

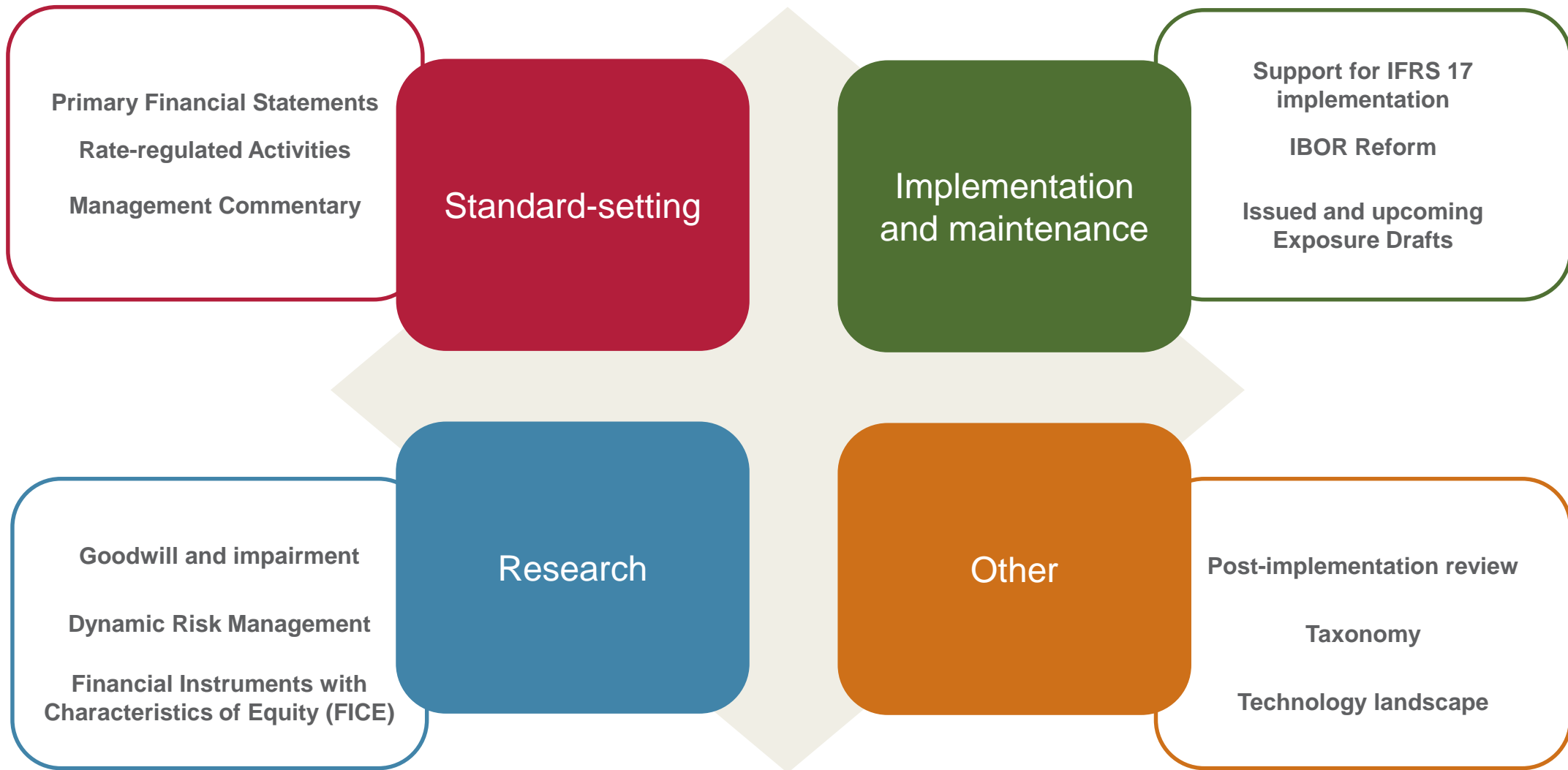
IASB Update

Areas of current focus

Andrea Pryde

The views expressed in this presentation are those of the presenter, not necessarily those of the International Accounting Standards Board or IFRS Foundation.

The IASB's work plan



Standard-setting

Primary Financial Statements (PFS)—Overall project objective



Objective of the Primary Financial Statements project

Targeted improvements to the primary financial statements with a focus on the statement(s) of financial performance



Primary Financial Statements

Statement(s) of financial performance

Statement of financial position

Statement of cash flows

Statement of changes in equity

Rate-regulated Activities—the model being developed

Challenge

- how should companies recognise assets and liabilities arising from the effects (timing and amount) of **defined rate regulation**?

