

AGENDA PAPER

IFRS Foundation Trustees meeting – Due Process Oversight Committee

LONDON 26 JANUARY 2016

Agenda ref 3E

PRESENTERS HUGH SHIELDS/DAVID LOWETH

Consultative Groups: update

Introduction

1. The purpose of this paper is to provide updates on the activities of the advisory and consultative bodies of the International Accounting Standards Board ('the Board'). The paper is primarily for information, but any questions and/or comments from Committee members would be welcome.

Consultative Groups updates

2. Since the DPOC meeting in October 2015, a number of groups have met and/or will meet in the near future as summarised below.

IFRS Advisory Council

3. A meeting of the Advisory Council took place on 2-3 November 2015. A copy of Advisory Council Chair Joanna Perry's report of the meeting was circulated to all Trustees under cover of Jenny Cale's e-mail of 10 December¹. As usual, David Loweth attended most of the Council meeting and supports the conclusion made by Joanna in her report that the Council was able to "provide valuable strategic advice" both to the Board and to the Trustees. One of the main items on the agenda was the Council's consideration of the issues and questions in the Trustees' Request for Views ('RfV') consultation document on the review of structure and effectiveness, which included break-out sessions. The summary of the Council's feedback is included in the RfV outreach summary paper for the plenary session at this meeting of the Trustees (Agenda Paper, AP1B(ii) refers).
4. The next meeting of the Advisory Council takes place on 23-24 February.

Accounting Standards Advisory Forum ('ASAF')

5. Since October 2015, a meeting of ASAF was held on 7-8 December. The view from the Board and technical staff (as well as ASAF members) is that the meeting went well. The agenda included items on the conceptual framework project, post-employment benefits,

¹ Joanna's Perry's report is also available on the website at:
<http://www.ifrs.org/Meetings/MeetingDocs/Advisory%20Council/2015/November/2015-12-Report-of-the-IFRS-Advisory-Council-Chairman-November-2015-meeting.pdf>.

goodwill and impairment, and the disclosure initiative, as well as a paper on the Post-Implementation Review ('PIR') process. ASAF also considered papers prepared by the Australian Accounting Standards Board ('AASB') and the Korea Accounting Standards Board ('KASB') on their joint project *IFRS Implementation: Accounting Judgements on Terms of Likelihood in IFRS*. The report of the meeting is still being prepared and, when finalised, will be made available on the Foundation's website²

Global Preparers Forum ('GPF')

6. The latest meeting of the GPF was held on 4 November 2015³. The meeting included sessions on both the Trustees' RfV and the Board's 2015 Agenda Consolidation, plus updates in relation to the work of the Board, the Interpretations Committee and the Advisory Council, the conceptual framework project (focusing on assets and liabilities and their definitions, recognition and derecognition), fair value measurement, and the Exposure Draft ('ED') of a Practice Statement on Materiality. The view from the technical staff is that the meeting was valuable.

Capital Markets Advisory Committee ('CMAC')

7. CMAC's latest meeting was held on 6 November 2015⁴. The meeting included sessions on both the Trustees' RfV and the Board's 2015 Agenda Consolidation, plus goodwill and impairment, the conceptual framework project (focusing on measurement), an education session on the new impairment requirements in IFRS 9 *Financial Instruments*, and the ED of a Practice Statement on Materiality. The view from the technical staff is that the meeting was valuable.

Joint Transition Resource Group ('TRG') for Revenue Recognition

8. As reported previously, the Board and the US Financial Accounting Standards Board (FASB) have formed a limited-life Joint Transition Resource Group for Revenue Recognition ('TRG'). The TRG has been established to inform the Board and the FASB about potential implementation issues that could arise when companies and organisations implement the new Standard. The TRG also provides stakeholders with an opportunity to learn about the new Standard from others involved with implementation. The TRG does not issue guidance.
9. All meetings of the TRG are public and co-chaired by the Vice-Chairmen of the Board and the FASB.

² Meeting summaries for all ASAF meetings can be accessed at: <http://www.ifrs.org/About-us/IASB/Advisory-bodies/ASAF/Pages/ASAF-meetings.aspx>.

