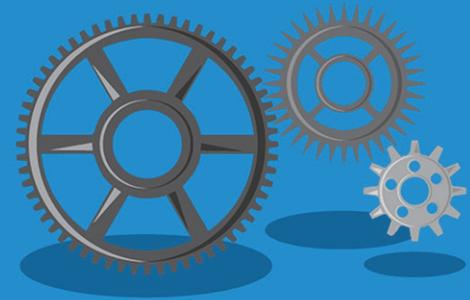


# Proposals focus on agenda decisions



15 May 2019



Reinhard Dotzlaw  
Global IFRS Leader

## Due process update to reflect current practices and conventions

### Highlights

- Clarifying the role and timing of 'IFRIC' agenda decisions
- IASB's agenda decisions – A new tool
- What else might change?
- Find out more – Read our comment letter

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### Agenda decisions are a means of improving consistency in the application of IFRS Standards

In light of developments in the practices and conventions of both the International Accounting Standards Board and the IFRS Interpretations Committee, **amendments** have been proposed to the *Due Process Handbook*<sup>1</sup> to:

- clarify the role and status of agenda decisions<sup>2</sup> published by the Committee;
- reflect the Board's view that companies should be entitled to sufficient time to consider agenda decisions and implement any resulting change in accounting policy, if necessary; and
- introduce agenda decisions as a due process tool for the Board.

Additionally, the proposals cover a range of other procedural matters.

### Clarifying the role and timing of IFRIC agenda decisions

If the Committee decides not to add a standard-setting project to the agenda, then an 'agenda decision' will be issued that often outlines how to apply the principles and requirements of IFRS to the scenario.

The proposed amendments clarify that agenda decisions do not have the same standing as IFRS Standards; the explanatory material does not add to or change the requirements in IFRS, but rather aims to improve consistency in application.

**“Agenda decisions published by the Interpretations Committee are an important tool in the Committee’s toolbox to assist in the consistent application of IFRS and therefore it is helpful to clarify their role and status.”**

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1. The Due Process Handbook (the Handbook) sets out the due process and principles that apply to the International Accounting Standards Board (the Board) and the IFRS Interpretations Committee (the Committee). The Trustees of the IFRS Foundation committee – the Due Process Oversight Committee (DPOC) – is responsible for monitoring compliance with due process and reviewing the due process procedures.
  2. Agenda decisions were formerly referred to as 'rejection notices'.

Although agenda decisions are technically non-authoritative, many view them as in-substance mandatory – because agenda decisions often provide new information that is helpful and persuasive in the application of IFRS Standards. Therefore, companies are expected to change their accounting policy to the extent that their accounting differs from that described in the agenda decision.

### **Timing of implementation of the Committee’s agenda decisions**

Agenda decisions do not (and cannot) have an effective date or transition provisions; they are expected to be applied as soon as possible – and retrospectively.

But, in practice, implementing agenda decisions may sometimes be difficult – especially when the decisions are issued near a reporting date. This is because effecting an accounting policy change may require companies to undertake a number of steps, such as collecting additional information to apply the new policy or to provide disclosures, or changing processes or systems.

The proposals reflect the Board’s expectation that a company would be entitled to ‘sufficient time’ to determine whether to change an accounting policy as a result of an agenda decision and to implement any such change.

So what is meant by ‘sufficient time’? In her article, [Agenda decisions – time is of the essence](#), Sue Lloyd, Chair of the Committee, states that the Board “had in mind a matter of months rather than years”.

### **Board agenda decisions – A new tool**

The proposals also include a formal mechanism to enable the Board to issue its own agenda decisions. Although their use is expected to be rare, the Board believes that agenda decisions would be a helpful tool in situations such as when an application question is received in the period after a standard is issued but before it becomes effective or widely implemented – e.g. when application questions arise during Transition Resource Group discussions.

Similar to agenda decisions published by the Committee, Board agenda decisions would:

- be used when standard setting is not warranted;
- be considered non-authoritative;
- contain explanatory information about the application of the standards;
- not change existing requirements; and
- be subject to the same due process as the Committee’s agenda decisions – including allowing stakeholders to provide comments on the decision.

### **What else might change?**

Other proposed amendments include clarifications in the following areas:

- The effects analysis – i.e. the Board’s process for assessing the likely effects of a new or amended standard – carried out throughout the standard-setting process.
- The categories and review requirements of educational material produced by the IFRS Foundation.
- The consultation required to add major projects to the Board’s work plan.
- The processes for issuing and publishing IFRS Taxonomy updates.

### **Find out more**

The comment period for the proposed amendments to the *Due Process Handbook* ended on 29 July 2019. Read our [comment letter](#) (PDF 94 KB) to learn more about KPMG’s position.

[home.kpmg/ifrs](https://home.kpmg/ifrs)

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