

International Financial Reporting Standards



IASB revised work plan IMA-FRANCE 12 Octobre 2010

The views expressed in this presentation are those of the presenter,
not necessarily those of the IFRS Foundation or the IASB

As noted in our March 2010 Report, we recognise the challenges that arise from seeking effective global stakeholder engagement on a large number of projects.

*Since publishing that report, stakeholders have voiced concerns about their ability to provide high quality input on the large number of major exposure drafts planned for publication in the second quarter of this year. As described in the joint Statement we issued on 2 June, we have developed a **modified work plan** to take account of those concerns that would:*

- prioritise the major projects in the MoU to permit a sharper focus on the issues and projects for which we believe the need for improvement of both IFRSs and US GAAP is the most urgent.*
- phase the publication of exposure drafts and related consultations (such as public round-table meetings) to enable the broad-based and effective stakeholder participation in due process that is critically important to the quality of our standards. We are limiting to four the number of significant or complex exposure drafts issued in any one quarter.*
- issue a separate consultation document seeking stakeholder input about effective dates and transition methods.*

The modified strategy retains the target completion date of June 2011 or earlier for the MoU projects for which we believe the need for improvement is the most urgent. *Projects we believe are a relatively lower priority or for which further research and analysis is necessary are now targeted for completion after the original June 2011 target date.*

Target date for priority projects remains June 2011

- Prioritise major projects to permit sharper focus on those areas in most urgent need for improvement in both IFRS and US GAAP
- Phasing of publication of EDs and related consultations to enable broad-based, effective stakeholder participation
- Publication of separate consultation document seeking stakeholder input about effective dates and transition methods

The major joint projects

Crisis (MoU)

- Financial instruments
- Fair value measurement
- Consolidation
- Derecognition

Other (MoU)

- Revenue recognition
- Leases
- Post-retirement benefits
- Financial statement presentation
- Liability/Equity

Other (Non MoU)

- Insurance contracts

The major projects

Project	ED issued	Completion
Derecognition - disclosures	✓	▪ Q4 2010
Consolidation	✓	▪ Q4 2010
Financial statement presentation (OCI)	✓	▪ Q4 2010
Fair value measurement	✓	▪ Q1 2011
Post-employment benefits (Defined benefit plans)	✓	▪ Q1 2011

The major projects

Project	ED issued	Completion
Financial instruments (phases 2 & 3)	Q4 2010	■ Q2 2011
Revenue recognition	✓	■ Q2 2011
Leases	✓	■ Q2 2011
Insurance (FASB will publish IASB ED as a Discussion Paper with a FASB wrap-around)	✓	■ Q2 2011

Modified strategy and work plan

IASB work plan

- Financial crisis projects (joint with FASB)
- Other prioritised projects
 - some joint with FASB
 - some IASB alone
- Conceptual Framework (joint with FASB)

Financial crisis projects

– Derecognition

Project	Objective	Target dates
Derecognition	<ul style="list-style-type: none">▪ Near-term priority: improving and converging US GAAP and IFRS disclosure requirements▪ Additional research and post-implementation review of FASB amendments to assess future of the project (Derecognition criteria - 2012)	Q4 2010: finalised improved disclosure requirements similar to US GAAP

Financial crisis projects

– Consolidation

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Project	Objective	Target date
Consolidation (replace IAS27 and SIC 12)	<ul style="list-style-type: none">Boards agreed that standard should include common objectives and principles.IASB project in three parts	Full completion (IASB): Q4 2010

– Consolidation continued

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Project part	Target dates
Replacement of IAS 27 <i>(Staff near final draft posted on our website)</i>	<ul style="list-style-type: none">October 2010: FASB round tables on IASB's proposed standardQ4 2010: finalised IASB standardpossible FASB ED on IASB standard?
Disclosures about unconsolidated SPE's/structured entities	<ul style="list-style-type: none">Q4 2010: finalised IASB standard
Investment companies (part of Consolidation project)	<ul style="list-style-type: none">Q4 2010: EDQ2 2011

Financial crisis projects

- Other

Project	Status	Target dates
Fair Value Measurement	develop a converged definition of fair value and common implementation guidance (incl. for illiquid markets)	Q1 2011: target for final, converged standard

Prioritised projects

– Financial Instruments

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Project	Objective	Target date
Financial instruments	Issuance of comprehensive improvements that foster international comparability of financial instruments (in response to G20 Recommendation)	Full completion: Q2 2011 (Phase 1 issued in November 2009 as IFRS9)

Financial Instruments

- Addressing differences

Differing development timetables and imperatives resulted in differing conclusions in a number of areas.

