

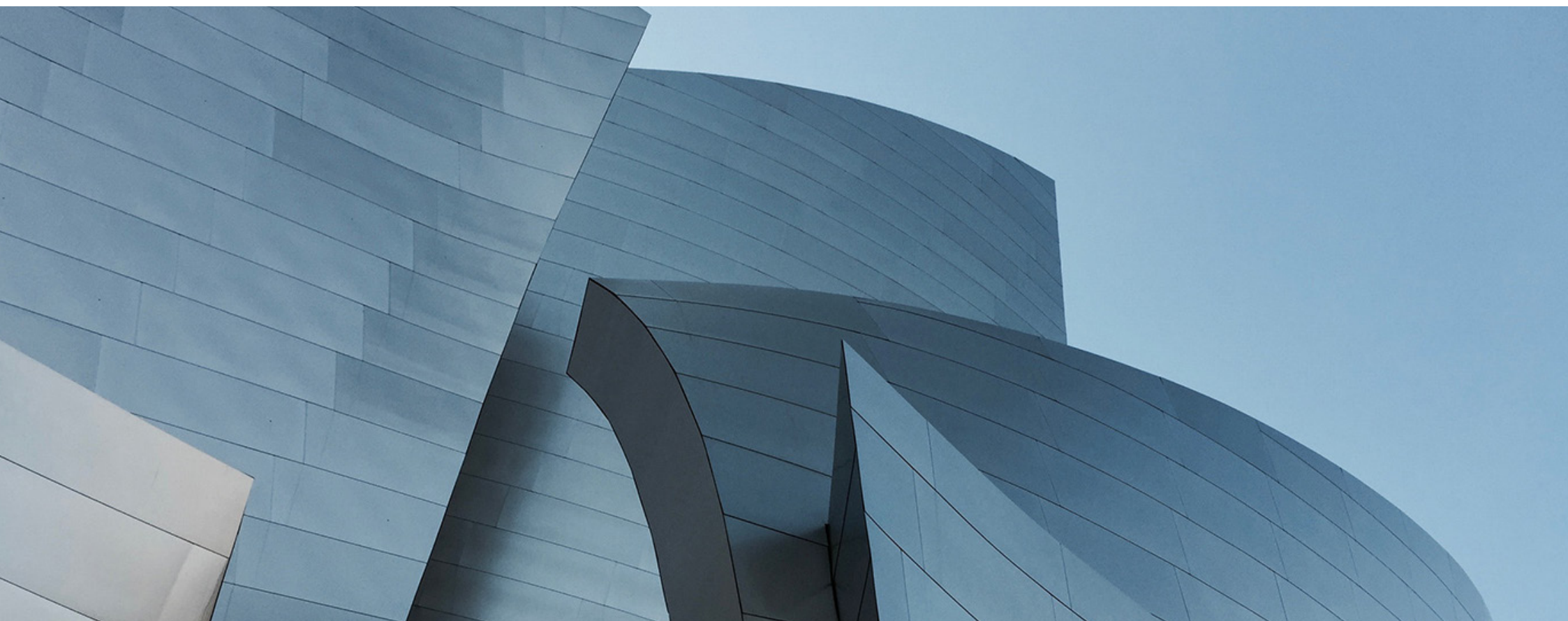


July 2022

Third Agenda Consultation

Feedback Statement

International Accounting Standards Board



Feedback Statement

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Background

The IFRS Foundation *Due Process Handbook (Handbook)*¹ requires the International Accounting Standards Board (IASB) to hold a public consultation on its activities and its work plan every five years (agenda consultation). The objective of the Third Agenda Consultation was to gather views on:

- the strategic direction and balance of the IASB's activities;
- the criteria for assessing the priority of financial reporting issues that could be added to the work plan (criteria for assessing the priority of potential projects); and
- new financial reporting issues that could be given priority in the IASB's work plan (potential projects).

In March 2021 the IASB published its Request for Information [Third Agenda Consultation](#) (Request for Information).

This feedback statement provides an overview of the IASB's Third Agenda Consultation and summarises the feedback from it. The document also sets out the IASB's response to that feedback.

Public consultation

- The IASB's Request for Information was published in March 2021 with a 180-day comment period, which ended in September 2021.
- In total, the IASB received 124 comment letters and 37 responses to an online survey from a broad range of stakeholders across all regions.
- Users of financial statements (users) submitted 16 comment letters and seven of them responded to the IASB's online survey.
- IASB members and the staff participated in 74 outreach events with stakeholders (including 26 outreach events with users) from around 90 jurisdictions.
- From November 2021 to April 2022 the IASB considered the feedback and set its priorities for 2022 to 2026.