Project scope

Regulatory framework that:

- is **binding** for both company and regulator; and
- establishes a **rate-setting mechanism** for goods or services that creates assets and liabilities due to **timing differences** arising when the regulated rate in **one period** includes amounts relating to required activities carried out by the entity in a **different period**

Supplementary model

- would not amend existing IFRS Standards

Ongoing Board discussions

Output

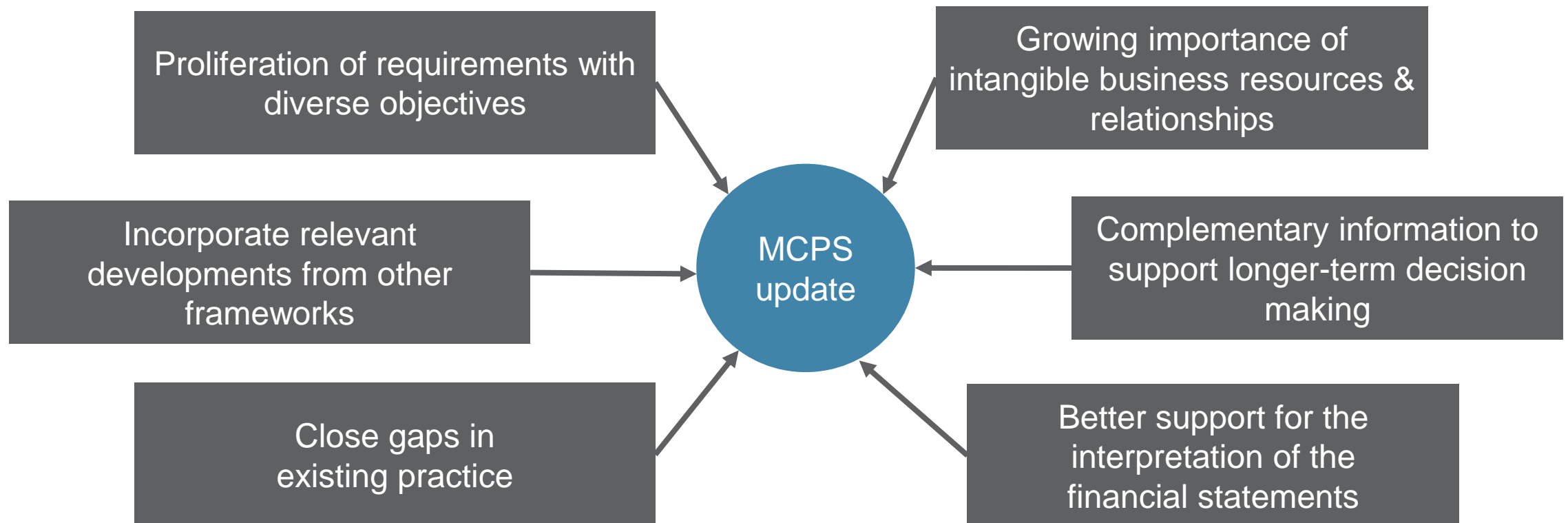
Discussion Paper or Exposure Draft in H2 2019

Management Commentary Practice Statement

Why an update is needed

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The **Management Commentary Practice Statement (MCPS)** provides a broad, non-binding framework for the presentation of management commentary that relates to financial statements prepared applying IFRS Standards. The MCPS focuses on what's relevant to the unique circumstances of the business. It does not prescribe detailed industry or issue-specific disclosures.





Implementation and maintenance

Objective in supporting the Standards

We...

help stakeholders obtain a common understanding of the requirements - ie what they are aiming for



In order to...

support consistent application of IFRS Standards



Because it...

protects IFRS Standards as a single set of global Standards for the benefit of users

Support for IFRS 17 implementation



Webinars



Articles and other materials



Conferences



Transition Resource Group (TRG)



Education for

- investors
- regulators
- standard-setters
- preparers



IASB discussions

- deferral of effective date to 2022*
- targeted amendments to ease implementation*



Informal technical discussions with

- regulators
- standard-setters
- audit firms
- preparers

* proposed deferral of effective date to 2022 and proposed targeted amendments will be subject to public consultation in 2019

Identified problem

- The potential discontinuation of interest rate benchmarks (ie IBOR reform) could have a significant and widespread impact across financial markets as they are embedded in a variety of financial instruments

