

Third Agenda Consultation

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Purpose of this session

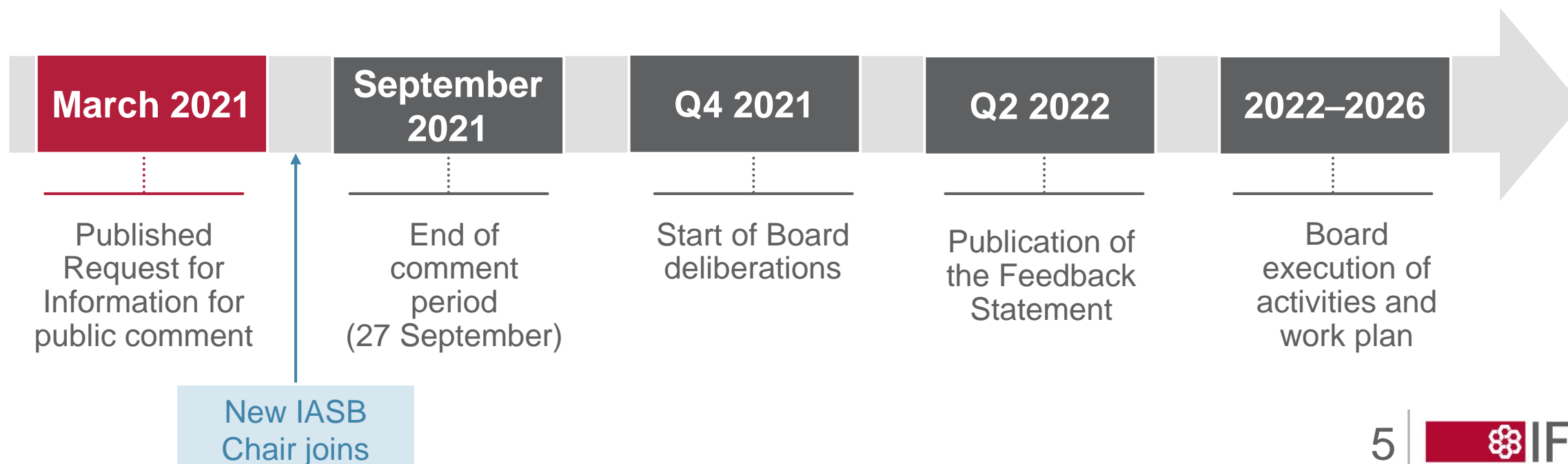
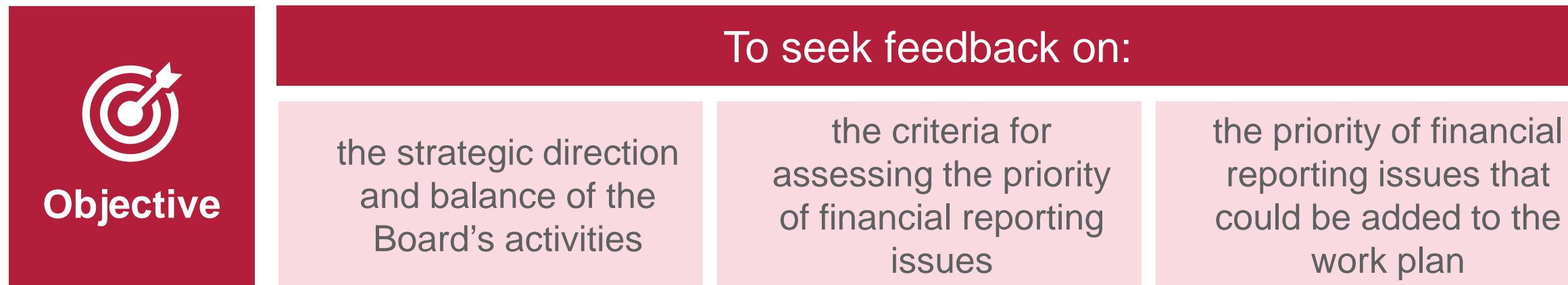


- To highlight the main areas of the Request for Information on the Third Agenda Consultation.
- Give participants the opportunity to ask questions about the agenda consultation.