¹ See the [IFRS Foundation Due Process Handbook](#).

Summary of the IASB's response to feedback

Strategic direction and balance of the IASB's activities

The IASB decided to leave its current level of focus on its main activities largely unchanged but to increase slightly its current level of focus on:

- digital financial reporting; and
- the understandability and accessibility of IFRS Accounting Standards (Accounting Standards), which will indirectly support their consistent application.

As a result, the IASB also decided to decrease slightly its current level of focus on new Accounting Standards and major amendments to the Accounting Standards.

Criteria for assessing the priority of potential projects

In deciding on the priority of potential projects, the IASB used the list of criteria in the Request for Information (see page 21).

The IASB's work plan

Stakeholders sent the IASB a strong message that it should advance the projects already under way before starting new projects (see Appendix D). Consistent with this feedback, **the IASB decided to continue working on the projects on its current work plan.**

Considering stakeholders' capacity and its own capacity, the IASB decided:

- to include in its research project pipeline for 2022 to 2026 these two projects:
 - Intangible Assets—this project will comprehensively review IAS 38 *Intangible Assets*; and
 - Statement of Cash Flows and Related Matters—as part of its initial work, the IASB will consider whether the project should aim to review IAS 7 *Statement of Cash Flows* comprehensively or, instead, to make more targeted improvements; and
- to add a project on Climate-related Risks in the Financial Statements to its maintenance project pipeline. This project will investigate accounting matters raised by respondents on this topic to decide if any narrow-scope amendments to the Accounting Standards are needed.

Summary of the IASB's response to feedback *continued ...*

The IASB will first focus on work already under way, as well as any time-sensitive work. This means that the IASB may not make substantial progress on new projects immediately.

The IASB also decided to create a reserve list of projects that could be added to the work plan if additional capacity becomes available (see page 24).

The reserve list comprises two projects:

- Operating Segments (page 31); and
- Pollutant Pricing Mechanisms (pages 31–32).

Appendix A illustrates the IASB's decisions on new projects to be added to the IASB's work plan for 2022 to 2026.

Connecting the work of the IASB and the ISSB

On 3 November 2021 the IFRS Foundation Trustees (Trustees) announced the creation of a new standard-setting board—the International Sustainability Standards Board (ISSB).

The IASB sets Accounting Standards and the ISSB sets IFRS Sustainability Disclosure Standards (Sustainability Disclosure Standards). Accounting Standards set out how a company prepares its financial statements. Sustainability Disclosure Standards describe how a company discloses information about sustainability-related risks and opportunities that may help or hinder it in creating enterprise value. The two sets of Standards (IFRS Standards) are intended to provide investors with a connected financial reporting package to meet their information needs.²

The Request for Information was published before the creation of the ISSB, so the IASB did not discuss how the creation of the ISSB would affect the IASB's work. However, in making decisions about its priorities for 2022 to 2026, the IASB identified possible areas of collaboration with the ISSB to help ensure that IFRS Standards and the reporting they require are complementary. The IASB decided it will need some resources to support such collaboration with the ISSB alongside the IASB's existing activities (see pages 36–37 and Appendix B).

Partnering with national standard-setters

The IASB benefits from the help offered by national standard-setters and it will seek to deepen and broaden these relationships. The IASB thinks that enhancing its partnerships with national standard-setters should focus on:

- continuing to support the quality of the IASB's work, for example, through feedback and stakeholder engagement; and
- expediting the IASB's standard-setting, for example, during the research phase of a project.

² Throughout the Request for Information and this document, the term 'companies' refers to entities that prepare their financial statements in accordance with IFRS Accounting Standards or the *IFRS for SMEs Accounting Standard*; while the term 'investors' refers to primary users of financial statements, defined in the *Conceptual Framework for Financial Reporting (Conceptual Framework)* as existing and potential investors, lenders and other creditors.

