



## IFRS on Point

### Financial Reporting Developments and Information: November 2016

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#### International headlines

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##### Hot topics on IFRS

##### Comment letters

##### Effective dates

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#### International headlines

##### Trustees update IFRS Foundation Constitution

The Trustees of the IFRS Foundation have announced amendments to the IFRS Foundation Constitution. These amendments include the reduction of Board members from 16 to 14 and a reclassification of the geographical distribution of Board members and Trustees.

In July 2015, the Trustees began its review of the structure and effectiveness of the IFRS Foundation. The review focused on three strategic areas: (1) relevance of IFRS, (2) consistent application of IFRS, and (3) governance and financing of the IFRS Foundation. In June 2016, the Trustees completed its review and issued an exposure draft with the proposed amendments. After reviewing feedback on its amendments, the Trustees agreed in October 2016 to update the Constitution. The updated Constitution is effective on 1 December 2016.

For more information, see the [press release](#) and the updated [Constitution](#) on the IASB's website.

##### Françoise Flores appointed to the IASB

The IFRS Foundation Trustees have announced the appointment of Françoise Flores to serve as a member of the International Accounting Standards Board (IASB). Ms. Flores will join the IASB in January 2017 for an initial term ending 31 December 2021.

Ms. Flores served as Chief Executive Officer of the European Financial Reporting Advisory Group (EFRAG) and Chairman of EFRAG's Technical Expert Group (TEG) until April 2016. Most recently, she had returned to work as a partner at accountancy firm Mazars in Paris, France.

Click for the [announcement on the IASB website](#).

For more information please see  
the following websites:

[www.iasplus.com](http://www.iasplus.com)

[www.deloitte.com](http://www.deloitte.com)

### IFRS 9 published in Official Journal of the EU

The European Union has published a Commission Regulation endorsing IFRS 9 '*Financial Instruments*', confirming the decision to adopt the standard announced last Friday.

Commission Regulation (EC) No 2016/2067 of 22 November 2016 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council published in the Official Journal on 29 November 2016 adopts IFRS 9 *Financial Instruments*. The EU effective date is the same as the IASB's effective date (annual periods beginning on or after 1 January 2018 with earlier application permitted).

Click [here](#) to access the entry in the Official Journal (available in all official languages of the EU).

As a result of the EU's adoption, the EFRAG has updated its **endorsement status report**.

### European Commission announces decision to adopt IFRS 9

On 22 November, the International Financial Reporting Standard (IFRS) 9 on Financial Instruments was adopted into EU law. There is no entry in the Official Journal yet, however, the European Commission (EC) communicated the decision by press release.

After a positive opinion by the Accounting Regulatory Committee on 27 June 2016 and after a 3 months scrutiny period by the European Parliament and the Council that ended on 7 October 2016, the Commission has completed the endorsement process of IFRS 9 *Financial Instruments*.

Click for the decision was made public in the **EC's Banking and finance newsletter** and a **press release on the EC's Company reporting website**.

### EBA launches second impact assessment of IFRS 9 on banks

The European Banking Authority (EBA) has launched a second impact assessment of IFRS 9 '*Financial Instruments*' on a sample of approximately 50 institutions across the European Union.

The second assessment builds on the on the results of the first exercise published on 10 November 2016. As announced, the EBA expects that institutions will be able to provide more detailed and accurate insights into their implementation of IFRS 9 as the information provided by the respondents in the first exercise reflected the early stage of implementation. The new exercise builds on the objectives of the first impact assessment, namely the estimated impact of IFRS 9 on regulatory own funds, the interaction between IFRS 9 and other prudential requirements, and the implementation issues relating to IFRS 9.

Click [here](#) for the press release on the EBA website.

### IASB podcast on tentative decisions in the insurance project

The IASB has released a podcast discussing the deliberations at the November 2016 IASB meeting on the issues that have arisen from the external testing of a draft of IFRS 17 '*Insurance Contracts*' and in the drafting process thus far.

During the insurance contracts session, the Board also decided to set the mandatory effective date for IFRS 17 as for annual periods beginning on or after 1 January 2021.