A grayscale world map is the background for the slide. Overlaid on the map are several thick, light gray curved lines that sweep across the continents. Additionally, there are dotted lines forming a grid pattern across the map, representing latitude and longitude.

Background and overview

Objective and timeline of the consultation



How this consultation compares with the Trustees' strategy review

Third Agenda Consultation

Undertaken by the Board

- To seek feedback that helps the Board prioritise activities within the **current scope of the Board's work**
- The current scope of the Board's work is financial statements and management commentary for profit-oriented companies
- Final decisions to be made by Q2 2022

Strategy Review

Undertaken by the IFRS Foundation Trustees

- To explore a potential **expansion of the Foundation's role** through the creation of a new Board to set sustainability reporting Standards
- Final decisions to be made before the November 2021 United Nations COP26 conference

Trustees' decisions that affect the scope of the Board's work will be considered in finalising the Board's priorities and work plan

Overview of the Request for Information

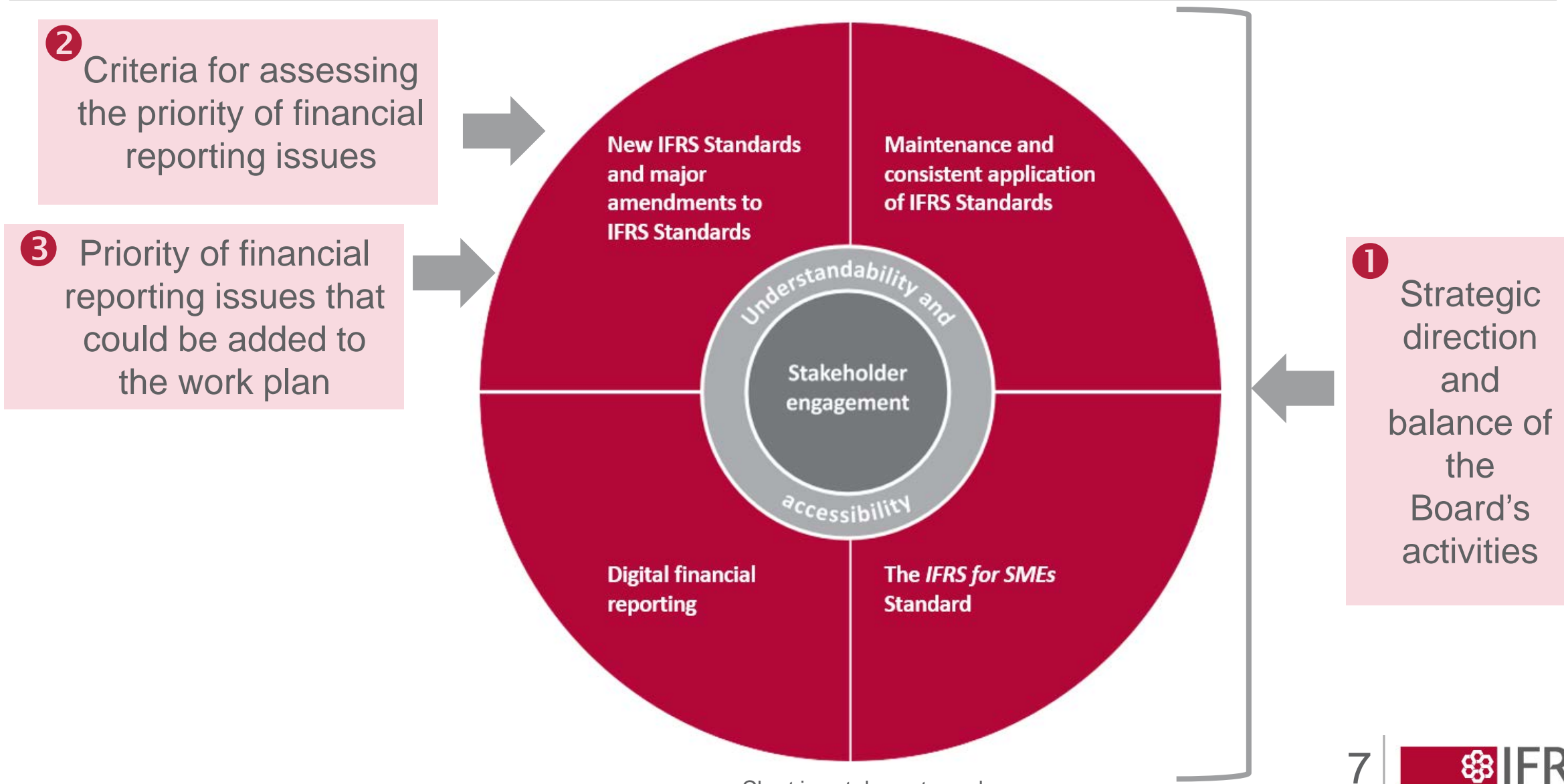


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Content of the Request for Information