1

Strategic direction and balance of the IASB's activities from 2022 to 2026

🔍 Background

One of the objectives of this agenda consultation was to gather stakeholders' views on the strategic direction and balance of the IASB's activities. To help stakeholders provide feedback, the Request for Information provided an overview of each of the IASB's six main activities and the current level of its focus on each activity, which are:

- setting new Accounting Standards and making major amendments to the Accounting Standards;
- maintaining the Accounting Standards and supporting their consistent application;
- developing and maintaining the *IFRS for SMEs* Accounting Standard;
- supporting digital financial reporting;
- ensuring that its Accounting Standards are understandable and accessible; and
- engaging with stakeholders.

The Request for Information provided examples of what more the IASB could do within each activity.³

? Questions for respondents

The IASB asked stakeholders whether it:

- should increase, leave unchanged or decrease its current level of focus on each main activity. The IASB also asked stakeholders to specify the types of work within each main activity it should do more or less of.
- should undertake any other activities within the scope of its work.⁴



The IASB discussed the feedback on this question at its November 2021 meeting (see the [agenda paper](#) for that meeting).

³ Because the Request for Information was published before the Trustees announced the creation of the ISSB, the IASB did not discuss how the creation of the ISSB would affect the IASB's work.

⁴ Respondents who commented said the IASB's six main activities are sufficient and appropriate and did not suggest any additional activities. Therefore, the IASB decided not to begin any new activities within the scope of its work.

1. New Accounting Standards and major amendments to the Accounting Standards

What's involved

Within this activity, the IASB:

- develops new Accounting Standards and major amendments to the Accounting Standards through its research and standard-setting projects; and
- conducts post-implementation reviews (PIRs) of new Accounting Standards and major amendments.

Current level of focus: 40%–45%.⁵

Feedback

Many respondents said the IASB should decrease its current level of focus on new Accounting Standards and major amendments to the Accounting Standards because, in their view:

- stakeholders need a period of relative calm to develop expertise and allow sufficient time for proper implementation of new major Accounting Standards;
- the IASB needs to allocate resources to other high-priority activities;
- even if the IASB were to decrease its current level of focus, it should still have enough capacity to address the most important and urgent issues identified by stakeholders;
- implementing Sustainability Disclosure Standards and engaging with the work of the ISSB will mean that preparers have even less capacity to engage with the IASB in the coming years; and
- the Accounting Standards have become a stable platform and, if they are working as intended, there is no need for any immediate amendments or additional guidance.

continued ...

⁵ The level of focus for each of the IASB's six main activities, included in the Request for Information, has been determined using estimates of the resources allocated to each main activity over the past three years.

... continued

1. New Accounting Standards and major amendments to the Accounting Standards

Feedback continued ...

Many other respondents said that the IASB should leave unchanged its current level of focus on new Accounting Standards and major amendments because, in their view:

- the IASB needs to maintain its current level of focus to remain responsive to market developments and react promptly to urgent issues that may arise.
- the projects on the IASB's current work plan, the required PIRs and any standard-setting activity arising from these reviews will take up a lot of the resources already allocated to new Accounting Standards and major amendments. Therefore, if the IASB is to have sufficient capacity to add any new projects to its work plan, the current level of focus should remain unchanged.
- if the IASB reassessed the priority of the projects on its current work plan, without changing the current level of focus, it could have more capacity and flexibility to respond to emerging issues.

A few respondents said the IASB should increase the level of focus on new Accounting Standards and major amendments because, in their view:

- the increased level of focus could help the IASB to complete its projects faster and respond in a timely manner to urgent issues that may arise; and
- the IASB should address a few remaining gaps in the Accounting Standards.

The IASB's response

The IASB noted the concerns raised by stakeholders about their limited capacity to engage with the IASB, provide high-quality feedback on its proposals and implement changes to the Accounting Standards. The IASB also expects that stakeholders will need to allocate resources to commenting on the IASB's proposals, implementing any new Sustainability Disclosure Standards and producing sustainability reports. Consequently, the IASB decided not to increase its focus on new Accounting Standards and major amendments to the Accounting Standards.

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1. New Accounting Standards and major amendments to the Accounting Standards

The IASB's response *continued* ...

Although many respondents called for a decrease in focus on this activity, the IASB decided not to reduce significantly its current level of focus on new Accounting Standards and major amendments because:

- the current work plan already provides a period of relative calm. It will still be some time before projects on the current work plan are finalised and become effective (an Accounting Standard, or an amendment to an Accounting Standard, becomes effective usually 18–24 months after the publication of an Accounting Standard, or an amendment to an Accounting Standard).
- research and standard-setting is the IASB's main activity, in which most of its resources should continue to be invested if the relevance of the Accounting Standards is to be maintained. The IASB will need to continue to devote significant resources to this activity:
 - to complete the projects on its current work plan;
 - to conduct the required PIRs and possible priority follow-on projects, if findings from these PIRs require further action;
 - to undertake any time-sensitive projects that may arise after this agenda consultation; and
 - to add new projects to the work plan.

