

105. Sitzung IFRS-FA am 03.09.2021
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Third Agenda Consultation

14. The objective of this session was to seek ASAF members' views on the objectives of the Request for Information on the Third Agenda Consultation.

Strategic direction and balance of the Board's activities

15. The Board's main activities include:
- (a) developing IFRS Standards and major amendments to IFRS Standards;

- (b) maintaining IFRS Standards and supporting their consistent application;
 - (c) developing and maintaining the *IFRS for SMEs* Standard;
 - (d) supporting digital financial reporting by developing and maintaining the IFRS Taxonomy;
 - (e) improving the understandability and accessibility of the Standards; and
 - (f) engaging with stakeholders.
16. ASAF members were asked whether the Board should:
- (a) increase, leave unchanged or decrease its current level of focus on each main activity; and
 - (b) undertake any other activities within the current scope of the Board's work.
17. The ARD, EFRAG, FASB and KASB members said the overall balance of the Board's activities is appropriate. However, ASAF members provided suggestions to rebalance the level of focus on each activity.
18. The ANC, EFRAG, FASB and UKEB members said the Board should increase the focus on digital financial reporting because it is becoming important. The ANC member added that the Board should ensure that the increased focus on digital reporting does not result in a more rules-based approach to standard-setting and the Board should reduce the use of entity-specific elements (extensions) among entities that apply IFRS Standards. The FASB member said increasing the focus on this activity might require additional specialised expertise.
19. The AOSSG, ARD and KASB members said the Board should increase the focus on understandability and accessibility. The KASB member added that this activity is important for non-English speaking jurisdictions whose stakeholders often experience difficulties in understanding the requirements in IFRS Standards.
20. The AOSSG and ARD members said the Board should increase the level of focus on maintenance and consistent application of IFRS Standards, particularly by providing educational materials on recently issued Standards.
21. The UKEB member said the Board should reduce its focus on the *IFRS for SMEs* Standard, because the Standard, as issued by the Board, is not widely used in the UK.

22. ASAF members had **contrasting views** on whether the Board should change its focus on projects that develop IFRS Standards and major amendments to IFRS Standards. The ANC, AOSSG and ARD members said the Board should reduce the level of focus on this activity, because, according to the ARD member, **demand for new Standards is limited**. However, the ASBJ and UKEB members said the Board should devote more resources to research. The UKEB and ANC members suggested the Board consider undertaking some research projects jointly with national standard-setters to alleviate pressure on the Board's resources.
23. The AcSB, ANC, ASBJ, EFRAG and FASB members said the Board should consider the **interconnectedness** between the Board and the proposed International Sustainability Standards Board (**ISSB**) **as a separate activity**. The ASBJ and FASB members said the Board may need to invest in additional resources to facilitate that interconnectedness. The ASBJ member added that any interconnectedness between the Board and the proposed ISSB should not affect the level of focus on the Board's research and standard-setting activity.
24. The AcSB and EFRAG members suggested the Board set aside capacity to work on emerging issues over the next five years. The AcSB member added that there may be issues that have become more important in this environment.

Criteria for assessing the priority of financial reporting issues

25. The Board proposes to use the following criteria when assessing the priority of projects suggested in its third agenda consultation:
 - (a) the importance of the matter to investors;
 - (b) whether there is any deficiency in the way entities report the type of transaction or activity in financial reporting;
 - (c) the type of entities that the matter is likely to affect, including whether the matter is more prevalent in some jurisdictions than others;
 - (d) how pervasive or acute the matter is likely to be for entities;
 - (e) the potential project's interaction with other projects on the work plan;
 - (f) the complexity and feasibility of the potential project and its solutions; and

- (g) the capacity of the Board and its stakeholders to make timely progress on the potential project.
26. ASAF members were asked whether the Board has identified the right criteria and whether it should consider any other criteria.
27. ASAF members said the proposed criteria were broadly appropriate and reasonable. On the practical use of the proposed criteria:
- (a) the AOSSG and ARD members suggested that the proposed criterion in paragraph 25(a) should be broadened to consider the needs of all stakeholders rather than just investors.
 - (b) the EFRAG member said the Board should give more prominence to the proposed criteria in paragraphs 25(a)–(d). However, the AcSB member said the capacity of the Board and its stakeholders should be the most important criterion.
 - (c) the EFRAG and AcSB members said the Board should be transparent on how it would assess the proposed criteria against the potential projects suggested by stakeholders.
 - (d) the UKEB member cautioned against the proposed criteria creating any bias towards particular sectors and jurisdictions.
28. Some ASAF members suggested additional criteria for the Board to consider while prioritising projects suggested in its third agenda consultation:
- (a) the EFRAG member suggested the Board consider the extent to which non-GAAP measures and structuring opportunities exists in practice.
 - (b) the UKEB member suggested the Board weigh the long-term relevance of an issue that a potential project might address, adding that the Board should avoid addressing issues that will become irrelevant in a few years.
 - (c) the ASBJ member suggested the Board evaluate the extent to which a potential project offers the possibility of convergence with US GAAP.
 - (d) the ANC member suggested the Board consider a project’s relationship with projects of the proposed ISSB.