- ① Strategic direction and
balance of the Board's
activities

Strategic direction and balance of the Board's activities

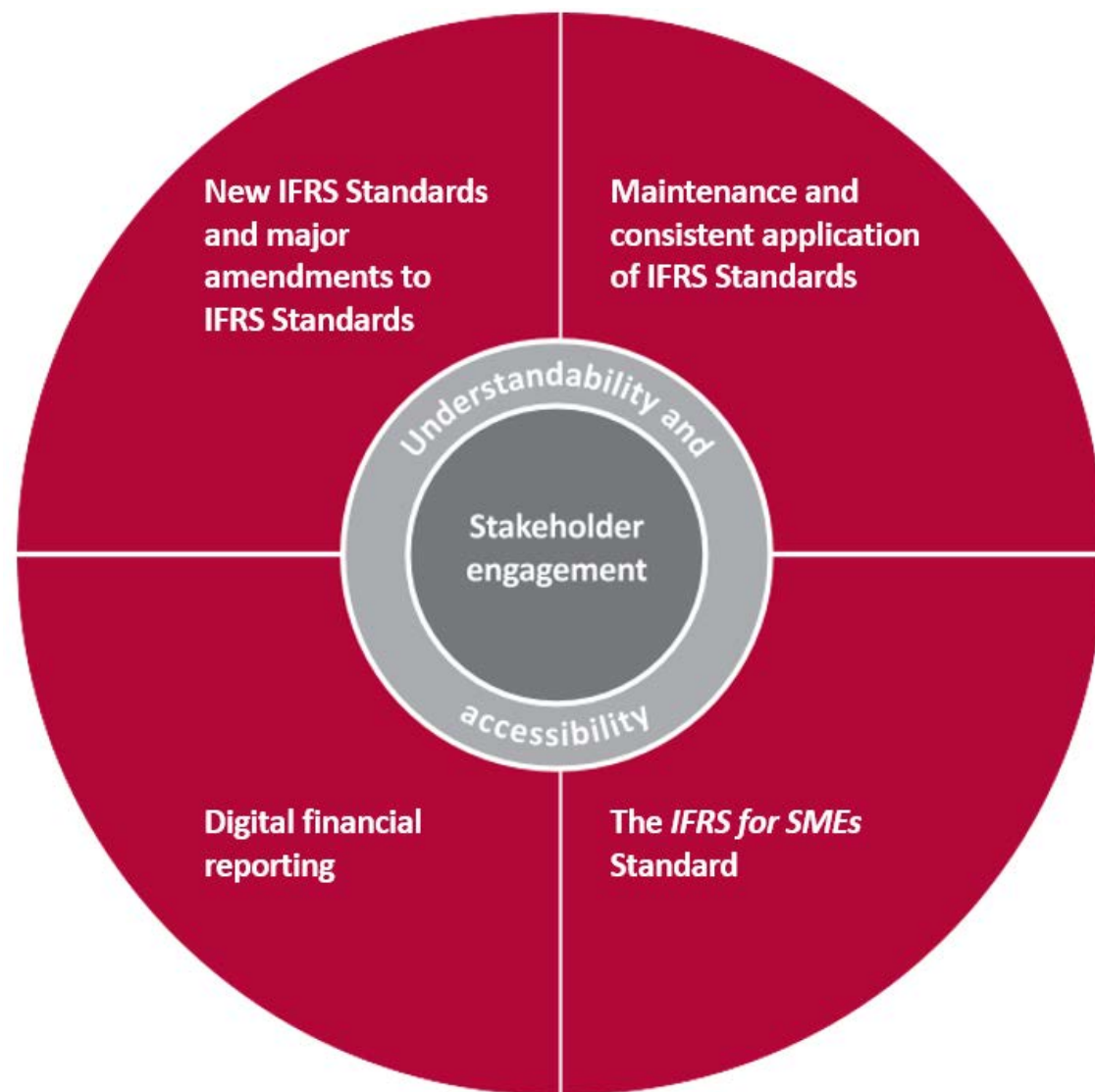


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We are seeking stakeholder feedback on whether the Board should:

- A increase, leave unchanged or decrease its current level of focus for each main activity?
- B undertake any other activities within the current scope of its work?

