

Heads Up

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What's the Plan?

IASB Seeks Public Input on Its Agenda

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Introduction

On July 26, 2011, the IASB issued [Agenda Consultation 2011](#) to gather public views on the strategic direction of its work plan and on the priority of individual projects and areas of financial reporting over the next three years.

"I see this agenda consultation as a great opportunity to discuss 'what next?' openly with all those interested in and affected by financial reporting," said the IASB's new chairman, Hans Hoogervorst. He also pointed out that understanding the priorities and needs of constituents will help the IASB "create a work plan that reflects the diverse needs of [its] global stakeholder base."

The IASB is seeking public input on the agenda until November 30, 2011. During this time, the IASB will reach out to a wide range of stakeholders for their input in addition to considering their formal responses to the agenda consultation. The IASB "will also seek further input on the agenda from the Trustees, the IFRS Advisory Council and other national and international stakeholders."

Editor's Note: In the second quarter of 2012, the IASB is expected to publish a statement outlining the feedback received. The Board will continue to monitor the needs of the financial reporting community over the three-year standard-setting period and, if needed, will adjust its work plan accordingly.

The Overall Strategic Direction and Balance of the Agenda — the IASB's Tentative View

In consultation with the IFRS Advisory Council, the IASB proposes to consider three key aspects of its strategic direction that will affect the structure of its agenda over the next few years:

- *A more diverse IFRS community* — The growing IFRS community is also becoming more diverse and, as a result, the IASB may need to consider new financial reporting issues.
- *A more complex market environment* — Increasing complexity in the financial markets may create new issues and challenges for consideration.
- *The number of changes that require implementation* — The IASB is taking into account the amount of work and pressure on users and preparers associated with the implementation of IFRSs.

In addition to seeking views on the overall strategic direction and balance of the IASB's agenda, the IASB is gathering constituents' perspective on how to prioritize existing and new projects given time and resource constraints.

In addition to considering these aspects of its strategy, in developing its agenda, the IASB will consider issues related to (1) the "need to demonstrate the quality and relevance of the standards" and (2) "the risk that practices related to implementation and adoption will diverge."

In light of these considerations, the IASB will attempt to address five strategic areas grouped in two main categories: **(1) the development of financial reporting and (2) the maintenance of existing IFRSs**. Input is sought on what the strategic priorities should be and how the IASB should balance these categories and five strategic areas.

Development of Financial Reporting

The strategic areas the IASB would consider in this category are:

- *Strengthening the consistency of IFRSs* — Completing the update of the conceptual framework and the development of presentation and disclosure principles to address concerns raised by constituents that "disclosure requirements in IFRSs are too voluminous and not always focused on the right disclosures." The IASB may also explore the development of a separate IFRS on disclosure to replace the current disclosure standards.
- *Researching strategic issues for financial reporting* — Acquiring an understanding of, anticipating, and meeting, in a more efficient manner, future financial reporting needs (e.g., XBRL).
- *Filling gaps in the IFRS literature through standard-level projects* — Improving the IFRS literature by undertaking standards-level projects to develop new IFRSs or to make major amendments to existing IFRSs.

Maintenance of Existing IFRSs

The strategic areas the IASB would consider in this category are:

- *Obtaining a better understanding of operational issues through postimplementation reviews* — Seeking to better understand operational issues after, typically, two years of implementation of new requirements. For example, the postimplementation review of IFRS 8, *Operating Segments*, will begin in 2011, while the reviews of IFRS 3, *Business Combinations*, and amendments to IAS 27, *Consolidated and Separate Financial Statements*, are planned for 2012. The review of IFRSs with an effective date of 2013 is planned to begin in 2016. The IASB could then use these reviews in considering potential revisions to the IFRSs.
- *Improving the consistency and quality of the application of IFRSs by responding to implementation needs* — In response to practice issues identified, potentially revising or making narrow scope improvements to IFRSs.

Understanding Financial Reporting Needs — the IASB's Tentative View

In addition to seeking views on the overall strategic direction and balance of the IASB's agenda, the IASB is gathering constituents' perspectives on how to prioritize existing and new projects given time and resource constraints. In particular, the IASB would like input about (1) projects that should be given priority and (2) projects that previously had been added to the IASB's agenda but were subsequently deferred.

Highest-Priority Projects

The IASB proposes to continue to give the highest priority to the projects conducted jointly with the FASB (see table below).

Editor's Note: On July 27, 2011, the IASB published an updated work plan that extends the completion dates of the leases and revenue projects to sometime in 2012 and removes the stated targeted completion date for the impairment and insurance projects. The previous version of the work plan indicated a targeted completion date of the first half of 2012 for a majority of the projects.

