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IFRS 2020
New Horizons – Charting the Course Together



IFRS 2020
Objective


- To raise awareness of the current status of major ongoing projects and planned narrow-scope amendments



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IFRS 2020
Agenda

- **Major projects update**
- Narrow-scope amendments and IFRIC interpretations
- Other items

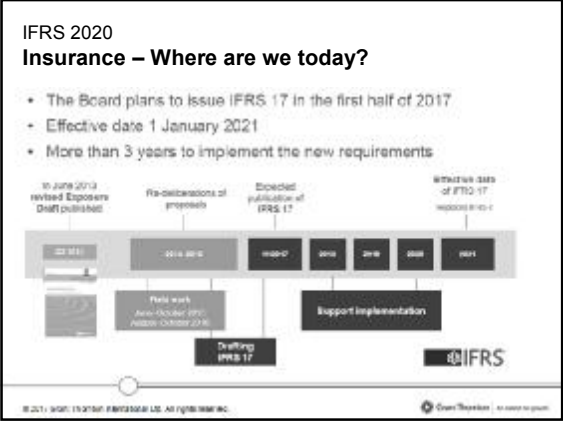


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IFRS 2020 Major projects update

Project	Next step	Expected Timing
Insurance contracts	New Standard	May 2017
Disclosure Initiative (Better Communication in Financial Reporting)	Exposure draft Exposure draft Practice statement	TBD Q3 2017 Q3 2017
Conceptual Framework	New Framework	2017 Q4 or later
Primary financial statements	DP or ED	2017 Q4 or later
Business combinations under common control	Discussion paper	2018 Q1 or later
Dynamic Risk Management	Discussion paper	2018 Q3 or later
Rate Regulated Activities	Discussion paper or ED	2018 Q1 or later
Financial instruments with characteristics of equity	Discussion paper	2017 Q4 or later

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IFRS 2020 Insurance – Where are we today?

- Improved comparability: Single model to replace significant diversity in practice that exists today
- New model enhances the overall quality of information provided
- IFRS 4 only ever an interim measure

Web resources

- Series of webinars April-May 2016
- IASB® Update
- Investor resources
- Feedback Statement
- Due process summary
- High-level summary of the project
- Project Update about contracts without participation features

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Disclosure initiative – Principles of disclosure

Status: DP Comment period open



What is this project about?

- The objective of this research project is to improve existing guidance in IFRS that helps entities determine the basic structure and content of a complete set of financial statements.
- Focus is on reviewing existing guidance in IAS 1 and IAS 8

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Disclosure initiative – Definition of materiality

Next step: Exposure Draft



What is this project about?

- To refine the definition of materiality and clarify its characteristics.
- Exposure draft will propose specific amendments to IAS 1 and IAS 8

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Disclosure initiative – Materiality Practice Statement

Next step: Practice statement



What is this project about?

- To develop non-binding guidance that will help preparers, auditors and regulators to use judgement when applying the concept of materiality.
- Encourage disclosure of sufficient relevant (i.e., material) information
- Prevent disclosure of too much irrelevant (i.e., immaterial) information

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Conceptual framework

Next step: Publish new framework

Why undertake this project?

- Some parts of existing framework considered missing, unclear, or out-of-date
- To provide a coherent basis for developing future standards
- To help entities interpret Standards and develop appropriate accounting policies




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IFRS 2020
Conceptual framework

Next step: Publish new framework

Key issues include:

- definitions of assets and liabilities
- recognition and derecognition
- the distinction between equity and liabilities
- measurement bases
- presentation and disclosure
- other comprehensive income
- roles of 'stewardship' and 'prudence'



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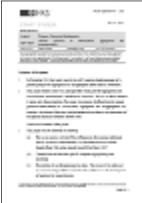
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Primary financial statements

Next step: DP or ED

Why undertake this project?

This project is looking into potential targeted improvements to the structure and content of the primary financial statements, with a particular focus on the statement(s) of financial performance (I/S) and the statement of cash flows. Eg,

- Use of specific subtotals
- Removal of some presentation options
- Guidance on use of performance measures
- Communicating info re: OCI



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Business combinations under common control
 Next step: Discussion paper

Why undertake this project?




- Regulator concern over divergence in views and practice when a parent transfers a business into a newly formed entity in preparation for sale by way of IPO
- Key issue is use of previous carrying amounts of transferred business versus applying business combination accounting
- Do existing models need to be modified for these combinations?
- Related issue of "push-down" accounting

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Dynamic risk management
 Next step: Discussion paper #2

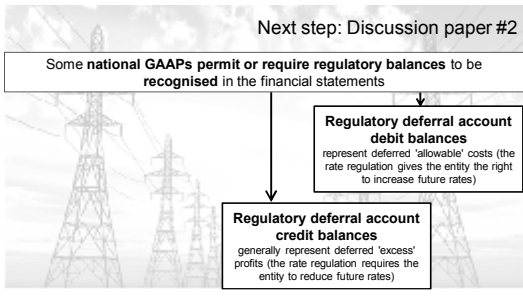
Why undertake this project?

