



IFRS – Aktuelle Entwicklung und Arbeitsprogramm 2011 (IFRS – Current developments and workplan 2011)

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

IFRS Foundation

- Promotes the adoption of IFRSs, and is the oversight body of the IASB
- 22 Trustees from 14 countries
- Accountable to a Monitoring Board of public authorities

International Accounting Standards board (IASB)

- Independent standard-setting body of the IFRS Foundation
- Currently 15 Board members from 11 countries

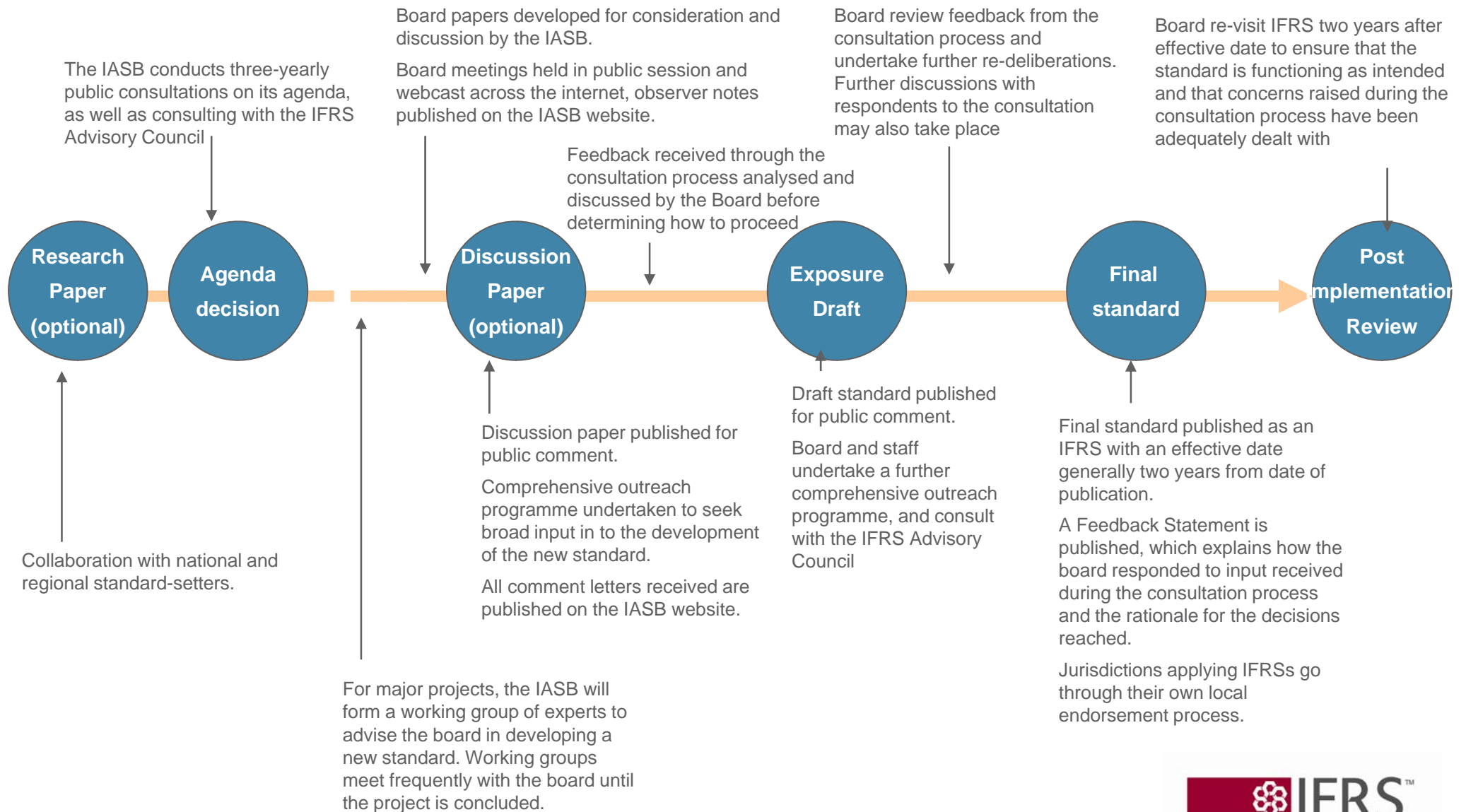
- Linkage to a Monitoring Board of public capital market authorities
 - Replicates historic relationship between independent standard-setting function and public authorities
 - Approves the appointment and reappointment of Trustees, ensures that responsibilities are being discharged according to the constitution
- Current membership of the Monitoring Board
 - Zarinah Anwar, IOSCO Emerging Markets Committee
 - Mary Schapiro, US SEC Chair
 - Michel Barnier, EU Commissioner, Internal Markets
 - Katsunori Mikuniya, Commissioner, Japanese FSA
 - Sylvie Matherat (observer), Basel Committee on Banking Supervision

To develop, in the public interest, **a single set of high quality**, understandable, enforceable and **globally accepted** financial reporting standards based on clearly articulated **accounting principles**.