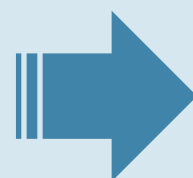
Helping stakeholders respond on the balance of activities

Current level of focus on each activity

New IFRS Standards and major amendments to IFRS Standards	40%–45%
Maintenance and consistent application of IFRS Standards	15%–20%
The <i>IFRS for SMEs</i> Standard	5%
Digital financial reporting	5%
Understandability and accessibility	5%
Stakeholder engagement	20%–25%

Resources

The overall level of resources available **to the Board** will remain substantially unchanged



Increasing the resource allocation to one activity will mean fewer resources are available for other activities

New IFRS Standards & major amendments to IFRS Standards

Objective: Research financial reporting issues and, if appropriate, develop major new financial reporting requirements

What the Board currently does

- research and standard-setting projects
- required post-implementation reviews:
 - ✓ IFRS 10, 11 and 12, and the classification and measurement requirements in IFRS 9 (on its current work plan)
 - ✓ IFRS 15 and 16, and the impairment and hedge accounting requirements in IFRS 9 (planned for its 2022 to 2026 work plan)

What more the Board could do (examples)

- take on new projects to address financial reporting issues—see slides 19–23

Maintenance and consistent application

Objective: Help stakeholders obtain a common understanding of financial reporting requirements

What the Board currently does*

- monitor consistent application of IFRS Standards
- narrow-scope amendments and interpretations
- Committee agenda decisions
- publish educational materials
- support regulators and national standard-setters in their role to support consistent application

What more the Board could do (examples)

- work more with stakeholders to identify application challenges
- address any application challenges through:
 - ✓ agenda decisions, narrow-scope amendments or interpretations
 - ✓ educational materials and capacity-building efforts for emerging economies and new adopters

* Together with the Interpretations Committee

The *IFRS for SMEs* Standard

Objective: Provide financial reporting requirements tailored for companies that do not have public accountability (SMEs)

What the Board currently does*

- periodic reviews of the Standard, and if necessary, amendments to the Standard
- publish educational materials

What more the Board could do (examples)

- work with stakeholders to support consistent application of the Standard
- provide more educational materials, including for micro-sized companies that are not publicly accountable
- work with national standard-setters and others to increase global adoption of the Standard

* Together with the SME Implementation Group

Digital financial reporting

Objective: Facilitate the digital consumption of financial information

What the Board currently does

- updates to the IFRS Taxonomy for new or amended Standards and common reporting practice
- educational materials to support use of the IFRS Taxonomy
- presentation and disclosure requirements that are 'digital neutral'
- commentary in speeches and other discussions
- meetings as requested by regulators

What more the Board could do (examples)

- more activities to improve the quality of electronic data
- redesign the IFRS Taxonomy to better meet investor needs
- explore ways to enhance presentation and disclosure requirements through more 'digital focused' means
- identify partners and work jointly towards the vision to create digital financial markets

Understandability and accessibility

Objective: Improve the understandability and accessibility of our financial reporting requirements

What the Board currently does

- **Understandability**
 - ✓ reduce unnecessary complexity for companies, while improving information quality for investors
 - ✓ draft clear Standards
- **Accessibility**
 - ✓ publish annotated Standards with cross-references and semi-annual compilations of agenda decisions
 - ✓ provide tools for easier navigation of the electronic version of the Standards

What more the Board could do (examples)

- **Understandability**
 - ✓ comprehensive assessment of possible areas of unnecessary complexity
 - ✓ projects to reduce unnecessary complexity (in both existing and new Standards)
- **Accessibility**
 - ✓ improve technology and other tools to help stakeholders tailor content to their needs