- DRM strategies introduce complexity that make application of current hedge accounting requirements difficult
- Aims to enhance the usefulness of related financial information to help users better understand these activities
- Full title is '*Accounting for Dynamic Risk Management: A Portfolio Revaluation Approach to Macro Hedging*'



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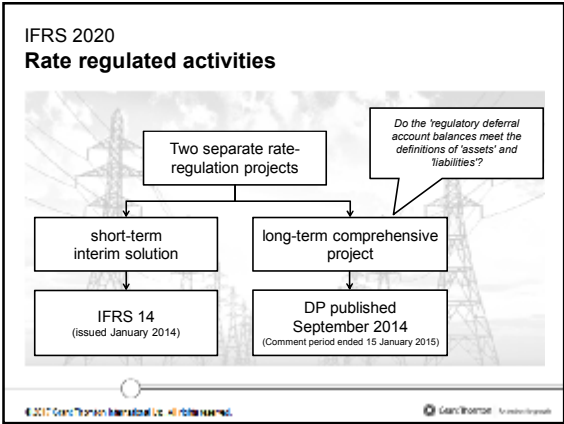
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Rate regulated activities
 Next step: Discussion paper #2



Some national GAAPs permit or require regulatory balances to be recognised in the financial statements

- Regulatory deferral account debit balances represent deferred 'allowable' costs (the rate regulation gives the entity the right to increase future rates)
- Regulatory deferral account credit balances generally represent deferred 'excess' profits (the rate regulation requires the entity to reduce future rates)

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Financial instruments with characteristics of equity
Next step: Discussion paper

What is this project about?

- Looking into potential improvements to the classification of liabilities and equity in IAS 32
- Presentation and disclosure requirements for FI's with characteristics of equity
- Has potential to impact the definitions of liability and equity in the Conceptual Framework

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Major projects update

Major Projects in the Pipeline	Status
Equity Method	Pending Post-implementation Review of IFRS 11, Joint Arrangements
Pollutant Pricing Mechanisms	No further work planned until the revised <i>Conceptual Framework</i> is closer to finalisation
Provisions	Completed discussion of initial research. No further work planned until the revised <i>Conceptual Framework</i> is closer to finalisation
Extractive Activities	No work yet done on this project
Variable and Contingent Consideration	IFRIC has considered this topic but has been unable to conclude on all issues due to interactions between several standards

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Pending research projects

Equity Method

- To assess whether practice problems could be addressed by amending the equity method or whether a more fundamental review is needed.

Pollutant Pricing Mechanisms

- To assess whether the Board should consider addressing diversity in practice, such as in emissions trading schemes.

Provisions

- To assess whether any aspects of IAS 37 are needed in light of possible changes to the Conceptual Framework

IFRS 2020
Pending research projects

Extractive Activities

- To assess whether the Board should introduce accounting requirements for exploration, evaluation, development and production of minerals, and oil & gas.

Variable and Contingent Consideration

- To consider whether there is a need for follow-up research on risk-sharing and collaborative arrangements

IFRS 2020
Major projects update

Projects in the Pipeline	Status
High Inflation: Scope of IAS 29	Feasibility study
Pension Benefits that Depend on Asset Returns	Feasibility study
SMEs that are Subsidiaries	Feasibility study

IFRS 2020
Major projects update

Maintenance Projects	Status
Discount Rates	Summary of findings late in 2017
Goodwill & Impairment	Continuing discussion of findings through 2017
Share Based Payments	Summary of findings late in 2017
Borrowing Costs Eligible for Capitalization	ED Feedback Q3 2017
Income tax consequences of payments on instruments classified as equity	ED Feedback Q3 2017
Long-term interests in associates & joint ventures	Finalise proposed amendments late 2017
Previously held interests in a joint operation	Finalise proposed amendments late 2017

IFRS 2020
Agenda

- Major projects update
- **Narrow-scope amendments and IFRIC interpretations**
- Other items



IFRS 2020
Narrow scope amendments and IFRIC

Current activity	Next major milestones		
	Within 2 months	Within 6 months	After 6 months
For narrow-scope amendments and IFRIC interpretations			
Accounting for leases (amendments to IAS 17) and accounting for leases (amendments to IAS 18)	Drafting	Final ED	
Classification of liabilities (amendments to IAS 1)	Analysis		Issue IFRIC Interpretation
Definition of a business (reversely held subsidiaries) and IAS 10 (amendments to IFRS 1 and IFRS 10)	Analysis	DISCUSSION Document	

IFRS 2020
Narrow scope amendments and IFRIC (2 of 3)

IFRS Major Initiatives				
Current activity	IFRSB 2 months	IFRSB 6 months	IASB 6 months	
For narrow scope amendments and IFRIC interpretations				
Amendments to IFRS 5 Operating Segments (Proposed amendments to IFRS 5 and IFRS 24)	Drafting	Public ED Requested		
Plan Amendments: Conditions or Settlements / Possibility of a Future Obligation (to IAS 19 and IFRIC 14)	Analysis			Final IFRS Amendment
Priority, Plant and Equipment: Proceeds Before Retained Earnings (Proposed amendments to IAS 16)	Drafting		Public ED	

IFRS 2020
Narrow scope amendments and IFRIC (3 of 3)

IFRS Major Initiatives				
Current activity	IFRSB 2 months	IFRSB 6 months	IASB 6 months	
For narrow scope amendments and IFRIC interpretations				
Proposed Amendments with Negative Correlation (Proposed amendments to IFRS 1) (Financially related Symmetric Presentation Option)	Drafting	Public ED Requested April		
Identifying each Income Tax Treatment of IAS 12/IFRIC 23/2016	Drafting	Final IFRIC Interpretation (Expected June)		
Annual Improvements to IFRS 2019 (Effective from 1st Jan 2020)	Public Consultation		IASB IFRS Board	

IFRS 2020
Agenda

- Major projects update
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**IFRS 2020
Other items**

There are two post-implementation reviews on the agenda, but both are early stage:

Multi-stage reviews				
	Concept activity	Work in progress	Review & discuss	Final & finalize
POST-IMPLEMENTATION REVIEWS				
IR of IFRS 11 Fair value measurement	Drafting	WORK IN PROGRESS BY INTRODUCING PRELIMINARY		
IR of IFRS 11-12 royalty & cost of sales				Initial IR

**Questions
& feedback**



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