

# IFRS Briefing Sheet

## IASB's Projects Overview

July 2008, **Issue 96**

This IFRS Briefing Sheet summarises the status of the current projects of the International Accounting Standards Board (IASB or Board). It reflects significant discussions of the IASB up to and including those that took place at its June 2008 meeting.

The following project summaries set out a description of each project and the major areas of existing IFRSs that may be affected by the project. IASB documents related to the project are identified and the latest estimates of the timing to completion noted.

**A supplement to KPMG's  
publication IFRS in Brief**

Project description	Overview	Timing / Status
Annual improvements	<p>The annual improvements project (AIP) is the IASB's process for dealing with non-urgent but necessary amendments to IFRSs. The project involves the IASB accumulating throughout a year what it believes are non-urgent but necessary improvements to IFRSs and then processing these amendments collectively.</p> <p>The IASB plans to repeat the AIP process annually. As part of this process an exposure draft (ED) of proposed non-urgent but necessary improvements would be published in August each year, with an associated comment period of 90 days. The final improvements would be published the following April. Effective dates, early application and transitional provisions would be dealt with on a standard by standard basis.</p>	<p>Active agenda project – amendments to existing standards</p> <p>An omnibus ED containing the proposed 2009 improvements is expected in the third quarter of 2008.</p> <p>The final 2009 improvements are expected in the first half of 2009.</p>
Common control transactions	<p>The objective of this project is to provide guidance on the accounting for business combinations amongst entities under common control in the consolidated and separate financial statements of the acquirer.</p> <p>The project also will examine the accounting for de-mergers.</p>	<p>Active agenda project – new standards and major projects</p> <p>The expected timing and initial type of document to be published as part of this project are yet to be determined by the IASB.</p>
Conceptual framework	<p>This is a joint project with the Financial Accounting Standards Board (FASB), the objective of which is to develop a common conceptual framework for financial reporting that is both complete and internally consistent. The framework will be built upon the IASB's and FASB's existing conceptual frameworks and will provide a basis for developing future accounting standards by the Boards.</p> <p>The Boards have identified the following phases of this project:</p> <p>A: Objectives and qualitative characteristics  B: Elements and recognition  C: Measurement  D: Reporting entity  E: Presentation and disclosure  F: Purpose and status  G: Application to not-for-profit entities  H: Remaining issues, if any.</p> <p>In May 2008, as a result of phase A of the project, the IASB published its ED of <i>An improved Conceptual Framework for Financial Reporting: Chapter 1: The Objective of Financial Reporting Chapter 2: Qualitative Characteristics and Constraints of Decision-useful Financial Reporting Information</i>. This ED discusses the objective of general purpose financial reporting for business entities in the private sector and the qualitative characteristics and constraints of decision-useful financial reporting information.</p>	<p>An ED on phase A was published in May 2008. The comment period for this ED closes on 29 September 2008.</p> <p>A final chapter on phase A is expected in the first half of 2009.</p> <p>A DP on phase B is expected in the second half of 2009.</p> <p>An ED on phase B is expected in 2010.</p> <p>A final chapter on phase B is expected in 2011.</p> <p>Round-table discussions on phase C were held in the first quarter of 2007.</p> <p>A DP on phase C is expected in the first half of 2009.</p>