Stakeholder engagement

Objective: Obtain views to support the development of high-quality financial reporting requirements and promote acceptance of the Standards

What the Board currently does

- general and project-specific meetings with stakeholders
- develop tailored materials to support various meetings with stakeholders
- engagement through comment letters received in response to formal consultation documents

What more the Board could do (examples)

- increase engagement with a broader range of stakeholders
- increase engagement on formal consultations using more digital-friendly approaches such as surveys
- provide more investor-focused educational materials and initiatives



Content of the Request for Information

- ② Criteria for assessing the priority of financial reporting issues

Criteria for assessing the priority of financial reporting issues

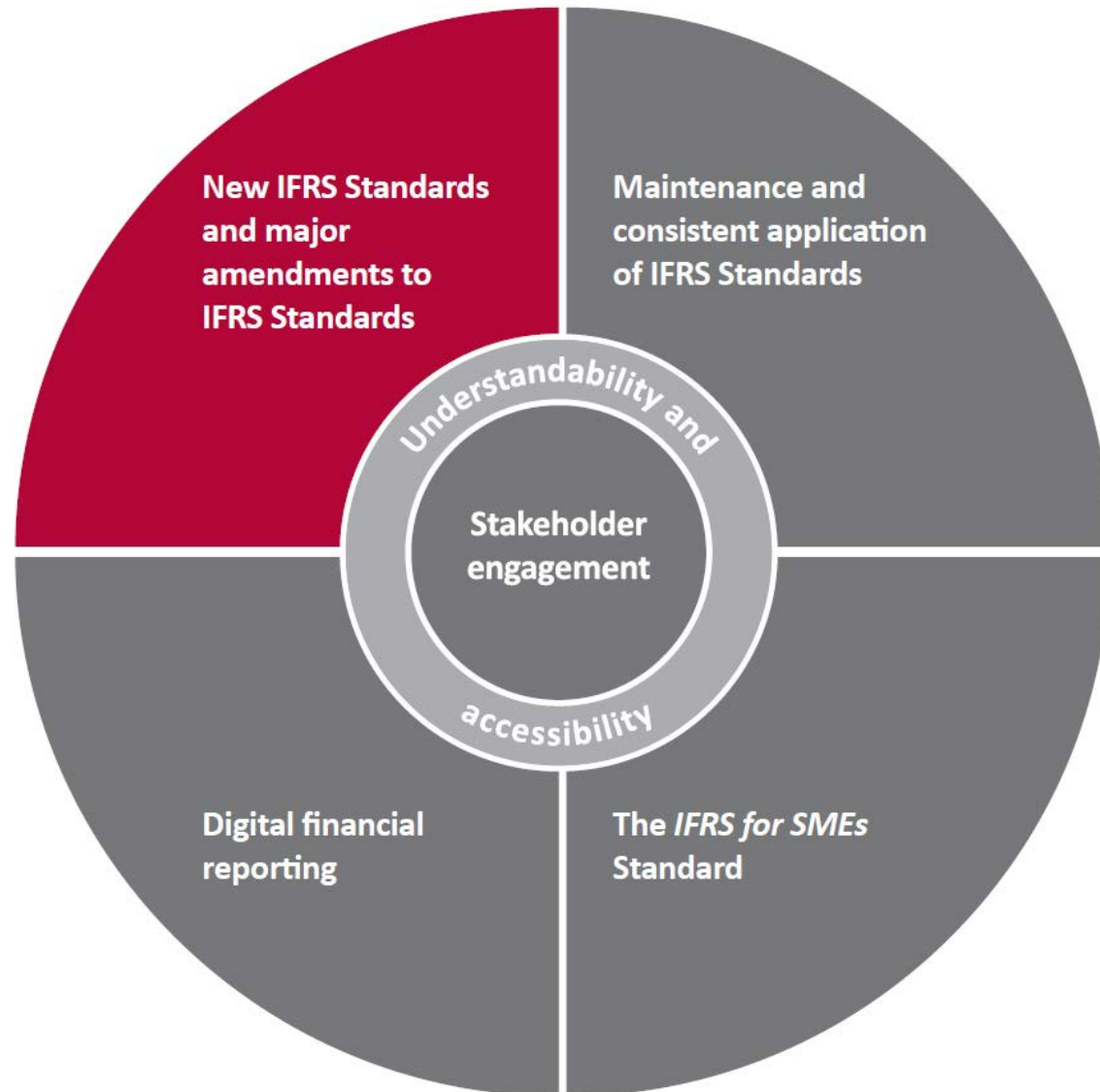


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We are seeking stakeholder feedback on the criteria the Board will use to assess the priority of new financial reporting issues to add to the work plan:

- A has the Board identified the right criteria? (see slide 18)
- B should the Board consider other criteria?

