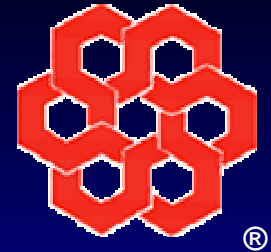


# International Accounting Standards Board



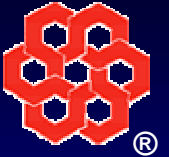
International  
Accounting Standards  
Board

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**The IASB agenda today and  
priorities for the future**

# IASB

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**... is committed to develop, in the public interest, a single set of high quality, global accounting standards...**

**...to help users to make economic decisions.**



# High quality standards

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- Understandable
- Enforceable
- Transparent and comparable information

...to help users to make economic decisions.

# Difference between standard-setter and regulator



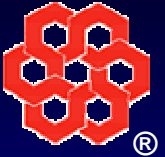
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## ■ Standard setters

- Determines appropriate financial reporting

## ■ Regulators

- Specify which regulations should be followed
- Responsible for enforcement



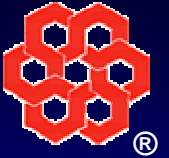
# Convergence !

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- **Attracting investment by transparency**
- **Supports cross-border investments**
- **Reducing cost of capital**
- **Reducing operational expenses**

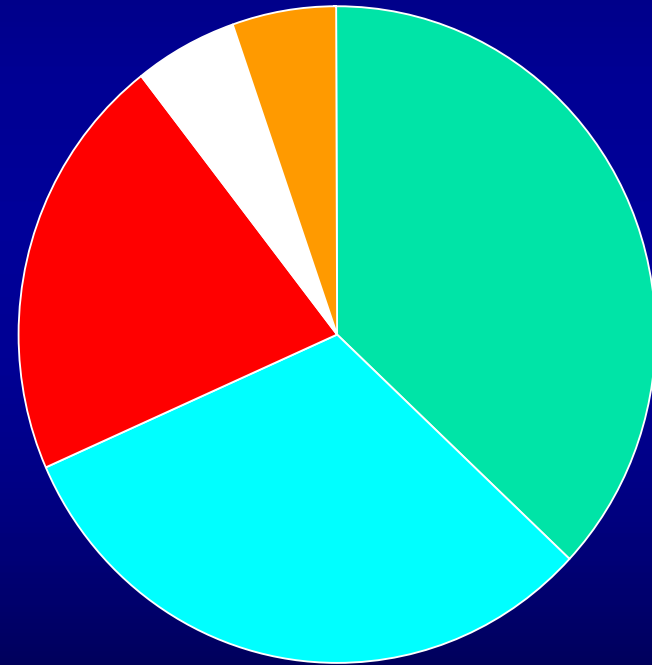
# The IASC Foundation – Providing Oversight

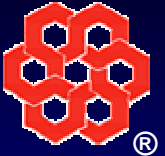
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## 19 trustees

- 7 Europe
- 6 North America
- 4 Asia Oceania
- 1 South Africa
- 1 Brazil





# 14 Board Members

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- 12 full-time and 2 part-time members
- Sole responsibility for setting agenda and standards
- Presently from 9 countries and 5 continents



# Staff at IASB

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**The Board's work is supported by:**

- **25 technical staff**
- **25 support and publications staff**

**- from 12 countries**



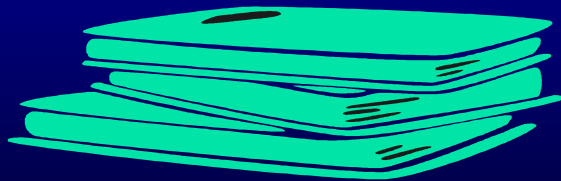
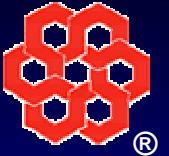
# Principle 1: Independent standard setting



- Independent board members
- All board meetings in public
- Thorough due process
- Private funding
- No political influence

