the 2013 ED. In March 2015 the staff published on the IASB website an overview of the IASB's tentative decisions on the general model that would apply to insurance contracts without participation features, and the IASB's reasons for reaching those decisions<sup>1</sup>.
12. Since Quarter 4 of 2014, the IASB continued to consider the accounting model for contracts with participating features, which was one of the most difficult and contentious of the specific aspects on which the IASB sought feedback. Because many of the issues to be considered by the IASB in relation to contracts with participating features are interrelated, the staff have approached these deliberations by asking the IASB for indicative leanings, instead of tentative decisions. The staff note that this process has helped the IASB and the staff to obtain feedback on the direction of the model. The IASB began to consider the models that the staff have developed as a result of this process in March 2015.
13. As a consequence of the complexity of the issues relating to contracts with participating features, the IASB has decided to extend its original timetable to allow it to consider the issues in detail, and to engage further with interested parties. The IASB now expects to make decisions about contracts with participating features during Quarter 2 of 2015. As a result, the IASB will continue deliberations during 2015. The IASB does not expect to issue the Standard on insurance contracts before the end of 2015.
14. The IASB noted that entities that issue insurance contracts will be significantly affected by both the new insurance contracts standard and IFRS 9 *Financial Instruments*. Furthermore, the IASB noted that its decision to extend its original timetable for the insurance contracts standard means that the mandatory effective date of the new insurance contracts Standard will be after 1 January 2018, the mandatory effective date of IFRS 9. The IASB continues to consider ways to alleviate the costs that would arise for entities that would be required to implement two significant changes in accounting within a short period of time.

## **Leases**

15. The objective of the Leases project is to improve the quality and comparability of financial reporting by providing greater transparency about an entity's leverage and the assets it uses in its operations.

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<sup>1</sup> Access the document [Insurance Contracts without Participation Features](#).

16. This is a joint project with the FASB. In May 2013, the two Boards published a joint and revised ED on leases.
17. In Quarter 1 of 2015, the IASB has focused on finalising its redeliberations of the 2013 ED. The IASB made tentative decisions on the following in January and February 2015:
  - a. The disclosure requirements that accompany the lessee accounting model: the IASB has revised the disclosures proposed in the 2013 ED in response to feedback received, in order to provide the most relevant information to investors and analysts at a reasonable cost for preparers.
  - b. Transition requirements: the IASB has tentatively decided to provide substantive cost relief on transition to the new Leases Standard. For example, an entity is not required to restate comparatives, nor is it required to apply the new requirements to leases that expire within 12 months of the effective date.
18. In March 2015, the IASB considered the due process steps and concluded that it had completed all of the specified mandatory due process steps and had undertaken appropriate optional due process steps. The IASB will decide upon the effective date for the Standard at a future meeting.
19. A life-cycle review of the project is at Agenda Paper, AP 3C.

### ***IFRS for SMEs—Comprehensive Review 2012–2014***

20. In December 2014 the IASB finalised its technical discussions on the proposed amendments to the *IFRS for SMEs* resulting from the initial comprehensive review of the *IFRS for SMEs*. The DPOC considered the life-cycle review of the due process steps on the initial comprehensive review of the *IFRS for SMEs* project in its meeting in February 2015 (AP 2C for that meeting refers).
21. The amendments to the *IFRS for SMEs* are expected to be issued in the first half of 2015.

### ***The Conceptual Framework***

22. The *Conceptual Framework for Financial Reporting* (the *Conceptual Framework*) sets out the concepts that underlie the preparation and presentation of financial statements. It is not a Standard or Interpretation and does not override any specific Standard or Interpretation. However, it identifies principles for the IASB to use when it develops and revises its Standards. It is also used by preparers to develop and select accounting policies and by all parties to understand and interpret the Standards.
23. The IASB published a Discussion Paper (DP) *A Review of the Conceptual Framework for Financial Reporting* in July 2013, with a comment period of 180 days. The IASB has

considered the responses to that DP as well as other feedback that was received during the development of an Exposure Draft of a revised *Conceptual Framework*.