The proposed criteria

Overarching consideration—whether a potential project will meet investors' needs, while taking into account the costs of producing the information

the importance of the matter to **investors**

whether there is a **deficiency** in current reporting

the **type of companies** affected and jurisdictions where the matter is more prevalent

how **pervasive** the matter is

the potential project's **interaction with other projects**

the **complexity and feasibility** of the potential project and its solutions

the **capacity** of the Board and its stakeholders to progress the potential project

Keep in mind that the range and subjectivity of any specified criteria means that prioritising potential projects will require judgment—i.e. it cannot be an exact science



Content of the Request for Information

- ③ Financial reporting issues that could be added to the work plan

Priority of financial reporting issues

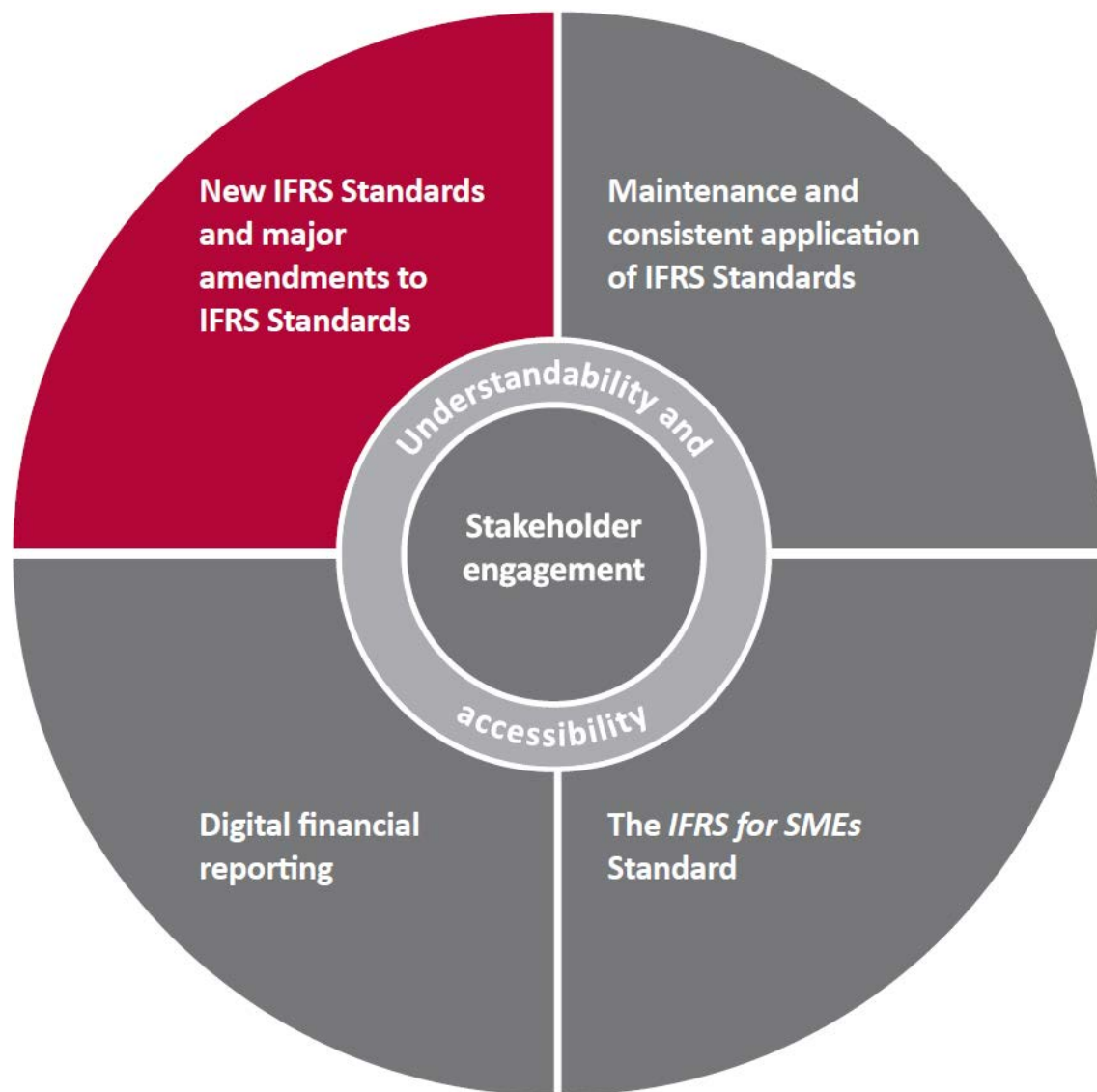


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The Board has limited capacity to add new projects to its 2022 to 2026 work plan. We are seeking stakeholder feedback on the priority of new financial reporting issues that the Board should consider for inclusion in the work plan.

Priority of financial reporting issues

2022-2026 work plan priorities

Continue projects already on the work plan

- Stakeholders have previously identified them as priorities
- Re-prioritising could lead to inefficient starts and stops

Conduct required post-implementation reviews

- IFRS 10, 11 and 12
- IFRS 9
- IFRS 15
- IFRS 16

Undertake any time-sensitive projects

- Urgent projects that may arise after this consultation
- For example, the IBOR Reform projects that arose after the 2015 Agenda Consultation

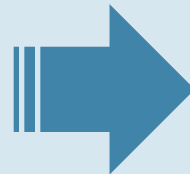
Add new projects to the work plan

- The Board expects to add 2-3 large projects, or 4-5 medium-sized projects, or 7-8 small projects, if the Board continues to spend 40%-45% of its resources on this activity

New financial reporting issues

Board's approach

Conducted outreach to identify potential new projects to describe in the Request for Information



Provide a common understanding of the issues that could be addressed to focus stakeholder feedback



- The descriptions include an identification of the different types of work the Board could undertake on each potential project
- The list of potential projects is not a draft work plan for the Board
- Stakeholders can suggest other financial reporting issues

Described projects



