

AGENDA PAPER

IFRS® Foundation Trustees meeting – Due Process Oversight Committee

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Technical activities: key issues and update

Purpose

1. This paper provides the Due Process Oversight Committee (DPOC) with an update on the due process activities for the standard-setting activities of the International Accounting Standards Board® ('the Board') September to December 2016. This agenda paper is prepared by the staff of the Board and is primarily for information.

Structure of this paper

2. This paper is structured as follows:
 - (a) The key issues relating to technical activities are summarised in paragraphs 6 to 11.
 - (b) A summary of the technical projects are set out in Appendices, as follows:
 - (i) Appendix A—Standard-setting and related projects;
 - (ii) Appendix B—Implementation activities;
 - (iii) Appendix C—Research projects;
 - (iv) Appendix D—Taxonomy activities;
 - (v) Appendix E—Compliance report; and
 - (vi) Appendix F—Work plan as at 15 December 2016.
 - (c) Details of due process documents issued and published in the period are set out in paragraphs 3 and 4.

Due process documents

3. In the period September to December 2016 the Board has issued:
 - (a) Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*;
 - (b) Annual Improvements to IFRS[®] Standards 2014–2016 Cycle;
 - (c) IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*; and
 - (d) Amendments to IAS 40 *Transfers of Investment Property*.
4. In the period the Board published:
 - (a) IASB[®] Work Plan 2017-2021: *Feedback Statement on the 2015 Agenda Consultation*;
 - (b) IFRS Taxonomy[™] Update for *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*; and
 - (c) a proposed update to the IFRS Taxonomy 2016—*Common Practice*.

Compliance Report

5. One agenda paper was posted after the posting deadline in the period of September to December 2016; details are set out in Appendix E.

Key Issues

Insurance Contracts

6. During the period July 2016 to January 2017, the Board conducted its final review processes for draft IFRS 17. In acknowledgment of the significance of the new Standard, the Board has expanded the scope of the review process, both in terms of topics covered and the participants. To enable the Board to maximise the benefits of the input received, and to supplement the purely technical accounting perspective, it divided the final review into two phases – a topic-based testing review with preparers and the normal ‘fatal flaw’ review.
 - (a) During the period July to September 2016 the Board conducted the topic-based field-testing of draft IFRS 17 with selected preparers, with the objective of obtaining evidence about whether IFRS 17 can be applied consistently and whether there are any operational difficulties that entities may encounter in applying it. This step was in addition to the process normally performed at a final Standard stage. Participants in the topic-based testing were provided with a full draft of the Standard (‘external testing draft’) and given the opportunity to comment on that draft.

- (b) The Board also expanded the editorial and drafting review of the clarity of the draft IFRS 17 (sometimes referred to as a ‘fatal flaw review’) to obtain a broader range of input by:
 - (i) Asking selected individuals from audit firms and national standard-setter bodies, chosen for their specific expertise and knowledge of the project, to review both the external testing draft used for the topic-based testing and the fatal flaw draft of IFRS 17 that was developed in light of the response to the topic-based testing (see below). This means that those individuals will have reviewed the draft twice, rather than once as usual.
 - (ii) Sharing the fatal flaw draft with some participants in the topic-based testing to allow for some continuity.
- 7. The input received from the topic-based testing and the first round of the fatal review was reported to the Board at its meeting in November 2016, and the Board considered the issues arising at the same meeting. As a result, the Board revised some of its tentative decisions, in particular those relating to how an insurer should group insurance contracts for measurement, the measurement of the contractual service margin and the transition requirements. A webinar discussing the November decisions was posted to the website in January 2017, together with extracts of IFRS 17 that reflected some of those decisions.
- 8. At the end of November 2016 a revised draft of IFRS 17, incorporating the November 2016 tentative decisions, was circulated for the second stage of external review. The staff are currently reviewing the comments received and the Board is expected to consider any issues that may arise at its meeting in February 2017.
- 9. Throughout the period from September to December 2016 Board members and staff have maintained a regular dialogue with interested parties (including the large audit firms, regulators and preparers and preparer groups such as the CFO Forum). In addition, the staff provided an update on progress to the Accounting Standards Advisory Forum (ASAF) at its meeting in December 2016 and presented education sessions at the World Standard-Setters (WSS) meeting.
- 10. The staff intend to review the timing of the issuance of IFRS 17 early in 2017 after analysing the comments received from the external review of IFRS 17. The Board expects that IFRS 17 will be issued in H1 of 2017. With this timing in mind, the Board set the mandatory effective date for IFRS 17 of 1 January 2021, with early application permitted.
- 11. In finalising IFRS 17, the Board acknowledges the importance of supporting the implementation of the new Standard. Accordingly, the Board sought the advice of the Advisory Council in October 2016 on possible approaches for supporting implementation after issuance of IFRS 17 and plans to discuss these approaches with the Board at its February meeting.