24. In addition, the IASB has sought input on this project from its advisory bodies: the Advisory Council, the ASAF (which is the consultative group for this project), the Capital Markets Advisory Committee (CMAC), and the GPF have all been consulted both during the comment period on the DP and during redeliberations.
25. The IASB's original intention was not to fundamentally reconsider the Objective and Qualitative Characteristics chapters of the *Conceptual Framework*, which were published in 2010 as part of a joint project with the FASB. However, respondents were asked for comments on this approach, and many expressed the view that we should reconsider at least some aspects of those chapters (in particular, the treatment of prudence, stewardship, substance over form and reliability). Meetings were held with a number of investors to get a better understanding of their concerns and the IASB has tentatively decided:
  - a. to reintroduce an explicit reference to the notion of prudence (described as 'caution under conditions of uncertainty') into the *Conceptual Framework*;
  - b. to give more prominence to stewardship within the description of the overall objective of financial reporting; and
  - c. to clarify that a faithful representation represents the substance of an economic phenomenon rather than merely representing its legal form.
26. The IASB does not propose to reinstate the term 'reliability' to describe one of the two fundamental qualitative characteristics of useful financial information. This is because the IASB believes that the proposals in the ED address most of the concerns expressed by stakeholders about the use of the term 'faithful representation' rather than 'reliability'. In particular:
  - a. The description of 'faithful representation' proposed in the ED is substantially the same as the description of 'reliability' in the pre-2010 *Conceptual Framework*.
  - b. Many use the term 'reliability' mainly as a label for the notion that a measurement will not provide useful information if that measurement is too uncertain. The ED addresses this point more explicitly than does the existing *Conceptual Framework*.
27. Some respondents to the DP expressed the view that the *Conceptual Framework* is under-developed in specific areas (in particular, the distinction between liabilities and equity, measurement and the presentation of items of income or expense in OCI). The IASB discussed these concerns, but decided not to undertake significant additional research work on measurement and the use of OCI in developing the ED.

28. The IASB is not proposing as part of this project to make changes to the existing definitions of liabilities and equity to address some problems that arise when classifying instruments with characteristics of both liabilities and equity. Instead, the IASB has decided to further explore how to distinguish between liabilities and equity in its research project on *Financial Instruments with the Characteristics of Equity*.
29. The IASB has finalised its deliberations on the ED. At its October 2014 meeting, the IASB confirmed that it is satisfied that sufficient due process steps have been undertaken and instructed the staff to begin the balloting process on the ED.
30. In Quarter 1 of 2015 we have been finalising the ED and addressing the comments from the fatal flaw review. At its meeting in March 2015 the IASB considered sweep issues arising from this review.
31. Addressing matters arising from the fatal flaw review has taken longer than anticipated and it is now expected that the ED will be published during Quarter 2 of 2015. The ED will be open for comment for a period of 150 days.

### **Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging**

32. The DP *Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging* was published in April 2014, with a comment period of 180 days, ending on 17 October 2014.
33. During the comment period the staff, along with IASB members, have conducted over 50 outreach meetings with constituents across jurisdictions. The jurisdictions covered by the outreach included Europe, Asia and Oceania, North and South America and Africa.
34. The outreach covered different types of constituents, including preparers (for example, banks, insurance companies and non-financial institutions), users of financial statements, prudential and securities regulators, accounting standard-setters, accountancy bodies and accounting firms.
35. In addition, the ASAF has discussed the topic on several occasions, including providing views on the DP. A similar process was also followed with the GPF.
36. We have received 126 comment letters. The staff discussed the comments received with the IASB in Quarter 1 of 2015. The summary of comment letters and other feedback (including from users) received are available on the website.
37. Although we have received support from constituents for addressing the issue of accounting for dynamic risk management, there is significant divergence in views

between users and preparers in general on the merits of the new approach. There is also a difference in views on what should be the overall objective of the project.