Project description	Overview	Timing / Status
	<p>A summary of this ED can be found in <i>IFRS Briefing Sheet – Issue 95: IASB Exposure Draft of An improved Conceptual Framework for Financial Reporting: Chapter 1: The Objective of Financial Reporting Chapter 2: Qualitative Characteristics and Constraints of Decision-useful Financial Reporting Information.</i></p> <p>In May 2008, as a result of phase D of the project, the IASB published Discussion Paper <i>Preliminary Views on an improved Conceptual Framework for Financial Reporting: The Reporting Entity</i>. This discussion paper (DP) presents preliminary views for determining what constitutes a reporting entity for the purposes of financial reporting.</p> <p>A summary of this DP can be found in <i>IFRS Briefing Sheet – Issue 93: Discussion Paper Preliminary Views on an improved Conceptual Framework for Financial Reporting: The Reporting Entity</i>.</p> <p>The Boards have started deliberating issues in phase B, including working definitions of assets and liabilities.</p> <p>The Boards also have agreed on a plan for deliberating phase C and have decided that it will consist of three milestones:</p> <ul style="list-style-type: none"> <li>• definitions and properties</li> <li>• evaluation using qualitative characteristics</li> <li>• conclusions and application.</li> </ul> <p>Each milestone will include public consultations and a consultation document (DP or ED).</p> <p>In January and February 2007 the IASB and FASB held round-table discussions on phase C to discuss:</p> <ul style="list-style-type: none"> <li>• initial views on measurement</li> <li>• measurement issues identified</li> <li>• potential measurement bases and terminology.</li> </ul>	<p>An ED on phase C is expected in 2010.</p> <p>A final chapter on phase C is expected in 2011.</p> <p>A DP on phase D was published in May 2008. The comment period for this DP closes on 29 September 2008.</p> <p>An ED on phase D is expected in the second half of 2009.</p> <p>The timing of a final chapter on phase D has yet to be determined by the IASB.</p> <p>The expected timing and initial type of documents to be published as part of phases E, F, G and H are yet to be determined by the IASB.</p>
<p>Consolidation, including special purpose entities (SPEs) (convergence with U.S. GAAP)</p>	<p>The objective of this joint project with the FASB is to develop the basis for consolidation that would apply to all entities, including SPEs. The IASB intends to issue a new consolidation standard, replacing IAS 27 <i>Consolidated and Separate Financial Statements</i> and SIC-12 <i>Consolidation – Special Purpose Entities</i>.</p> <p>The Board has decided to propose that control should be defined as having “exclusive rights over an entity’s assets and liabilities which give it access to the benefits of those assets and liabilities and the ability to increase, maintain or protect the amount of those benefits.”</p>	<p>Active agenda project – new standards and major projects</p> <p>An ED is expected in the fourth quarter of 2008.</p> <p>A final standard is expected in the second half of 2009.</p>

Project description	Overview	Timing / Status
Earnings per share (partial convergence with U.S. GAAP)	<p>The Board is considering limited amendments to IAS 33 <i>Earnings per Share</i> in light of the FASB's publication of its ED on earnings per share, and its subsequent deliberations.</p> <p>The Board decided to propose certain amendments to the methods used to calculate dilutive effects of options, warrants and their equivalents that are classified as liabilities. In addition, the Board decided to propose the use of the fair value model to replace the treasury stock method and the "if converted" method in the earnings per share calculation, and to require the two-class method for computing basic earnings per share for mandatorily convertible instruments with stated participation rights.</p>	<p>Active agenda project – amendments to existing standards</p> <p>An ED is expected in the third quarter of 2008.</p> <p>A final standard is expected in the second half of 2009.</p>
Emission trading schemes	<p>The objective of this project is to address the underlying accounting for emission trading schemes. This project interacts with the project to revise IAS 20 <i>Accounting for Government Grants and Disclosure of Government Assistance</i> with regard to when emission trading schemes are granted by the government. It also interacts with the revenue recognition and liabilities projects.</p> <p>At its May 2008 meeting, the Board tentatively decided that the emission trading schemes project would be broad in scope and cover the accounting for all tradeable emissions rights and obligations under various emission trading schemes.</p>	<p>Active agenda project – new standards and major projects</p> <p>An ED is expected in the second half of 2009.</p> <p>A final standard is expected in 2010.</p>
Extractive activities	<p>The objective of this research project is to develop an internationally acceptable approach to accounting issues in the extractive industries. The research project team is considering all issues associated with accounting for upstream extractive activities, with a focus on the definition, recognition, measurement and disclosure of reserves / resources, including the accounting for exploration costs.</p> <p>The Board has held education sessions on the research project, which included topics such as the definition of reserves and resources, and the recognition and measurement of reserves and resources. As a result of the education sessions, an industry working group has undertaken a project to review the definitions of reserves and resources for oil and gas and minerals to identify the potential for convergence of the definitions and to identify approaches that would promote a common understanding of these definitions.</p> <p>It is expected that the extractive industries project will be a joint project led by the IASB.</p> <p>The resulting standard would replace IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>.</p>	<p>Research agenda project</p> <p>A DP is expected in the fourth quarter of 2008.</p> <p>The timing of a final standard is yet to be determined by the IASB.</p>