Many of the stakeholders who recommended that the IASB decrease its level of focus on new Accounting Standards and major amendments also recommended adding more projects to the IASB's work plan than is possible for it to undertake, given available capacity.

Although the IASB decided that the current level of resources allocated to this activity (40%–45%) is about right to deliver timely improvements to financial reporting, the IASB decided to decrease slightly its focus on new Accounting Standards and major amendments. This slight decrease will enable the IASB to increase slightly its focus on other high-priority activities identified by many stakeholders.

The IASB thinks that connecting the work of the IASB and the ISSB may affect its capacity to add new projects to its work plan or may result in projects taking more time to complete (or both). Possible areas of collaboration with the work of the ISSB include:

- joint projects (for example, Management Commentary) that may require joint meetings of the two boards;
- projects (for example, Intangible Assets) that may require the two boards to work together to develop consistent terminology and compatible requirements; and
- alignment of the two boards' internal processes.

2. Maintenance and consistent application of the Accounting Standards

What's involved

Together with the IFRS Interpretations Committee (Committee), the IASB maintains and supports the consistent application of the Accounting Standards as a single set of high-quality global accounting standards.

Current level of focus: 15%–20%.

Feedback

Many respondents said that the IASB should focus more on the maintenance and consistent application of the Accounting Standards. They provided various reasons for this suggested change of emphasis, including:

- focusing on consistent application will improve comparability between companies.
- the Accounting Standards are now well established. Therefore, the IASB should focus on maintaining its issued Accounting Standards rather than developing new ones.
- the IASB should increase its focus on supporting jurisdictions and companies that are preparing to adopt its Accounting Standards.
- priority should be given to addressing emerging issues with a widespread, global effect promptly.
- there is a growing demand for application challenges to be resolved more quickly—a demand that could be met by, for example, publishing more agenda decisions.

Some of the respondents who said that the IASB should increase its current level of focus on the maintenance and consistent application of the Accounting Standards specified the types of work that the IASB should do more of. They suggested that the IASB:

- seek to cooperate with users, preparers, regulators and others to help them play a greater role in supporting the consistent application of the Accounting Standards.
- publish more educational materials, narrow-scope amendments and IFRIC Interpretations. However, a few respondents raised concerns about the number of tools the IASB uses to support consistent application and questioned whether some of them are the most effective tool to address identified issues—for example, they said that narrow-scope amendments require attention and absorb resources, even if their effect on the information provided is limited.

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2. Maintenance and consistent application of the Accounting Standards

Feedback continued ...

Only a few respondents suggested that the IASB should decrease its focus on this area. Some of these respondents suggested that the need for application guidance has decreased as knowledge of the Accounting Standards has spread. Others raised concerns that further work in this area could undermine the principle-based nature of the Accounting Standards.

Many other respondents suggested that the IASB should leave its focus on this area unchanged. Moreover, many of them said the maintenance and consistent application of the Accounting Standards is as important as the development of new Accounting Standards and major amendments to the Accounting Standards.

The IASB's response

The IASB disagreed with the view that it should increase its focus on the maintenance and consistent application of the Accounting Standards. Increasing the focus on this activity would decrease the resources available for other activities—particularly new Accounting Standards and major amendments.

The IASB and the Committee seek to achieve a balance between helping stakeholders obtain a common understanding of the Accounting Standards to support their consistent application and not undermining the appropriate use of judgement in applying the Accounting Standards. Increasing the level of focus on this activity could undermine the balance between these aspects of their work.

The IASB also disagreed with the view that it should focus less on maintenance and consistent application. The IASB does not expect the number of application questions to decrease in the next few years. In recent years, the IASB has published its Accounting Standards on financial instruments, revenue, leases and insurance contracts. These Accounting Standards are likely to lead to new application questions that the IASB and the Committee may need to consider, either directly or through the PIRs that the IASB will undertake over the coming years.