Board's decisions

- Address concerns related to the uncertainties arising from IBOR reform by providing relief on the application of the hedge accounting qualifying criteria required by IFRS 9 and IAS 39
- That relief does not affect the actual economics of the transactions which should continue to be reflected in financial reporting

Next steps

- The Board is planning to issue an Exposure Draft in Q2 2019
- A later phase will address issues arising when IBOR reform is enacted

Maintenance projects—issued and upcoming Exposure Drafts

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Exposure Draft out for comment

Onerous Contracts—
Cost of Fulfilling a
Contract
*(comment period due
by 15/04/19)*

Upcoming Exposure Drafts (expected 2019)

Amendments to IFRS 17 *Insurance Contracts*

Deferred tax related to assets and liabilities arising from
a single transaction

Disclosure Initiative—Accounting Policies

Updating a reference to the Conceptual Framework

Annual Improvements (2018-2020)



Research

Goodwill and Impairment—Objectives for the project

- ✓ The Board has tentatively decided to pursue three objectives to address the interrelated problems identified in the research. The objectives are:

Objective A	Identifying disclosures to enable investors to assess: <ul style="list-style-type: none">• management’s rationale for the business combination; and• whether the post-acquisition performance of the business combination meets expectations set at the acquisition date
Objective B	Simplifying the accounting for goodwill by exploring whether to: <ul style="list-style-type: none">• permit an indicator-only approach to determine when an impairment test is required; and/or• reintroduce amortisation of goodwill
Objective C	Improving the calculation of value in use by exploring whether to: <ul style="list-style-type: none">• remove the prohibition on the inclusion in cash flow projections of future enhancements to the asset; and• permit the use of post-tax inputs in the calculation of value in use

Approach to developing the Dynamic Risk Management model

Current stage

- develop 'core areas' that will underpin the DRM model ('core model'):
 - asset profile
 - target profile
 - derivatives used for DRM purposes
 - performance assessment

Next steps

- Presentation and disclosure
- seek feedback on the 'core model' before developing 'non-core areas'. These include:
 - financial assets at FVOCI
 - equity as a source of funding

Challenges

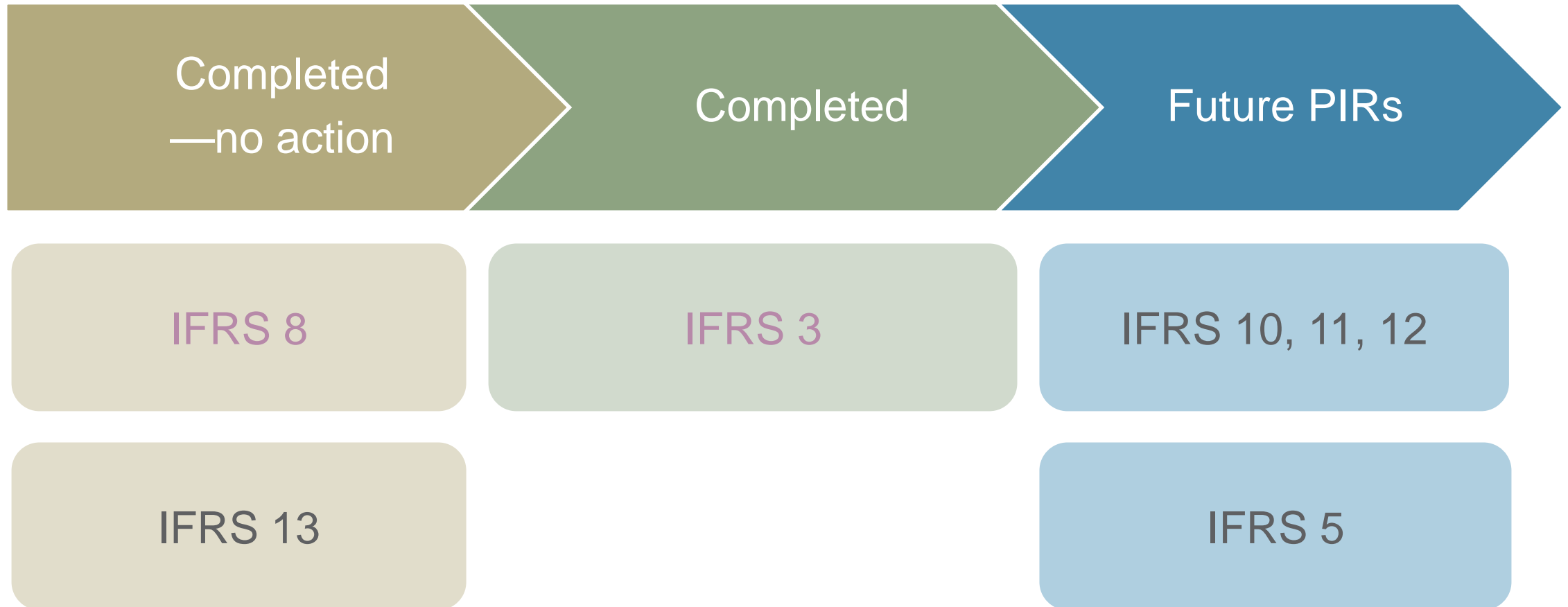
- IAS 32 *Financial Instruments: Presentation* works well for most financial instruments, but challenges applying it to complex financial instruments.
- limited information available to investors about equity instruments.
- no clear rationale for classification.

