IASB Update

From the International Accounting Standards Board

September 2013

Welcome to the *IASB Update*

The IASB met in public from 13–18 September 2013 at the IASB offices in London, UK. The FASB joined the IASB for some of the sessions via video from its offices in Norwalk.

The topics for discussion were:

- **IAS 19 *Employee Benefits*—Exposure Draft *Defined Benefit Plans: Employee Contributions*;**
- **IAS 1 *Presentation of Financial Statements* amendments;**
- **Annual Improvements project: 2010–2012 and 2011–2013 cycles—Sweep issues (Paper 11);**
- ***IFRIC Update;***
- **Financial Instruments: Impairment;**
- **Revenue Recognition;**
- **Financial Instruments: Classification and Measurement;**
- **Business combinations under common control;**
- **Separate Financial Statements (Equity Method); and**
- **Rate-regulated-Activities.**

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Future board meetings

The IASB meets at least once a month for up to five days.

The next board meetings in 2013 are:

23 October–1 November
14–22 November

To see all board meetings for 2013, **click here**.

Archive of *IASB Update* Newsletter

For archived copies of past issues of *IASB Update* on the IFRS website, **click here** .

Podcast summaries

To listen to a short board meeting audio summary (podcast) of previous board meetings, **click here**.

IAS 19 *Employee Benefits*—Exposure Draft *Defined Benefit Plans: Employee Contributions*

In March 2013, the IASB published for comment the Exposure Draft ED/2013/4 *Defined Benefit Plans: Employee Contributions*

(Proposed amendments to IAS 19). The comment period ended on 25 July 2013.

The IASB proposed in the Exposure Draft that:

a. contributions from employees or third parties set out in the formal terms of a defined benefit plan may be recognised as a reduction in the service cost in the same period in which they are payable if, and only if, they are linked solely to the employee's service rendered in that period. An example would be contributions that are a fixed percentage of an employee's salary thus the percentage of the employee's salary does not depend on the employee's number of years of service to the employer; and
b. the negative benefit from contributions from employees or third parties should be attributed to periods of service in the same way that the gross benefit is attributed in accordance with paragraph 70 of IAS 19, if the contributions are not recognised as a reduction in the service cost in the same period in which they are payable.

The majority of respondents supported the proposed amendments but requested clarification of the proposed wording or the addition of application guidance or examples.

At its September 2013 meeting, the IFRS Interpretations Committee (the 'Interpretations Committee') decided to propose to the IASB that it should proceed with the proposed amendments, subject to some changes to the proposed wording.

At this meeting, the IASB was presented with a summary and an analysis of the 63 comment letters received on the Exposure Draft as well as the Interpretations Committee's recommendations.

The IASB decided that it should proceed with the proposed amendments, subject to some changes to the proposed wording.

In addition, the IASB decided that re-exposure is not necessary and the effective date should be 1 July 2014, with earlier application permitted.

All IASB members present agreed with the decisions.

Next steps

The staff will prepare the final amendments based on these decisions and begin the balloting process. The IASB expects to issue the amendments to IAS 19 in November 2013.

IAS 1 *Presentation of Financial Statements* amendments

The IASB met on 13 September 2013 to discuss the proposed narrow focus amendments to IAS 1 *Presentation of Financial Statements*.

The IASB discussed four Agenda Papers:

a. Agenda Paper 8A—Disclosure Initiative: an overview;
b. Agenda Paper 8B—Disclosure Initiative: amendments to IAS 1;
c. Agenda Paper 8C—IAS 1 *Presentation of Financial Statements* current/non-current classification of liabilities: summary of possible alternatives for development; and
d. Agenda Paper 8D—Narrow focus amendments to IAS 1: presentation of items of other comprehensive income arising from equity accounted investments.

