

STAFF PAPER

December 2012

REG IASB Meeting

Project	Conceptual Framework		
Paper topic	Project plan		
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This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IASB and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

Purpose of paper

1. The purpose of this paper is to seek the IASB's feedback on the staff's proposed approach to developing the new chapters of the Conceptual Framework (CF).
2. There is strong and broad support for the IASB to give priority to revising its CF. In May 2012, the IASB discussed feedback received on its 2011 agenda consultation. At that meeting, the IASB unanimously supported, among other things, giving priority to work on the CF project. In making this decision, the IASB noted that many respondents to the agenda consultation stated that the CF project should be given priority. The proposals discussed in May 2012 were presented to the IFRS Advisory Council in June 2012 for further discussion.
3. The IASB thinks that it should move as quickly as possible to set in place this important framework which will shape its future work and has therefore set itself an ambitious target. In September 2012, the IASB decided to aim to finalise the new sections of the CF by September 2015. The first major milestone is a Discussion Paper, which the IASB plans to publish in July 2013.
4. In setting this target the IASB is aware of its responsibility to develop the CF in a transparent manner with full and fair consultation, considering the perspectives of those affected by IFRSs globally. The IASB also understands that it needs to

assess the implications of the CF and to explain its rationale for why it made the decisions it reached in developing or changing the CF.

5. In this paper, we set out some of the plans we are proposing to ensure that the IASB has adequate time to consider the matters being developed in the discussion paper and to demonstrate that the IASB is developing the CF in a transparent manner with full and fair consultation.

Development and publication of a discussion paper

Date	Action
September – January 2013	Public education sessions Scoping of DP
February – April 2013	IASB meetings on discussion paper (DP)
May – June 2013	Sweep issues
July 2013	Publish DP

6. A discussion paper is not a mandatory due process step. However, we believe that it is important to obtain the views of stakeholders on these conceptual issues early in the project. The DP will cover the following topics:
 - (a) Elements of financial statements (including recognition and derecognition);
 - (b) Measurement;
 - (c) Reporting entity;
 - (d) Presentation and disclosure (including questions about the use of other comprehensive income).
7. We are proposing to present the material to the IASB in a way that differs from how most of our other projects have been developed. Rather than bringing a series of building-block papers to the IASB over a series of meetings, we plan to

develop an initial draft of the DP which we will present to you at the February 2013 board meeting.

8. The idea with this approach is to provide you with a sketch of all of the topics being covered in the discussion paper so that you can see how the topics relate to each other.
9. The problem with a piecemeal ‘building block’ approach is that it is sometimes difficult to assess the relative importance of each piece being discussed. We think that providing a more complete outline of the whole document nearer the beginning of the project will help IASB members identify those areas where they want more analysis and those areas where they do not need any more research or analysis. It will also help IASB members understand how a decision in one part of the document affects other topics.
10. This approach should reduce the number of papers and discussions necessary to develop a comprehensive and cohesive DP. IASB members will not have to anticipate how a paper fits into the overall DP or spend time on topics that, when considered in the context of the overall DP, are relatively straightforward and inconsequential.
11. We think it is possible to create this initial draft by drawing on the extensive public discussions that have already taken place in the earlier CF discussions—elements, measurement and reporting entity. We will also draw on the public discussions in several standards-level projects—Financial Statement Presentation (presentation and disclosure), Non-financial Liabilities (measurement and elements), Emission Trading Schemes (elements and unit of account), Leases (elements and unit of account), Revenue Recognition (control), Liabilities/Equity (elements) and Financial Instruments (measurement), to name a few. These projects have included extensive discussion of conceptual issues, as the IASB has strived to develop consistent concepts across the projects.
12. Some of the sections of the February 2013 draft will lack detail and others are likely to present alternative approaches (rather than a preliminary view). During the February meeting we will ask you whether:
 - (a) the DP adequately explains the issues and discusses the alternatives. If not, we will ask you what additional analysis you would like to see.

- (b) you support the staff's recommendations on each issue. If not, we will ask you what alternative you would prefer, or what additional analysis or information is needed to help you reach a decision.
13. Ideally, we want the completed DP to present the IASB's preliminary view on each of the important matters covered by the DP. The feedback we receive from the IASB in February will help us assess which matters are going to be more challenging. We suspect that there will be some matters for which the IASB is either unable to express a clear preference or for which the IASB would prefer not to express a preference—preferring to leave the matter more open until the IASB has received feedback through the public consultation process.
14. We think it is important that in cases where no preliminary view is expressed, the DP should set out the likely consequences of selecting one option over another. Consequently, if you are unable to reach preliminary views on any issue, we will describe in the DP the alternatives to addressing the issue and include a question in the invitation to comment.
15. On the basis of the discussion at the February 2013 board meeting, the staff will identify matters that require more focused attention, possibly with additional IASB papers or input from external advisers. We will present a revised version of the DP for discussion at the April 2013 meeting.
16. We would hope to be in a position to finalise the DP and begin the balloting process shortly after the April meeting. However, if matters need IASB attention in public meetings as 'sweep' issues, we will provide the IASB with sufficient information, in a public and transparent manner, to place the IASB in the position where it is comfortable balloting the DP.