³ The summary report of the November 2015 GPF meeting can be accessed at: <http://www.ifrs.org/Meetings/MeetingDocs/Other%20Meeting/2015/December/GPF/Nov-2015-GPF-minutes.pdf>.

⁴ The summary report of the November 2015 CMAC meeting can be accessed at: http://www.ifrs.org/Meetings/MeetingDocs/Other%20Meeting/2015/November/CMAC/Nov2015_CMACSummary.pdf.

10. The TRG has now met six times since July 2014, most recently on 9 November 2015⁵. A meeting summary is in preparation⁶.
11. The TRG has been valuable in supporting implementation of IFRS 15 with many of its discussions helping stakeholders understand how to apply the Standard. Most of the topics discussed have not resulted in any standard-setting action; however, a few issues were identified quickly and each Board decided to propose clarifications to their respective standards.
12. The Board is now of the view that stakeholders need to know that they can continue their implementation process with the confidence that IFRS 15 will not be subject to further changes. To that end, the Board has emphasised that it does not expect to make any further amendments to the Standard until after the post implementation review.
13. Accordingly, the Board does not plan to schedule further discussions of its TRG. The IASB is concerned that the TRG is itself viewed as being inextricably linked to possible changes to the Standard, thus creating uncertainty for stakeholders. However, the TRG will not be disbanded, and will be available for consultation by the Board if needed.
14. The FASB have decided to schedule three meetings of its TRG in 2016 and cancel each meeting if there are not a sufficient number of broad issues submitted to warrant a meeting. If the FASB holds further discussions with its TRG, then the Board and staff members will observe those discussions.
15. The Board will continue to monitor implementation. To the extent that a significant, pervasive issue arises, the IASB would consider whether a public discussion would be helpful to assist practice.

Emerging Economies Group ('EEG')

16. The EEG held its tenth plenary meeting in Riyadh, Saudi Arabia, on 1-2 December 2015⁷. Attendees included the Board's Director of International Activities and Chairman of the Interpretations Committee, Wayne Upton, who chaired the EEG, and delegates from China, India, Russia, Saudi Arabia, South Africa and Turkey. This meeting was hosted by the Saudi Organization for Certified Public Accountants (SOCPA).
17. A communiqué from the meeting is available on the website⁸. This reported that delegates attending the meeting shared experiences from the perspective of emerging economies. They had a productive discussion on IASB Agenda Consultation as the main

⁵ The agenda and papers for that TRG meeting can be accessed at: <http://www.ifrs.org/Meetings/Pages/Joint-TRG-for-Revenue-Recognition-November-2015.aspx>.

⁶ Meeting summaries for all Revenue TRG meetings can be accessed at: <http://www.ifrs.org/About-us/IASB/Advisory-bodies/Joint-Revenue-Transition-Resource-Group/Pages/Meetings.aspx>.

⁷ The agenda and papers for the EEG meeting can be accessed at: <http://www.ifrs.org/Meetings/Pages/EEG-Meeting-December-2015.aspx>.

⁸ At: <http://www.ifrs.org/Meetings/MeetingDocs/Other%20Meeting/2015/December/EEG/Communique-of-Tenth-EEG-meeting-in-Saudi-Arabia.pdf>.

topic, and had a brief discussion on issues related to business combination under common control and uncertainty over income tax treatments.

18. On an administrative note, the Secretariat for the EEG is provided by the Chinese Ministry of Finance, with the Director-General of the Accounting Regulatory Department always being designated as the Vice-Chair. Given staff changes, Yibin Gao has replaced Madam Yan Ming as Vice-Chair, supported by department member Chen Yu.

TRG: Impairment of Financial Instruments

19. Since the last report to the DPOC, the Impairment of Financial Instruments Transition Resource Group ('ITG') has held its third meeting in London (on 11 December 2015). Eleven issues pertaining to the new impairment requirements in IFRS 9 were discussed at the meeting.
20. The agenda papers together with the audio webcasts can be accessed via the ITG page on the IASB website. A meeting summary will be published in due course.
21. No meetings of the ITG have been planned for 2016. However, the group will remain in place and stakeholders may continue to submit potential implementation issues following the process outlined on the ITG website. Further meetings will be convened if circumstances warrant it.