Agenda Paper 8A—Disclosure Initiative: an overview
Agenda Paper 8B—Disclosure Initiative: amendments to IAS 1

After being given an overview of the Disclosure Initiative (Agenda Paper 8A), the IASB discussed the proposed amendments to IAS 1 (Agenda Paper 8B) and tentatively decided that:

a. additional guidance should be added to the materiality section of IAS 1 to clarify that the concept of materiality should be applied to the specific disclosure requirements set forth in a Standard or Interpretation. Materiality should be assessed both for primary financial statements and for the notes to the financial statements.
b. wording should be included in the materiality guidance in IAS 1 to highlight that disclosing immaterial information could obscure useful information.
c. paragraph 54 of IAS 1, which deals with presentation of line items in the statement of financial position, should be amended to clarify that the line items listed in that paragraph can be disaggregated and should be disaggregated if doing so would provide relevant information. In addition, a similar amendment should be made to paragraph 82 of IAS 1, which deals with presentation of line items in the profit or loss section or statement.
d. paragraph 114 of IAS 1 (including subparagraph 114(c)), which deals with the order of the notes to the financial statements, should be amended to clarify that the order shown in that paragraph is not a requirement, but is one that is commonly used. Wording should also be included in paragraph 113 of IAS 1 to emphasise that an entity should consider the effect on both understandability and comparability when determining the order of the notes to the financial statements.
e. paragraph 120 of IAS 1, which gives guidance on identifying which accounting policies should be disclosed, should be amended to remove the income taxes accounting policy example.

All IASB members present agreed with the proposals, subject to some of the proposed amendments being redrafted.

Next steps

The staff will bring another paper on the further proposed amendments to IAS 1 that form part of the Disclosure Initiative to the IASB's October 2013 meeting.

Agenda Paper—8C Current /non-current classification of liabilities: summary of possible alternatives for development

The Interpretations Committee has received two submissions relating to the classification of liabilities as current or non-current, in accordance with IAS 1.

The Standard requires that liabilities are classified as current when, among other criteria, the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Elsewhere, the Standard requires that an entity classifies a liability as non-current if it expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period. The submitters requested guidance on how these separate criteria—not having an unconditional right and having the expectation and discretion—relate to each other.

The Interpretations Committee proposed providing additional guidance in this area as part of the *Annual Improvements to IFRSs 2010–2012 Cycle* but, after considering the comments received from respondents to these proposals, decided not to recommend that the IASB should confirm the proposed amendment to the Standard. At its March 2013 meeting the IASB accepted that recommendation and asked that this issue should be reconsidered.

At this meeting, the IASB discussed four possible approaches to clarifying the Standard:

a. (a) refine the approach that was originally proposed as part of the *Annual Improvement Cycle 2010-2012* by clarifying the meaning of 'refinance' and 'roll over' and provide additional guidance with respect to the terms in these borrowing arrangements;
b. develop an approach that distinguishes:

    i. 'settlement' from 'roll over' and 'refinancing'; and
    ii. 'unconditional right' from 'discretion';
c. develop a more general approach based on an assessment of the arrangement(s) in existence at the reporting date; or
d. defer guidance to a wider review of presentation as part of the disclosure framework.

The IASB tentatively decided to develop approach (c). All IASB members present agreed with this decision.

Next steps

The IASB requested that the staff should develop the general approach to the classification of liabilities as current or non-current and that a draft of the proposed narrow-focus amendment to IAS 1 should be brought to them at a subsequent meeting.

Agenda Paper 8D: Presentation of items of other comprehensive income arising from equity-accounted investments

In the September meeting the IASB discussed a narrow-focus amendment to IAS 1 to clarify the presentation of items of other comprehensive income (OCI) arising from equity-accounted investments. The issue related to a submission discussed by the IFRS Interpretations Committee in July 2013 that claimed that the presentation requirements in paragraph 82A of IAS 1 were unclear as to whether items of OCI arising from equity-accounted investments should be reported in aggregate as a single line item or by nature. The staff noted that this issue arose as a result of a change in the wording of the presentation requirements from the amendments to IAS 1 made in June 2011. The Interpretations Committee had noted that requiring the presentation by nature of items of OCI arising from equity-accounted investments would be inconsistent with the requirements for presenting an entity's share of the profit or loss of equity-accounted investments.