Consequently, the IASB decided to leave unchanged its current level of focus; but it will rebalance the types of activities that it currently undertakes. Specifically, compared to the previous five years, the IASB expects to decrease implementation support in the form of transition resource groups and similar activities, because there will be fewer new Accounting Standards to be implemented from 2022 to 2026. This slight decrease will provide capacity to address application questions arising from new Accounting Standards and PIRs.

Although the IASB decided to leave the level of its focus on maintenance and consistent application of the Accounting Standards unchanged, it also noted that, by slightly increasing its current level of focus on the understandability and accessibility of the Accounting Standards, it could indirectly support their maintenance and consistent application.

3. The *IFRS for SMEs Accounting Standard*

What's involved

The IASB, supported by its consultative body, the SME Implementation Group, sets requirements and develops educational materials for companies without public accountability (SMEs).

Current level of focus: 5%.

Feedback

Most respondents who commented said the IASB should leave unchanged its current level of focus on developing and maintaining the *IFRS for SMEs Accounting Standard*.

Some respondents who commented said the IASB should focus less on the *IFRS for SMEs Accounting Standard* mainly because:

- many jurisdictions have well-developed national accounting standards (GAAP) for companies without public accountability; and
- by decreasing the current level of focus, more resources would be available for the other high-priority activities.

In contrast, some respondents said the IASB should increase the level of its focus on the *IFRS for SMEs Accounting Standard*. Many of these respondents noted its importance in many jurisdictions. Some of these respondents said that some additional efforts are needed to complete the current comprehensive review.

A few other respondents suggested that the IASB should consider undertaking activities to expand the global adoption of the *IFRS for SMEs Accounting Standard*.

The IASB's response

The IASB noted that the views of respondents were influenced by whether their jurisdiction applies the *IFRS for SMEs Accounting Standard*. Respondents from jurisdictions that apply the *IFRS for SMEs Accounting Standard* were, unsurprisingly, more likely to support increasing the level of focus on this activity than were respondents from jurisdictions that do not.

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3. The IFRS for SMEs Accounting Standard

The IASB's response continued ...

The IASB decided to leave its current level of focus on this activity unchanged because:

- the *IFRS for SMEs* Accounting Standard is important to the many jurisdictions that apply this Accounting Standard.⁶
- the *IFRS for SMEs* Accounting Standard influences national GAAP for companies without public accountability.
- the needs of investors in companies that do not have public accountability are different from those of investors in companies that apply full IFRS Accounting Standards. In the IASB's view, the growth in private equity investments has generated a need for high-quality, comparable information from companies without public accountability and a comprehensive and workable Accounting Standard will be useful in creating globally comparable information that meets investors' needs.

The IASB disagreed with respondents who said that it should decrease its current level of focus because, were it to do so, there would be insufficient resources:

- to undertake periodic reviews of the *IFRS for SMEs* Accounting Standard;⁷
- to respond to emerging issues; and
- to publish materials that support the consistent application of the *IFRS for SMEs* Accounting Standard, including educational materials.

The IASB considered suggestions for encouraging the global adoption of the *IFRS for SMEs* Accounting Standard. The IASB noted that it would need to allocate additional resources if it were to encourage the global adoption of this Accounting Standard, which would decrease focus on other activities.

The IASB also considered suggestions for aiding implementation of the *IFRS for SMEs* Accounting Standard. The IASB noted that it has already published various supporting materials to aid implementation, including training modules, presentations and Q&As specifically for SMEs.

In addition to completing its Second Comprehensive Review of the *IFRS for SMEs* Accounting Standard, the IASB will continue supporting its consistent application. The IASB will also further explore whether partnering with national standard-setters could help the IASB to increase awareness of some of the supporting materials for the *IFRS for SMEs* Accounting Standard, for example, by translation.

⁶ As of July 2022 the *IFRS for SMEs* Accounting Standard (as issued by the IASB or with some modifications) was permitted or required in 87 jurisdictions and was under consideration by ten more.

⁷ Paragraph P16 of the *IFRS for SMEs* Accounting Standard says that 'The IASB expects to propose amendments to the *IFRS for SMEs* [Accounting Standard] by publishing an omnibus Exposure Draft periodically, but not more frequently than approximately once every three years.'

4. Digital financial reporting

What's involved

The IASB supports the digital consumption of financial information, including by developing and maintaining the IFRS Accounting Taxonomy.
Current level of focus: 5%.