Strategy to address differences:

- Boards will publish each others proposals (IASB has posted a request for views on FASB's proposed ASU)
- Joint consideration of feedback received
- FASB round-table meetings on their comprehensive proposals (IASB participation) – October 12, 18 & 19 2010
- The *Expert Advisory Panel* is helping the boards to identify and resolve operational aspects of credit impairment models

Prioritised projects

– Financial Instruments

Project part	Target date
Hedge accounting ED (Phase III)	<ul style="list-style-type: none"> ED: Q4 2010
Impairment (Phase II)	<ul style="list-style-type: none"> ED comment period closed
Classification and measurement: financial liabilities	<ul style="list-style-type: none"> ED comment period closed Final amendment to IFRS 9 soon to be published)
<p>Asset and liability offsetting</p> <p>In response to stakeholder concerns (Basel Committee on Banking Supervision, Financial Stability Board and others) to address differences between IFRSs and US GAAP</p>	<ul style="list-style-type: none"> Q4 2010: ED publication (IASB and FASB) Q1 2011: round tables Q2 2011: publication of standards – timing aligned with other changes to the FI standards

Prioritised projects

– other

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Project	Objective	Target date
Revenue Recognition	development of a single, common standard for a wide range of industries and transaction types	<ul style="list-style-type: none">■ November 2010: round tables■ Q2 2011: joint standard
Leases	development of a joint lease standard that improves lease accounting and ensures that all lease contracts are recognised on the statement of financial position	<ul style="list-style-type: none">■ December 2010 and January 2011: round tables■ Q2 2011: joint standard

Prioritised projects

– other

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Project	Objective	Target dates
Presentation of OCI	develop presentation standards that improve the reported items of OCI and allow easier comparability between US GAAP and IFRSs (FASB's proposals are included in proposed ASU on financial instruments)	Q4 2010: converged and improved standard

Other MoU projects

Project	Status	Target dates
Post-employment benefits (Defined benefit plans)	<ul style="list-style-type: none">▪ ED issued in April 2010▪ Comment period closed	<ul style="list-style-type: none">▪ Q1 2011: IFRS expected

Other joint projects

Project	Status	Target dates
Financial statement presentation	<ul style="list-style-type: none">▪ DP feedback indicated concerns that benefits could be outweighed by expected implementation costs.▪ Boards decided to engage in additional outreach activities and potentially reconsider proposals	<ul style="list-style-type: none">▪ Staff draft published▪ H2 2010: outreach▪ H1 2011: Boards will consider outreach feedback

Other joint projects

Project	Status	Target dates
Insurance	In 2009 the boards began discussing the project jointly – agreed on joint approach in most areas	<ul style="list-style-type: none">▪ Roundtables December 2010▪ Q2 2011: final standard
Financial Instruments with characteristics of equity	Effects of proposal in draft ED being explored	

Other joint projects

Project	Status	Target dates
Emission trading schemes	While understanding the growing importance of the project, the boards agreed that other MoU projects have a higher priority.	<ul style="list-style-type: none">■ H2 2011: ED■ 2012: Converged standard
Income taxes	Significant negative comments on ED; Board agreed on limited scope ED	<ul style="list-style-type: none">■ H2 2010: ED 2010/11 published■ H1 2011: IFRS expected
Joint ventures	Publish together with Consolidation documents	<ul style="list-style-type: none">■ Q4 2010: IFRS expected

Other projects

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Annual Improvements 2009-2011	<ul style="list-style-type: none">▪ Q4 2010: ED planned▪ Q2 2011: IFRS planned
Extractive activities (oil and gas and mining)	<ul style="list-style-type: none">▪ DP comment period closed▪ Planned agenda decision
Measurement of Liabilities under IAS 37	<ul style="list-style-type: none">▪ Board to reconsider proposals with a view to developing ED in H2 2011
Management Commentary	<ul style="list-style-type: none">▪ Q4 2010: <u>IFRS Practice Statement</u> expected
Rate-regulated activities	<ul style="list-style-type: none">▪ Board developing agenda proposal for consideration in 2011
Effective dates and transition	<ul style="list-style-type: none">▪ October 2010: Discussion document expected that will guide other final IFRSs