The Interpretations Committee therefore recommended that the IASB should amend paragraph 82A of IAS 1 and the Implementation Guidance to clarify that items of OCI arising from equity-accounted investments should be presented in aggregate as a single line item, classified by whether those items will or will not be reclassified to profit or loss.

All IASB members present agreed with the Interpretation Committee's recommendation.

Next steps

The proposed amendment will be included as part of the collection of narrow-scope amendments to IAS 1 arising from the Disclosure Initiative.

Annual Improvements project: 2010–2012 and 2011–2013 cycles—Sweep issues (Paper 11)

The IASB considered three queries arising on the Annual Improvements project relating to the 2010–2012 cycle and the 2011–2013 cycle.

The first query was a due process complaint relating to the proposed amendment to IAS 40 *Investment Property*—clarifying the interrelationship of IFRS 3 *Business Combinations* with IAS 40 when classifying property as investment property or owner-occupied property. The complaint related to the way that the staff had interpreted the respondent's comments on the proposed amendment. The IASB had discussed the proposed amendment in June 2013 and tentatively decided at that meeting to finalise it. The IASB considered the complaint that had been raised and the consequences for its previous decision. It decided to proceed with finalising the proposed amendment.

All IASB members present agreed.

The other two queries related to sweep issues identified by interested parties during the fatal flaw review of the Annual Improvements to IFRSs 2010–2012 and 2011–2013 cycles. These sweep issues related to the following amendments:

a. the amendment to the Basis for Conclusions on IFRS 1 *First-time Adoption of International Financial Reporting Standards*—meaning of effective IFRSs (included in the *Annual Improvements to IFRSs 2011–2013 Cycle*); and
b. the amendment to the Basis for Conclusions on IFRS 13 *Fair Value Measurement*—short-term receivables and payables (included in the *Annual Improvements to IFRSs 2010–2012* Cycle).

The reviewer questioned whether the inclusion of the additional paragraphs in the Basis for Conclusions for the two affected IFRSs was consistent with the requirements of the *Due Process Handbook*. The IASB discussed the concerns raised and noted that the proposed amendments to the Basis for Conclusions to the two IFRSs were necessary and appropriate. The IASB therefore decided to proceed with finalising the proposed amendments.

All IASB members present agreed.

Next steps

The IASB intends to issue the Annual Improvements 2010–2012 and 2011–2013 cycles in the fourth quarter of 2013.

IFRIC Update

The IASB received an update from the July 2013 meeting of the Interpretations Committee. Details of this meeting were published in the *IFRIC Update*, which is available by **clicking here**.

Financial Instruments: Impairment

The IASB and the FASB held a joint board meeting on 17 September 2013. The IASB and the FASB each began redeliberations of their respective expected credit loss models as if they were to proceed to finalise their respective Exposure Drafts. Whether they will proceed to finalise their respective Exposure Drafts will be decided at a future meeting. Both boards participated in the discussions but only made decisions on their respective papers.

At this meeting, the IASB considered the following clarifications and enhancements to the proposals in the Exposure Draft *Financial Instruments:Expected Credit Losses*:

a. the responsiveness of the general model (ie where financial instruments start in Stage 1) in recognising lifetime expected credit losses;
b. the measurement objective for Stage 1 of the model; and
c. the definition of 'default'.

The IASB staff also reported on the fieldwork performed during the comment period.

The FASB considered clarifications to the measurement of expected credit losses as proposed in the Accounting Standards Update *Financial Instrument-Credit Losses* (Subtopic 825-15).

IASB session

Agenda Paper 5A: Financial Instruments: Impairment: responsiveness of the general model

The IASB discussed the responsiveness of the general model, in particular the concern raised by some respondents that the impairment model, as articulated in the Exposure Draft, may not capture significant increases in credit risk on a timely basis.

The IASB tentatively decided to clarify that the objective of the model is to recognise lifetime expected credit losses on *all* financial instruments for which there has been a significant increase in credit risk—whether on an individual or portfolio basis—and that all reasonable and supportable information, including forward-looking information that is available without undue cost or effort needs to be considered. In addition, the IASB tentatively decided to include Illustrative Examples to reflect the intention of the proposals.

