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

- **Response to Trustees’ Strategy Review**
  - Implementation Steering Committee
  - Survey of IFRS adoption

- **Going concern**
  - The issue
  - When and what should be disclosed?

- **Snapshot of status of main projects**
Trustees’ Strategy Review
Implementation Steering Committee
Survey of IFRS Adoption
Trustees’ Strategy Review

• Consistency of application and implementation is one of the IASB’s priorities.

• To be achieved through
  – Issue clear standards
  – Provide application and implementation guidance, consistent with a principle-based approach
  – Work with a network of securities regulators, audit regulators, standard-setters, regional standard-setting bodies, accounting bodies and others
  – Education activities
  – Identify jurisdictions where IFRSs are being modified
  – Seeking assistance from relevant public authorities
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Implementation Steering Committee

• Coordination role only, not a technical group
• Comprises 4 IASB members plus senior staff
• Assess whether…
  …appropriate functions in place
  …receiving timely intelligence on implementation issues
  …conducting appropriate follow-up
• Identify opportunities for enhanced interaction…
  …with range of stakeholders
  …prioritising multilateral groups and organisations
Enhanced interaction

• Coordination of interaction with stakeholder groups
  – Securities regulators
  – Auditors
  – Accounting bodies

• Supporting consistent implementation of IFRSs
  – Improving communication with those involved in implementation and enforcement
Survey of IFRS Adoption

• The Trustees asked the IFRS Foundation to develop a survey to seek an understanding of the application of IFRSs around the world in August 2012

• 66 jurisdiction profiles posted 5 June 2013:
  – All G20 plus 46 others
  – go.ifrs.org/global-standards

• Goal: A central source of information to chart jurisdictional progress toward global adoption of a single set of financial reporting standards
## First batch of 66 jurisdictional profiles

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Commitment to IFRSs as global standards

Public commitment in support of global accounting standards?

YES = 63

[Bar chart with 3 = Albania, Macao & Switzerland]

IFRSs as those standards?

YES = 65

[Bar chart with 1 = Switzerland]

Public commitment  No statement
Adoption of IFRSs

Completion of IFRS adoption?

11 yet to complete:

- **Japan**: IFRSs permitted. By 2014 expect more than 20% of total market cap to use IFRSs.
- **United States**: IFRSs permitted for non-US companies (450 use now).
- **China**: Substantially converged.
- **India**: Permitted on a limited voluntary basis – only 11 companies use.
- **Pakistan** and **Singapore**: Have adopted many but not all IFRSs.
- **Saudi Arabia**: IFRSs required for banks and insurance companies.
- **Bhutan** and **Bolivia**: Yet to adopt but IFRSs used by some companies.
- **Indonesia** and **Macao**: Adopted some IFRSs but no plan for full adoption.
Modifications to IFRS are rare

• **European Union:** IAS 39 ‘temporary carve-out’ – 99.5%+ of all EU companies report using full IFRSs

• **Effective dates:** A few jurisdictions deferred dates of several standards, notably IFRSs 9, 10, 11, 12

• **Pending completion of IASB projects:** A few modifications or deferrals pending completion of IASB projects on equity method, agriculture, loan loss provisions, hedge accounting, rate regulation
Next steps in the project

• Complete the remaining 13 EU and 2 EEA jurisdictions with high priority
  – Post Profiles by 31 July 2013

• Send surveys to all remaining IFAC member jurisdictions plus others (about 50 countries)
  – Post Profiles by 31 December 2013

• Follow-up survey early 2014
  – Including some additional questions relating to IFRS adoption
Going Concern
Going concern – requirements in IAS 1

• IAS 1 requires:
  • Management to assess an entity’s ability to continue as a going concern
  • Disclose ‘material uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern’
Going concern – the issue

• Global financial crisis, including reduction in liquidity, increased the focus on going concern

• Many reviews and reports, including the UK Sharman Inquiry *Going Concern and Liquidity Risks: Lessons for Companies and Auditors* (June 2012)
  – Suggested, among other things, IASB and IAASB work together to agree a common international understanding of:
    – the purposes of the going concern assessment and financial statement disclosures about going concern; and of
    – the related thresholds and descriptions of a going concern
Going concern – the submission

• Issue submitted to IASB / IFRS IC by IAASB

• Seeking clarification on disclosures about
  • “material uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern”

• Concern disclosures are not given when they should be given
Going concern – outreach

• Outreach conducted
  • definition of going concern clear and works well
  • a few think no need for disclosure if management’s conclusion is that the entity is a going concern
  • many think earlier disclosure of problems would be useful
  • concern that disclosures are boilerplate

• FASB is currently looking at going concern disclosures in US GAAP
Going Concern

• **No plans to change definition of going concern**
  • An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so

• **Plan to propose clearer guidance:**
  • When disclosures should be given about material uncertainties
  • What should be disclosed
Matter to consider

- How to distinguish between ‘events or conditions’ and normal business risks
  - Sufficiently serious to cast significant doubt about entity’s ability to continue as a going concern
  - Consider magnitude, likelihood and timing

- Identifying mitigating actions to address the ‘events or conditions’
  - Consider feasibility and effectiveness of those actions

- Assessing the level of uncertainty
  - Can entity continue as a going concern?
What should be disclosed?

• Should disclosure of ‘gross’ position be given?
  • Events or conditions that cast significant doubt about entity’s ability to continue as a going concern
  • Information about mitigating actions planned / being taken

• Should a conclusion about the ‘net’ position also be disclosed?
  • Whether significant doubt remains about entity's ability to continue as a going concern, after taking account of mitigating actions?

• Should a positive statement about basis of preparation on going concern basis be required?
Next steps

• Discussion at IASB meeting in September
• Target Exposure Draft Q4 2013
• Consider aligning exposure with short-term project to amend IAS 1 *Presentation of Financial Statements*
  • Response to Disclosure Discussion Forum in January 2013
Snapshot of status of main projects
Snapshot of status of main projects

• **Revenue Recognition**
  • IFRS expected Q3 2013

• **Financial Instruments**
  • *Classification & Measurement (limited amendment)*: commencing joint redeliberations July 2013
  • *Impairment*: Comment period ends 5 July 2013; redeliberations Q3 2013
  • *Hedge accounting*: IFRS chapter expected Q3 2013

• **Leases**
  • ED comment period ends 13 September 2013

• **Insurance**
  • ED comment period ends 25 October 2013
Thank you