38. The staff plan to initiate discussions about next steps with the IASB in Quarter 2 of 2015.

### **Rate-regulated Activities**

39. The DP *Reporting the Financial Effects of Rate Regulation* was published on 17 September 2014, with a comment period of 120 days, ending on 15 January 2015.
40. The DP describes a type of rate regulation that contains elements of both cost recovery and incentive approaches. This type of rate regulation is termed ‘defined rate regulation’. The DP sought comments on whether or not the distinguishing features of defined rate regulation, as identified by the IASB, sufficiently capture the type(s) of rate regulation that have the most significant financial effects.
41. The ASAF provided preliminary views on the DP at its meeting in December 2014. Other preliminary views were gathered at outreach events during November and December 2014 in Brazil, the USA, Canada and Belgium, and by video conference with Malaysia.
42. We received 113 comment letters. IASB staff provided a preliminary analysis of comments to the IASB at its meeting in February 2015. The summary of the comment letters and the other feedback (including from users) is available on the website.
43. The initial review of the feedback received from outreach and comment letters suggests strong support for recognising at least some regulatory deferral account balances. A common suggestion made is to explore an approach based on the principles in IFRS 15 *Revenue from Contracts with Customers*, focusing on the entity’s rights and obligations relating to its customers as a whole (the customer base), instead of on individual customer contracts.
44. The project’s consultative group met in March 2015 for an initial discussion of the issues raised in the feedback to the DP.
45. The staff plan to ask the IASB to decide on the next steps for the project in Quarter 2 of 2015.

### **Disclosure Initiative**

46. The Disclosure Initiative is a portfolio of projects being undertaken with the aim of improving the effectiveness of disclosures in financial reporting. The work is informed by a Discussion Forum that was held in January 2013, and by a related survey on Financial Reporting Disclosure. A Feedback Statement on these events was published in May 2013.
47. The Disclosure Initiative portfolio of projects includes both implementation and research

projects. The IASB has completed and issued narrow-focused amendments to IAS 1 *Presentation of Financial Statements*. We are currently consulting on narrow-focused amendments to IAS 7 *Statement of Cash Flows*.

48. The research projects include:
- Principles of Disclosure—review of IAS 1, IAS 7 and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
  - Materiality; and
  - Review of disclosures in existing Standards.

#### **IAS 7**

49. On 18 December 2014 the IASB published an ED *Disclosure Initiative* (Amendments to IAS 7). The proposed amendments are designed to respond to investors' requests for improved information about debt and cash.
50. In developing the ED, a survey was undertaken with investors to identify why investors seek to understand debt, including changes in debt during the reporting period. The CMAC was consulted in October 2013 and the draft proposals were discussed at the joint CMAC and GPF meeting in June 2014. Further input was sought from the GPF in Quarter 3 of 2014.
51. In the first quarter of 2015 the staff have undertaken outreach with investors on the proposals set out in the ED and sought further input from CMAC in February 2015.
52. The ED was issued for comment for a period of 120 days, ending 17 April 2015. IASB staff aim to provide a summary of the comment letters and the feedback received from additional outreach activities to the IASB in Quarter 2 of 2015.

#### **Principles of Disclosure—review of IAS 1, IAS 7 and IAS 8**

53. This project is the cornerstone of the Disclosure Initiative. Its objective is to improve disclosures in financial statements by identifying and developing a set of principles for disclosure in IFRS. The project's aim is to set the basis for replacing the disclosure requirements in IAS 1, IAS 7 and IAS 8. The project may also affect the review of disclosure requirements and guidance in other Standards.
54. We expect to publish some of the work done on this project related to cash flows to generate input for the research project on performance reporting (see paragraph 76 below).
55. The IASB agreed the scope of the project in April 2014 and has discussed the project regularly during 2014. Advice on specific topics was sought from the ASAF at its meetings in June, September and December 2014 as well as in March 2015. In addition, advice has been sought from the GPF and the CMAC during 2014 and in Quarter 1 of

2015. The staff have also conducted a variety of meetings and conference calls with stakeholders on specific issues in preparing papers for the IASB meetings, including the International Organization of Securities Commissions (IOSCO) and the European Securities and Markets Authority (ESMA) about the disclosure of non-IFRS financial information.

56. The IASB aims to publish a DP in Quarter 4 of 2015, with the aim of completing the main discussions for the DP in Quarter 2 of 2015. The work plan set out in Appendix A is updated for the revised timings.