Click to **access the podcast** (approx. 9 minutes long) on the IASB website.

### SEC chief accountant to retire; interim chief accountant to fill the position

The SEC has announced that Chief Accountant James Schnurr will be retiring from the agency and will be succeeded by Wesley R. Bricker.

Mr. Schnurr began his tenure in October 2014 but suffered injuries from a serious bicycle accident in April 2016. Mr. Bricker assumed the role of interim chief accountant in July 2016.

For more information, see the press releases on Mr. Schnurr's **retirement** and Mr. Bricker's **appointment** on the SEC's website.

### IFRS Foundation and Yemen sign licensing agreement

IFRS Foundation and Yemen have signed a licensing agreement which allows the Yemen Association of Certified Public Accountants the rights to publish the official Arabic translation of IFRS Standards and the IFRS for SMEs within its jurisdiction.

Currently in Yemen, IFRS is required by all banking institution and large and medium-sized companies. All other companies are permitted to use IFRS. The licensing agreement is considered an important step towards incorporating IFRS into Yemen's legal framework.

For more information, see our **Yemen** jurisdiction page.

### Report on the October/November 2016 IFRS Advisory Council meeting

The IFRS Advisory Council met in London on 31 October and 1 November 2016. Significant topics on the agenda included (1) the scope of the Primary Financial Statements research project, (2) implementation support for the new insurance contracts standard, (3) key performance indicators for the IFRS Foundation, and (4) any implications of the Brexit for the IFRS Foundation.

The report – prepared by the Chair of the IFRS Advisory Council, Joanna Perry – notes the following discussions:

- *Scope of the Primary Financial Statements research project* – The Members of the Council agreed that there is a tension between flexibility and comparability, and although they supported providing more guidance they warned against that guidance being too descriptive. Alternative performance measures were discussed as a topic the Board cannot ignore.
- *Implementation support for the new insurance contracts standard* – The Members of the Council agreed that the use of a transition resource group is appropriate; however all of the available tools for implementation support should be used.
- *Key performance indicators for the IFRS Foundation* – The Members of the Council considered and provided advice in relation to potential key performance indicators that could be used by the IFRS Foundation to monitor certain aspects of its work. The main message was that the Foundation should focus on the quality of the standard-setting process and outreach and that it will be important to keep the key performance indicators simple and focused.
- *Implications of the Brexit for the IFRS Foundation* – The Members of the Council agreed that although there is a lot of uncertainty there are no immediate matters that the IFRS Foundation needs to address.

The next meeting of the IFRS Advisory Council is scheduled for 4–5 April 2017, in London. The **full report** on the council's October/November meeting is available on the IASB's website.

### IASB issues 'Investor Update' newsletter

The IASB has issued the eleventh edition of its newsletter '*Investor Update*', which provides investors with quick access to information about current accounting and financial reporting topics.

This issue features:

- Views from Dennis Jullens, Lecturer at Rotterdam School of Management, Erasmus University and a Capital Markets Advisory member.
- A look at the amendments to IFRS 4 arising from the implementation of IFRS 9.
- An update on the IASB work plan.
- Information on current events and investor feedback.

The **Investor Update newsletter** is available on the IASB's website.

## IASB updates work plan

Following its November 2016 meeting, the IASB has updated its work plan.

### Standard-setting and related projects

- Disclosure initiative: materiality practice statement – the issuance of the practice statement is now expected after 6 months.

### Narrow-scope amendments and IFRIC Interpretations

- Property, plant and equipment: proceeds before intended use (proposed amendments to IAS 16) – the issuance of an exposure draft is now expected within 6 months.
- Uncertainty over income tax treatments – the issuance of an IFRIC Interpretation is now expected within 6 months.

### IFRS Taxonomy

- The proposed updates for Common Practice – Agriculture, leisure, franchises and retail and Common Practice – Banks are now expected in December.

### Agenda consultation

- IASB Work Plan 2017–2021: Feedback statement on the 2015 Agenda Consultation was added to the work plan.

The **revised IASB work plan** is available on the IASB's website.