Fourteen IASB members agreed with these decisions. Two IASB members were not present.

Agenda Paper 5C: Financial Instruments: Impairment: Stage 1 Measurement objective

The IASB discussed the measurement objective for financial instruments for which there has not been a significant increase in credit risk since initial recognition (Stage 1), including the feedback received on the 12-month expected credit loss allowance and the alternative suggestions.

The IASB tentatively decided to confirm that 12-month expected credit losses are the measurement objective for instruments in Stage 1.

Twelve IASB members agreed with the decisions. Two IASB members were not present.

Agenda Paper 5D: Financial Instruments: Impairment: definition of default

The IASB discussed the feedback received on the notion of default and whether a definition should be provided.

The IASB tentatively decided to require a default definition to be applied consistently that is consistent with credit risk management practices and to emphasise that qualitative indicators of default should be considered when appropriate (such as for financial instruments that contain covenants). The IASB also tentatively decided to include a rebuttable presumption that default does not occur later than 90 days past due unless an entity has reasonable and supportable information to support a more lagging default criterion.

Thirteen IASB members agreed with the decisions. One IASB member was not present.

Agenda Paper 5E: Impairment: report on the fieldwork

The staff reported on the fieldwork performed during the comment period as a follow up to the discussions held during the July 2013 joint IASB and FASB meeting (Agenda Paper 5B of the July meeting). At this meeting, the staff presented in more detail the feedback from fieldwork participants on the operability of the proposals.

The IASB was not asked to make any decisions on this paper.

FASB session

Agenda Paper 5F: Financial Instruments: Impairment: FASB Memo Number 239 Clarification of Expected Credit Losses

The FASB discussed an entity's estimate of expected credit losses under the FASB's proposed Accounting Standards Update, *Financial Instruments—Credit Losses* (Subtopic 825-15) and decided to clarify the following:

- an entity should revert to a historical average loss experience for the future periods beyond which the entity is able to make or obtain reasonable and supportable forecasts.
- an entity should consider all contractual cash flows over the life of the related financial assets. When determining the contractual cash flows and the life of the related financial assets, an entity should consider the expected prepayments but not the expected extensions, renewals, and modifications unless it reasonably expects that it will execute a troubled debt restructuring with a borrower.
- an estimate of expected credit losses should always reflect the risk of loss, even when that risk is remote. However, an entity would not be required to recognise a loss on a financial asset in which the risk of non-payment is greater than zero yet the amount of loss would be zero.
- in addition to using a discounted cash flow model to estimate expected credit losses, an entity would not be prohibited from developing an estimate of expected credit losses using loss-rate methods, probability-of-default methods, or a provision matrix using loss factors.

In addition, the FASB decided that the final guidance on expected credit losses should include Implementation Guidance to describe the factors that an entity should consider when adjusting historical loss experience for current conditions and reasonable and supportable forecasts.

Next steps

Discussions on the Impairment project will continue at the October board meeting.

Revenue Recognition

The IASB and the FASB met on 17–18 September 2013 to discuss the following topics raised in the drafting of the final Standard *Revenue from Contracts with Customers*:

a. collectability;
b. constraint; and
c. licences.

The boards directed the staff to complete further analysis on each topic. They also asked the staff to focus their analysis on each topic as follows:

Collectability

The boards asked the staff to focus on (a) improving the current drafting and (b) evaluating the alternative of including a collectability threshold in the criteria for identifying a contract (that is, 'Step 1' of the revenue model).

Constraint

The boards asked the staff to focus on evaluating:

a. whether to provide more specificity about the level of confidence that is to be used in the application of the constraint;
b. whether to reinstate specific guidance that would address the accounting for a usage-based royalty on licences of intellectual property; and
c. an alternative approach that refocuses the objective of the constraint on the quality of an entity's estimate and whether or

not an entity should reassess that estimate.

Licences

The boards asked the staff to focus on improving the drafting of the criteria for distinguishing between a licence that provides access to an entity's intellectual property and a licence that provides a right.