#### **Materiality**

57. The IASB has conducted outreach with national and regional standard-setters regarding local guidance and practice on the application of materiality. It has also spoken to the ASAF, the GPF, the World Standard Setters (WSS), the Advisory Council, IOSCO and the International Auditing and Assurances Standards Board (IAASB) about how materiality is applied in practice and the need for potential guidance.
58. During Quarter 3 of 2014, the IASB agreed to develop guidance on the application of materiality, which would take the form of a Practice Statement.
59. The IASB plans to expose for public comment a draft Practice Statement in Quarter 2 of 2015. The draft Practice Statement was discussed with the IASB and ASAF in March 2015.
60. The IASB is aware of the sensitivity of this topic because, in some jurisdictions, materiality is considered to be the responsibility of the securities regulator and the courts. The staff have been liaising with securities regulators for that reason and are confident of developing helpful, non-mandatory, guidance that is globally accepted.

#### **Review of disclosures in existing Standards**

61. The IASB is undertaking a research project to review disclosure in existing Standards to identify and assess conflicts, duplication and overlaps. This project will inform and be informed by the Principles of Disclosure project. Possible outputs are proposals to amend existing disclosure requirements and a drafting guide for the IASB for articulating new disclosure requirements.

#### **Research projects**

62. The IASB currently has thirteen short and medium term projects and five longer-term projects. Although this may seem like a large pool of projects, we envisage that some of these projects will be completed quickly and will not lead to standard-setting activity. They

also vary in size and complexity, which means that they will reach major milestones (a Research Paper or a DP) at different times.

**Short and Medium-term projects**

63. **Dynamic Risk Management, Rate-regulated Activities** and the **Disclosure Initiative** are part of the research programme.
64. We have been working on a project on **Business Combinations under Common Control** during 2014. There is particular interest from IOSCO and the Emerging Economies Group in this project. We have undertaken outreach with regulators, preparers, investors and auditors on the best way to approach this project.
65. We discussed the staff's preliminary views with the ASAF at its meeting in March 2015. We had expected to develop a DP in the second half of 2015, but this may be delayed because of staff resource constraints.
66. The objective of the **Discount Rates** project is to identify why different rates are required and consider consistency across Standards. The staff are continuing to work on this project, and have been using the analysis presented previously to the IASB as a basis for discussion with other parties. We expect to develop a Research Paper in the second half of 2015.
67. The equity method of accounting is a major source of interpretation requests. We discussed the **Equity Method of Accounting** in Quarter 4 of 2014 with the GPF and the ASAF. Following the feedback from these discussions, we presented a proposed approach to the project at the ASAF meeting in March 2015 and are now considering how to address the comments received.
68. Work on **Financial Instruments with Characteristics of Equity** is linked to the *Conceptual Framework* project. The aim the project will focus on improving current IFRS rather than a fundamental change. This project was discussed by the ASAF in September 2014 and March 2015. Our goal is to develop a DP on this project.
69. Some issues related to **Foreign currency translation** and **Inflation** have been raised with the IASB by national standard-setters. We took a paper on foreign currency to the October 2014 IASB meeting—relating to a request made to the IASB by the Korea Accounting Standards Board (KASB). The IASB decided that the broader Foreign Currency Translation project should be reclassified from short-term to longer-term priority and encouraged the KASB and other standard-setters to provide further information on problematic issues to inform the next Agenda Consultation.
70. **Inflation** was discussed by the ASAF in December 2014, at the request of the Group

of Latin American Standard-Setters (GLASS). We plan to bring a paper to the IASB during Quarter 2 of 2015, which reviews the ASAF's recommendation on how the IASB should respond to requests that it should amend the scope of IAS 29 *Financial Reporting in Hyperinflationary Economies*