Conceptual Framework (joint with FASB)

- documents currently being developed

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Phase A Objective and qualitative characteristics	<ul style="list-style-type: none">Final chapter published 28/09/2010
Phase B Elements and recognition	<ul style="list-style-type: none">To be determined
Phase C Measurement	<ul style="list-style-type: none">Discussion Paper planned Q4 2010 or Q1 2011
Phase D Reporting entity	<ul style="list-style-type: none">ED was issued March 2010Comment period closedFinal chapter expected Q4 2010

IASB and US FASB complete first stage of conceptual framework

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The objective of the conceptual framework project is to create a sound foundation for future accounting standards that are principles-based, internally consistent and internationally converged. The new framework builds on existing IASB and FASB frameworks. The IASB has revised portions of its framework; while the FASB has issued 'Concepts Statement 8' to replace 'Concepts Statements 1 and 2'.

This first phase of the conceptual framework deals with the objective and qualitative characteristics of financial reporting. As part of the consultation process, the IASB and FASB jointly published a discussion paper and exposure draft that resulted in more than 320 responses.

A [feedback statement](#) providing an overview of how the IASB responded to comments received through the consultation process is available.

Conceptual Framework (joint with FASB)

- potential future phases

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Phase E Presentation and disclosure	Not yet active
Phase F Purpose and status of framework	Not yet active
Phase G Phase G Applicability to not-for-profit entities	Not yet active

Other matters of interest

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- Focus on investors' participation in the process
- Status of IFRS adoption in the world
- 2011 = end of MoU period...
- Board members rotation 30 June 2011
- New Chairman to be appointed – Trustees, Seoul meeting ?
- New Advisory Council
- IASB to consult public on post 2011 work program
- Monitoring Board

- The IASB recognises that investors and other users of financial statements have an important stake in the development of International Financial Reporting Standards (IFRSs), but many may not have time to read and respond to detailed technical proposals or participate in IASB working groups.
- For this reason we have established a dedicated investor outreach programme that builds on our current outreach activities. The core element of this investor resources section of the website is 'Investor Perspectives' – regular updates for investment professionals written by former analysts who are now IASB members (see below).
- This section of the website will also alert investors to other items that are likely to be of interest and will be a channel for gathering feedback. For example, please [click here](#) to view the questionnaire for investors regarding the IASB's and FASB's staff draft on Financial Statement Presentation.
- To register to be notified by email when individual Investor Perspectives are published, [click here](#) (for new eIFRS users) or [click here](#) (for registered eIFRS users).
- Luci Wright
Manager, Investor Liaison (lwright@ifrs.org)
- <http://www.ifrs.org/Investor+resources/Investors+and+IFRS.htm>

- **Access all the 2010 Investor Perspective articles by clicking on the links below.**
- **[September 2010 - Patricia McConnell: Financial Statement Presentation - are the proposals in the staff draft an improvement over the discussion paper?](#)**
- **[August 2010 - Patrick Finnegan: Some things we are certain about, other things we just don't know - a proposal to analyse uncertainty](#)**
- **[July 2010 - Patricia McConnell: Is our proposal the best fix for the own credit problem under the fair value option?](#)**
- **[July 2010 - Patrick Finnegan: What would Shakespeare say about Financial Statement Presentation?](#)**
- **[June 2010 - Patricia McConnell: Will the elimination of operating lease accounting improve financial reporting by lessees?](#)**
- **[June 2010 - Stephen Cooper: Revenue recognition and your mobile phone](#)**
- **[June 2010 - Patrick Finnegan: Improving the picture of performance for investors](#)**
- **[May 2010 - Stephen Cooper: Loan loss allowances – to smooth or not?](#)**
- **[April 2010 - Patricia McConnell: Do you agree that investors will benefit from the IASB's proposals to improve pension accounting?](#)**