Project description	Overview	Timing / Status
<p>Fair value measurement guidance (convergence with U.S. GAAP)</p>	<p>The original objective of this project was to develop a consistent definition of, and to provide additional measurement guidance on, fair value; the objective was not to expand the use of fair value. In December 2007 the Board tentatively decided to revise the objective of the project "to develop principles and measurement guidance for fair value measurements in IFRSs".</p> <p>In 2006 the IASB published Discussion Paper <i>Fair Value Measurements</i>. This DP sets out the IASB's preliminary views on the U.S. standard SFAS 157 <i>Fair Value Measurements</i>.</p> <p>A summary of this DP can be found in <i>IFRS Briefing Sheet – Issue 60: Discussion Paper Fair Value Measurements</i>.</p>	<p>Active agenda project – new standards and major projects</p> <p>A DP was published in November 2006.</p> <p>The comment period closed on 4 May 2007.</p> <p>An ED is expected in the first half of 2009.</p> <p>A final standard is expected in 2010.</p>
<p>Financial instruments: derecognition (convergence with U.S. GAAP)</p>	<p>The objective of this joint project with the FASB is to develop a new approach to the derecognition of assets (with an initial focus on financial assets) that would be an improvement to the current approaches outlined in IAS 39 <i>Financial Instruments: Recognition and Measurement</i> and SFAS 140 <i>Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities</i>.</p>	<p>Research agenda project</p> <p>The expected timing and initial type of document to be published as part of this project are yet to be determined by the IASB.</p>
<p>Financial instruments: liabilities and equity (convergence with U.S. GAAP)</p>	<p>The objective of this long-term joint project is to have more relevant, understandable and comparable requirements for determining the classification of financial instruments that have the characteristics of liabilities, equity, or both.</p> <p>In February 2008 the IASB published Discussion Paper <i>Financial Instruments with Characteristics of Equity</i>. The IASB DP comprises the FASB Preliminary Views document on <i>Financial Instruments with Characteristics of Equity</i> (FASB document), which was published in November 2007, and an IASB Invitation to Comment.</p> <p>The objective of the DP is for the IASB to establish whether the FASB document is the most suitable basis for the IASB's discussions on distinguishing between liabilities and equity and also whether it could form a basis for a possible joint standard on the subject.</p> <p>A summary of this DP can be found in <i>IFRS Briefing Sheet – Issue 88: IASB Discussion Paper Financial Instruments with Characteristics of Equity</i>.</p>	<p>Research agenda project</p> <p>A DP was published in February 2008.</p> <p>The comment period closes on 5 September 2008.</p> <p>An ED is expected in the second half of 2009.</p> <p>A final standard is expected in 2011.</p>

Project description	Overview	Timing / Status
<p>Financial instruments: portions (eligible hedged items)</p>	<p>The objective of this project is to propose rules-based amendments to IAS 39 to simplify the hedge accounting requirements by clarifying the risks that may be designated as hedged risks and the portion of cash flows of a financial instrument that may be designated as a hedged item.</p> <p>This project also is expected to address a practice issue discussed by IFRIC in May and July 2007 regarding hedging with written options.</p> <p>In September 2007 the IASB published an ED of <i>Proposed Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Exposures Qualifying for Hedge Accounting</i>.</p> <p>A summary of this ED can be found in <i>IFRS Briefing Sheet – Issue 75: Exposure Draft of Proposed Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Exposures Qualifying for Hedge Accounting</i>.</p>	<p>Active agenda project – amendments to existing standards</p> <p>An ED was published in September 2007.</p> <p>The comment period closed on 11 January 2008.</p> <p>A final standard is expected in the third quarter of 2008.</p>
<p>Financial instruments: replacement of existing standards (convergence with U.S. GAAP)</p>	<p>The objective of this long-term joint project is to develop a less complex and principle-based standard on the accounting for financial instruments. The project will involve a fundamental reconsideration of the accounting for financial instruments in areas such as measurement and hedge accounting.</p> <p>In March 2008, the IASB published Discussion Paper <i>Reducing Complexity in Reporting Financial Instruments</i>. The objective of the DP is to gather information to assist the IASB in its decision on how to proceed with developing a less complex and principle-based standard on the accounting for financial instruments, which is consistent with the IASB's and the FASB's long-term objective of measuring all financial instruments at fair value.</p> <p>A summary of this DP can be found in <i>IFRS Briefing Sheet – Issue 89: IASB Discussion Paper Reducing Complexity in Reporting Financial Instruments</i>.</p>	<p>Research agenda project</p> <p>A DP was published in March 2008.</p> <p>The comment period closes on 19 September 2008.</p> <p>The timing of an ED and a final standard is yet to be determined by the IASB.</p>
<p>First-time adoption of IFRSs (IFRS 1): additional exemptions</p>	<p>The objective of this project is to address practical issues that are being raised by constituents in countries that are planning their future adoption of IFRSs.</p> <p>The Board currently is deliberating potential amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>.</p> <p>This project was added to the Board's active agenda in March 2008.</p>	<p>Active agenda project – amendments to existing standards</p> <p>An ED is expected in the third quarter of 2008.</p> <p>A final standard is expected in the second half of 2009.</p>