71. At its meeting in February 2015 the IASB decided to add a number of projects to its research agenda in response to the findings from the Post-implementation Review (PIR) of IFRS 3 *Business Combinations*. One project will consider the **Definition of a Business**; another project will consider the financial reporting requirements for **Goodwill**, both on initial recognition and subsequently. This project will include consideration of the relationship between separately recognised intangible assets and goodwill, and between systematic amortisation and impairment testing for goodwill. Further details about the PIR of IFRS 3 are contained in AP 3D for this meeting.
72. The **Emissions Trading Schemes (ETS)** project was suspended in 2010. At that time the IASB had undertaken a lot of work to document and analyse schemes. That work is being updated at present. In addition, work has started with the International Public Sector Accounting Standards Board (IPSASB) and other standard-setters on background material.
73. In Quarter 1 of 2015, the IASB discussed a project plan for **Emissions Trading Schemes**, which reflected the initial views expressed by the IASB, GPF and ASAF at meetings held in Quarter 4 of 2014. The IASB tentatively agreed to:
  - set a broad scope for the project, in order to consider the accounting for a variety of schemes that use tradable emission allowances and other financial tools to manage the emission of pollutants; and
  - establish the overall financial impact of such schemes before looking afresh at how to account for the combination of components that arise in them.
74. The title of the project has been changed to '**Pollutant Pricing Mechanisms**' to reflect the wider scope. IASB deliberations are expected to continue in Quarter 2 of 2015.
75. A project on **Liabilities**—amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* was also suspended in 2010. Some preliminary work has begun to assess the implications of the IASB decisions on the *Conceptual Framework*. Concurrently, we have been collecting more detailed data about how IAS 37 is being applied as well as data about practice problems that have been relayed to the IFRS Interpretations Committee. We expect to bring papers to the IASB in Quarter 2 of 2015.
76. A project on **Performance Reporting** was added to the research programme at the July 2014 meeting. Some preliminary work has been undertaken to develop a scope paper for this project and to assess ways by which to educate the IASB and interested parties on

the work previously undertaken in the Financial Statement Presentation project. The scope of this project was discussed at the GPF meeting in March 2015. We expect to discuss proposals for the scope of the project with the IASB in Quarter 2 of 2015.

#### **Longer-term projects**

77. We have started to plan the scope for a project on **Income Taxes**. The project will be staffed by our Asia-Oceania office, working closely with the London staff. As part of our consultations with investors, the project was discussed with CMAC at its meeting in February 2015.
78. Work on a project to review the accounting for **Post-employment Benefits** (including pensions) is progressing well. The IASB has started to consider papers setting out the main issues to be considered, and we have begun seeking input from our consultative groups.
79. We have allocated staff to work on developing plans for **Share-based Payments**. IFRS 2 *Share-based Payments* is a frequent source of interpretation requests. The project will help inform the next Agenda Consultation by initially assessing whether the application issues that most often generate interpretation requests can be addressed.
80. One project is yet to commence work, pending availability of staff. Work on developing plans for **Extractive Activities/Intangible Assets/Research and Development Activities** will start once staff become available.

#### **Post-implementation Review**

81. In July 2013 the IASB launched its PIR of IFRS 3 *Business Combinations*. The review included both IFRS 3 (2004) and IFRS 3 (2008) as well as all the amendments made to other Standards (for example, IAS 36 Impairment of Assets, IAS 38 Intangible Assets etc) as a result of the Business Combinations project.
82. Elsewhere on the agenda for this meeting (Agenda Paper, AP 3D refers) is a paper summarising the findings of the review and proposed follow-up work, together with a draft report and feedback statement.

#### **IFRS Taxonomy™**

83. At the July 2014 meeting, the DPOC agreed that the IASB should hold two trials to assess the staff proposals to amend the IFRS Taxonomy due process.
84. Significant progress has been made on the first trial; the IASB published the ED *Disclosure Initiative* (Amendments to IAS 7), see paragraph 49. This ED includes the *Proposed IFRS Taxonomy Update* as accompanying material that has been reviewed and approved by the

IASB. The Invitation to Comment incorporates IFRS Taxonomy due process-related questions. The comment period ends on 17 April 2015. The staff will analyse the comments received and will review with the IASB whether further changes may be appropriate prior to bringing a proposal to the DPOC.

85. The second trial relates to the review by the IASB of proposed taxonomy changes for 2014 common practice additions and the initiation of a new common practice project. Members of the IASB hold the view that peer review, rather than IASB approval, is the most appropriate process to be followed. A panel consisting of at least three designated members of the IASB will review the proposed common practice taxonomy elements to affirm compliance with IFRS. This IASB review panel will also be responsible for the review of a new common practice project to provide strategic oversight and direction. When appropriate, the IASB member panel may decide to raise a sweep issue for approval by the IASB at a public meeting. The trial is proceeding on that basis and meetings with the IASB review panels are scheduled to take place during April.

