



Criteria for AIP

Proposals to amend the Due Process Handbook for the IASB

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Background

Referring to the *AIP – Annual Improvements Process* the IFRS Foundation has proposed detailed criteria in order to assess the appropriateness of amendments to IFRSs for inclusion in AIP. The proposed criteria are intended to be included in the IASBs Due Process Handbook.



Proposed Changes

Three new paragraphs are proposed to be included in the IASB's Due Process Handbook as follows:

27A - When considering whether to add an item to its active agenda, the IASB may determine that it meets the criteria to be included in AIP.

65A - Basically there are four criteria to be observed, which must all be met in order to qualify for inclusion in AIP:

- (a) the issue has one of the following characteristics: either **clarifying** or **correcting** (...)
- (b) the item has a **narrow and well-defined purpose** (consequence)
- (c) it is probable that the IASB will reach a **conclusion on a timely basis**
- (d) **if** there is an **active or planned project** on the subject – there must be a **pressing need** in order to be considered in the course of AIP

65B - Before issuing an ED on AIP, the criteria in 65A must be assessed.



Question for consideration

The proposed amendments to the IASB Due Process Handbook are intended to provide enhanced criteria to assist the IASB and interested parties when determining whether a matter relating to the clarification or correction of IFRSs should be addressed using the annual improvements process.

Do you think that the proposed criteria provide a sufficient and appropriate basis for assessing whether a matter relating to the clarification or correction of IFRSs should be addressed using the annual improvements process? If not, what changes would you propose and why?



Wording of the proposed paragraphs

- 27A When considering whether to add an item to its active agenda, the IASB may determine that it meets the criteria to be included in the annual improvements process described in paragraph 65A. The primary objective of the annual improvements process is to enhance the quality of IFRSs by amending existing IFRSs to clarify guidance and wording, or correcting for relatively minor unintended consequences, conflicts or oversights.



Wording of the proposed paragraphs

65A In planning whether an issue should be addressed by amending IFRSs within the annual improvements project, the IASB assesses the issue against the following criteria. All criteria (a)–(d) must be met to qualify for inclusion in annual improvements.

(a) The proposed amendment has one or both of the following characteristics:

(i) clarifying—the proposed amendment would improve IFRSs by:

- clarifying unclear wording in existing IFRSs, or
- providing guidance where an absence of guidance is causing concern.

A clarifying amendment maintains consistency with the existing principles within the applicable IFRSs. It does not propose a new principle, or a change to an existing principle.

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Wording of the proposed paragraphs

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- (ii) correcting—the proposed amendment would improve IFRSs by:
- resolving a conflict between existing requirements of IFRSs and providing a straightforward rationale for which existing requirement should be applied, or
 - addressing an oversight or relatively minor unintended consequence of the existing requirements of IFRSs.

A correcting amendment does not propose a new principle or a change to an existing principle, but may create an exception from an existing principle.

- (b) The proposed amendment has a narrow and well-defined purpose, ie the consequences of the proposed change have been considered sufficiently and identified.
- (c) It is probable that the IASB will reach conclusion on the issue on a timely basis. Inability to reach a conclusion on a timely basis may indicate that the cause of the issue is more fundamental than can be resolved within annual improvements.
- (d) If the proposed amendment would amend IFRSs that are the subject of a current or planned IASB project, there must be a pressing need to make the amendment sooner than the project would.



Wording of the proposed paragraphs

65B The IASB assesses annual improvements against the criteria in paragraph 65A before they are published in an exposure draft and before they are issued as amendments to IFRSs.

Thank you for your attention!

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