Project description	Overview	Timing / Status
Financial statement presentation	<p>The objective of this joint project with the FASB is to enhance the usefulness of information presented in the primary financial statements. The project represents a fundamental reconsideration of the contents of primary financial statements.</p> <p>Phase A of the project focused on convergence issues related to the content of primary financial statements and comparative data, and the revised version of IAS 1 was published in September 2007. The revised standard is effective for annual periods beginning on or after 1 January 2009, with early application permitted.</p> <p>A summary of IAS 1 (Revised) can be found in <i>IFRS Briefing Sheet – Issue 74: Revised Standard IAS 1 Presentation of Financial Statements</i>.</p> <p>Phase B of the project focuses on more detailed issues related to the presentation of information on the face of the financial statements, including principles for aggregating information and required totals and subtotals.</p> <p>The project will not consider how to assess whether an item of income or expense should be recognised outside of profit or loss, and will not propose further changes to the statement of changes in equity.</p>	<p>Active agenda project – new standards and major projects</p> <p>The revised standard IAS 1 resulting from phase A was published in September 2007.</p> <p>A DP on phase B is expected in the third quarter of 2008.</p> <p>An ED is expected in 2010.</p> <p>A final standard is expected in 2011.</p>
Government grants (short-term convergence with U.S. GAAP)	<p>The objective of this project is to resolve inconsistencies between the IAS 20 recognition requirements and the <i>Framework for the Preparation and Presentation of Financial Statements</i> (Framework). There are a number of interactions between this project and other projects, and the work on this project has been deferred pending the progress in other related projects such as liabilities, revenue recognition and emission trading schemes.</p>	<p>Active agenda project – new standards and major projects</p> <p>Work on this project has been deferred pending the progress in other related projects such as liabilities, revenue recognition and emission trading schemes.</p> <p>The expected timing and initial type of document to be published are yet to be determined by the IASB.</p>
IFRS for private entities (formerly the IFRS for Small and Medium-sized Entities)	<p>The objective of this project is to develop an IFRS that would facilitate financial reporting by, and provide accounting standards suitable for, private entities that want to use international standards.</p> <p>In 2007 the Board published an ED of a <i>Proposed IFRS for Small and Medium-sized Entities</i> (SMEs IFRS).</p>	<p>Active agenda project – new standards and major projects</p> <p>An ED was published in February 2007.</p>

Project description	Overview	Timing / Status
	<p>The ED proposes a simplified and slimmed-down version of full IFRSs for SMEs. It is intended that the SMEs IFRS will contain significantly less guidance than full IFRSs; therefore, even when the general principles in the proposals appear to be the same as full IFRSs, differences in application may result.</p> <p>A summary of the exposure draft can be found in <i>IFRS Briefing Sheet – Issue 62: Exposure Draft of IFRS for Small and Medium-sized Entities</i>.</p> <p>Subsequent to the ED, the Board tentatively decided that:</p> <ul style="list-style-type: none"> <li>• the resulting standard will not include cross references to full IFRSs, and should be a separate stand-alone document</li> <li>• in respect of accounting policy options contained in full IFRSs, the IFRS for SMEs will contain the less complex option in the body of the standard, while the more complex option will be made available and included in an appendix</li> <li>• the standard will not address segment information, earnings per share or interim reporting</li> <li>• the standard will exclude from its scope small listed entities</li> <li>• entities whose primary business is to hold funds in a fiduciary capacity will be excluded from the scope of the standard as they are considered publicly accountable.</li> </ul>	<p>The comment period closed on 30 November 2007.</p> <p>A final standard is expected in the first half of 2009.</p>
<p>Income taxes: amendments to IAS 12 <i>Income Taxes</i> (short-term convergence with U.S. GAAP)</p>	<p>Both IAS 12 and the equivalent U.S. standard SFAS 109 <i>Accounting for Income Taxes</i> are based on the balance sheet liability approach to accounting for deferred taxes. However, differences arise because both standards have exceptions to their basic principles. The objective of this joint project with the FASB is not to reconsider the underlying approach, but rather to eliminate exceptions to the basic principles.</p> <p>Convergence issues being considered by the Boards include:</p> <ul style="list-style-type: none"> <li>• definition of tax base</li> <li>• definitions of tax credit and investment tax credit</li> <li>• exceptions from the temporary difference approach and proposition to remove the exemption regarding the initial recognition</li> <li>• measurement of deferred tax assets and liabilities</li> <li>• recognition of deferred tax assets</li> <li>• allocation of tax to components of profit or loss or equity</li> <li>• balance sheet classification</li> <li>• additional guidance from SFAS 109</li> <li>• uncertain tax positions</li> <li>• disclosures</li> <li>• transitional arrangements.</li> </ul> <p>The IASB has made tentative decisions with respect to most convergence issues.</p>	<p>Active agenda project – new standards and major projects</p> <p>An ED is expected in the fourth quarter of 2008.</p> <p>A final standard is expected in 2010.</p>