Appendix A — Standard-setting and related projects

Insurance Contracts

| | |
|---------------------------|--|
| Last due process document | Revised Exposure Draft (ED) published in June 2013 with a comment period of 120 days. |
| Current status | The Board has completed its planned deliberations (subject to sweep issues arising) and has begun the balloting process for IFRS 17 <i>Insurance Contracts</i> . |
| DPOC role | Monitor the Board's activities in drafting IFRS 17. |
| Timing | Issue a Standard in H1 of 2017. |

- A1 The DPOC reviewed the project's life-cycle review at its meeting in May 2016 (agenda paper 3C of that meeting). Further information on the due process for this project is set out in paragraphs 6 to 11 of this agenda paper.

The Conceptual Framework

| | |
|---------------------------|---|
| Last due process document | ED published in May 2015 (comment deadline 25 November 2015). |
| Current status | The Board is redeliberating the proposals in the ED. |
| DPOC role | Monitor the Board's redeliberations of the ED. |
| Timing | The Board plans to issue a revised <i>Conceptual Framework</i> in 2017. |

- A2 The *Conceptual Framework* sets out the concepts that underlie the preparation and presentation of financial statements. It is not a Standard and does not override any specific IFRS Standards ('Standards'). However, it identifies principles for the Board to use when it develops and revises its Standards. It is also used by preparers to develop and select accounting policies, and by all parties to understand and interpret the Standards.
- A3 The Board published a Discussion Paper (DP) in July 2013 and an ED in May 2015. During the comment period on the ED the Board conducted outreach meetings to raise awareness of, and obtain feedback on, the proposals. Meetings were held in Australia, Canada, China, Europe (including several joint meetings with EFRAG), Japan, Latin America, New Zealand and the US. Meetings have been held with a range of stakeholders including standard-setters, regulators, users of financial statements, preparers, academics and auditors.
- A4 The Board received over 220 comment letters on the ED. All comment letters and summaries of all the feedback received are available on the Board's website. These incorporate a separate summary

Appendix A — Standard-setting and related projects

of all the feedback from users of financial statements (including from meetings and teleconferences). At its meeting in March 2016 the Board discussed this feedback.

- A5 At its meeting in April 2016 the Board decided that it would redeliberate the topics where the proposals in the ED have proved controversial or those topics for which new information has become available. Those redeliberations started in May 2016.
- A6 In the period September to December 2016 the Board continued its redeliberations of the ED. Significant topics redeliberated include:
- (a) The definitions of assets, liabilities and equity, including the feedback received from testing the definitions at the WSS in September 2016.
 - (b) Asymmetry in treating gains and losses (prudence). The Board tentatively decided that the main body of the revised *Conceptual Framework* should acknowledge that, in order to provide useful information, it may sometimes be necessary to treat income differently from expenses and assets differently from liabilities.
 - (c) Business activities and long-term investment, for which the Board tentatively confirmed the proposals in the ED.
 - (d) A revised chapter on measurement.
 - (e) An analysis of the effects of the proposed changes to the Conceptual Framework.
- A7 The advice of ASAF, who act as the project’s consultative group, was requested at its meetings in September and December 2016.

