



Present Valuing Future Cash Flows (Discounting)

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Project Plan

- Context for research
- Why research present valuing future cash flows?
- Topic scope
- Literature review
- Working arrangements
- Timetable

Context for research

- Project team = HKICPA + AASB
- Discounting listed as a potential active IASB project in Request for Views *Agenda Consultation 2011*
- Plan to undertake research for use by IASB and publish an AOSSG research paper
- Understand IASB under no obligation to consider the team's research

Why research present valuing future cash flows?

- Currently required or permitted by a number of IFRSs
- Current and future IASB projects dealing with the issue
- Inconsistencies between the current requirements that are not adequately explained

Topic scope

- When to present value future cash flows not part of research
- Measurement technique rather than a measurement basis
- Time value and risk
- Presentation and disclosure
- Tax
- Islamic finance

Literature review

- IFRSs with requirements relating to present valuing future cash flows
- IASC Steering work (1999)
- Literature relating to users
- Academic literature
- Literature from related fields, such as actuarial practice

Working arrangements

- HKICPA staff + AASB staff
- Panel of experts for consultation, including users, preparers and auditors, and others such as actuaries
- Consult Panel as needed throughout
- Liaise with IASB staff
- Consider need for AOSSG working group

Timetable

- Project team to agree project plan – late 2011
- Examine relevant IFRSs, including Bases for Conclusions – late 2011 to early 2012
- Literature review – early to mid 2012
- Draft chapters of research paper – mid 2012 to early 2013
- Publish research paper with findings – mid 2013