Next steps

The staff will present further analysis on the topics at the October board meeting. In addition, the staff are in the process of drafting the final Revenue Standard.

Financial Instruments: Classification and Measurement

The IASB and the FASB discussed clarifications and improvements to the solely principal and interest (P&I) condition in the boards' recent Exposure Drafts.

Agenda Paper 6B

The staff presented the key observations on amortised cost as a measurement basis. The discussion was for educational purposes. No tentative decisions were made.

Agenda Paper 6C

The IASB and the FASB discussed the meaning of 'principal' for the purposes of the application of the solely P&I condition. The boards tentatively decided that principal should be described as the amount transferred by the holder for the financial asset on initial recognition.

Fifteen IASB members and seven FASB members agreed. One IASB member was absent.

Agenda Paper 6D

The IASB and the FASB discussed the meaning of 'interest' for the purposes of the application of the solely P&I condition, including the meaning of 'time value of money' and the application of that concept to regulated interest rates, and tentatively decided to clarify the meaning of interest.

Specifically, the boards tentatively decided:

1. to clarify that de minimis features should be disregarded for classification;
2. to emphasise the underlying conceptual basis for the solely P&I condition—that is, the notion of a basic lending-type return;
3. to confirm that time value of money and credit risk are typically the most significant components of a basic lending-type return however not the only possible components;
4. to clarify that a basic lending-type return also generally includes consideration for liquidity risk, profit margin and consideration for costs associated with holding the financial asset over time (such as servicing costs);
5. to emphasise what are not the components of a basic lending-type return and why (for example, indexation to equity prices); and
6. To clarify the meaning of the time value of money, specifically:

a. to clarify the objective of the consideration for the time value of money—that is, to provide consideration for *just* the passage of time, absent return for other risks and costs associated with holding the financial asset over time;
b. to articulate the factors relevant to providing consideration for the passage of time—notably, the tenor of the interest rate and the currency of the instrument;
c. to clarify that both qualitative and quantitative approaches could be used to determine whether the interest rate provides consideration for just the passage of time, if the time value of money component of the interest rate is modified (for example, by an interest rate tenor mismatch feature) but do not prescribe when each approach should be used; and
d. to not allow a fair value option in lieu of the quantitative assessment.

Fifteen IASB members and seven FASB members agreed. One IASB member was absent.

The boards also tentatively decided to accept regulated interest rates as a proxy for the consideration for the time value of money if those rates provide consideration that is broadly consistent with consideration for the passage of time and do not introduce exposure to risks or volatility in cash flows that are inconsistent with the basic lending-type relationship.

Fifteen FASB members and five FASB members agreed. One IASB member was absent.

The IASB also tentatively decided to provide guidance on how the quantitative assessment of a financial asset with a modified time value of money component should be performed—that is, by considering the contractual (undiscounted) cash flows of the instrument relative to the benchmark instrument—and to replace the 'not more than insignificant' threshold in the boards' proposals by the 'not significant' threshold (that is, a financial asset with the modified time value of money component of the interest rate would meet the solely P&I condition if its contractual cash flows could not be significantly different from the benchmark instrument's cash flows).

Fifteen IASB members agreed. One IASB member was absent.

The FASB directed the staff to perform further analysis of the operational aspects of this assessment.

Agenda Paper 6E

The IASB and the FASB discussed the application of the solely P&I condition to financial assets with contingent features.

The boards tentatively decided to clarify that the nature of the contingent trigger event in itself does not determine the classification of the financial asset. In addition, the boards tentatively decided that in clarifying the guidance on contingent features no distinction should be made between contingent prepayment and extension features and other types of contingent features.

Fifteen IASB members and seven FASB members agreed. One IASB member was absent.

The IASB also tentatively decided to confirm that a contingent feature that results in contractual cash flows that are not solely P&I is inconsistent with the solely P&I condition unless the feature is non-genuine.

Fifteen IASB members agreed. One IASB member was absent.

The FASB tentatively decided that if a contingent feature results in contractual cash flows that are not solely P&I but those non-P&I cash flows have a remote probability of occurrence, it is consistent with the solely P&I condition. If the occurrence of non-P&I cash flows no longer remains remote, an entity will be required to reclassify the financial asset into the FVPL category. However, reclassifications out of the FVPL category will be prohibited.