Project description	Overview	Timing / Status
Insurance contracts: phase II	<p>The objective of this project is to develop further some of the issues identified in the 1999 Issues Paper <i>Insurance</i>. Any resulting standard would replace IFRS 4 <i>Insurance Contracts</i>.</p> <p>In May 2007 the IASB published a Discussion Paper <i>Preliminary Views on Insurance Contracts</i> as part of phase II of its insurance project. This DP addresses accounting for insurance contracts issued by insurers and reinsurance contracts held by insurers. Although the Board plans to address policyholder accounting in the insurance contracts project, this DP does not address this issue. The Board has proposed the following in respect of insurance contracts:</p> <ul style="list-style-type: none"> <li>• measure insurance liabilities at current exit value</li> <li>• measure insurance liabilities based on discounted expected future cash flows calculated using probability-weighted and current estimates of contractual cash flows and including explicit and unbiased estimates of risk and service margins.</li> </ul> <p>A summary of this DP can be found in <i>IFRS Briefing Sheet – Issue 68: Discussion Paper Preliminary Views on Insurance Contracts</i>.</p>	<p>Active project – new standards and major projects</p> <p>A DP was published in May 2007.</p> <p>The comment period closed on 16 November 2007.</p> <p>An ED is expected in the second half of 2009.</p> <p>A final standard is expected in 2011.</p>
Intangible assets (convergence with U.S. GAAP)	<p>The objective of this project is to address accounting issues relating to the initial and subsequent accounting for identifiable intangible assets other than those acquired in a business combination.</p> <p>This is intended to be a joint project with the FASB.</p>	<p>Research agenda project</p> <p>The expected timing and initial type of document to be published as part of this project are yet to be determined by the IASB.</p>
Joint ventures (short-term convergence with U.S. GAAP)	<p>This project comprises both a joint short-term convergence project with the FASB, and a longer term research project aimed at determining the most appropriate method of accounting for interests in jointly controlled entities.</p> <p>In September 2007 the IASB published ED 9 <i>Joint Arrangements</i>, which proposes accounting for joint arrangements based on the contractual rights and obligations agreed to by the parties to joint arrangements; the legal form of the arrangement would no longer be the most significant consideration in determining the accounting for joint arrangements. The ED proposes that an entity recognise an interest in a joint venture, previously a “jointly controlled entity”, using the equity method. Unlike IAS 31 <i>Interests in Joint Ventures</i>, proportionate consolidation would not be permitted.</p> <p>A summary of this ED can be found in <i>IFRS Briefing Sheet – Issue 76: Exposure Draft 9 Joint Arrangements</i>.</p>	<p>Active agenda project – amendments to existing standards</p> <p>An ED was published in September 2007.</p> <p>The comment period closed on 11 January 2008.</p> <p>A final standard is expected in the first half of 2009.</p>