The move towards global standards

- **The goal of the IFRS Foundation and the IASB is to develop, in the public interest, a single set of high-quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles.**
- **In pursuit of this goal, the IASB works in close cooperation with stakeholders around the world, including investors, national standard-setters, regulators, auditors, academics, and others who have an interest in the development of high-quality global standards.**
- **Progress toward this goal has been steady. All major economies have established time lines to converge with or adopt IFRSs in the near future. The international convergence efforts of the organisation are also supported by the Group of 20 Leaders (G20) who, at their September 2009 meeting in Pittsburgh, US, called on international accounting bodies to redouble their efforts to achieve this objective within the context of their independent standard-setting process. In particular, they asked the IASB and the US FASB to complete their convergence project by June 2011.**

Country Status for listed companies as of April 2010

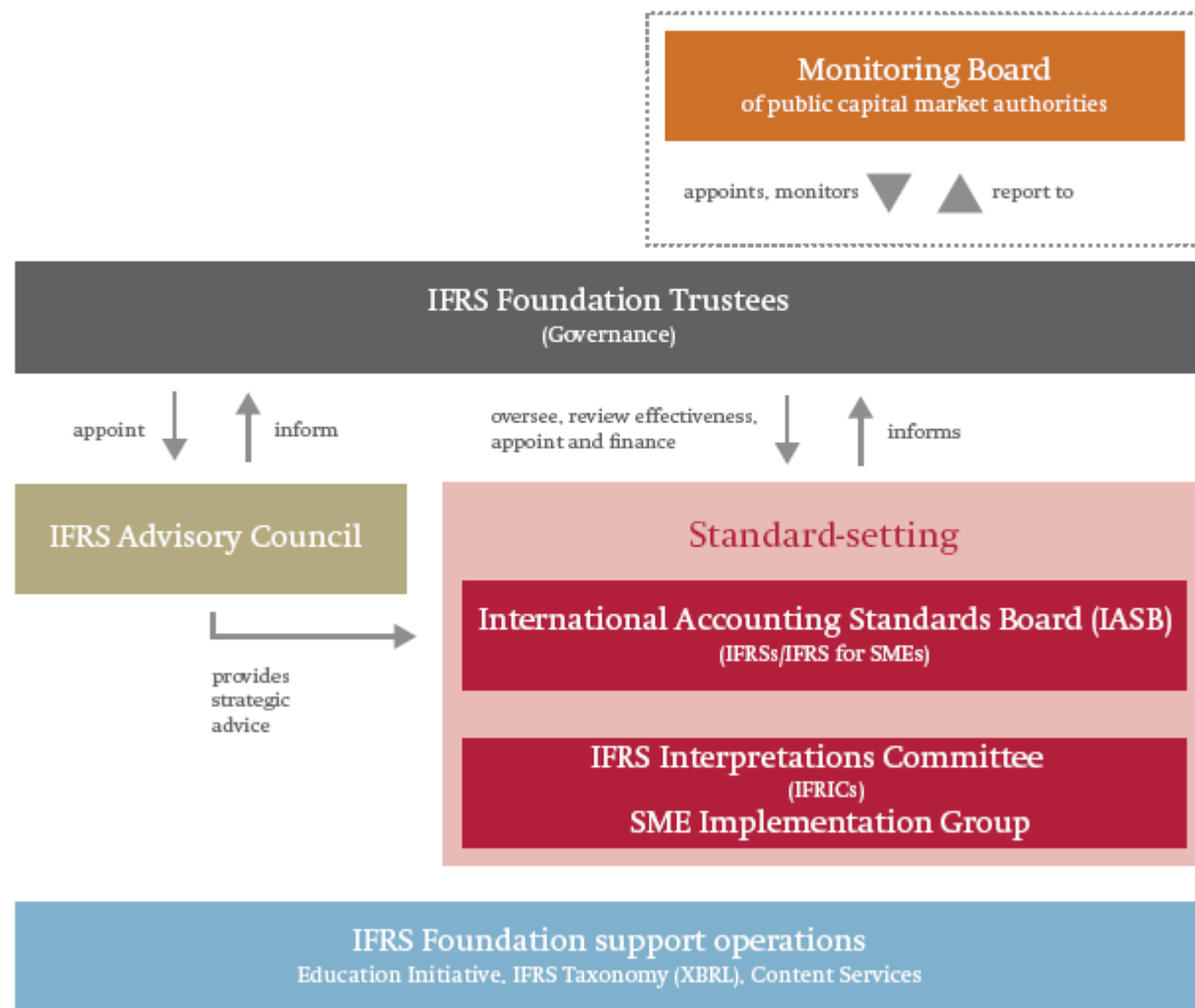
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- **Argentina** Required for fiscal years beginning on or after 1 January 2011
- **Australia** Required for all private sector reporting entities and as the basis for public sector reporting since 2005
- **Brazil** Required for consolidated financial statements of banks and listed companies from 31 December 2010 and for individual company accounts progressively since January 2008
- **Canada** Required from 1 January 2011 for all listed entities and permitted for private sector entities including not-for-profit organisations
- **China** Substantially converged national standards
- **European Union** All member states of the EU are required to use IFRSs as adopted by the EU for listed companies since 2005
- **India** India is converging with IFRSs over a period beginning 1 April 2011
- **Indonesia** Convergence process ongoing; a decision about a target date for full compliance with IFRSs is expected to be made in 2012
- **Japan** Permitted from 2010 for a number of international companies; decision about mandatory adoption by 2016 expected around 2012
- **Mexico** Required from 2012
- **Republic of Korea** Required from 2011
- **Russia** Required for banking institutions and some other securities issuers; permitted for other companies
- **Saudi Arabia** Not permitted for listed companies
- **South Africa** Required for listed entities since 2005
- **Turkey** Required for listed entities since 2008
- **United States** Allowed for foreign issuers in the US since 2007; target date for substantial convergence with IFRSs is 2011 and decision about possible adoption for US companies expected in 2011