Disclosure Initiative: *Materiality Practice Statement*

| | |
|---------------------------|---|
| Last due process document | ED of the Practice Statement published in October 2015 with a comment period of 120 days. |
| Current status | The Board has completed its redeliberations of the proposals in the ED. |
| DPOC role | See agenda paper 3E. |
| Timing | It is expected that the Practice Statement will be issued in 2017. |

- A8 The Materiality Practice Statement is part of the Disclosure Initiative; more information about the Disclosure Initiative is set out in paragraphs C1 to C7 of this agenda paper.
- A9 In developing the ED of the Practice Statement on the application of materiality, the Board conducted outreach with national and regional standard-setters regarding local guidance and practice on the application of materiality. The ASAF, the Global Preparers Forum (GPF), the WSS, the Advisory Council, International Organization of Securities Commissions (IOSCO) and the International Auditing and Assurance Standards Board (IAASB) have all been consulted.

Appendix A — Standard-setting and related projects

- A10 The Board received 97 comment letters in response to the ED. At its meeting in April 2016 the Board discussed the comments received on the ED.
- A11 In the period of September to December 2016 the Board concluded its redeliberations of the ED. At its November 2016 meeting the Board agreed that the guidance on applying materiality should be published in the form of an IFRS Practice Statement.
- A12 At its December 2016 meeting the Board discussed the due process steps followed¹ in the project. The Board agreed that all the due process steps required on the Materiality Practice Statement project have been satisfied and instructed the staff to begin the balloting process. Agenda paper 3E of this meeting provides further details on the due process steps.

Disclosure Initiative: Definition of Materiality

- A13 The Board has decided to publish an ED of proposed clarifications to the definition of materiality rather than include those clarifications in the *Principles of Disclosure* discussion paper, allowing the Board to accelerate these clarifications.

Rate-regulated Activities

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|---------------------------|--|
| Last due process document | Discussion Paper (DP) published in September 2014 with a comment period of 120 days. The Board received 118 comment letters in response to the DP. |
| Current status | The Board is developing a model that improves reporting of the financial effects of rate regulation. |
| DPOC role | Monitor the Board's redeliberations of the DP. |
| Timing | Not yet determined. |

- A14 The Board published a DP in September 2014 that considered common features of rate regulation and explored which of them, if any, create a combination of rights and obligations distinguishable from the rights and obligations arising from activities that are not rate-regulated. The DP explored several possible approaches for the Board to consider when deciding how best to report the financial effects of a defined type of rate regulation.
- A15 The Board decided in May 2015 that it should undertake standard-setting activity to address the issues identified in this project, but that the form of that standard-setting activity would only become apparent as the project progresses. The Board also decided that the development of a second DP would be the fastest way to progress the project.
- A16 The advice of ASAF was sought regularly during 2016, including at its December 2016 meeting when staff presented an overview of their preliminary proposals for a new accounting model for recognising regulatory adjustments (ie the financial effects of rate regulation).

¹ <http://www.ifrs.org/Meetings/MeetingDocs/IASB/2016/December/AP11C-DI.pdf>

Appendix A — Standard-setting and related projects

A17 At its December 2016 meeting the Board discussed the preliminary proposals presented to ASAF but made no decisions. The preliminary proposals will be developed in more detail and discussed by the Board at future meetings in early 2017.

Appendix B — Implementation activities

Post-implementation Review (PIR) of IFRS 13 Fair Value Measurement

- B1 The staff has undertaken outreach for Phase 1 of the PIR. This has involved more than 20 meetings or calls with a broad range of stakeholders (including investors) to learn about experience with applying and using IFRS 13. The Board will discuss the results of this outreach in January 2017 and discuss the next steps in the PIR. Overall, these stakeholders have told us that the Standard is working well.
- B2 The staff has also undertaken a scoping review of academic research relevant to the PIR. No material issues have been identified with IFRS 13 from this scoping review.