What priority would you give each potential project—high, medium or low—and why?

Described projects*

Borrowing costs	Climate-related risks	Commodity transactions	Cryptocurrencies and related transactions	Discontinued operations and disposal groups
Discount rates	Employee benefits	Expenses (Inventory and cost of sales)	Foreign currencies	Going concern
Government grants	Income taxes	Inflation	Intangible assets	Interim financial reporting
Negative interest rates	Operating segments	Other comprehensive income	Pollutant pricing mechanisms	Separate financial statements
Statement of cash flows and related matters			Variable and contingent consideration	

* You can read the description of a potential project by clicking on the project title.

Example: Operating segments B60

Investor concerns and suggested standard setting:

- (a) improvements to the criteria for aggregating operating segments into reportable segments. Investors suggested that the reliance on management judgement results in insufficient disaggregation.
- (b) repeated changes to the composition of reportable segments affect comparability between periods for a reporting company.
- (c) disclosure of additional line items by segment, regardless of whether the information is regularly provided to the chief operating decision maker. These lines could include revenue, assets, equity, capital expenditures, business combinations, non-current assets held for sale and discontinued operations.

Example: Statement of cash flows and related matters B76

- Feedback on IAS 7:

(a) stakeholders have difficulty reconciling the statement of cash flows to the other primary financial statements.

(b) require a statement of changes in net debt.

(c) revisit the classification of cash flows into operating, investing and financing categories.

(d) standardise the definition of some commonly used cash flow measures, such as free cash flows.

(e) some information should be disaggregated - eg net cash flows attributable to the operating, investing and financing activities of discontinued operations.

(f) better disclosure requirements needed - about operating expenses and capital expenditure, split into maintenance, growth and acquisition spend.

(g) inappropriate for financial institutions - remove the requirement or develop a statement of cash flows specifically for financial institutions.

Priority of new financial reporting issues

A solid foundation to make decisions

We aim to gather information to assist the Board in applying the criteria (see slide 19) to the projects stakeholders identify as priority in this agenda consultation.