## FEE responds to European Commission proposal on public country-by-country reporting

In April 2016, the European Commission adopted a proposal for a Directive which imposes on EU and non-EU multinational groups the publication of a yearly report on the profit and tax paid and other information. The Federation of European Accountants (Fédération des Experts-comptables Européens, FEE) has commented and believes that a European solution can only be a pragmatic first step.

The Commission proposal would amend the Accounting Directive to ensure that large groups publish annually a report disclosing the profit and the tax accrued and paid in each Member State on a country-by-country basis.

In its letter, FEE supports the initiative for more transparency and restoring trust in tax systems as high quality corporate reporting is in the public interest. FEE also notes that the information produced must be useful and meaningful, that the form and date of publication should be clarified, and that clearer guidance on materiality is needed. Overall, FEE sees some of the proposed amendments as “pragmatic first step” and believes that the EU should strive for a global standard.

Like with other tax initiatives in past years, greatest effectiveness would be ensured through international coordinated initiatives. Therefore, the Federation would suggest that the EU improves international coordination in this field with relevant bodies such as the OECD, the UN, the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB).

Click to download the **full letter** from the FEE website.

### IASB decides on IFRS 17 effective date

The IASB has just voted on the effective date of the forthcoming IFRS 17 '*Insurance Contracts*', which will be 1 January 2021.

The IASB followed the reasoning of the staff that assuming IFRS 17 is issued in the first half of 2017 the 2021 effective date would allow 3.5 to 4 years from the issuance of IFRS 17 to the mandatory effective date. The Board also decided that an entity may apply IFRS 17 before 1 January 2021 but cannot do so unless it also applies **IFRS 9** *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*.

The 2021 effective date also means that entities applying the deferral approach, which permits an entity to apply IAS 39 rather than IFRS 9 for annual reporting periods beginning before 1 January 2021, can continue to do so right until the new insurance contract becomes mandatorily effective.

Click **here** for more information.

### Developments at the FASB and the SEC

FASB Chairman Russell Golden has been reappointed for a second term. SEC Chair Mary Jo White will step down.

The Board of Trustees of the Financial Accounting Foundation (FAF) has announced the reappointment of Russell G. Golden as Chairman of the Financial Accounting Standards Board (FASB). The Trustees have also announced the appointments of Marsha L. Hunt and Harold L. Monk Jr. as new board members of the FASB. Russell Golden began his term as the seventh chairman of the FASB in 2013. His first term as chairman extends to 30 June 2017, and his second and final term will conclude on 30 June 2020.

Click **here** for the press release on the FASB website.

At the US Securities and Exchange Commission (SEC), Chair Mary Jo White has announced that she plans to leave the SEC at the end of the Obama Administration. Mary Jo White, who became the 31st Chair of the SEC in April 2013, has been one of the SEC's longest serving Chairs.

For more information, see the **press release** on the SEC website.

### Endorsement of IFRS 4 amendments regarding IFRS 9 seems to follow in the wake of expected IFRS 9 endorsement in the EU

IFRS 9 endorsement must be seen as on its way following the Accounting Regulatory Committee's vote in favour of endorsing the standard and the European Parliament not having raised an objection. The amendments to IFRS 4 regarding the application of IFRS 9 with IFRS 4 have now passed the first hurdle as well with a positive EFRAG draft endorsement advice.

At the last EFRAG Board meeting on 10 November, the EFRAG Board members agreed that although the amendments do not address all of the concerns voiced they would like to send a positive endorsement signal. Therefore, the draft endorsement advice states:

Without qualifying our advice, we note that the Amendments address many of the concerns raised in our endorsement advice on IFRS 9 but do not address the cost concerns of entities undertaking insurance activities that are not predominant insurers.

Click to access the **press release on the EFRAG website**. EFRAG has also updated its endorsement status report, which can be downloaded **here**.

### IASB video on collaboration in international standard-setting

The IASB has released a short video filmed during the World Standard-setters (WSS) meeting held in London in September 2016. It offers short statements of the IASB Chairman and standard-setters from around the world.