Small Group Meetings

17. As we develop the DP, we plan to hold meetings with small groups of IASB members to brief them on sections of the DP. The purpose of those meetings will be mainly educational, to help the IASB prepare for the public meetings. The small group meetings will also help the technical staff identify which areas of the DP will require more attention in public meetings, either because the implications of the sections are more significant or because they are areas where IASB

members appear likely to have differing views. Those small group meetings will be private meetings between small numbers of IASB members and the project staff. The IASB and its staff will ensure that small group meetings do not undermine the principle that full and open consideration of technical issues must take place during public meetings.

External consultation

18. We have been developing a plan to ensure that we have good internal and external support mechanisms.
19. We normally establish a consultative group for major projects. If we decide not to establish a working group we are required to explain why. The purpose of a working group is to provide additional practical experience and expertise. We believe that national standard setters are likely to have experience and expertise that is relevant to the CF project. Consequently, we propose to use the (proposed) Accounting Standards Advisory Forum (ASAF) as the CF consultative group.
20. This group is unlikely to be in place until March or April 2013. In the interim, we will keep members of the national standard-setting community informed. We will also use the regional groups. Assuming the ASAF is in place next year we will review how we use that group and other standard-setting and regional bodies. We think that we will get more value from the ASAF and other standard setters once the DP has been released. We intend to intensify our consultations as we move from the DP to and exposure draft.
21. We have scheduled separate CF sessions at the IFRS Advisory Council in February and again in June 2013. We expect to continue to do so until the project is completed.
22. In January 2013 we are holding a public Disclosure Forum. One of the objectives is to provide us with input into the disclosure principles section of the CF. We already have about 100 confirmed attendees. The forum will be webcast globally and observers outside of the meeting will be able to send in comments and questions. We will be producing a feedback statement from the forum and are considering using that as the basis for additional outreach (public discussion

forums) in Asia-Oceania and the Americas. Additionally, in January 2013 we are running a public discussion on the CF at our Asia-Oceania office in Tokyo.

23. In addition, the ASBJ is undertaking some empirical research on OCI practice. We expect to receive those results this month.

Other outreach

24. In addition to comment letters, meetings with the ASAF and public roundtables, we plan to raise awareness of the project and seek feedback on our proposals in the following ways:
- (a) Overhauled web pages;
 - (b) Email alerts, webcasts and podcasts;
 - (c) Press releases, snapshot summaries and articles;
 - (d) Public discussion with representative groups (eg Global Preparers' Forum, Capital Markets Advisory Committee)
 - (e) Outreach meetings
 - (f) Regional discussion forums.

Scope

25. This timetable is ambitious. It has been developed on the assumption that we restrict the scope of the project to the areas agreed on at the September 2012 meeting (ie elements, measurement, presentation, disclosure and reporting entity). In addition, we have assumed and that the focus of the project will be on updating and improving the existing framework rather than starting with a clean sheet of paper.
26. If you limit the scope of the project to these areas, the staff believe that the timetable is achievable. However, any increase in scope puts the timetable at risk.
27. It should be noted that we do not plan to discuss or amend the *objective or qualitative characteristics* chapters of the CF, which were issued in 2010. Any fundamental review of those chapters would also expand the scope of the project. However, if the work being undertaken in the current phase of the project has

consequences for those earlier chapters, we will assess whether changes should be made to those chapters.

Comment period

28. The proposed comment period for the DP is 120 days. This is the standard length for a discussion paper. Although the IASB has sometimes allowed longer for comment on a DP, we believe that 120 days will be sufficient. The DP will cover concepts for which we will set out clearly the implications for IFRS.
29. We will present a more complete analysis of the due process steps, including a formal recommendation for the comment period as part of the pre-ballot steps once the IASB is ready to begin the balloting process.

Publication

30. We plan to publish the DP in early July 2013.

Development and publication of the Exposure Draft

Date	Action
September - October 2013	Public round-table meetings
November 2013	End of DP comment period (120 Days)
January 2014	Comment letter analysis to the Board
February – May 2014	Decision making sessions
June – July 2014	Sweep issues
August 2014	Publish exposure draft (ED)

31. We plan to hold public round-table meetings during the comment periods. In recent years we have held round tables after the end of the comment period on a due process document. However, we think that holding these roundtables during the comment period can be equally effective.
32. We think that this middle part of the project, moving from a DP to an ED, is the most critical part. If the DP receives good support then the ED development should be relatively straightforward. However, if the feedback on the DP highlights unanticipated problems we will need to address those concerns.
33. Our basic approach will be to develop additional activities (workshops or discussion forums) and apply additional staff resources to the project to address these matters rather than simply push the timetable out.

Development and publication of the new Conceptual Framework

Date	Action
October-November 2014	Public roundtable meetings
December 2014	End of ED comment period (120 Days)
February 2015	Comment letter analysis to the Board
March - June 2015	Decision making sessions
July - August 2015	Sweep issues
September 2015	Publish new Conceptual Framework

Question

Do you support the proposed approach to the Conceptual Framework as set out in this paper?