Four FASB members agreed.

The FASB directed the staff to perform further analysis of contingent features that provide protective rights to the holder.

Agenda Paper 6F

The IASB and the FASB discussed the application of the solely P&I condition to financial assets with prepayment and extension features.

For contingent prepayment features, the boards tentatively decided to clarify that the nature of the contingent trigger event in itself does not determine the classification of the financial asset. The boards tentatively decided that no distinction should be made between contingent prepayment and extension features and other types of contingent features.

Fifteen IASB members and seven FASB members agreed. One IASB member was absent.

With one exception (see the following tentative decision), the IASB also tentatively decided to confirm that a prepayment feature that results in contractual cash flows that are not solely P&I is inconsistent with the solely P&I condition unless the feature is non-genuine.

Eleven IASB members agreed. One IASB member was absent.

Notwithstanding the previous tentative decision, the IASB tentatively decided to provide an exception for financial assets that meet the following conditions:

1. the financial asset is acquired or originated with a significant premium or discount
2. the financial asset is prepayable at the amount that represents par accrued and unpaid interest (and may include reasonable additional compensation for the early termination of the contract), and
3. the fair value of the prepayment feature on initial recognition of the financial asset is insignificant.

Such financial assets will be eligible for classification at other than FVPL (subject to the business model assessment).

Ten IASB members agreed. One IASB member was absent.

The FASB tentatively decided that if a prepayment feature results in contractual cash flows that are not solely P&I but those non-P&I cash flows have a remote probability of occurrence, it is consistent with the solely P&I condition. If the occurrence of non-P&I cash flows no longer remains remote, an entity will be required to reclassify the financial asset into the fair value through profit or loss (FVPL) category. However, reclassifications out of the FVPL category will be prohibited.

Five FASB members agreed. The FASB's tentative decision is subject to further analysis of contingent features that provide protective rights to the holder, as discussed above.

Next steps

At a future meeting, the boards will consider additional matters related to the solely P&I condition including items raised at today's meeting. After the boards make decisions on clarifying the solely P&I condition, the staff will ask the FASB whether it would like to retain that condition for classifying financial assets or to pursue a different approach. The boards will also discuss the business model criteria at a subsequent meeting.

Business combinations under common control

The staff presented to the IASB an update of activities recently undertaken on this research project. The accompanying paper set out:

a. the planned approach to the project;
b. initial research undertaken, including a summary of the main issues identified;
c. a request by IOSCO for guidance from the IASB for situations in which a parent company uses a new entity for the transfer of a business and the effective sale through an initial public offering; and

IASB members generally agreed with the sub-topics identified for research. They emphasised the need to conduct a thorough research to clearly understand, identify and define the issues to be able to take decisions in the future.

No decisions were made at this meeting.

Next steps

The staff will continue its research and start presenting detailed analyses in subsequent IASB meetings.

Separate Financial Statements (Equity Method)

In May 2013, the IASB decided to propose an amendment to IAS 27 *Separate Financial Statements* that would allow an entity to measure its investment in a subsidiary, associate or joint venture using the equity method in its separate financial statements.

At that time, the staff indicated that there was a matter involving the accounting for joint operations in separate financial statements that warranted consideration by the IASB. Therefore, in this meeting the staff asked the IASB to review how such investments are reported in the separate financial statements of the joint operator when the joint operation is housed in a separate entity.

The IASB decided:

a. to undertake additional consultation, as expeditiously as possible, with national standards-setters and accounting firms to identify real examples of difficulties in practice to help the IASB assess the magnitude of accounting issues in the financial statements of the joint operator; and
b. to proceed, independently, with the exposure of the proposed amendment to IAS 27 to allow an entity to measure its investment in a subsidiary, associate or joint venture using the equity method in its separate financial statements.

All IASB members present agreed with these decisions.

Next steps

The staff will bring back a due process summary on the proposed IAS 27 amendments to the October meeting.