We are particularly interested in information that would help us assess the following:

The importance of the matter to investors

Whether the issue affects primary users (as defined by the *Conceptual Framework*)

The extent to which existing practice adequately addresses the issue for investors

The extent to which diversity in practice is an issue for investors

Deficiency in reporting

Whether the issue is due to a standard-setting or compliance

Whether standard-setting is feasible, if the issue is due to compliance

Any new information to the extent there was a previous standard-setting project

Priority of new financial reporting issues (cont.)

A solid foundation to make decisions

We aim to gather information to assist the Board in applying the criteria (see slide 19) to the projects stakeholders identify as priority in this agenda consultation.

We are particularly interested in information that would help us assess the following:

Companies affected and pervasiveness

Data on the types of companies affected

Data on the prevalence of the issue in jurisdictions (in regions and globally)

Capacity (stakeholders)

Whether constraints will affect stakeholder capacity to engage

Priority of new financial reporting issues (cont.)

A solid foundation to make decisions

We aim to gather information to assist the Board in applying the criteria (see slide 19) to the projects stakeholders identify as priority in this agenda consultation.

The staff also aims to provide the Board with the following information.

Interaction with other projects

Updated information as current work plan projects progress

Complexity and feasibility

Previous projects undertaken on the issue and why they were not finalised

Whether standard-setting is feasible, if the issue relates to the need for judgement

Capacity (Board)

Updated information on the Board's work plan and timetables

Other questions



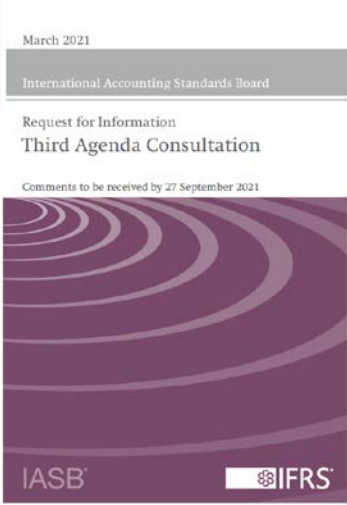
Should the Board add any financial reporting issues not described in the Request for Information?

Are there any other comments on the Board's activities and work plan?




Published materials

Published materials



March 2021
International Accounting Standards Board
Request for Information
Third Agenda Consultation
Comments to be received by 27 September 2021
IASB IFRS

[Request for Information](#)



Third Agenda Consultation IASB consults on a new approach to disclosure requirements IFRS Taxonomy 2021
WE WANT YOUR FEEDBACK
Third Agenda Consultation
The Board is seeking views on what its priorities should be for 2022–2028

[Press release](#)



March 2021
Business Perspectives
The International Accounting Standards Board's Agenda Consultation—An Opportunity for Investors to Weigh In
Zach Gier
Zach Gier, a member of the International Accounting Standards Board staff, writes comments to help investors understand the Board's agenda consultation and its purpose and goals.
The Board is asking investors to provide feedback on its Third Agenda Consultation to assist in prioritizing the Board's work from 2022 to 2028. The Board would like to hear from investors on the strategic direction and topics of the consultation. For example, how should the Board spend its resources? What standards-related work is most important to investors, and in what order? How should the Board prioritize its work? The Board is also asking investors to provide feedback on the Board's plans for addressing investor concerns, such as which financial reporting items the Board could address in the future. It is essential that investors provide feedback to inform the Board's work.
Third agenda consultation
The Board recently published a Request for Information on the Third Agenda Consultation. Investors that are supporting investors in the consultation can visit [this page](#).
Send us your views
The consultation period ends on 27 September 2021. Investors can submit a comment letter, which is a written response to the Board's request for information. Comments should be submitted in English, French, German, Italian, Japanese, Korean, Spanish, and Chinese. Comments should be submitted to [commentletters@ifrs.org](#). Comments should be submitted by the end of the consultation period.

[Videos and articles](#)

How to comment

- Submit a comment letter:
 - ✓ Online at: <https://www.ifrs.org/projects/open-for-comment/>
 - ✓ By email to: commentletters@ifrs.org
- Complete a survey: <https://ecv.microsoft.com/sDvxcZ9hrt>

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