# Principle 2: Principle based standards

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**Principles**

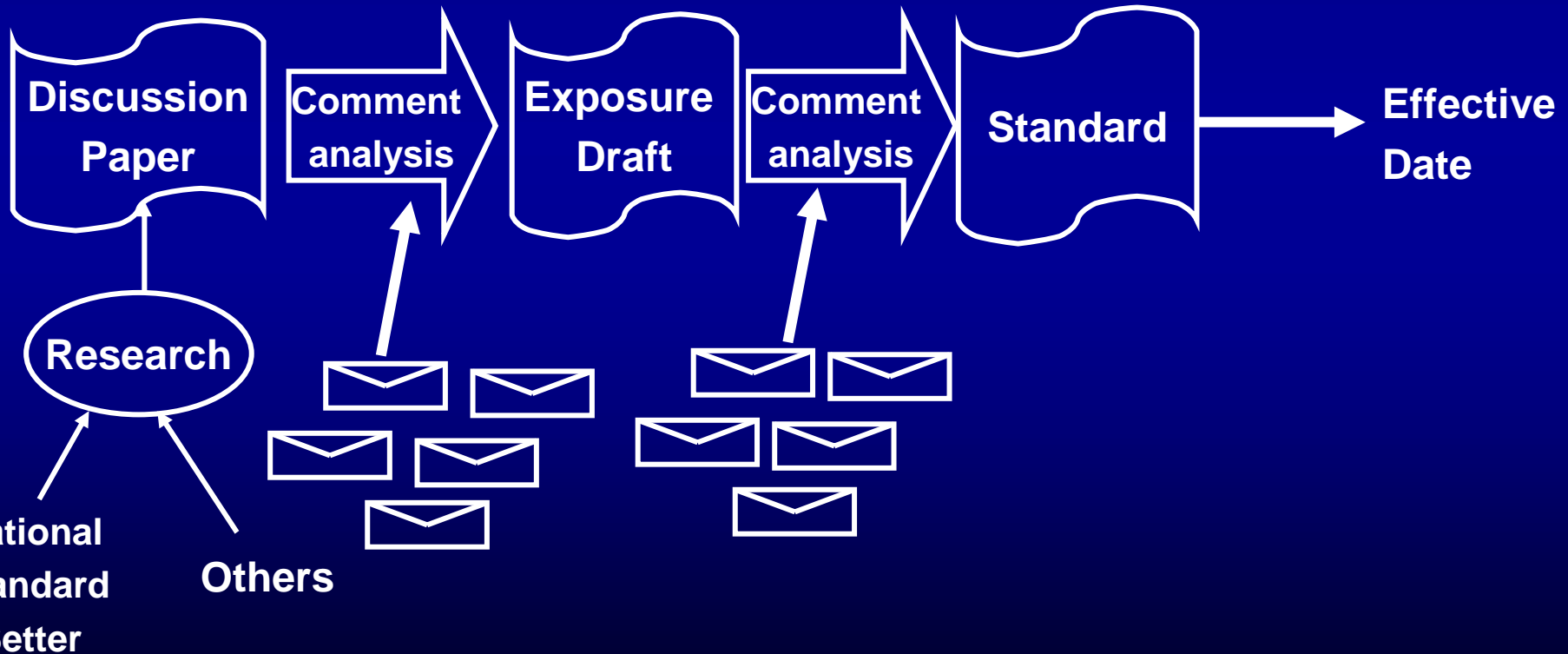


**Rules**



# Thorough due process

← 9-15 months → ← 9-15 months → ← 6-18 months →

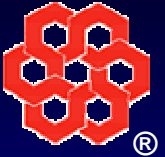




# IFRIC

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- **Interpretation & clarification of principles**
- **Criteria for IFRIC's agenda**
  - **widespread and practical relevance?**
  - **significantly divergent interpretations?**
  - **unrelated to a Board project to be completed in the near future?**



# Our priorities are

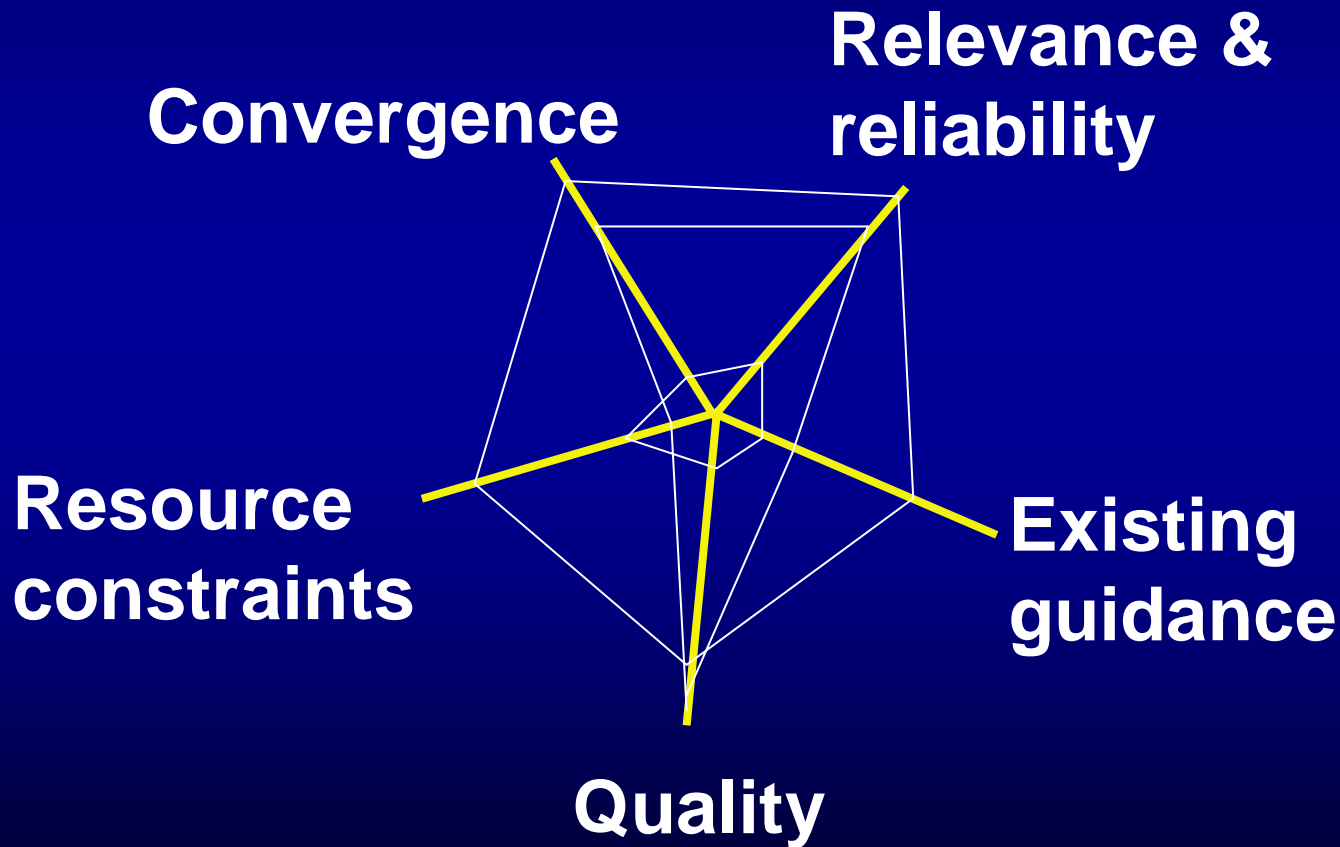
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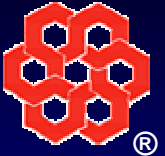
- Promoting adoption of IFRSs
- Convergence
- Improving standards, filling gaps