Rate-regulated Activities

Interim IFRS project

The IASB considered a preliminary analysis of comment letter responses to the Exposure Draft *Regulatory Deferral Accounts*; the deadline for comments was 4 September 2013. The Exposure Draft sets out proposals to allow first-time adopters of IFRS to continue to apply their existing policies for the recognition and measurement of regulatory balances, with enhanced presentation and disclosure requirements. These proposals are intended to be an interim solution until the IASB completes its comprehensive project on rate-regulated activities.

The IASB were not asked to make any decisions on this analysis.

Next steps

A more detailed analysis of comment letter responses will be presented for deliberation at the October 2013 meeting.

Research project

The IASB considered a summary of the staff's early findings about what information users value in assessing rate-regulated entities, which will help inform further work in developing the Discussion Paper that the IASB intends to publish for this project. This summary provided some background to a discussion about the features of rate regulation that will form the focus of the planned Discussion Paper.

The IASB tentatively decided that the planned Discussion Paper should focus on a number of common features of rate regulation that the staff has identified as being important to distinguish rate-regulated activities from other commercial activities. These features will form the basis of the discussion as to whether they create rights and obligations that result in the recognition of assets and liabilities in IFRS financial statements.

All IASB members present agreed.

Next steps

The staff will bring further papers on the analysis of these distinguishing features to the IASB at the October 2013 meeting.

Work plan—projected targets as at 23 September 2013

Major IFRS				
Next major project milestone				
	2013 Q3	**2013 Q4**	**2014 Q1**	**2014 Q2**
IFRS 9: *Financial Instruments* (replacement of IAS 39)				
Classification and Measurement (Limited Amendments)			Target IFRS	
Impairment			Target IFRS	

Hedge Accounting		Target IFRS		
Accounting for Macro Hedging		Target DP		

	2013 Q3	2013 Q4	2014 Q1	2014 Q2
Insurance Contracts [comment period ends 25 October 2013]		Redeliberations		
Leases		Redeliberations		
Rate-regulated Activities				
Interim IFRS		Redeliberations		
Rate Regulation			Target DP	
Revenue Recognition		Target IFRS		

IFRS for SMEs: Comprehensive Review 2012–2014—see **project page**

Implementation

Next major project milestone

Narrow-scope amendments	2013 Q3	2013 Q4	2014 Q1	2014 Q2
Acquisition of an Interest in a Joint Operation (Proposed amendments to IFRS 11)		Target IFRS		
Actuarial Assumptions: Discount Rate (Proposed amendments to IAS 19)		TBD		
Annual Improvements 2010–2012		Target IFRS		
Annual Improvements 2011–2013		Target IFRS		
Annual Improvements 2012–2014		Target ED		
Bearer Plants (Proposed amendments to IAS 41) [comment period ends 28 October 2013]			Redeliberations	
Clarification of Acceptable Methods of Depreciation and Amortisation (Proposed amendments to IAS 16 and IAS 38)		Target IFRS		
Defined Benefit Plans: Employee Contributions (Proposed amendments to IAS 19)		Target IFRS		
Disclosure Initiative				
Amendments to IAS 1 (Disclosure Initiative)			Target ED	
Disclosure Requirements about Assessment of Going Concern (Proposed amendments to IAS 1) (Now part of the Disclosure Initiative)			Target ED	
Elimination of gains arising from 'downstream' transactions (Proposed amendments to IAS 28)			Target ED	
Equity Method: Share of Other Net Asset Changes (Proposed amendments to IAS 28)		Target IFRS		

	2013 Q3	2013 Q4	2014 Q1	2014 Q2
Fair Value Measurement: Unit of Account			Target ED	
Put Options Written on Non-controlling Interests (Proposed amendments to IAS 32)			Target ED	
Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to IAS 12)		Target ED		
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Proposed amendments to IFRS 10 and IAS 28)		Target IFRS		
Separate Financial Statements (Equity Method) (Proposed amendments to IAS 27)		Target ED		

Post-implementation reviews	**2013 Q3**	**2013 Q4**	**2014 Q1**	**2014 Q2**
IFRS 8 *Operating Segments* [Report and Feedback Statement published 18 July 2013. **Click here**]				
IFRS 3 *Business Combinations*		Publish Request for Information		

Conceptual Framework

Next major project milestone

	2013 Q3	**2013 Q4**	**2014 Q1**	**2014 Q2**
Conceptual Framework (chapters addressing elements of financial statements, measurement, reporting entity and presentation and disclosure) [comment period ends 14 January 2014]			Redeliberations	

Research Projects

Research projects involve preliminary research to help the IASB evaluate whether to add a topic to its work plan. The IASB will begin research on the following topics in due course.