Project description	Overview	Timing / Status
Leasing (convergence with U.S. GAAP)	This is a joint project with the FASB, the objective of which is to reconsider the accounting requirements for leasing arrangements. The resulting standard is expected to replace IAS 17 <i>Leases</i> .	Active project – new standards and major projects  A DP is expected in the fourth quarter of 2008.  An ED is expected in 2010.  A final standard is expected in 2011.
Liabilities: amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> and IAS 19 <i>Employee Benefits</i> (partial convergence with U.S. GAAP)	<p>In 2005 the Board published an ED of <i>Proposed Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IAS 19 Employee Benefits</i>. The proposals arise in part from a joint short-term convergence project with the FASB to converge requirements for the recognition of restructuring provisions and from phase II of the business combinations project. Phase II of the business combinations project was completed on 10 January 2008 with the issuance of IFRS 3 <i>Business Combinations</i> (2008).</p> <p>A summary of this ED can be found in <i>IFRS Briefing Sheet – Issue 31: Publication of Exposure Draft of Proposed Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IAS 19 Employee Benefits</i>.</p> <p>As part of its redeliberations of the proposals in the ED, the Board has tentatively affirmed that:</p> <ul style="list-style-type: none"> <li>• existence of a present obligation distinguishes a liability from a business risk</li> <li>• the term “stand ready obligation” will be used to describe situations when there is an uncertainty about the outflow of economic benefits required to settle a present obligation</li> <li>• existing definitions of legal and constructive obligations will be incorporated into the text of the standard (i.e., separate definitions will be eliminated)</li> <li>• the probability criterion (“more likely than not”) will not be carried forward; however guidance on addressing uncertainty about the existence of a present obligation will be included in the final standard</li> <li>• the final standard will include guidance on situations when the amount required to settle the obligation is different from the amount required to transfer the obligation.</li> </ul>	Active project – new standards and major projects  An ED was published in June 2005.  The comment period closed on 28 October 2005.  Round-table discussions were held in the fourth quarter of 2006.  A final standard is expected in 2010.
Management commentary	In 2005 the Board published Discussion Paper <i>Management Commentary</i> , which considers the role of the IASB in developing principles for management commentary that accompanies financial statements, and includes proposals for the main components of a standard.	Active project – new standards and major projects  A DP was published in October 2005.

Project description	Overview	Timing / Status
	<p>The Board will consider responses to the DP when deliberating presentation and disclosure issues as part of phase E of its conceptual framework project (see above <i>Conceptual framework</i>).</p> <p>A summary of the DP can be found in <i>IFRS Briefing Sheet – Issue 38: IASB Issues Discussion Paper on Management Commentary</i>.</p> <p>As part of the project the Board plans to provide non-mandatory guidance and suggested approaches to management commentary.</p>	<p>The comment period closed on 28 April 2006.</p> <p>An ED is expected in the fourth quarter of 2008.</p> <p>Completed guidance is expected in the second half of 2009.</p>
<p>Non-current assets held for sale and discontinued operations (IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>)</p>	<p>The objective of this joint project is to address certain issues related to IFRS 5 that have arisen as a result of the joint projects with the FASB on business combinations and financial statement presentation.</p>	<p>Active agenda project – amendments to existing standards</p> <p>An ED is expected in the third quarter of 2008.</p> <p>A final standard is expected in the first half of 2009.</p>
<p>Post-employment benefits (including pensions) (convergence with U.S. GAAP)</p>	<p>The objective of this project is to fundamentally revisit the accounting for employee benefits under IAS 19. The project is divided into two phases, a short-term phase and a long-term phase.</p> <p>In March 2008 the IASB published Discussion Paper <i>Preliminary Views on Amendments to IAS 19 Employee Benefits</i> related to the first phase of this project. This DP presents the preliminary views of the IASB on potential amendments to the accounting for post-employment benefit promises in accordance with IAS 19.</p> <p>The key changes proposed in the DP compared to the existing IAS 19 requirements include:</p> <ul style="list-style-type: none"> <li>• requiring changes in the value of plan assets and post-employment benefit obligations to be recognised when they occur, which therefore would remove the optional “corridor” deferral method for recognition of actuarial gains and losses currently allowed</li> <li>• replacing defined benefit plan accounting currently required with two categories of promises with different accounting: defined benefit promises and contribution-based promises</li> <li>• presenting actuarial gains and losses in the comprehensive income statement, which is not allowed under current requirements</li> <li>• changing the unit of account from being based on a plan to being based on a promise, which could result in a single plan having multiple elements requiring different accounting.</li> </ul>	<p>Active project – new standards and major projects</p> <p>A DP related to the first phase of this project was published in March 2008.</p> <p>The comment period closes on 26 September 2008.</p> <p>An ED is expected in the second half of 2009.</p> <p>A final standard is expected in 2011.</p>