The national standard-setters agree that increased cooperation between the standard-setters around the world including the IASB is not only nice to have but an absolute must. They state that the cooperation with the IASB has improved over the last years with increased and more open dialog. However, while IASB Chairman Hans Hoogervorst seems to be satisfied with the situation as is and with the standard-setters being the ear on the ground for the IASB, the standard-setters believe that there is still room for improvement and that the dialog should not only be going one way.

Click to **access the short video** (slightly over five minutes) on the IASB website

### IFRS Foundation Trustees hold October 2016 meeting

The IFRS Foundation Trustees met in New Delhi on 12–14 October 2016.

Meeting activities included the following:

- **Executive session** – The Trustees discussed a number of important strategic issues:
  - *Feedback on the Constitutional review* – The Trustees review feedback on the Exposure Draft *IFRS Foundation Review of Structure and Effectiveness: Amendments to the Constitution* and made conclusions on 10 proposals.
  - *Agenda consultation* – The Trustees were updated on the progress on the Board's Agenda Consultation and the near-final draft of the 2015 agenda consultation feedback statement.
  - *Presentation on IFRS in India* – The Trustees received a presentation on the status of IFRSs in India and the development of Indian Accounting Standards.
  - *Other issues* – The Trustees discussed progress on the Foundation's new website, the UK referendum on leaving the EU, intellectual property, fundraising activities in the USA, developments in Asia-Oceania, and the preparations for the Trustees' next meeting in January 2017.
  - *Committee reports* – The Trustees discussed reports from the Due Process Oversight Committee, Audit and Finance Committee, the Human Capital Committee, and the Nominating Committee.
- **IASB Chairman's report** – The Chair of the IASB provided the Trustees with an update on a number of the IASB's technical activities, agenda consultation, IFRS 9 endorsement, and other issues.
- **Events in Delhi** – The Institute of Chartered Accountants of India (ICAI) hosted a stakeholder event with the Trustees.

The full **report** on the IFRS Foundation trustees' meeting is available on the IASB's website.

### Summary of the September 2016 ASAF meeting now available

The staff of the International Accounting Standards Board (IASB) have made available a summary of the discussions of the Accounting Standards Advisory Forum (ASAF) meeting held in London on 29 September 2016.

The topics covered during the meeting were the following (numbers in brackets are references to the corresponding paragraphs of the summary):

- **Research report *Information Needs of Users of New Zealand Capital Markets Entity Reports*** (1-20): This was a research report from New Zealand. In addition to the research results the ASAF members also discussed the research methodology (small sample, limitations regarding the questions asked), which does not necessarily make the research results applicable in other jurisdictions. ASAF members supplemented the results with insights from their own jurisdictions.
- **Rate-regulated activities** (20-36): ASAF members discussed to agenda papers on this topic: (i) Research on the economic value of financial information on rate-regulated activities (prepared by Canada) and (ii) Accounting for rate-regulated activities from a conceptual perspective (prepared by Korea). During the discussion of the Canadian paper, ASAF members explained the situation in their respective jurisdictions. ASAF members agreed that it is important for users of financial statements to receive information about the entity's rights and obligations created by the rate regulation. Where that information should be made available (primary financial statements or notes) remained contentious. The Korean paper explored how the Conceptual Framework and IFRS 15 could be used as a starting point for developing a new accounting model to report the financial effects of rate regulation. ASAF members agreed that developing a new accounting model might be useful and thought the Korean approach promising. However, concerns and comments were also voiced.
- **Conceptual Framework** (37-62): ASAF members discussed the Conceptual Framework project comprehensively. Several papers had been submitted for discussion: (i) a paper on measurement prepared and presented by EFRAG (different ASAF members supported different points raised in this paper), (ii) an IASB staff draft of proposed revisions to the discussion of factors to be considered in selecting a measurement basis (the new wording rather met with resistance from ASAF members), (iii) an update on the Board's tentative decisions on presenting information about financial performance, and (iv) a paper on financial performance and measurement prepared by the ASBJ.
- **Definition of a business** (63-71): ASAF members were informed about the corresponding FASB project and compared it with the IASB exposure draft. They encouraged IASB and FASB to align the wording of their amendments as much as possible and suggested that IASB clarify in the basis for conclusions that even though the IASB wording is different from the FASB wording, it is intended to have the same outcome. Regarding the IASB exposure draft, some inconsistencies and unintended consequences were pointed out.
- **Project updates and agenda planning** (72-73): ASAF members were updated on current IASB projects. Topics suggested for the agenda of the next meeting were cryptocurrencies, an update on the forthcoming insurance contracts standard, and a general discussion on their research activities.
- **Working with National standard-setters** (74-78): Discussion of this topic was short and onesided as ASAF members were only asked to identify entities in their jurisdictions that have improved how they communicate in their financial statements and would be willing to be included as examples in a report of the IASB staff. ASAF members asked clarifying questions and pointed out other reports that have been published in this area.
- **Feasibility Studies** (79-80): This point merely clarified what the IASB staff calls feasibility studies: An informal label to reflect that the staff is looking into whether limited amendments can be achieved with a given approach where implementing the approach is not expected to require extensive drafting.