“ We call on our international accounting bodies to redouble their efforts to achieve a single set of high quality, global accounting standards within the context of their independent standard setting process ”

G20 Pittsburgh Communique, 2009

How we develop standards



Current agenda

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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 major projects

Crisis (MoU)

- Financial instruments
- Fair value measurement
- Consolidation
- Derecognition

Other (MoU)

- Revenue recognition
- Leases
- Post-employment benefits
- Financial statement presentation *
- Liability/Equity *

Other (Non MoU)

- Insurance contracts

* Deferred until completion of other MoU projects

The major projects

Project	ED issued	Completion
Derecognition - disclosures	✓	▪ Q3 2010
Consolidation	✓	▪ Q4 2010
Financial statement presentation (OCI)	✓	▪ Q1 2011
Liability/Equity		Deferred
Fair value measurement	✓	▪ Q1 2011
Post-employment benefits (Defined benefit plans)	✓	▪ Q1 2011

The major projects

Project	ED issued	Completion
Financial instruments	Q3 & Q4 2010	▪ Q2 2011
Revenue recognition	✓	▪ Q2 2011
Leases	✓	▪ Q2 2011
Insurance (FASB published IASB ED as a Discussion Paper with a FASB wrap-around)	✓	▪ Q2 2011

Fair value



- Expert advisory panel published report on application of fair value in illiquid markets, incorporated into IASB guidance – Fully converged with guidance in the USA
- Accelerated publication of Fair Value Measurement proposals, with final standard due Q4 2010 – Identical to FAS157
- New Financial Instruments standard/proposals (IFRS9) reduces use of fair value for traditional banking activities and addresses counter-intuitive aspects of fair value for liabilities due to own credit

Financial instruments



- Responded to requests from Europe and others to accelerate reform of financial instruments accounting
- Extensive outreach before, during and after comment periods
- **Phase 1a:** Classification and measurement of financial assets
 - Significant simplification of IAS 39 based on two measurement methods and single impairment model → IFRS9 (Nov.2009)
- **Phase 1b:** Address own credit for liabilities under FVO
 - Addresses counter-intuitive effect of booking large profit based on deterioration of own credit risk
 - Finalised October 2010

Financial instruments cont...

- **Phase 2:** Proposed move to forward looking expected loss impairment model
 - Consulting widely with Expert Advisory Panel and others
 - Exposure draft issued November 2009 with long comment period to 30 June 2010
 - Currently being re-deliberated with objective of finalising by end of June 2011; limited re-exposure in Q1 2011
- **Phase 3:** Comprehensive review of hedge accounting rules
 - Published December 2010, comment period ends March 2011

Disclosures about financial instruments



- March 2009: IASB improved disclosure requirements for financial instruments (→IFRS7):
- **Not “when to” but “how to” use fair value measurements**
- Three-level fair value disclosure hierarchy
 - More information about the relative reliability and extent of prices other than observable on markets (level 3 measurement)
 - Improved comparability and convergence with US GAAP
- Additional **disclosures on liquidity risk**
 - Information on nature and extent of liquidity risk
 - Clarification of existing requirements to address application issues

Off balance-sheet activities

- Accelerated projects in response to the crisis
- Round tables in Asia, Europe and the United States

Consolidation / special purpose entities

- Final comprehensive consolidation standard and enhanced disclosures by end of 2010

De-recognition / securitisation etc.

- IASB published amendments to IFRS 7: Disclosures
- Issue of Repo transactions

Revenue Recognition



- Developed jointly by IASB / FASB, ED published June 2010
- Boards undertook project to provide clear principles on when revenue should be recognised and how much revenue should be recognised
- Aims to improve financial reporting by clarifying the principles for recognising revenue and creating a single joint venture recognition standard for IFRSs and US GAAP that can be applied consistently across various industries and capital markets
- Q4 2010: round tables
- Q2 2011: joint standard

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
- Joint exposure draft published August 2010 was developed on the basis of discussion paper, after taking into consideration feedback received.
- Q4 2010: Field work and round tables
- Boards plan to issue new standard in 2011.

Effective dates and transition

- IASB / FASB each published documents seeking views on when new financial reporting standards resulting primarily from their work to improve and achieve convergence of IFRSs and US GAAP should become effective.
- Request for views is open for comment until 31 January 2011.

Post-2011 agenda

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- Current focus;
 - Finalising IASB response to the financial crisis
 - Completing the convergence programme
- Attention beginning to shift to post-2011 world
 - Focus moving from European / US-centric to truly global standards
 - Three new members of the IASB, including Chairman
 - Planning has begun for the post-2011 agenda
- Post 2011 agenda
 - Initiation of a the first three-yearly public consultation before June 2011
 - Formal consultation with IFRS Advisory Council
 - Some potential items may include deferred and research projects
 - Overhaul / completion of conceptual framework

We will be listening to all stakeholders before setting the agenda

IFRS Foundation strategy review



- Trustees seeking input on future strategy of the organisation;
 - **Mission:** How to define the public interest to which the organisation is committed?
 - **Governance:** How should the organisation best balance independence with accountability?
 - **Process:** How to ensure standards are high quality, meet the requirements of capital markets and implemented consistently?
 - **Financing:** how should the organisation best ensure forms of financing that permit it to operate effectively and efficiently?
- Responses by 24 February 2011

Questions or comments?

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

