

March 2010

Summary of EFRAG Planning and Resource Committee meeting held on 26 January 2010

The EFRAG Planning and Resource Committee (PRC), consisting of two members of the EFRAG Supervisory Board, the Chairs of three National Standard Setters (NSS) and the EFRAG TEG Chairman, including and the Chair of the German Standard Setter plus the EC as observers, had its third meeting on 26 January in Brussels.

The PRC sets the agenda for the pro-active work resulting in the issuance of discussion papers and other outputs. The PRC provides guidance on the allocation of available resources to pro-active projects and monitors the progress of the work concerned. The objective of the pro-active work is to influence the IASB and to create discussion and a better understanding of financial reporting issues in Europe.

The agenda of 26 January included a status report on the current pro-active projects:

- *Corporate Income Tax*: Joint project being led by the UK and German standard setters - ASB and GASB as part of EFRAG's pro-active work. The resulting Discussion Paper is envisaged to address the conceptual and practical issues in the application of IAS 12 "Income Taxes" and suggest an alternative approach for the financial reporting of corporate income tax that is more aligned with satisfying the needs of users. The publication of a Discussion paper for public consultation is envisaged by the end of 2010.
- *Business Combinations under Common Control*: Joint Project of the Italian standard setter OIC and EFRAG with involvement of the French standard-setter, the ANC. It aims to identify, analyse and discuss the financial reporting practices used in the major markets to account for business combinations under common control and similar transactions in consolidated and separate financial statements. The project is on track at this stage towards finalisation of a preliminary draft by the end of the year.
- *Performance Reporting*: The Discussion Paper issued for public comment in March 2009 addresses the definition of performance; key and bottom lines, including the notion of "net income"; recycling; and disaggregation models. The comment period is closed and the TEG is considering how to use the paper and the related comments.
- *Disclosure Framework*: The project, led by EFRAG, is in the planning phase and the scope and key issues are still to be agreed. The objective is to encourage the IASB and other standard setters to reassess the current process to develop disclosure requirements and provide recommendations for the development of a set of principles. A Discussion Paper is expected to be issued for public comment in 2011.

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- *Effect Studies Methodology*: The PRC received a progress report on the project led by the ASB. The main objective is to develop proposals for a framework by which the effects of accounting standards can be considered by the standard setters, notably the IASB, in developing new standards and major amendments to existing standards. The subject will also be discussed with the SAC in its February meeting.
- *Business Model in Accounting*: The PRC was updated on the initial considerations for a project, led by the UK ASB, on the business model and its relevance to financial reporting. The aim of the project includes: to illustrate how the idea of a business model might suggest particular solutions to issues in financial reporting; and to discuss the means by which the business model might be incorporated into requirements or other guidance for financial reporting. The project may complement other projects.

Furthermore the agenda included a discussion of several project proposals:

- *Income Statement-driven approach*: the PRC considered undertaking some work on the income statement-driven approach versus the balance-sheet driven approach.
- *Essays on measurement*: the PRC decided not to pursue this project at this stage.
- *IFRS for the individual financial statements*: a project proposal will be prepared for consideration by the PRC in its June meeting.

The PRC nearly finalised a Research Strategy “A Force for Change Strategy for European Pro-active Financial Reporting Activities” to drive the pro-active work.

The PRC decided on the process to provide input to the IASB agenda post 2011 and will consult publicly on a proposal for input in spring.

Future meeting

The next meeting of the PRC will take place on 1 June 2010 and is open to the public.