A full **report** of the meeting is available on the IASB's website.

### ESMA calls for consistent application of IFRS 9

The European Securities and Markets Authority (ESMA) has published a Public Statement aimed at promoting the consistent application of IFRS 9 '*Financial Instruments*' by European issuers listed on regulated markets.

In light of the expected impact and importance of the implementation of IFRS 9, ESMA highlights the need for consistent and high-quality implementation of IFRS 9 and the need for transparency on its impact to users of financial statements. The statements addresses the following topics:

- Transparency on implementation and effects of IFRS 9;
- Specific considerations for financial institutions/credit institutions;
- Illustrative timeline and good practices of disclosures for financial institutions; and
- Next steps.

Click [here](#) to download the IFRS 9 public statement from the ESMA website.

In July 2016, ESMA published a similar statement on the application of IFRS 15. ESMA expects that the statements will be taken into account and reflected in the 2016 and 2017 annual and 2017 interim financial statements.

Click [here](#) for more information.

### EBA reports on results of the impact assessment of IFRS 9

The European Banking Authority (EBA) has published a first report on the results of its impact assessment of IFRS 9 '*Financial Instruments*'. For the report, EBA looked at a sample of approximately 50 institutions across the European Union.

The impact assessment looked at qualitative and quantitative aspects and provided the following results:

#### Qualitative aspects

- The smaller banks surveyed are lagging behind in their preparation compared to larger banks.
- The involvement of some key stakeholders in IFRS 9 implementation seems limited at the current stage.
- Many respondents plan to perform parallel runs to test the implementation of IFRS 9, but it seems that this testing may be more limited than originally envisaged due to there being insufficient time between the completion of the building of the systems and initial application of IFRS 9.
- Banks are generally looking to leverage off existing definitions, processes, systems, models and data used for regulatory and credit risk management purposes in order to implement IFRS 9 impairment requirements, although new models and/or adjustments to existing models will be necessary.
- Data quality and availability are the most significant challenges for banks responding to the survey and they expect to use different (internal and external) sources of data.
- Overall, the impact of the change in classification and measurement requirements does not seem very significant for most banks.
- The interpretation and application of some key elements of IFRS 9 impairment requirements are challenging and have to be finalised in many cases.
- Available practical expedients of IFRS 9 will be used by banks.
- 75% of the banks included in the survey anticipate that IFRS 9 impairment requirements will increase volatility in profit or loss.



## Quantitative aspects

- The total estimated impact of IFRS 9 is mainly driven by the impairment requirements and only to a lesser degree by the classification and measurement requirements of IFRS 9.
- The estimated change in provisions varies from portfolio to portfolio and different factors could influence the impact of IFRS 9 in percentage terms on own funds.
- The reclassification of financial instruments between categories may also have an impact on own funds.
- The estimated increase of provisions compared to the current levels of provisions under IAS 39 is 18% on average and up to 30% for 86% of respondents.
- In terms of the estimation of the total quantitative impact of IFRS 9, CET1 and total capital ratio are estimated to decrease, on average, by 59 bps and 45 bps respectively.

