OVERVIEW

• The driving forces for global standards
• The challenges
• The IASB - governance
  - structure of board
  - process
  - progress to date
• The elephants in the room
• Current work plan
• Implementation
THE DRIVING FORCE

• Global markets require comparable financial statements

• Differences
  – Add to cost of capital
  – Impede efficient capital allocation
  – Impede constructive regulation

• The G20 and other international bodies are calling for it

• It simply makes sense
THE CHALLENGES

• Sovereignty
  – no tinkering
  – abrogation of legal rights

• Endorsement processes
  – should be rarely tripped
  – small changes can make big differences

• The status of the IASB
  – efficiency v legitimacy
  – rating agencies and the UN
  – transparency and inclusiveness

• Cultural, business practices and accounting traditions

• At the end of the day the IASB has no enforcement powers
THE IASB

Governance IFRS Foundation

- Monitoring board – Appointment of Trustees
- Trustees – Strategy
  - Finance
  - Due process oversight
  - Appointments
- IASB – 14 independent members
  - Appointment by Trustees
- Process – Comprehensive due process
  - Overseen by Trustees
  - World class transparency
  - Consultation and inclusiveness
PROGRESS TO DATE

• IFRS as global standards – a pocket guide
• More than 100 countries require the use of IFRS
• Most others permit some use of IFRS
• Amazing progress in just over a decade
THE ELEPHANT(S) IN THE ROOM

- Japan
- India
- Indonesia
- US
In 2007, Trustees introduced Post Implementation reviews.
In 2011, Trustees introduced the three-yearly public Agenda Consultation.
In 2012, Trustees supported a move to more evidence-supported decision making, with more emphasis put on the research phase of the process.

Evidence supported decision making
Research programme

• A broad research and development programme

• Emphasis on defining the problem
  – Identify whether there is a financial reporting matter that justifies an effort by the IASB
  – Evidence based

• Leads to project proposals:
  – do more research; or
  – add to the Standards-level programme, or
  – recommendation not to develop an IFRS

• The programme is designed to **shorten** the time needed to develop improvements to financial reporting, by:
  – Clarifying the problem up front, before a solution is developed
  – Feeding manageable projects into the exposure draft phase on a timely basis (eg the *Disclosure Initiative*)
## Research Programme

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<thead>
<tr>
<th>Topic</th>
<th>2014</th>
<th>2015</th>
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<td>Q2</td>
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<td><strong>Business combinations under common control</strong></td>
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<td>General disclosure review</td>
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<td>Materiality</td>
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<td><strong>Discount rates</strong></td>
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<td>Financial Instruments with characteristics of equity</td>
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<td>Pending developments in the Conceptual Framework project</td>
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<td><strong>Foreign currency translation/inflation</strong></td>
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<td><strong>Liabilities—amendments to IAS 37</strong></td>
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<td><strong>Rate-regulated Activities</strong></td>
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### Other research projects

- **Extractive activities / Intangible assets / R&D activities**
  - These projects are longer term projects which the IASB does not expect to discuss publicly until 2015 or later.

- **Income taxes**

- **Post-employment benefits (including pensions)**

- **Share-based payments**
### Work plan—as at 30 July 2014

<table>
<thead>
<tr>
<th>Major Projects</th>
<th>Implementation</th>
<th>Conceptual Framework</th>
<th>Research Projects</th>
<th>Completed IFRSs</th>
<th>Agenda consultation</th>
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<td>Insurance Contracts</td>
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<td>Leases</td>
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<td>Principles of disclosure</td>
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<td>2015 Q2</td>
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<td>Board discussion</td>
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Insurance contracts

• Objective – to provide a single principle-based Standard that would increase comparability and transparency of entities that issue insurance contracts.

• IASB issued revised Exposure Draft in June 2013. Targeted issues:
  – Unlocking on contractual service margin
  – Mirroring
  – Presentation of revenue
  – Interest expense in profit or loss
  – Effective date and transition

• Redeliberations started in March 2014

• IASB plans to finalise the work on the Standard by the end of 2014 and to issue it in 2015
IMPLEMENTATION

• Consistency of implementation is important

• We work with IOSCO and regulators

• Education initiative

• Interpretations Committee

• Post implementation reviews
Thank you