Board's response—Discussion Paper 2018

- articulate classification principles—clear rationale
- limit changes to IAS 32
- propose additional information through presentation and disclosure.

Other

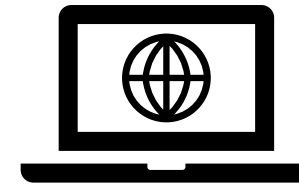
Post-implementation reviews



The IFRS Taxonomy reflects the presentation and disclosure requirements of IFRS Standards and related common reporting practice in a timely and accurate manner



consists of 'elements' used by preparers to tag the information in IFRS financial statements



makes IFRS disclosures more accessible to users of structured electronic data

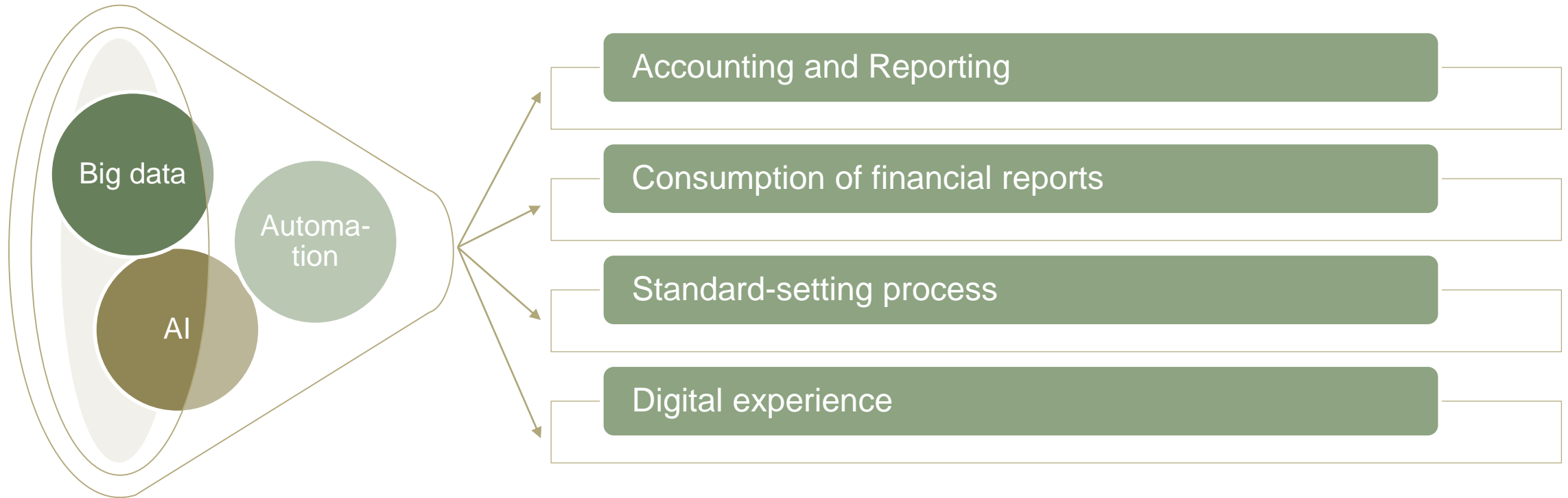


facilitates communication between preparers and users

Technology landscape: implications for the IFRS Foundation

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1. Scoping



2. Strategy development

3. Execution



Resources available



Website
www.ifrs.org



Video



Leaflet
Supporting IFRS Standards

Supporting materials sorted by Standard

IFRS Standards

IFRIC Interpretations

News and events



For example, for IFRS 9 *Financial Instruments*

 Webinars	 Articles
 Transition Resource Group	 Agenda decisions



IFRS Standards Required
1 January 2019 (Blue Book)

The Annotated IFRS® Standards
Required 2019 (Blue)

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