

STAFF PAPER

November 2016

IASB Meeting

Project	Conceptual Framework		
Paper topic	Cover paper		
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (the Board) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB® *Update*.

Purpose of this meeting

1. At this meeting we are planning to discuss whether any changes are needed to the proposed definition of a liability or the proposed concepts supporting that definition. Further, we are planning to discuss the potential effects on preparers of replacing references to the *Framework for the Preparation and Preparation of Financial Statements* (the *Framework*) in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* with references to the *Conceptual Framework for Financial Reporting* (the *Conceptual Framework*). We will ask the Board whether the work performed by the staff to identify those effects provides the Board with sufficient basis for making the decision on replacing the references to the *Framework* in IAS 8.
2. This paper describes:
 - (a) the papers for this meeting; and
 - (b) next steps.

Papers for this meeting

3. Agenda Paper 10A *Summary of tentative decisions* provides a summary of tentative decisions made so far in the course of deliberations on the Exposure Draft *Conceptual Framework for Financial Reporting* (the Exposure Draft). It is provided for information purposes only and we do not plan to discuss it at the meeting.

4. Agenda Paper 10B *Liability definition and supporting concepts—background information* provides background information on the feedback on the proposed liability definition and supporting concepts, and a reminder of the tentative decisions that the Board has already reached, and further work that the staff have already performed, in the light of that feedback.

5. Agenda Paper 10C *Liability definition and supporting concepts—the ‘no practical ability to avoid’ criterion* considers feedback on the ‘no practical ability to avoid’ criterion. It should be read with Agenda Paper 10B.

6. Agenda Paper 10D *Liability definition and supporting concepts—reducing the risk of further changes* considers refinements to the proposals in the Exposure Draft to reduce the risk of adding to the *Conceptual Framework* new concepts that the Board may need to change as a result of future decisions on classifying financial instruments.

7. Agenda Paper 10E *Liability definition and supporting concepts—other topics* discuss aspects of the proposed concepts supporting the definition of a liability that has not been covered by Agenda Paper 10C and Agenda Paper 10D, specifically:
 - (a) concepts interpreting ‘as a result of past events’;
 - (b) need for both ‘present’ and ‘as a result of past events’;
 - (c) introducing the concept of a ‘present claim’;
 - (d) correspondence between assets and liabilities;
 - (e) concepts for non-reciprocal transactions; and
 - (f) concepts on existence uncertainty.

8. Agenda Paper 10F *Testing the proposed asset and liability definitions—illustrative examples* has been discussed at the October 2016 Board meeting. It is provided for information purposes only and we do not plan to discuss it at the meeting.

9. Agenda Paper 10G *Effects of the proposed changes to the Conceptual Framework on preparers* discusses the results of the work performed by the staff in order to identify the potential effects on preparers’ accounting policies of replacing references to the *Framework* with references to the *Conceptual Framework* in IAS 8. This paper is intended to support the Board’s future decision on replacing the references in IAS 8.

Next steps

10. At the December Board meeting we plan to discuss:
- (a) derecognition;
 - (b) measurement;
 - (c) capital maintenance;
 - (d) business activities and long-term investment;
 - (e) the Exposure Draft *Updating References to the Conceptual Framework*;
and
 - (f) the review of potential inconsistencies between existing IFRS Standards
and the revised *Conceptual Framework*.