IFRS Interpretation Committee activities

- B3 The Board has continued to support the implementation of its recently issued Standards. Activities in the period September to December 2016 include:
- (a) A Joint IFRS Foundation and ICAEW Conference: IFRS 16 Leases—implementing the new Standard (October 2016)
 - (b) A joint webcast by the Board and the Financial Accounting Standards Board (FASB) that discusses implementation of the requirements in IFRS 15 *Revenue from Contracts with Customers* (September 2016).
 - (c) IFRS Conferences (including the WSS Conference) including education sessions on IFRS 9 *Financial Instruments*, IFRS 15, IFRS 16, and the forthcoming IFRS 17.
 - (d) Education sessions on IFRS 9 and IFRS 15 for European regulators.
- B4 The Interpretations Committee met in September and November 2016. Activities in the period include:
- (a) IFRIC Interpretations:
 - (i) Issuance of IFRIC 22 *Foreign Currency Transactions and Advance Consideration*.
 - (ii) Finalisation of the redeliberations of IFRIC Interpretation: *Uncertainty over Income Tax Treatment*. The Interpretations Committee tentatively decided that the effective date of the Interpretation will be 1 January 2019, with earlier application permitted (see table 1).
 - (iii) Subject to discussing with the Board, development of a draft Interpretation on IFRS 9 *Financial Instruments*—Modification or exchange of financial liabilities that do not result in derecognition.
 - (b) Finalisation of agenda decisions:
 - (i) IAS 12 *Income Taxes*—Expected manner of recovery of intangible assets with indefinite useful lives.

Appendix B — Implementation Activities

- (ii) IAS 32 *Financial Instruments: Presentation*—Written put options over non-controlling interests to be settled by a variable number of the parent’s shares.
 - (iii) IFRIC 12 *Service Concession Arrangements*—Service concession arrangements with leased infrastructure.
- (c) Proposed tentative agenda decisions:
- (i) IAS 12 *Income Taxes*—Recognition of deferred taxes when acquiring a single-asset entity that is not a business.
 - (ii) IFRS 10 *Consolidated Financial Statements*—Investment entities and subsidiaries.
 - (iii) Commodity loans—IAS 28 *Investments in Associates and Joint Ventures*—Fund manager’s assessment of significant influence.

Appendix B — Implementation activities

B5 Progress on narrow-scope amendments and IFRIC Interpretations is set out in table 1 below:

| Table 1: Progress on narrow-scope amendments and IFRIC Interpretations | | | |
|--|--|--|--|
| Project | Objective | Status | The Board's/Interpretations Committee's next steps |
| Accounting Policies and Accounting Estimates (Proposed amendments to IAS 8) | To clarify the existing distinction between a change in an accounting policy and a change in an accounting estimate. | At its September 2016 meeting the Board confirmed it is satisfied the necessary due process for the project had been completed. | Publish an ED within 6 months. |
| Classification of Liabilities (Amendments to IAS 1) | To clarify when rights to defer settlement affect the classification of liabilities. | At its February 2016 meeting the Board started discussions of some of the main comments received on the ED. | This project was held back until after the Board had redeliberated the definitions of assets and liabilities in the <i>Conceptual Framework</i> ED. The Board plans to recommence discussions in the first half of 2017. |
| Definition of a Business /Previously Held Interests in a Joint Operation (Proposed amendments to IFRS 3 and IFRS 11) | To: (a) resolve the difficulties that arise when an entity is determining whether it has acquired a business or a group of assets; and (b) clarify the accounting when an entity obtains control or joint control of an entity in which it previously held interests in the assets and liabilities of a joint operation. | Comment period closed on 31 October 2016. The project was discussed at the September 2016 ASAF meeting and the November 2016 GPF meeting. | Decide project direction within 3 months. |

Appendix B — Implementation activities

| Table 1: Progress on narrow-scope amendments and IFRIC Interpretations | | | |
|--|---|---|--|
| Project | Objective | Status | The Board's/Interpretations Committee's next steps |
| Improvements to IFRS 8 Operating Segments (Proposed amendments to IFRS 8 and IAS 34) | To clarify IFRS 8 <i>Operating Segments</i> with respect to issues identified by the post-implementation review. | At its June 2015 meeting the Board confirmed that it is satisfied that all due process steps to date have been complied with and instructed the staff to commence the balloting process for the ED. At its October 2016 meeting the Board discussed two sweep issues that had arisen in the balloting process for the ED. | This project was delayed because resources were redirected to the Agenda Consultation. Balloting of the ED is underway and the ED is expected to be published within 3 months. |
| Plan Amendment, Curtailment or Settlement / Availability of a Refund (Amendments to IAS 19 and IFRIC 14) | To clarify: (a) the accounting when a plan amendment, curtailment or settlement occurs; and (b) the availability of a refund of a surplus from a defined benefit plan when independent trustees have particular powers. | At its September 2016 meeting the Interpretations Committee decided to recommend that the Board finalise the amendments. At its December 2016 meeting the Board tentatively decided to finalise the amendments to IFRIC 14. The Board and Interpretations Committee will discuss the amendments to IAS 19 at future meetings. | Issue IFRS amendments after 6 months. |
| Property, Plant and Equipment: Proceeds before Intended Use (Proposed amendments to IAS 16) | To address identified diversity relating to proceeds from selling items produced while an item of property, plant and equipment is being developed for use. | At its October 2016 meeting the Board tentatively decided to proceed with the recommendation from the Interpretations Committee for a narrow scope amendment to IAS 16. | Publish an ED within 6 months. |