The **full report** can be accessed on the EBA website. The EBA also announces that it will be conducting a second exercise to assess the impact at a later point of time, when more reliable and precise information can be provided by respondents as a result of their ongoing efforts to implement IFRS 9.

## EFRAG seeks users' views on the endorsement of IFRS 16

On 12 October 2016, the European Financial Reporting Advisory Group (EFRAG) issued a preliminary consultation document relating to the endorsement for use in the EU of IFRS 16 'Leases'. This consultation document has now been supplemented by a questionnaire for users.

The questionnaire can be accessed through the **press release on the EFRAG website**. The deadline for comments is the same as the deadline of the **earlier consultation document** – 8 December 2016.

## IFRS Advisory Council membership update

The Trustees of the IFRS Foundation have announced 21 appointments and re-appointments to the IFRS Advisory Council.

The Advisory Council is the formal advisory body to the Trustees and the IASB. It advises the IFRS Foundation on its strategic direction, technical work plan and priorities.

The new Advisory Council members are:

- Replacement of representatives of existing organisations on the Council with immediate effect:
  - Jean Paul Gauzes – European Financial Reporting Advisory Group
  - Paul George – UK Financial Reporting Council
  - Jessica Magana – Comision Nacional Bancaria y de Valores
- Replacement of representatives of existing organisations on the Council effective 1 January 2017:
  - Abdulrahman Fahd Almosad – CMA International Association of Insurance Supervisors
  - Dr Giuseppe Ballocci CFA – CFA Institute
  - Dr Jee In Jang – Korean Accounting Standards Board
  - Olivia Larmaraud – ACTEO & MEDEF
  - James Luke – EY
- Representatives of new organisations on the Council effective 1 January 2017:
  - Prof Xinyuan Chen – Shanghai University of Finance and Economics
  - Suresh C. Senapaty – Wipro Ltd
  - Dr Etty Wulandari – Indonesian Financial Services Authority

The following members of the Advisory Council have been reappointed for a second term: Roxana Damianov, Holger Daske, Micheline Dionne, Dr Jens Freiberg, Hidetake Ishihara, Olav Jones, Jürgen Kirchhof, Goro Kumagai, Surya Subramanian, and Dr Lothar Weniger.

The press release announcing the new appointments can be found on the IASB's website. Click [here](#) for more information.

### **IASB concludes agenda consultation by releasing a feedback statement**

On 11 August 2015, the International Accounting Standards Board (IASB) launched its second public consultation to seek broad public input on the strategic direction and overall balance of its future work programme.

#### **Background**

In the *Request for Views* published in August 2015 the Board asked broad questions on the balance of its activities, its research programme, its standard-setting projects, its maintenance activities and implementation support, the level and pace of change, and the frequency of its agenda consultations. The Board received 119 comment letters. Main respondent groups were preparers and industry organisations (31%), standard-setters (23%), and auditors and accounting bodies (22%). 49% of responses were from Europe and 23% from Asia and Oceania.

#### **General messages**

As the IASB's agenda already was very full as a result of the 2011 agenda consultation, the 2015 agenda consultation process was not as detailed as the previous process was. Nevertheless, the IASB identified four clear messages to inform its work programme 2017-2021:

- **Completion of the remaining standard-setting projects.** As in the agenda consultation 2011, stakeholders strongly called for the completion of the remaining major projects. At the launch of the agenda consultation these were leases, insurance contracts, and the Conceptual Framework. Leases has by now been concluded, the IASB notes that it will make the other two projects top priorities. Respondents have also stressed that it is important that IFRSs continue to be principle-based.
- **Better communication in financial reporting.** "Better communication" is the theme IASB Chairman Hans Hoogervorst has chosen for his second term. Under this theme he summarises such projects as the disclosure initiative and the primary financial statements project that receive wide support. In this context, respondents noted that the Board should prioritise projects that are important to users of financial statements.
- **Continued development of implementation support.** Under this heading the IASB discusses improved support for stakeholders when they are implementing new IFRSs but also the fact that stakeholders have requested that the Board should focus on fewer standard-setting projects to allow stakeholders to focus on implementing recently issued standards. Respondents also noted that the Board should not develop too many narrow-scope amendments and suggested that many of the minor amendments the Board has issued in the past could easily have been included in omnibus annual improvements or (if regarding the same standard) in a broader review of that standard. Generally, post-implementation reviews are considered helpful.
- **A more focused research programme.** Given the limitations of the 2015 agenda consultation, the research programme was the main focus. Although respondents expressed general support for an evidence-based approach to setting standards, many were confused about the strategy, objectives, and processes of the research programme or the relationship between research and the Board's other technical activities. They also noted that the Board seemed to have too many research projects on its agenda. The Board has already taken first steps to focus his research programme (see below) and the feedback statement offers a detailed description of the objective, the processes, and the criteria applied in the research programme.