## **Implementation**

86. Since the last report to the DPOC, the FASB and the IASB's Revenue Transition Resource Group (TRG) has held its third meeting to consider potential questions arising on implementation of the new revenue recognition Standard, IFRS 15 *Revenue from Contracts with Customers*, and its US equivalent, Topic 606 *Revenue from Contracts with Customers*. The TRG discussions to date have highlighted that for the many of the questions considered, stakeholders should be able to understand and apply the applicable parts of the new Standard.
87. At the February and March 2015 Board meetings, the IASB and FASB jointly discussed five topics arising from the TRG discussions that were identified as requiring consideration by the Boards, together with requests from some stakeholders for two practical expedients.
88. Before the discussions on the specific topics, the IASB had a broader discussion about its strategy for addressing issues emerging from TRG discussion and the factors it would need to consider in deciding whether, and how, to address the issues. In particular, the IASB discussed balancing the need to provide any clarifications judged necessary for stakeholders in a way that minimises disruption to the implementation process and the IASB's desire to maintain convergence between IFRS 15 and its US equivalent. The IASB has also sought advice on this point from the Advisory Council and ASAF.
89. With respect to the specific topics, the IASB decided to proposed limited amendments to clarify the (authoritative) application guidance for licences of intellectual property. It has also decided to add further (non-authoritative) examples illustrating specified aspects of

identifying a performance obligation. The FASB decided to make more extensive amendments to the Standard on these two topics and to clarify the guidance on measuring non-cash consideration, a topic that the IASB concluded was not necessary to address at this stage. Both Boards decided to add a practical expedient to ease the process of making the transition to the new Standard for specified contracts. The FASB also decided to add a practical expedient for sales taxes, which the IASB concluded was not necessary.

90. The IASB plans to propose all of the above clarifications, together with any other clarifications from the TRG meetings that it considers necessary, in a single Exposure Draft to be considered at its June 2015 meeting.
91. The TRG again had a full agenda for its meeting on 30 March 2015.
92. The IASB, and to a greater extent the FASB, has received requests to defer the effective date. At its meeting on 1 April, the FASB decided to propose a one-year delay in the effective date for public companies, from 2017 to 2018, with adoption in 2017 permitted<sup>2</sup>. The IASB is scheduled to discuss the topic at its meeting in April 2015.

### **Implementation projects**

93. A summary of the implementation projects is set out in the following table.

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<sup>2</sup> With a similar proposed deferral of the effective date for privately held companies from 2018 to 2019.

## Implementation projects

Project	Objective	Status	Next steps
<b>Annual Improvements to IFRS 2014–2016 Cycle</b>	The IASB has adopted the Annual Improvements process to deal efficiently with a collection of narrow-scope amendments to IFRS, even though the amendments are unrelated.	The IASB has started to discuss issues for inclusion in the next cycle of Annual Improvements. So far only one amendment has been identified for the next ED.	Publication of ED in Quarter 2 of 2015.
<b>Clarification of Classifications of Share-based Payment Transactions</b>  <i>IFRS 2 Share-based Payments.</i>  <i>(Closed for comment until 25 March 2015)</i>	The IASB proposes three amendments to IFRS 2: (a) measurement of cash-settled share-based payment transactions that include a performance condition; (b) modification of a share-based payment from cash-settled to equity-settled; and (c) share-based payments settled net of tax withholdings.	ED published 25 November 2014.	Redeliberations of proposals in Quarter 2 of 2015.
<b>Clarifications to IFRS 15 Revenue from Contracts with Customers: Issues emerging from transition Resource Group discussions</b>	This ED will include clarifications from the TRG meetings that the IASB considers necessary, see paragraph 86.	IASB deliberations ongoing.	Publication of ED in Quarter 2 of 2015.
<b>Classification of liabilities</b>  <i>IAS 1 Presentation of Financial Statements</i>  <i>(Open for comment until</i>	The objective of this project is to clarify when rights to defer settlement affect the classification of liabilities.	ED published 10 February 2015.	Redeliberations of proposals in Quarter 3 of 2015.