# We prioritise by...

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# Projects on the agenda

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- **Convergence FASB**
- **Conceptual Framework**
- **Revenue Recognition**
- **Financial Instruments**
- **Performance Reporting**
- **Business Combinations II**
- **Consolidation**
- **Insurance**
- **SMEs**



# Convergence with FASB

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The work is focused upon:

- Short to medium term projects with quick implementation
- Projects with a medium or long term view and requiring substantial work
- SEC accept IFRS reporting 2007/09





# SEC Roadmap

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## ■ 2005-2007

- Application of IFRS
- Investors gain knowledge
- All share implementation experiences

## ■ 2007-2009

- Status of IFRS/GAAP convergence
- SEC review additional filings
- Evaluate significance of differences
- Recommend elimination of reconciliation



# Conceptual Framework

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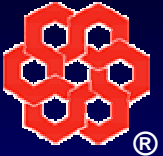
- The conceptual base for all standards
- Approved 1989 - Needs an overhaul
  - Refine, update, complete, converge
- IASB / FASB joint project
- Must not stop “normal” development



# Revenue Recognition

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- **Biggest source of restatement**
- **Need a clearer definition of revenue**
- **When do we recognise revenue?**
  - **at contract signing or only at delivery?**
  - **triggering events?**
  - **bundled offerings?**
- **Timing of profit recognition**



# Financial Instruments

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- **All derivatives at fair value**
  - = increased transparency to users
- **But - complex & rules driven Standard**
  - Mixed attribute model (cost & fair value)
  - Hedge accounting
  - Fair value option
- **Possible long-term developments?**



# Insurance Contracts

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- Measuring uncertain long-term liabilities
- Revenue recognition
- Not just for insurers?



# Performance Reporting

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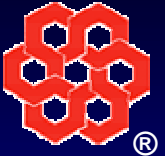
- Fresh look at performance reporting
- Convergence with FASB
- Single statement of earnings and comprehensive income
- Recycling and disaggregation



# Standards for SMEs

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- The world is full of small and medium sized entities
- For financial statements of entities with no public accountability
- Based on IFRSs but simplified



# Business Combinations

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- Guidance on *how* to apply the acquisition method
- Removing differences between IFRS and US GAAP
- First joint IASB-FASB common Exposure Draft





# Consolidations

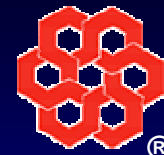
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- Includes SPEs
- The concept of control as the basis for consolidation
- Project plan under review

# Research

## – what the future holds

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- Measurement objectives
- Concessions
- Extractive industries
- Hyperinflation
- Intangible assets
- Investment entities
- Joint Ventures
- Leases
- Management commentary



# The world is getting smaller

## IFRSs Around the World



**RED = IFRS Approved**  
**ORANGE = Stated move to adoption**  
**YELLOW = Adapting to IFRSs**

- 92 countries have approved IFRS
- Russia, Australia, EU are in
- Coming soon
  - Canada, Chile, China, ...
  - India, Latin America, ...
- Converging with USA and Japan



# The Critics

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**Fair value  
fixated**

**US dominated**

**Don't  
understand  
Europe**

**Not  
listening**

**Threatening  
stability of ...**

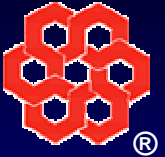
**Too  
theoretical**



# IASB – seeking opinions

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- Research agenda and work programs are public and open for discussion
- Advisory groups and round tables
- Discussion papers
- Exposure drafts
- Public board meetings
- Today



# The Vision

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*...one single set of high  
quality global standards..*

*..used on the global  
capital markets.*