Appendix B — Implementation activities

| Table 1: Progress on narrow-scope amendments and IFRIC Interpretations | | | |
|---|---|--|---|
| Project | Objective | Status | The Board's/Interpretations Committee's next steps |
| Symmetric Prepayment Options | To examine whether amortised cost measurement would provide relevant and useful information for instruments that contain symmetric prepayment options and otherwise have contractual cash flows that are solely payments of principal and interest. | At its December 2016 meeting the Board tentatively decided to explore whether to add a narrow scope project to address this issue. | Decide project direction within 3 months. The Board will discuss this at its January 2017 meeting. |
| Uncertainty over Income Tax Treatments (IFRIC Interpretation) | To provide requirements on the recognition and measurement of current and deferred tax liabilities as when there is uncertainty over income tax treatments. | At its September and November 2016 meetings the Interpretation Committee decided to finalise the Interpretation. | Subject to ratification by the Board, issue an IFRIC Interpretation within 6 months. |
| Annual Improvements 2015-2017 | The Board has adopted the Annual Improvements process to deal efficiently with a collection of unrelated minor amendments to IFRS Standards. | At its July 2016 meeting the Board tentatively decided to proceed with publishing an ED of proposed amendments to IAS 12 and IAS 23. The Board confirmed that it is satisfied that all due process steps have been complied with and instructed the staff to begin the balloting process for the proposed amendments. At its October 2016 meeting the Board tentatively decided to add a proposed amendment to IAS 28 to this annual improvements cycle. At its November 2016 meeting the Board confirmed that all the necessary due process has been complied with in developing the proposed amendment. | To publish an ED of proposed amendments in January 2017. |

Appendix C — Research projects

Disclosure Initiative

- C1 The Disclosure Initiative is a portfolio of projects that aim to improve the effectiveness of disclosures in financial reporting. The work is informed by a discussion forum, which was held in January 2013, and by a related survey on financial reporting disclosure. A Feedback Statement on these events was published in May 2013.
- C2 The Disclosure Initiative includes the following projects:
- (a) Narrow-scope amendments have been made to IAS 1 *Presentation of Financial Statements* and IAS 7 *Statement of Cash Flows*;
 - (b) Narrow-scope amendment will be proposed to the definition of materiality in IAS 1 and in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (see paragraphs A13 to A14);
 - (c) Principles of Disclosure (see paragraphs C5 to C7); and
 - (d) Practice Statement on the application of materiality (see paragraphs A8 to A12).
- C3 At its December 2016 meeting the Board decided not to proceed with the work on the cash restrictions proposals included in its ED *Disclosure Initiative, Proposed Amendments to IAS 7*, which was published in September 2014.
- C4 At its meeting in December 2016 ASAF received an update on the Disclosure Initiative.

Principles of Disclosure

- C5 The objective of this project is to improve disclosures in financial statements by identifying and developing a set of principles for disclosure in Standards. The project's aim is to set the basis for replacing the disclosure requirements in IAS 1 and IAS 8. The project may also affect the review of disclosure requirements and guidance in other Standards.
- C6 The Board agreed the scope of the project in April 2014 and discussed the project regularly during 2014 and 2015. Advice on specific topics was sought from the ASAF regularly during 2014 and 2015. In addition, advice has been sought from the GPF and the CMAC during 2014 and in Q1 of 2015. The staff have also conducted a variety of meetings and conference calls with constituents on specific topics in preparing papers for the Board meetings; including the IOSCO; the European Securities and Markets Authority (ESMA); and investors and users of financial statements.
- C7 We originally had an ambitious target for publishing the DP at the end of the first quarter of 2016. Due to significant changes in the staffing of the project (and particularly at senior staff level) and the need to manage the balloting schedule alongside IFRS 17, the drafting and balloting of the DP is taking longer than originally anticipated. A ballot draft of the DP is now being reviewed by the Board and it is expected that the DP will be published in the first half of 2017.