High-Priority Projects	Q3 2011	Q4 2011	2012
Financial instruments, including:			
Impairment of financial assets measured at amortized cost	Reexposure or review draft		
Hedge accounting			
General hedge accounting		IFRS	
Macro hedge accounting		Publish ED	
Offsetting of financial assets and financial liabilities ¹		IFRS	
Leases		Reexposure	IFRS
Revenue from contracts with customers	Reexposure		IFRS
Insurance contracts		Reexposure or review draft	

¹ The offsetting project is no longer expected to result in a converged accounting model. At its July 22, 2011, meeting, the IASB discussed whether it should continue to develop the model proposed in the exposure draft (ED) or retain the existing offsetting requirements in IAS 32, *Financial Instruments: Presentation*. The IASB voted 8 to 7 not to continue developing the model proposed in the ED; however, it instructed its staff to identify potential ways that IAS 32 could be clarified or supplemented with additional application guidance to address some of the practice issues identified during the course of the project.

Appendix — Deferred and Proposed Projects

The table below, adapted from the agenda consultation, identifies projects that were previously added to the IASB’s agenda but later deferred. It also gives an overview of the financial reporting topics that the IASB proposes to include in the agenda because these topics may not provide sufficient guidance, may need revising, or were difficult to implement. The IASB seeks constituents’ views on the priorities that should be given to these individual projects.

	Items Added to Agenda but Deferred		Project Suggestion	Comments
	Projects on Which Significant Work Was Performed	Projects on Which Little or No Work Was Performed		
Agriculture, particularly bearer biological assets			X	A new project could be a “limited-scope improvement to IAS 41 to address bearer biological assets.”
Business combinations between entities under common control		X		The project would address divergence in practice as a result of the topic being excluded from the scope of IFRS 3.
Country-by-country reporting			X	A future project’s objective could be to examine whether the IFRS should require certain disclosures to be provided (e.g., payments to governments on a country-by-country basis) by entities in all or only selected industries. (This is similar to the requirements in some jurisdictions.)
Discount rate			X	“A future project could aim to provide more consistent guidance on how to determine discount rates.”
Earnings per share (EPS)	X			The approach to calculating diluted EPS under IAS 33, <i>Earnings per Share</i> , could be simplified.
Emissions trading schemes	X			This project’s objective is to assess how assets and liabilities in emissions trading schemes should be recognized and measured.
Equity method of accounting			X	A future project’s goal could be to examine the appropriateness of the equity method of accounting and, if appropriate, possibly simplify it.
Extractive activities			X	In a future project, guidance would be developed on the exploration for and discovery of minerals, oil, and natural gas deposits and on developing those deposits and extracting the minerals, oil, and natural gas.
Financial instruments with characteristics of equity	X			The project’s objective is to identify the characteristics that should be present in an instrument for it to be classified as either an equity or liability instrument.
Financial statement presentation — excluding consideration of other comprehensive income	X			The objective of this project is to improve guidance on the organization and presentation of financial statements.
Foreign currency translation			X	This project’s goal could be to address certain issues related to volatility in exchange rates, especially in emerging economies.
Government grants		X		The project would address current inconsistency between IAS 20, <i>Accounting for Government Grants and Disclosure of Government Assistance</i> , and the conceptual framework.
Income taxes	X			Among the issues to be addressed is the accounting for uncertain tax provisions.
Inflation accounting (revisions to IAS 29)			X	The objective of this project might be to revise IAS 29, <i>Financial Reporting in Hyperinflationary Economies</i> , to include “guidance for entities whose functional currency is that of an economy subject to high inflation, but not to hyperinflation.”
Intangible assets			X	Some favor a revision of IAS 38, <i>Intangible Assets</i> , because of concerns that the current standard is “not appropriately reflecting economic conditions or results” and because of the inconsistent treatment of purchased and internally generated intangibles.
Interim reporting			X	Such a project could address whether, for example, full remeasurement of assets and liabilities should be required as of each interim date.

	Items Added to Agenda but Deferred		Project Suggestion	Comments
	Projects on Which Significant Work Was Performed	Projects on Which Little or No Work Was Performed		
Islamic (Shariah-compliant) transactions and instruments			X	The IASB may consider whether and, if so, how financial reporting guidance for Shariah-compliant transactions and instruments can be incorporated into IFRSs.
Liabilities — amendments to IAS 37	X			This project would align certain requirements of IAS 37, <i>Provisions, Contingent Liabilities and Contingent Assets</i> , with U.S. GAAP and other IFRSs, as well as provide more specific requirements on measuring the liabilities within the scope of the standard.
Other comprehensive income (OCI)		X		The objective of such a project could be to assess the conceptual and practical issues associated with OCI.
Post-employment benefits (including pensions)		X		This project involves the measurement of defined benefit plans and contribution-based promise plans.
Presentation and disclosure standard			X	The IASB may explore whether to develop a separate IFRS on disclosure to replace the current disclosure standards.
Rate-regulated activities			X	Several options have been identified during this project, including: <ul style="list-style-type: none"> • A disclosure-only standard. • An interim standard to grandfather previous GAAP with some limited improvements, pending a longer-term project. • A medium-term project focused on the effects of rate regulation. • Addressing such activities as part of a comprehensive project on intangible assets.
Share-based payment			X	In such a project, limited narrow-scope improvements could be explored to address concerns about a lack of clarity in IFRS 2, <i>Share-based Payment</i> . Alternatively, some of the principles of IFRS 2 could be reconsidered.

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