29. The ANC and EFRAG members suggested the Board consider whether to ask the Trustees to incorporate the proposed criteria in paragraphs 25(e)–(g) into the *Due Process Handbook*.

Financial reporting issues that could be added to the work plan

30. The Request for Information describes and estimates the size of [22 financial reporting issues that could be added to the Board's work plan](#).
31. ASAF members were asked:
- (a) which financial reporting issues described in the Request for Information they would prioritise and why; and
 - (b) whether the Board should add any other financial reporting issues to its work plan for 2022 to 2026.
32. The AcSB, ANC, AOSSG, ARD, EFRAG, KASB and UKEB members prioritised a potential project on **intangibles**. The AcSB member said such a project should address recognition and measurement of intangibles and disclosures of unrecognised intangibles. The ANC member added that an intangibles project would require interconnectivity with the projects of the proposed ISSB. However, the KASB member mentioned that an intangibles project could be a very difficult undertaking for the Board.
33. The ANC, AOSSG, EFRAG and UKEB members prioritised a potential project on **climate-related risks**. The EFRAG member suggested the project address climate transition risks and the impairment requirements that apply when considering the long-term effects of climate on the value-in-use measurement. The UKEB member suggested the Board undertake a project to review the requirements in IAS 1 *Presentation of Financial Statements* and IAS 36 *Impairment of Assets* to ensure that when an entity assesses sources of estimation uncertainty the required time horizon it uses is sufficient to take climate risk into account.
34. The AcSB and AOSSG members prioritised a project on going concern. The AcSB member said the project should address how to carry out a going-concern assessment and the accounting requirements that apply when an entity concludes it is no longer a going concern. The AcSB member added that the need for this going concern assessment has increased as a result of the covid-19 pandemic. The AOSSG member

said the project should develop examples to illustrate how current going-concern requirements should be applied.

35. ASAF members also mentioned other potential projects:
- (a) the AcSB, AOSSG, EFRAG and KASB members prioritised a potential project on **cryptocurrencies and related transactions.**
 - (b) the AOSSG, EFRAG and GLASS members prioritised a potential project on **variable and contingent consideration.**
 - (c) the AOSSG and ARD members prioritised a potential project on **other comprehensive income.** The ARD member added that the Board should introduce new and consistent principles on recycling.
 - (d) the AOSSG and EFRAG members prioritised a potential project on the **statement of cash flows.**
 - (e) the AOSSG and UKEB members prioritised a potential project on pollutant pricing mechanisms.
 - (f) the EFRAG member prioritised a potential project on discontinued operations.
 - (g) the GLASS member prioritised a potential project on separate financial statements and expenses.
 - (h) the AOSSG member prioritised a potential project on government grants and borrowing costs.
36. The KASB member suggested the Board consider a further project to explore disclosures for various types of accounting estimates.
37. The FASB member said the FASB had just issued its own agenda consultation document. The FASB has observed an overlap in potential projects for consideration in both boards' consultations—in particular, crypto assets and government grants—and welcomed the opportunity for the boards to share what they learn during each consultation and to maintain their achievements in converged standards.
38. The UKEB member suggested the Board consider taking a thematic approach to developing its work plan for 2022 to 2026. The member added that the approach

would involve grouping projects by theme, helping to ensure that the Board apply consistent principles when addressing themes.

39. Some ASAF members commented on the priority of projects on the Board's current work plan. The UKEB member suggested the Board consider re-prioritising some of the current projects on the work plan. However, the ANC, GLASS and PAFA members said the Board should continue working on projects on its current work plan—the PAFA member, in particular, highlighted the importance of the Extractive Activities and Rate-regulated Activities projects for PAFA stakeholders.