

## International Financial Reporting Standards



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

## Target date for priority projects remains June 2011

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

# The priority projects

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## Crisis (MoU)

- Financial instruments
- Fair value measurement
- Consolidation
- Derecognition

## Other (MoU)

- Revenue recognition
- Leases
- Post-retirement benefits

## Other (Non MoU)

- Insurance contracts

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

## Strategy to address differences:

- Encouraged IFRS constituents to comment on FASB proposals
- FASB round-table meetings on their comprehensive proposals (IASB participation) – 12, 18 and 19 October 2010
- The *Expert Advisory Panel* is helping the boards to identify and resolve operational aspects of credit impairment models

# Financial Instruments (IASB)

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Project part	Target date
Classification and measurement	IASB published IFRS 9
Hedge accounting	IASB ED Q4 2010
Impairment	(probable) revised (joint) ED Q1 2011

# Financial Instruments (FASB)

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Project part	Target date
Comprehensive ED Measurement and Recognition Impairment Hedging	<ul style="list-style-type: none"><li>▪ ED: comment period closed</li><li>▪ Q3 2010: round tables</li><li>▪ Q1 2011 (probable) joint ED on impairment</li><li>▪ Q2 2011: publication of standards – timing aligned with IASB's other changes to the FI standards</li></ul>

# Financial Instruments (Joint)

Project part	Target date
<p><b>Asset and liability offsetting</b></p> <p>Responding to stakeholder concerns (BCBS and FSB and others) to address differences between IFRSs and US GAAP</p>	<ul style="list-style-type: none"><li>▪ Q4 2010 joint ED</li><li>▪ Q1 2011: round tables</li><li>▪ Q2 2011: publication of standards – timing aligned with other changes to the FI standards</li></ul>

# Derecognition

Project	Objective	Target dates
Derecognition	<ul style="list-style-type: none"><li data-bbox="712 475 1391 746">▪ Near-term priority: improving and converging US GAAP and IFRS disclosure requirements</li><li data-bbox="712 786 1391 1203">▪ Additional research and post-implementation review of FASB amendments to assess future of the project (2012)</li></ul>	IFRS issued 7 October 2010



Project part	Target dates
Replacement of IAS 27	<ul style="list-style-type: none"><li>Q4 2010: finalised IFRS</li></ul>
	<ul style="list-style-type: none"><li>FASB round tables on IASB's proposed standard</li><li>Possible FASB ED based on IASB standard</li></ul>
Disclosures about unconsolidated SPEs/structured entities	<ul style="list-style-type: none"><li>Q4 2010: finalised IFRS (IASB only project)</li></ul>
Investment companies (part of Consolidation project)	<ul style="list-style-type: none"><li>Q2 2011: joint ED</li><li>H2 2011 joint standard</li></ul>

# Other MoU projects

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Project	Status	Target dates
Financial Instruments with characteristics of equity	Exploring alternative ways forward	<ul style="list-style-type: none"><li>Deferred until after June 2011</li></ul>
Fair Value Measurement	Develop a converged definition of fair value and common implementation guidance (incl for illiquid markets)	<ul style="list-style-type: none"><li>Q1 2011: final, converged standard</li></ul>

# Prioritised projects

Project	Objective	Target date
Revenue Recognition	Development of a single, common standard for a wide range of industries and transaction types	<ul style="list-style-type: none"><li>▪ Comment period closed</li><li>▪ November 2010: round tables</li><li>▪ Q2 2011: joint standard</li></ul>
Leases	Development of a joint lease standard that improves lease accounting and ensures that all lease contracts are recognised on the statement of financial position	<ul style="list-style-type: none"><li>▪ ED comments due 15 Dec 2010</li><li>▪ December 2010/January 2011: round tables</li><li>▪ Q2 2011: joint standard</li></ul>

# Prioritised projects

Project	Objective	Target dates
Presentation of OCI	develop presentation standards that improve the reported items of OCI and allow easier comparability between US GAAP and IFRSs	Q1 2011: converged and improved standard

# Other joint projects

Project	Status	Target dates
Financial statement presentation	<ul style="list-style-type: none"><li>▪ DP feedback indicated concerns that benefits could be outweighed by expected implementation costs.</li><li>▪ Boards decided to engage in additional outreach activities and potentially reconsider proposals</li></ul>	<ul style="list-style-type: none"><li>▪ H2 2010: outreach</li><li>▪ Q1 2011: Boards will consider outreach feedback</li><li>▪ No consideration again until after June 2011</li></ul>

# Other MoU projects

Project	Status	Target dates
Discontinued operations	Align disclosure requirements	<ul style="list-style-type: none"><li>Q2 2011: ED</li><li>H2 2011: Finalisation</li></ul>
Post-employment benefits – defined benefit plans	<ul style="list-style-type: none"><li>ED issued in April 2010</li></ul>	<ul style="list-style-type: none"><li>Q1 2011: IFRS expected</li></ul>

# Other joint projects

Project	Status	Target dates
Insurance	In 2009 the boards begin discussing the project jointly – agreed on joint approach in most areas	<ul style="list-style-type: none"><li>■ IASB ED comments due 30 Nov 2010</li><li>■ FASB issued DP to compare IASB proposed model with FASB tentative decisions reached to date</li><li>■ December 2010: round tables</li><li>■ Q2 2011: final standard</li></ul>

# Other joint projects

Project	Status	Target dates
Emission trading schemes	While understanding the growing importance of the project, the boards agreed that other MoU projects have a higher priority	<ul style="list-style-type: none"><li>■ H2 2011 deliberations restart</li><li>■ 2012: Converged standard</li></ul>
Effective date and transition		<ul style="list-style-type: none"><li>■ October 2010: discussion documents issued that will guide other final IFRSs</li></ul>



# Narrow scope MoU projects (IASB)

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Project	Status	Target dates
Income taxes	Significant negative comments on March 2009 ED	<ul style="list-style-type: none"><li>IASB will not discuss again until after June 2011</li></ul>
Joint ventures		<ul style="list-style-type: none"><li>Q4 2010: IFRS expected</li></ul>

Measurement of liabilities under IAS 37	<ul style="list-style-type: none"><li>▪ Board to reconsider proposals with a view to developing an ED in H2 2011</li></ul>
Management commentary	<ul style="list-style-type: none"><li>▪ Q4 2010: IFRS Practice Statement</li></ul>
Narrow scope improvements	<ul style="list-style-type: none"><li>▪ IFRS 1 fixed dates</li><li>▪ Deferred tax</li><li>▪ Hyperinflation</li><li>▪ Annual improvements</li></ul>

## Documents currently being developed:

<b>Phase A Objective and qualitative characteristics</b>	<ul style="list-style-type: none"><li>Completed Q3 2010</li></ul>
<b>Phase B Elements and recognition</b>	<ul style="list-style-type: none"><li>To be determined</li></ul>
<b>Phase C Measurement</b>	<ul style="list-style-type: none"><li>Discussion Paper unlikely before H2 2011</li></ul>
<b>Phase D Reporting entity</b>	<ul style="list-style-type: none"><li>Comment period closed 15 July 2010</li><li>The boards will revisit this chapter after June 2011</li></ul>

## Potential future phases:

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

# Questions or comments?

Expressions of individual views by members of the FASB and IASB and their staffs are encouraged. The views expressed in this presentation are those of the presenter. Official positions of the FASB and the IASB on accounting matters are determined only after extensive due process and deliberation.