IFRS Taxonomy Consultative Group (ITCG)

22. The ITCG held a meeting on 27 October 2015⁹. The agenda for the meeting covered:
 - a. an update on the IASB's Disclosure Initiative including the IFRS Taxonomy;
 - b. a consultation paper from the European Securities and Markets Authority (ESMA) on the European Single Electronic Format, including a proposal to mandate the use of the IFRS Taxonomy for marking-up disclosures within the consolidated financial statements of companies listed on a European regulated market;
 - c. the Foundation's Review of Structure and Effectiveness—role of technology and the IFRS Taxonomy. The summary of the Group's feedback is included in the RfV outreach summary paper for the plenary session at this meeting of the Trustees (AP1B(ii) refers);
 - d. IFRS Taxonomy versioning control;
 - e. proposed IFRS Taxonomy due process; and
 - f. IFRS Taxonomy content areas for review, including a discussion on the proposed taxonomy amendments to reflect the upcoming Standard *Leases*.

⁹ The summary report of the October 2015 ITCG meeting can be accessed at:
<http://www.ifrs.org/Meetings/MeetingDocs/XBRL/2015/October/Summary%20of%20ITCG%20meeting%20October%202015.pdf>.

23. The view of the Chair of the ITCG and the technical staff is that there was a good debate by ITCG members and that the meeting was valuable.
24. During the period, the technical staff have also reviewed the membership of the ITCG, in particular there given that fact there are eight members of the ITCG whose current two-year term expires on 1 April 2016. The staff noted that all those members have regularly attended the ITCG meetings. Additionally, the staff hold the view that those members are actively participating within the ITCG meetings and/or have provided the staff (and the Board) with valuable advice in their respective areas of expertise. Accordingly, the staff proposed to the Board, and the Board has agreed, that all eight members be re-appointed for a new two-year term expiring on 1 April 2018.
25. The staff also took this opportunity to assess the performance of other ITCG members. On the basis of this assessment, the staff obtained the Board's agreement to terminate early the membership of one member, who had not attended any meeting of the ITCG, nor participated in any other way in the activities of the group. A call for applications to fill the vacancy is being made, for which the staff would be particularly interested in appointing an ITCG member representing the Middle Eastern or African regions. These regions are currently not represented on the ITCG.
26. In addition, a representative from Deutsche Bank has been on the group since inception. That representative has subsequently left Deutsche Bank, but the organisation wishes to maintain a presence on the group and have nominated a replacement, with which the Board is content.
27. The ITCG also held a conference call in December 2015¹⁰.

Other groups

28. Apart from the meetings referred to above, there has been no activity since the October 2015 meeting.

¹⁰

The summary report of the December 2015 ITCG conference call meeting can be accessed at:
<http://www.ifrs.org/Meetings/MeetingDocs/XBRL/2015/December/Meeting%20Summary%20-%20December%202015.pdf>.

Schedule of future group meetings

29. In terms of the future, at the time of writing, the following meetings have scheduled until the end of June 2016:

Group	Date	Location
IFRS Interpretations Committee (IFRIC)	12 January, then 22-23 March and 10-11 May.	London
IFRS Taxonomy Consultative Group (ITCG)	17 February, then 8 June (both conference calls, plus 26 April (face-to-face meeting). Possible further conference calls 9 March and 11 May.	London
IFRS Advisory Council	22-24 February, then 13-14 June.	London (David attending).
Capital Markets Advisory Council (CMAC)	25 February, then 15-16 June (joint with GPF)	London
Global Preparers Forum (GPF)	2 March, then 15-16 June (joint with CMAC).	London
Accounting Standards Advisory Forum (ASAF)	7-8 April.	London
Emerging Economies Group (EEG)	May or June (to be determined)	Turkey