Project description	Overview	Timing / Status
	<p>A summary of this DP can be found in <i>IFRS Briefing Sheet – Issue 90: IASB Discussion Paper Preliminary Views on Amendments to IAS 19 Employee Benefits</i>.</p> <p>The second phase of the project will consider all other issues. In this long-term phase of the project, the IASB will work together with the U.S. FASB to develop a converged standard, which is the ultimate objective of the overall project.</p>	
<p><a href="#">Related parties: amendments to IAS 24 Related Party Disclosures</a></p>	<p>The objective of this project is to clarify the requirements for state-controlled entities and the definition of a related party.</p> <p>In 2007 the Board published an ED of <i>Proposed Amendments to IAS 24 Related Party Disclosures – State-controlled Entities and the Definition of a Related Party</i>.</p> <p>The ED proposes amending IAS 24 to provide a disclosure exemption in respect of related party relationships that arise through common control by the state, unless indicators of influence exist between the entities. Therefore, for entities that are controlled or significantly influenced by the state, the disclosure of related party transactions will focus on those transactions that have been impacted by the related party relationship.</p> <p>The ED also proposes to amend the definition of related parties and to clarify that:</p> <ul style="list-style-type: none"> <li>• the IAS 24 disclosures apply to relationships and transactions between an entity and its related party – not between two related parties of an entity</li> <li>• related party transactions include future commitments</li> <li>• IAS 24 applies to consolidated, individual and separate financial statements.</li> </ul> <p>A summary of the ED can be found in <i>IFRS Briefing Sheet – Issue 63: Exposure Draft of Proposed Amendments to IAS 24 Related Party Disclosures</i>.</p> <p>Since publication of the ED the Board has tentatively reaffirmed the proposals in the ED and also tentatively decided:</p> <ul style="list-style-type: none"> <li>• to include the sponsoring employer as a related party of a post-employment benefit plan</li> <li>• to amend IFRS 8 <i>Operating Segments</i> so that entities will not be regarded as a single customer simply because of control by the same state</li> <li>• to clarify that a transaction between related parties will be considered to be at arms' length if the terms of that transaction are the same as those that would have been applied if the transaction had been between unrelated parties.</li> </ul>	<p>Active agenda project – amendments to existing standards</p> <p>An ED was published in February 2007.</p> <p>The comment period closed on 25 May 2007.</p> <p>A final standard is expected in the fourth quarter of 2008.</p>

Project description	Overview	Timing / Status
<p>Revenue recognition (convergence with U.S. GAAP)</p>	<p>This is a joint project with the FASB, the objective of which is to develop a single comprehensive set of principles for revenue recognition. The resulting standard would replace IAS 11 <i>Construction Contracts</i> and IAS 18 <i>Revenue</i>.</p> <p>The Boards are exploring a contract-based revenue recognition model, with two underlying measurement approaches, the <i>current exit price approach</i> and the <i>customer consideration approach</i>. This contract-based model would be based on changes in assets and liabilities, as opposed to the performance of obligations used under the current revenue recognition model.</p> <p>Under the <i>customer consideration approach</i>, performance would be measured initially by an allocation of the contract price to individual obligations, and subsequently remeasured only if deemed onerous. Revenue would be recognised upon the satisfaction of performance obligations after contract inception.</p> <p>Under the <i>current exit price approach</i>, the fair value of performance obligations would be measured at the current exit price (price that a market participant would pay (or require to be paid) in order to acquire the remaining contract assets and liabilities from the entity).</p>	<p>Active project – new standards and major projects</p> <p>A DP is expected in the third quarter of 2008.</p> <p>An ED is expected in the second half of 2009.</p> <p>A final standard is expected in 2011.</p>
<p>Share-based payment: group cash-settled share-based payment transactions (IFRS 2 <i>Share-based Payment</i> and IFRIC 11 <i>IFRS 2 – Group and Treasury Share Transactions</i>)</p>	<p>The objective of this project is to provide guidance on how group cash-settled share-based payment arrangements granted by a parent (or another entity in the group) should be accounted for in the financial statements of a subsidiary.</p> <p>In December 2007 the Board published an ED of <i>Proposed Amendments to IFRS 2 Share-based Payment and IFRIC 11 IFRS 2 – Group and Treasury Share Transactions – Group Cash-settled Share-based Payment Transactions</i>.</p> <p>The ED proposes requiring attribution of cash-settled share-based payments granted by a parent (or another entity in the group) to suppliers of goods and services (including employees) of a subsidiary to the subsidiary. Currently neither IFRS 2 nor IFRIC 11 address whether group cash-settled share-based payments should be attributed to the entity that receives the goods and services.</p> <p>A summary of the ED can be found in <i>IFRS Briefing Sheet – Issue 80: Exposure Draft of Proposed Amendments to IFRS 2 Share-based Payment and IFRIC 11 IFRS 2 – Group and Treasury Share Transactions – Group Cash-settled Share-based Payment Transactions</i>.</p>	<p>Active agenda project – amendments to existing standards</p> <p>An ED was published in December 2007.</p> <p>The comment period closed on 17 March 2008.</p> <p>A final standard is expected in the first half of 2009.</p>