IFRS™

- The IASB and the Accounting Standards Board of Japan (ASBJ) have been working together to achieve convergence of IFRSs and Japanese Generally Accepted Accounting Principles (GAAP) since 2005. This work was formalised in 2007 with the Tokyo Agreement. In December 2009 the Japanese Financial Services Agency (FSA) permitted certain qualifying domestic companies to apply IFRSs for fiscal years starting ending on or after 31 March 2010.
- The Tokyo Agreement set 2008 as a target date for eliminating major differences between IFRSs and Japanese GAAP (as defined by the July 2005 CESR assessment of equivalence) with the objective of eliminating the remaining differences by 30 June 2011. Having achieved the 2008 target date, the boards are continuing their regular meetings and are now working to address the outstanding issues by 2011.
- In June 2009 the Business Accounting Council (BAC), a key advisory body to the Commissioner of the Financial Services Agency (FSA), approved an interim report - *Application of International Financial Reporting Standards (IFRSs) in Japan (Interim Report)*. In the interim report the BAC proposes to allow certain listed companies an early adoption of IFRS followed by a final decision about the mandatory adoption of IFRSs around 2012. The interim report also recommends that the ASBJ continues and accelerates the convergence of accounting standards.
- In accordance with the interim report, the Japanese FSA amended in December 2009 its regulations permitting certain qualifying domestic companies to apply IFRSs from fiscal years ending on or after 31 March 2010.



The IASB members as of 1st October

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- Members are appointed by the [Trustees](#). Following a decision at the January 2009 Trustees meeting, the IASB will be expanded to 16 members by 2012.
- [Sir David Tweedie](#) *
- [Stephen Cooper](#)
- [Philippe Danjou](#) *
- [Jan Engström](#)
- [Patrick Finnegan](#)
- [Amaro Luiz de Oliveira Gomes](#)
- [Prabhakar Kalavacherla \('PK'\)](#)
- [Dr Elke König](#)
- [Patricia McConnell](#)
- [Warren McGregor](#)*
- [Paul Pacter](#)
- [Darrel Scott](#) (from October 2010)
- [John Smith](#)
- [Tatsumi Yamada](#) *
- [Zhang Wei-Guo](#)

(*) denotes that term expires 30 June 2011

Questions or comments?

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Expressions of individual views by members of the IASB and its staff are encouraged.

The views expressed in this presentation are those of the presenter. Official positions of the IASB on accounting matters are determined only after extensive due process and deliberation.