Appendix C — Research projects

Primary financial statements

- C8 In July 2014 the Board added the Primary Financial Statements project to its research agenda. The aim of this project is to examine the purpose, structure and content of the primary financial statements; including the relationship between the individual statements.
- C9 In the period of September 2016 to December 2016 the Primary Financial Statements project was discussed at the following meetings:
- (a) WSS September;
 - (b) IFRS Taxonomy Consultative Group (ITCG);
 - (c) Advisory Council; and
 - (d) CMAC.
- C10 At its November 2016 meeting the Board discussed the initial research findings of the project, including defining its scope. At its December 2016 meeting the Board tentatively decided on the scope of the project. The Board will commence its technical discussions in the first half of 2017.

Business combinations under common control

- C11 Business combinations under common control, including those undertaken when preparing for initial public offerings, are excluded from the scope of IFRS 3, because the combining entities are controlled by the same party. Some constituents have raised concerns about diversity in practice in accounting for such transactions.
- C12 The advice of the ASAF has been sought most recently at the April 2016 ASAF meeting.
- C13 In April 2016 the Board discussed the research and outreach findings, together with feedback on the 2015 Agenda Consultation.
- C14 Further work on this project will recommence in 2017 when staff become available.

Dynamic Risk Management

| | |
|---------------------------|---|
| Last due process document | DP published in April 2014 with a comment period of 180 days. |
| Current status | The Board is redeliberating proposals. |
| DPOC role | Monitor the Board's redeliberations of the DP. |
| Timing | Not yet determined. |

- C15 The objective of this project is to develop an approach to better reflect entities' dynamic risk management activities in their financial statements, and to enhance the usefulness of the financial information to help users of financial statements to better understand such activities.

Appendix C — Research projects

- C16 The Board published a Discussion Paper in April 2014. Although the Board received support from constituents for addressing the issue of accounting for dynamic risk management, there was significant divergence in views between users and preparers in general on the merits of the new approach. There is also a difference in views on what should be the overall objective of the project.
- C17 At its meeting in May 2015 the Board decided to start work on the next stage of this project by seeking to understand the information needs of constituents concerning the dynamic risk management activities as a basis for determining the recognition, measurement and disclosures approach. In July 2015 the ASAF's advice was sought on information needs relating to an entity's dynamic risk management of interest rates and on possible sources of information that could be consulted for ascertaining such information needs.
- C18 The staff are continuing to consider alternative approaches for recognition and measurement along with the information needs arising from an entity's dynamic risk management activities. The staff are currently participating as observers in the meetings conducted by the European Financial Reporting Advisory Group (EFRAG) with key banks in its jurisdiction to better understand the key drivers and parameters used in core demand deposit modelling.
- C19 The Board has decided that the project should remain in the Research programme with the aim of publishing a second DP.
- C20 Re-deliberations with the Board are expected to start in early 2017.

Financial instruments with characteristics of equity

- C21 The classification of financial instruments as liabilities or equity in accordance with IAS 32 *Financial Instruments: Presentation* presents many challenges. The project is exploring whether the existing classification requirements in IAS 32 can be improved. In addition, the project is looking at what improvements could be made to the presentation and disclosure requirements for financial instruments with characteristics of equity.
- C22 The Board continued its discussions of the project in the period September to December 2016.

Goodwill and impairment

- C23 This research project is considering three specific issues identified in the PIR of IFRS 3:
- (a) whether changes should be made to the existing impairment test for goodwill and other non-current, non-financial assets;
 - (b) the extent to which other intangible assets should be separated from goodwill; and
 - (c) whether goodwill should be amortised.
- C24 At its meeting in May 2016 the Board discussed quantitative information about the amounts and trends of reported goodwill, impairment and intangible assets over recent years, gathered in conjunction with staff at the Accounting Standards Board of Japan (ASBJ), the EFRAG and the US Financial Accounting

Appendix C — Research projects

Standards Board (FASB). The quantitative information was also discussed at the July 2016 ASAF meeting.