## Appendix I Active agenda: new standards and major projects – Forthcoming documents expected to be published by 31 December 2010

Third quarter 2008	Fourth quarter 2008	First half 2009	Second half 2009	2010
Financial statement presentation – <b>discussion paper</b>	Consolidation, including SPEs – <b>exposure draft</b>	Fair value measurement guidance – <b>exposure draft</b>	Consolidation, including SPEs – <b>final standard</b>	Emission trading schemes – <b>final standard</b>
Revenue recognition – <b>discussion paper</b>	Income taxes – <b>exposure draft</b>	IFRS for private entities – <b>final standard</b>	Emission trading schemes – <b>exposure draft</b>	Fair value measurement guidance – <b>final standard</b>
	Leasing – <b>discussion paper</b>		Insurance contracts phase II – <b>exposure draft</b>	Financial statement presentation – <b>exposure draft</b>
	Management commentary – <b>exposure draft</b>		Management commentary – <b>completed guidance</b>	Income taxes – <b>final standard</b>
			Post-employment benefits (including pensions) – <b>exposure draft</b>	Leasing – <b>exposure draft</b>
			Revenue recognition – <b>exposure draft</b>	Liabilities: Amendments to IAS 37 and IAS 19 – <b>final standard</b>

Note: Forthcoming documents for which the timing is yet to be determined are not included in the above table.

## Appendix II Active agenda: amendments to existing standards – Forthcoming documents expected to be published by 31 December 2010

Third quarter 2008	Fourth quarter 2008	First half 2009	Second half 2009	2010
Annual improvements (Year 2) – <b>exposure draft</b>	Related party disclosures – <b>final standard</b>	Annual improvements (Year 2) – <b>final amendments</b>	Earnings per share – <b>final standard</b>	
Earnings per share – <b>exposure draft</b>		Joint ventures – <b>final standard</b>	First-time adoption of IFRSs (IFRS 1): additional exemptions – <b>final standard</b>	
Financial instruments: portions (eligible hedged items) – <b>final standard</b>		Non-current assets held for sale and discontinued operations (IFRS 5) – <b>final standard</b>		
First-time adoption of IFRSs (IFRS 1): additional exemptions – <b>exposure draft</b>		Share-based payment: group cash-settled share-based payment transactions – <b>final standard</b>		
Non-current assets held for sale and discontinued operations (IFRS 5) – <b>exposure draft</b>				

Note: Forthcoming documents for which the timing is yet to be determined are not included in the above table.

## Appendix III Conceptual framework – Forthcoming documents expected to be published by 31 December 2010

Third quarter 2008	Fourth quarter 2008	First half 2009	Second half 2009	2010
		Phase A: Objectives and qualitative characteristics – <b>final chapter</b>  Phase C: Measurement – <b>discussion paper</b>	Phase B: Elements and recognition – <b>discussion paper</b>  Phase D: Reporting entity – <b>exposure draft</b>	Phase B: Elements and recognition – <b>exposure draft</b>  Phase C: Measurement – <b>exposure draft</b>

Note: Forthcoming documents for which the timing is yet to be determined are not included in the above table.

## Appendix IV Research agenda – Forthcoming documents expected to be published by 31 December 2010

Third quarter 2008	Fourth quarter 2008	First half 2009	Second half 2009	2010
	Extractive activities – <b>discussion paper</b>		Financial instruments: liabilities and equity – <b>exposure draft</b>	

Note: Forthcoming documents for which the timing is yet to be determined are not included in the above table.

If you would like further information on any of the matters discussed in this issue of *IFRS Briefing Sheet*, please talk to your usual local KPMG contact or call any of KPMG firms' offices.

KPMG International Financial Reporting Group is part of KPMG IFRG Limited.

KPMG International is a Swiss cooperative. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2008 KPMG IFRG Limited, a UK company, limited by guarantee. All rights reserved.

KPMG and the KPMG logo are registered trademarks of KPMG International, a Swiss cooperative.

Publication name: *IFRS Briefing Sheet: IASB's Projects Overview*

Publication number: Issue 96

Publication date: July 2008