### The reorganised research programme

Given the responses on the research programme – that research itself was supported but the structure and processes were unclear and that there were too many research projects on the agenda – the Board decided to refocus its research programme. It has abandoned the former categories of long-term and short-term research projects and it no longer distinguishes between the assessment phase of a project and the development phase.

In April and May 2016, the IASB discussed all research projects on the agenda and assessed each of it against the feedback received in the agenda consultation. As a result, the Board decided to:

- retain eight projects on the research programme, including two that were nearing completion, and develop them actively as a priority;
- transfer the remaining four projects to a newly created research pipeline; and
- do no further work on four topics.

The Board also added to its research pipeline a further four topics, newly identified in the 2015 consultation. Projects in the pipeline will not become active immediately, however, when sufficient capacity becomes available, these projects will be taken up. It is expected that work on these projects can be started before the next agenda consultation.

The current situation is:

Active research projects	Research pipeline	Projects for which no further work is planned
<ul style="list-style-type: none"> <li>• Disclosure initiative – Principles of disclosure</li> <li>• Primary financial statements</li> <li>• Business combinations under common control</li> <li>• Dynamic risk management</li> <li>• Financial instruments with characteristics of equity</li> <li>• Goodwill and impairment</li> <li>• Discount rates</li> <li>• Share-based payment</li> </ul>	<ul style="list-style-type: none"> <li>• Equity method</li> <li>• Extractive activities</li> <li>• Pollutant pricing mechanisms</li> <li>• Provisions</li> <li>• Variable and contingent consideration</li> <li>• High Inflation: Scope of IAS 29</li> <li>• Pension benefits that depend on asset returns</li> <li>• SMEs that are subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>• Foreign currency translation</li> <li>• High inflation</li> <li>• Income taxes</li> <li>• Post-employment benefits (including pensions)</li> </ul>

### Other topics

As part of the agenda consultation, the IASB also asked respondents whether a three-yearly agenda consultation process was appropriate in view of the fact that the time frame for developing and issuing standards is a long one. The IASB proposed that a five year interval between agenda consultations is more appropriate than the three year interval currently required. Respondents supported this approach, and the *Due Process Handbook* was already amended accordingly in June 2016.

The IASB also received a lot of comments that took a broader perspective on corporate reporting questions or commented on processes. This other feedback is summarised in a table at the end of the feedback statement together with the IASB responses.

### Additional information

Please click for the following documents on the IASB website:

- **Press release**
- **Feedback statement**
- **Short video with an overview of the IASB's key priorities**

### **ECON uses funding debate to demand that EP resolutions are considered in standard-setting and endorsement**

On 11 October 2016, the Committee on Economic and Monetary Affairs (ECON) of the European Parliament (EP) voted on a report that supports a proposal by the European Commission (EC) to extend the financing of the European Financial Reporting Advisory Group (EFRAG) beyond 2016. Next to supporting the continued financing of EFRAG the report, which has now become publicly available, also demands that EP resolutions are considered in standard-setting and in the endorsement process.

