



Project:	International meetings	Meeting	AASB October 2015 (M148)
Topic:	Update	Agenda Item:	10.1
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		Decision-Making:	N/A
		Project Status:	Update

Introduction and objective of this paper

- 1 Receive an update on the International meetings attended in September and October 2015

Overview

- 2 In September and October 2015, we attended the following International meetings:
 - IPSASB; key themes of the meeting are:
 - Non-exchange revenue – IPSASB is considering the performance obligation approach in AASB ED 261;
 - ED on revaluation of impaired assets is approved – the ED proposes that impairment is not a revaluation and should be disclosed separately, this approach differs from AASB ED 269 proposals;
 - Public sector combinations – IPSASB is proposing a rebuttable presumption that if one entity gains control, it would be an acquisition, otherwise it would be an amalgamation;
 - Public sector financial instruments – IPSASB is proposing that accounting for currency in circulation should be based on legal obligation and accounting for monetary gold should reflect either fair value, cost or business model intent.
 - World Standard-setters; key themes of the meeting are:
 - IASB convergence with FASB is not a priority;
 - Emerging countries want IASB to have more education activities;
 - IASB should make principles in Standards clear to reduce implementation issues;
 - Technology is changing landscape of how to report financial information;
 - 5-year consultation on IASB’s Agenda is enough with interim light review of emerging topics;
 - conceptual framework ED - liability definition and measurement guidance need more work,

- participants had mixed views on relationships with integrated reporting and not for profit private entities;
- International Forum of Accounting Standard Setters; key themes of the meeting are:
 - IASB’s simplification projects could result in more complexity if not approached conceptually;
 - Users input is crucial on usefulness of goodwill impairment vs amortisation;
 - National standard setters to share local IFRS implementation guidance with IASB;
 - Calls for IASB to develop guidance for not-for-profit private entities;
 - UK reduced disclosure framework for small and medium entities is well received;
 - mixed views on EFRAG’s profit or loss vs other comprehensive income bulletin;
- Accounting Standards Advisory Forum; key themes of the meeting are:
 - Agenda Consultation - 5 years is considered appropriate, IASB should prioritise projects based on scale and the number of jurisdictions affected;
 - Conceptual Framework – there were concerns with the liability definition and recognition threshold, IASB should discuss measurement objective and measurement bases other than cost and fair value in the Measurement chapter;
 - Rate Regulated Activities – IASB should define the scope of project clearly to avoid opening 'a big can of worms',
 - Revenue – there is concern over issuing guidance before the Revenue Standard is effective, IASB should clearly identify FASB’s changes to the US Revenue Standard that would reduce convergence with the IASB’s Revenue Standard;
 - Fair value Measurement of Quoted Subsidiary, Associate and Joint Venture – quoted share price is objective and users want it but it may not be relevant when measuring whole investment;
 - Pollutant Pricing Mechanism – members agree with asset recognition on Day 1 but have mixed views on liability, there was some support for the performance obligation approach, members generally prefer not to recognise gain on Day 1 given the economics of the transaction;
 - Equity Method – IASB needs to resolve the conceptual questions surrounding the equity method rather than propose piecemeal simplifications to the method. the measurement objective of the equity method is not clear and why it is used to measure an investment with significant influence is also not clear;
 - Insurance - option to reapply the business model assessment in IFRS 9 *Financial Instruments* when Insurance Standard is issued is to be further debated, the IASB’s proposed deferral and overlay approaches of IFRS 9 is less relevant when entities are already applying the current value model.

- International Conference on Reporting for the Not-for-Profit Sector organised by the Chartered Institute of Public Finance and Accountancy (CIPFA); key themes of the meeting are:
 - The main reporting challenges for not-for-profit entities are revenue and expenditure recognition, control of entities; donated goods and services and impairment/valuation of assets;
 - It is important to have narrative reporting to ‘tell the story’ of a not-for-profit entity;
 - There is a strong need for international guidance to help decision usefulness and consistency in reporting;
 - Reporting for not-for-profit entities should focus on user needs;
 - Participants had mixed views on whether IPSAS Standards or IFRS should be the starting point for not-for-profit entities reporting
 - It was not clear yet who should be driving the international guidance.
 - EFRAG Insurance Accounting Working Group meeting, where the key topics discussed were the IASB’s proposed deferral and overlay approaches of IFRS 9 for insurers.
 - EFRAG Technical Expert Group (TEG) meeting, where the key topics discussed were Insurance, Disclosure Initiative and EFRAG’s proactive research work.
- 3 We had meetings with the following National Standard Setter Chairs and/or senior staff on IASB projects:
- France – Patrick de Cambourg, Cedric Tonnerre and Valerie Viard
 - United Kingdom – Anthony Applegate, Andrew Lennard and Deepa Raval
 - Hong Kong – Clement Chan and Christina Ng
 - Japan – Yukio Ono, Tomo Sekiguchi and Atsushi Kogasaka
 - China – Lu Jianqiao and Huaxin Xu
 - Canada – Rebecca Vilmann
 - EFRAG – Patricia McBride, Françoise Flores, Saskia Slomp, Filippo Poli and other staff
- 4 We had meetings with the following National Standard Setter Chairs and/or senior staff on IPSASB projects:
- United States – Robert Dacey
 - South Africa – Jeanine Poggiolini
 - Outgoing IPSASB Chair – Andreas Bergmann
 - Incoming IPSASB Chair – Ian Carruthers

- Canada – Tim Beauchamp

5 We also had various meetings with IASB project staff and board members on IASB projects.