- C25 In June 2016 the Board held a joint education session with the FASB. The aim of the session was for the two boards to update each other on their respective projects since the last joint meeting in September 2015. No decisions were made at the meeting.
- C26 Work on this project has been temporarily delayed as the project staff were reallocated to higher priority projects. New resources have now been allocated to the project and work will recommence in Q1 of 2017.

Discount rates

- C27 Different discount rates are used in different Standards. The staff have been assessing why those differences exist and their effects. The Board began considering the staff analysis during Q4 of 2015. The staff expect to ask the Board in Q2 2017 whether there is a need:
- (a) to perform any further research on this topic; or
 - (b) to seek any feedback from stakeholders.
- C28 When the Board is satisfied that all necessary research on this topic is complete and that all necessary feedback has been sought from stakeholders, the staff will consider how best to make the work performed visible and retrievable, for example, as a research summary.

Share-based payment

- C29 Many respondents to the 2011–2012 Agenda Consultation commented on the complexity of IFRS 2 *Share-based Payment*. The Board undertook a research project to identify the main areas of complexity and their causes.
- C30 In May 2016, the Board discussed the findings from the research project and decided:
- (a) not to perform any further research on this topic;
 - (b) that there is no need to seek feedback from stakeholders on that decision or on the staff's findings; and
 - (c) that there is no need to publish a formal Research Paper or Discussion Paper summarising the research performed in this project. The staff will consider how best to make the work performed visible and retrievable, as a research summary.

Appendix D — Taxonomy activities

IFRS Taxonomy Update on Insurance Contracts

- D1. A proposed Taxonomy Update based on the presentation and disclosure requirements of the new Insurance Contracts Standard is being developed. It will be approved by the Board and published at the same time as (or shortly after) that Standard.

Common Practice (agriculture, leisure, franchises, retail and financial institutions)

- D2. In December 2016, a proposed Common Practice Taxonomy Update was published. The Update describes proposed additions to the IFRS Taxonomy for disclosures that are common practice in agriculture, leisure, franchises, retail and financial institutions. The proposed taxonomy update was reviewed by the IFRS Taxonomy Review Panel² and the IFRS Taxonomy Consultative Group.
- D3. The comment period for the Proposed Taxonomy Update ends on 15 February 2017.

Update on IFRS Taxonomy Consultative Group

- D4. The technical staff have reviewed the membership of the ITCG, in particular given that fact that there are eleven members of the ITCG whose current two-year term expires on 1 April 2017. The staff noted that all those members have regularly attended the ITCG meetings and/or have provided the staff (and the Board) with valuable advice in their respective areas of expertise. Accordingly, the staff proposed to the Board, and the Board has agreed, that all eleven members be re-appointed with some members being offered a two year term and others being offered a three year term. Members being offered a two-year term include those members who previously were members of taxonomy advisory groups preceding the ITCG. This staggering ensures that not all expiry dates fall in 2020.

² The IFRS Taxonomy Review Panel consists of at least three but not more than five Board members. It also includes at least one (senior) Technical Director.

Appendix E — Compliance report

Agenda papers posted after the posting deadline for the period September to December 2016:

| Agenda Paper | Name | Posted | Reason |
|---------------------|---|-------------------------------|---|
| AP2E | Insurance Contracts: Transition issues | Monday 8 November 2016 | Agenda paper addressed matters arising from the field-testing. Due to the importance of discussing all topics at the November Board meeting staff decided to post the paper later rather than delay the Board's discussion. |

Appendix F—Work plan as at 15 December 2016

Active projects

To learn more about any project listed below, click on the project name.

| | Current activity | Next major milestone | | | Timing change from September report to the DPOC |
|---|------------------|--------------------------------------|-----------------|------------------------------|--|
| | | Within 3 months | Within 6 months | After 6 months | |
| Standard-setting and related projects | | | | | |
| Conceptual Framework | Analysis | | | Publish Conceptual Framework | No change |
| Disclosure Initiative: Materiality Practice Statement | Drafting | | | Publish Practice Statement | Update to reflect proposed timetable for publishing the Practice Statement |
| Disclosure Initiative: Definition of Materiality (Proposed amendments to IAS 1 and IAS 8) | Drafting | | Publish ED | | New separate Project (formerly part of the Principles of Disclosure project) |
| Insurance Contracts | Drafting | Issue IFRS Standard (Expected March) | | | No change (See paragraphs 6 to 11) |
| Rate-regulated Activities | Analysis | | | Publish DP | No change |

Insurance Contracts

The timing of the forthcoming IFRS Standard on insurance contracts will be reviewed early in 2017 if necessary, after completing an external review of draft IFRS 17 *Insurance Contracts*.