Project	Objective	Status	Next steps
<i>10 June 2015)</i>			
<b>Disclosure Initiative:</b>  Proposed amendments to IAS 7 <i>Statement of Cash Flows</i>  <i>(Open for comment until 17 April 2015)</i>	The proposed amendments are designed to improve: <ul style="list-style-type: none"> <li>(a) information provided to users of financial statements about an entity's financing activities, excluding equity items; and</li> <li>(b) disclosures that help users of financial statements to understand the liquidity of an entity.</li> </ul>	ED published 18 December 2014.	Redeliberations of proposals in Quarter 2 of 2015.
<b>Gains or Losses arising from Transactions between an Entity and its Associate or Joint Venture.</b>  IAS 28 <i>Investments in Associates and Joint Ventures</i>	The objective of this project is to clarify <ul style="list-style-type: none"> <li>(a) the accounting for a 'downstream' transaction between an entity and its associate or joint venture, when the gain from the transaction exceeds the carrying amount of the entity's interest in the associate or joint venture;</li> <li>(b) how an entity accounts for a contribution to its associate or joint venture when the entity receives assets in addition to receiving an equity interest; and</li> <li>(c) the partial elimination of a gain arising from a transaction with an associate or</li> </ul>	An additional, related, issue (described in point (c) in the column on the left) has been raised, which the IASB has decided should be included in the ED. We have therefore delayed the ED in order to include this additional issue.	Publication of ED in Quarter 2 of 2015.

Project	Objective	Status	Next steps
	joint venture that results in the loss of control of a subsidiary is excluded from the calculation of goodwill/negative goodwill on commencement of equity method of accounting.		
<b>Fair Value Measurement: Unit of Account</b>  <i>IFRS 13 Fair Value Measurement</i>  <i>(Comment period closed 16 January 2015)</i>	To clarify the unit of account for equity investments in subsidiaries, associates and joint ventures and their corresponding fair value measurement.	Redeliberation of proposals in the ED.	Decision on finalisation of amendment in the second half of 2015.
<b>Recognition of Deferred Tax Assets for Unrealised Losses</b>  <i>IAS 12 Income Taxes</i>  <i>(Comment period closed 18 December 2014)</i>	To clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.	Redeliberation of proposals in the ED.	Decision on finalisation of amendment in Quarter 2 of 2015.
<b>Remeasurement at a plan</b>	To clarify:	The IASB confirmed at its meeting in	Publication of ED in Quarter 2

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**3B**

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<b>Project</b>	<b>Objective</b>	<b>Status</b>	<b>Next steps</b>
<b>amendment, curtailment or settlement</b> <i>IAS 19 Employee Benefits</i>	(a) The availability of a refund of a surplus from a defined benefit plan when an independent trustee has a unilateral power. (b) Remeasurement at a plan amendment, curtailment or settlement.	February 2015 that it had completed all the necessary due process steps.	of 2015.

## Appendix A

## IASB Work plan as at 24 March 2015

## Major projects

	2015 Q2	2015 Q3	2015 Q4	2016 Q1	Change	Timing updates since 18 December 2014
<b>Upcoming Standards</b>						
<b>Insurance Contracts</b>	Redeliberations				—	No change
<b>Leases</b>		Target IFRS			—	No change
<b>Comprehensive review of the IFRS for SMEs</b>	Target amended IFRS for SMEs				—	No change
<b>Upcoming Exposure Drafts</b>						
<b>Conceptual Framework</b>	Target ED				→	Delayed; see paragraph 31.
<b>Published Discussion Papers</b>						
<b>Accounting for Dynamic Risk Management: A Portfolio Revaluation Approach to Macro Hedging</b>	Redeliberations				—	No change
<b>Rate-regulated Activities</b> [Comment period ended 15 January 2015]	Board discussions				—	No change
<b>Upcoming Discussion Papers</b>						
<b>Disclosure Initiative</b>						
<b>Principles of disclosure</b>			Target DP		→	Updated; see paragraph 56.

The Disclosure Initiative is a portfolio of Implementation and Research projects.