Research projects on which preliminary work has commenced:	
Business combinations under common control	
Disclosure Initiative	
Discount rates	
Emissions trading schemes	
Extractive activities	
Financial instruments with characteristics of equity	
Intangible assets	
Research projects on which preliminary work is not expected to commence until after the 2015 agenda consultation:	
Income taxes	
Post-employment benefits (including pensions)	

Share-based payments				
Research projects for which the timing of preliminary work has not yet been confirmed:				
Equity method of accounting				
Financial reporting in high inflationary economies				
Foreign currency translation				
Liabilities—amendments to IAS 37				

Completed IFRS

Major projects	Issued date	Effective date	Year that post-implementation review is expected to start*	
Amendments to IAS 19 *Employee Benefits*	June 2011	1 January 2013	2015	
IFRS 10 *Consolidated Financial Statements*	May 2011	1 January 2013	2016	
IFRS 11 *Joint Arrangements*	May 2011	1 January 2013	2016	
IFRS 12 *Disclosure of Interests in Other Entities*	May 2011	1 January 2013	2016	
IFRS 13 *Fair Value Measurement*	May 2011	1 January 2013	2015	
IFRS 9 *Financial Instruments*	October 2010	1 January 2015	TBC	

*A Post-implementation Review normally begins after the new requirements have been applied internationally for two years, which is generally about 30–36 months after the effective date.

Narrow-scope amendments	Issued date	Effective date	

Annual Improvements 2009-2011
• **IFRS 1 *First-time Adoption of International Financial Reporting Standards***:
  ○ Repeated application of IFRS 1
  ○ **Borrowing costs**
• **IAS 1 *Presentation of Financial Statements*—Clarification of the requirements for comparative information**
• **IAS 16 *Property, Plant and Equipment*—Classification of servicing equipment**
• **IAS 32 *Financial Instruments: Presentation*—Tax effect of distribution to holders of equity instruments**
• **IAS 34 *Interim Financial Reporting*—Interim financial reporting and segment information for total assets and liabilities**
	May 2012	1 January 2013	

***Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* (Amendments to IFRS 10, IFRS 11, and IFRS 12)**	June 2012	1 January 2013	
***Disclosures-Offsetting Financial Assets and Financial Liabilities* (Amendments to IFRS 7)**	December 2011	1 January 2013	

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*	October 2011	1 January 2013	
IFRS 1 *First-time Adoption of International Financial Reporting Standards*—Government Loans	March 2012	1 January 2013	
IAS 32 *Financial Instruments: Presentation*—Offsetting Financial Assets and Financial Liabilities	December 2011	1 January 2014	
***Investment Entities* (Amendments to IFRS 10, IFRS 12 and IAS 27)**	October 2012	1 January 2014	
***Novation of Derivatives and Continuation of Hedge Accounting* (Amendments to IAS 39)**	June 2013	1 January 2014	
***Recoverable Amount Disclosures for Non-Financial Assets* (Amendments to IAS 36)**	May 2013	1 January 2014	
IFRS 9 *Financial Instruments*—Mandatory Effective Date of IFRS 9 and Transition Disclosures	December 2011	1 January 2015	

Interpretations	Issued date	Effective date	
IFRIC 21 *Levies*	May 2013	1 January 2014	

Agenda consultation

Next major project milestone

	2013	2014	2015
Three-yearly public consultation [Feedback Statement published 18 December 2012] [Next consultation scheduled 2015]			Initiate second three-yearly public consultation

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