Appendix F—Work plan as at 15 December 2016

Maintenance of IFRS Standards

| | Current activity | Next major milestone | | | Timing change from September report to the DPOC |
|--|---------------------|-------------------------------|----------------------------|----------------------|---|
| | | Within 3 months | Within 6 months | After 6 months | |
| Narrow-scope amendments and IFRIC Interpretations | | | | | |
| Accounting Policies and Accounting Estimates* (Proposed amendments to IAS 8) | Drafting | | Publish ED | | Remains within 6 months |
| Classification of Liabilities (Amendments to IAS 1) | Analysis | | | Issue IFRS Amendment | Held back (see table 1) |
| Definition of a Business / Previously Held Interests in a Joint Operation* (Proposed amendments to IFRS 3 and IFRS 11) | Public Consultation | Decide Project Direction | | | No change |
| Improvements to IFRS 8 Operating Segments* (Proposed amendments to IFRS 8) | Drafting | | Publish ED | | Resources have now been allocated to this project |
| Plan Amendment, Curtailment or Settlement / Availability of a Refund* (Amendments to IAS 19 and IFRIC 14) | Analysis | | | Issue IFRS Amendment | Project direction agreed and timing updated to reflect next due process document. |
| Property, Plant and Equipment: Proceeds before Intended Use (Proposed amendments to IAS 16) | Drafting | | Publish ED | | New project |
| Symmetric Prepayment Options | Analysis | Decide Project Direction | | | New project |
| Uncertainty over Income Tax Treatments (IFRIC Interpretation) | Drafting | | Issue IFRIC Interpretation | | Project direction agreed and timing updated to reflect next due process document. |
| Annual Improvements 2015-2017 | Drafting | Publish ED (Expected January) | | | No change |

* The titles of these projects have been refined since the last update to the Work Plan.

Appendix F—Work plan as at 15 December 2016

| | Current activity | Next major milestone | | | Timing change from September report to the DPOC |
|--|------------------|--------------------------|--------------------------|--------------------------|---|
| | | Within 3 months | Within 6 months | After 6 months | |
| Active Research Projects | | | | | |
| Disclosure Initiative: Principles of Disclosure | Drafting | | Publish DP | | No additional delays |
| Primary Financial Statements | Analysis | | | Publish DP or ED | Timings not allocated |
| Business Combinations under Common Control | Analysis | | | Publish DP | |
| Dynamic Risk Management | Analysis | | | Publish DP | |
| Financial Instruments with Characteristics of Equity | Analysis | | | Publish DP | |
| Goodwill and Impairment | Analysis | | | Decide Project Direction | |
| Discount Rates | Analysis | | Publish Research Summary | | Delayed |
| Share-based Payment | Drafting | Publish Research Summary | | | No change |

| IFRS Taxonomy | | | | | |
|--|---------------------|--|--|--|--|
| IFRS Taxonomy Update on Insurance Contracts | Analysis | Publish Proposed Update (Expected March) | | | |
| Common Practice (agriculture, leisure, franchises, retail and financial institutions) [^] (Comment period ends 15 February 2017) | Public Consultation | Publish Update (Expected March) | | | |

[^] The proposed update for Common Practice—Banks has been incorporated into this proposed update and retitled 'financial institutions'. The final version of this Update will be included in the annual IFRS Taxonomy 2017.

| Post-implementation reviews | | | | | |
|---|----------|--------------------------|--|--------------|--|
| PIR of IFRS 13 Fair Value Measurement ¹ | Analysis | Decide Project Direction | | | |
| PIR of IFRS Standards 10-12 relating to consolidated financial statements, and joint arrangements | | | | Initiate PIR | |