## Key

- Project timing delayed  
— No change

## Appendix A

## IASB Work plan as at 24 March 2015

## Research projects

Next major project milestone

Short- and medium-term projects	2015 Q2	2015- Q3	2015 Q4	2016 Q1
Business combinations under common control	Board discussion			
Business (definition of)				
Disclosure initiative				
General disclosure review	Board discussion			
Materiality	Target Draft Practice Statement			
Principles of disclosure			Target DP	
Discount rates	Board discussion			
Equity method of accounting	Board discussion			
Financial instruments with characteristics of equity	Board discussion			
Goodwill				
High Inflation	Board discussion			
Performance Reporting	Board discussion			
Pollutant Pricing Mechanisms	Board discussion			
Provisions, Contingent Liabilities and Contingent Assets	CF*			
Longer-term projects	2015 Q2	2015- Q3	2015 Q4	2016 Q1
Extractive activities / Intangible assets / R&D activities				
Foreign currency translation				
Income taxes		Board discussion		
Post-employment benefits (including pensions)	Board discussion			
Share-based payments	Board discussion			

The IASB is developing its research capabilities—for further information see the [Tommaso Padoa-Schloppa Memorial Lecture](#) and the [IASB Research Forum page](#).

## Appendix A

## IASB Work plan as at 24 March 2014

## Implementation projects

Next major project milestone

Narrow-scope amendments	2015 Q2	2015 Q3	2015 Q4	2016 Q1	Change	Updates since 18 December 2014
<b>Annual Improvements to IFRS 2014–2016 Cycle</b>	Target ED				—	No change
<b>Clarifications of Classification and Measurement of Share-based Payment Transactions</b> (Proposed amendment to IFRS 2)	Redeliberations				—	No change
<b>Clarifications to IFRS 15 Revenue from Contracts with Customers: Issues emerging from TRG discussions</b>	Target ED				—	New Project
<b>Classification of Liabilities</b> (Proposed amendment to IAS 1)		Redeliberations			—	ED published Quarter 1 of 2015.
<b>Disclosure Initiative</b>						
<b>Amendments to IAS 7</b> [Comment period ends 17 April 2015]	Public consultation				—	No change
<b>Gains or Losses arising from Transactions between an Entity and its Associate or Joint Venture</b> (Proposed amendments to IAS 28)	Target ED				→	Delayed because of additional amendment.
<b>Fair Value Measurement: Unit of Account</b> [Comment period ends 16 January 2015]	Redeliberations				—	No change
<b>Recognition of Deferred Tax Assets for Unrealised Losses</b> (Proposed amendments to IAS 12) [Comment period ended 18 December 2014]	Redeliberations				—	No change
<b>Remeasurement at a plan amendment, curtailment or settlement</b> (IAS 19 <i>Employee Benefits</i> )	Target ED				—	New project
Post-implementation Reviews	2015 Q2	2015 Q3	2015 Q4	2016 Q1	Change	Updates since 18 December 2014
<b>IFRS 3 <i>Business Combinations</i></b>	Target Feedback Statement				→	Delayed drafting/ completion procedures

## Appendix B

## List of IASB agenda papers posted after the posting deadline

## JANUARY 2015

Ref	Name	Posted		Reason
5	IFRS for SMEs: Sweep issue	13 Jan		A sweep issue was identified as part of the pre-ballot draft review.

## FEBRUARY 2015

Ref	Name	Posted		Reason
7	Revenue from Contracts with Customers: Cover paper	9 Feb	IASB	To enable agreement to be reached with the FASB on the content of the papers.
7A	Revenue from Contracts with Customers: Implications of amending IFRS 15 before the mandatory effective date	9 Feb	IASB	
7B	Revenue from Contracts with Customers: Licences of intellectual property—issues emerging from TRG discussions	9 Feb	IASB	
7C	Revenue from Contracts with Customers: Identifying performance obligations	9 Feb	IASB	

## MARCH 2015

Ref	Name	Posted		Reason
7	Revenue from Contracts with Customers: Cover paper—issues emerging from TRG discussions	12 March	IASB	To enable agreement to be reached with the FASB on the content of the papers
7A	Revenue Recognition: Practical Expedients Upon Transition – Contract Modifications and Completed Contracts	12 March	JOINT	
7B	Revenue Recognition: Sales Tax Presentation: Gross versus Net	12 March	JOINT	
7C	Revenue from Contracts with Customers: Non-cash consideration—issues emerging from TRG discussions	12 March	IASB	
7D	Revenue from Contracts with Customers: Collectability considerations – issues emerging from TRG discussions	13 March	IASB	
7E	Revenue from Contracts with Customers: Principal versus agent considerations—issues emerging from TRG discussions	12 March	IASB	