Regulation (EU) No 258/2014 of the European Parliament and of the Council of 3 April 2014 established a programme of EU co-financing of the International Financial Reporting Standards (IFRS) Foundation, the EFRAG, and the Public Interest Oversight Board (PIOB). The regulation formed the legal basis for the continuation of financing the IFRS Foundation and PIOB for the period 2014-2020 and of EFRAG for the period 2014-2016. The agreement limited the financing period of EFRAG to three years in view of prospective reforms that might arise from the Maystadt Report. In April 2016, the EC concluded that the governance reform of EFRAG has been successfully implemented on 31 October 2014. Consequently, the EC proposed to extend the European Union co-financing of EFRAG for the period 2017 – 2020 under the programme established by the regulation.

ECON, acting on behalf of the EP, has voted in favour of several more amendments to the EC proposal. One of them is adding the following paragraph:

From 2017, the IFRS Foundation, PIOB and EFRAG shall prepare an annual report on the implementation of Union policies in the field of financial reporting and auditing and participate regularly, at least annually, in hearings organised by the European Parliament in order to give a full account of the development of international financial reporting and auditing standards.

The report shall cover:

- (a) follow-up and implementation of the recommendations and demands made in past or future resolutions of the European Parliament;
- (b) whether further progress has been made as regards governance, in particular in terms of transparency, and what steps have been taken to ensure broad representation of interests and public accountability; and
- (c) the identification of actions undertaken in order to enhance democratic legitimacy, transparency, accountability and integrity which, inter alia, concern public access to documents, transparency of lobby meetings as well as the prevention of conflicts of interest.

One resolution expressly mentioned is the June 2016 EP resolution that stresses that EP members see shortcomings in the governance of the IFRS Foundation and the IASB, notably in terms of transparency, prevention of conflicts of interest and diversity of Board members. The resolution also calls for a more diversified and balanced financing structure also based on fees and public sources. The resolution is backed by the feeling that the high degree of funding of the IASB's budget (14%) and of EFRAG (60%) by the European Union should mean that both organisations have to follow the European Parliament standards of democratic legitimacy, transparency, accountability and integrity.

As regards EFRAG, the report also suggests that at some future point of time it might be appropriate that the Commission submits a legislative proposal to transform EFRAG into a public agency in the long term. Click below for additional information below (historic information included to understand references in the newer documents):

- **Regulation (EU) No 258/2014 establishing a Union Programme to support specific activities in the field of financial reporting and auditing for the period of 2014-2020** (3 April 2014)
- **EC proposal of amendments to the regulation to extend the financing of EFRAG** (13 April 2016)
- **ECON report on the vote on amendments to the EC proposal** (14 October 2016)

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## IASB and IFRS Interpretations Committee meetings

### Description

IFRS IC	Click <a href="#">here</a> for the 08 November 2016 meeting notes
IASB meeting	Click <a href="#">here</a> for the 14 – 16 November 2016 meeting notes

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## Hot topics on IFRS

### Topic

Country by country reporting	Click <a href="#">here</a> for more information on the developments related to proposals to require the publishing of financial information by country or jurisdiction
Differential reporting	Click <a href="#">here</a> for more information dealing with the financial reporting needs and requirements of different categories of entities (listed, public, private)
Global financial crisis	Click <a href="#">here</a> for more information on global financial crisis
Islamic accounting	Click <a href="#">here</a> for more information responding to concerns that existing accounting Standards such as IFRSs or local GAAP may be perceived to be insufficient to account for and report Islamic financial transactions
Use of IFRS by jurisdiction	Click <a href="#">here</a> for more information on use of IFRS within different jurisdictions
IFRS in Europe	Click <a href="#">here</a> for more information on IFRS in Europe
Research and education matters	Click <a href="#">here</a> for more information on research and education matters

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## Comment letters

	Description	Receiving party	Date issued/ Comment deadline
Comment letters issued	<i>Tentative agenda decision on IAS 12 – Recognition of deferred taxes when acquiring a single-asset entity that is not a business</i>	IASB	15 November 2016
Comment letters pending	IAS 12 Income Taxes – Recognition of deferred taxes when acquiring a single-asset entity – Agenda paper 6	IASB	06 September 2016

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## Effective dates

Click [here](#) for upcoming and recent effective dates. <http://www.iasplus.com/standard/effect.htm>

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