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**Meeting of the IFRS Foundation Trustees' Due Process Oversight Committee (DPOC)
2 June 2011
Summary of the conclusions**

(The meeting took place via conference call)

The DPOC reviewed the IASB's compliance with its due process for the following projects:

1 Financial instrumentsBalance sheet netting

The IASB staff reported that the IASB and the FASB were reviewing the comments received on the proposals. Staff acknowledged the contentious nature of the issue. The DPOC requested that appropriate levels of effect analysis should be completed as part of the project.

Impairment

The staff provided an update on the due process steps and further outreach conducted as part of developing the joint approach to impairment of financial instruments measured using amortised cost. The boards were continuing their redeliberations in the light of responses to the supplementary document published in January 2011. A decision on whether the revised standard should be re-exposed for public comment would be made once the redeliberations were completed.

Hedge accounting

The 90-day comment period was now closed, with staff undertaking further extensive outreach activity with interested parties. The Board currently planned to complete its redeliberations by the end of July. The staff expects to publish a staff draft of the standard to seek comments on drafting considerations rather than technical decision-making. The staff is monitoring whether there is a need to re-expose before publication, and any recommendation would be made against the agreed criteria.

2 Revenue recognition

The staff said that the IASB and the FASB intended to consider the need to re-expose their joint proposals against agreed criteria, but noted that changes from the exposure draft may not require re-exposure. Members of the DPOC asked the staff to ensure that sufficient, targeted outreach was conducted in order to understand fully the effect of the changes to the revenue recognition requirements across major industry sectors. [Note. Subsequent to the meeting, on 15 June the boards announced their intention to re-expose their revenue recognition proposals for a 120 day comment period].

3 Lease accounting

The staff said that, after extensive redeliberations, the boards were likely to revert to the single lessee model proposed by the original exposure draft. Re-exposure of the proposals might be required if the boards were to adopt a 'derecognition' approach to lessor accounting. Again re-exposure would need to be considered against the agreed criteria.

4 Insurance contracts

The staff said that publication of the next due process document would not be considered until Q4 2011. Scott Evans, Trustee and member of the DPOC, reported on recent discussions with US analysts, including analysts covering the insurance sector.

Members of the DPOC encouraged the Board and staff to deepen their engagement with the investor community as they finalise a new IFRS for insurance contracts.

5 Effect analysis

Ian Mackintosh, vice-chairman-designate of the IASB, provided an update on work by the staff to develop a framework for effect analysis studies. He also reported on meetings with the European Financial Reporting Advisory Group (EFRAG) regarding its joint proposals with the UK Accounting Standards Board (ASB) to develop such a framework. Mr Mackintosh undertook to report to the meeting of the DPOC in July 2011 with an assessment of the EFRAG/ASB proposals.

6 Investment entities

The staff reported on joint work with the Canadian Accounting Standards Board to develop proposals dealing with investment entities. As a result of this work, the IASB expects to publish proposals for public comment for a period of 120 days.

7 Annual improvements project

The IASB's intended to publish its 2011 annual improvements proposals for public comment for a period of 120 days rather than the normal 90-day period for previous annual improvements, in order to provide sufficient time for interested parties to respond to the proposals taking into consideration normal holiday periods in many parts of the world. The DPOC supported this approach.

8 Discussion with the US Financial Accounting Foundation (FAF) on co-ordinating due process oversight

Tom Seidenstein, Chief Operating Officer of the IFRS foundation, reported on discussions with the FAF on co-ordinating Trustee oversight of due process matters related to joint IASB/FASB projects included in their 2006 Memorandum of Understanding (MoU). Members of the DPOC would meet their counterparts at the FAF in July 2011 to agree a protocol for co-ordinating oversight of such joint projects.

END