Feedback

Many respondents commented on the current level of focus on digital financial reporting. They said the IASB should increase its current level of focus on such reporting. Most of these respondents said that digital financial reporting is growing in importance to capital markets, not least because of the increased use of technology in general. Some respondents specified the types of work that the IASB should do more of. We have grouped these suggestions into three strategic work components:

- the Accounting Standards—respondents said the IASB should:
 - ensure that its approach to digital financial reporting responds to the needs of users of financial statements; and
 - research whether changes to standard-setting are needed to facilitate the reporting of financial information in a digital format;
- the IFRS Accounting Taxonomy—respondents said the IASB should:
 - consider improvements to the IFRS Accounting Taxonomy to meet users' needs better;
 - provide illustrative examples to support the application of the IFRS Accounting Taxonomy; and
 - include in the IFRS Accounting Taxonomy common reporting practices from a wide range of jurisdictions; and
- digital ecosystem—respondents said the IASB should:
 - strengthen its dialogue with regulators and standard-setters to increase the adoption of the IFRS Accounting Taxonomy; and
 - identify partners and work jointly with them to develop financial markets so that high-quality, comparable information is easily accessible in a digital format, if that is within the scope of the IASB's work.

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4. Digital financial reporting

Feedback continued ...

Some respondents suggested that the IASB leave unchanged its current level of focus. They said:

- although the IASB should seek efficient solutions to improve the quality of information reported in a digital format and further support the consistent application of the IFRS Accounting Taxonomy, the IASB should not increase its current level of focus, given its other priorities;
- the IASB should seek to maximise synergies by collaborating with other organisations (or by complementing their work), rather than by duplicating any existing initiatives; and
- digitalisation is increasingly important, but it is not the IASB's main area of focus or expertise.

A few respondents said that digital financial reporting should not be a high priority for the IASB. In these respondents' view, other organisations have greater expertise in this area and the IASB should instead focus on its other activities.

The IASB's response

The IASB agreed with the many respondents who said it should focus more on digital financial reporting. The IASB decided to increase slightly its current level of focus because:

- digital consumption of financial reporting continues to increase;
- the use of the IFRS Accounting Taxonomy is increasing but challenges, including inconsistent approaches to its adoption and data-quality issues, can undermine the usefulness, quality, accessibility and comparability of the reported information; and
- some resources may be needed to support collaboration between the IASB and the ISSB on digital reporting.

By slightly increasing its current level of focus, the IASB aims to improve the usefulness, quality, accessibility and comparability of digital financial information. To do so, the IASB plans:

- to consider the implications of increased consumption of digital financial information for Accounting Standards, which have historically been based on how much information can be presented and disclosed in a paper-based or PDF-based format;

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4. Digital financial reporting

The IASB's response *continued* ...

- to continue to improve the IFRS Accounting Taxonomy by, for example:
 - updating the IFRS Accounting Taxonomy to reflect new or amended requirements;
 - updating the IFRS Accounting Taxonomy to reflect information (not referred to explicitly in the Accounting Standards or the accompanying materials) that is commonly disclosed in practice by companies when applying the Accounting Standards;
 - publishing educational materials to help companies, regulators and others who use the IFRS Accounting Taxonomy; and
 - identifying and resolving causes of errors and unnecessary extensions;
- to engage further with its partners in the digital ecosystem by, for example, working with regulators to support adoption of the IFRS Accounting Taxonomy and with preparers to support quality outcomes in applying the IFRS Accounting Taxonomy; and
- to work with the ISSB, for example:
 - to develop consistent approaches and concepts for the IFRS Accounting Taxonomy and the to-be-developed IFRS Sustainability Disclosure Taxonomy;
 - to develop technological compatibility, so companies can seamlessly use both taxonomies; and
 - to engage jointly with the digital reporting ecosystem to facilitate the consumption of digital reports.

5. Understandability and accessibility of Accounting Standards

What's involved

The IASB currently focuses on the understandability of its financial reporting requirements by, for example:

- drafting clear Accounting Standards. The IASB does this through the involvement of editorial and translation teams and external reviewers.
- developing supporting materials such as snapshots, project summaries, feedback statements and articles written by IASB members.

The IASB currently focuses on the accessibility of its Accounting Standards and supporting materials by, for example, publishing:

- Accounting Standards with annotations and cross-references; and
- twice-yearly compilations of the Committee agenda decisions.

Current level of focus: 5%.

Feedback

Most respondents who commented on understandability and accessibility said the IASB should increase its current level of focus on this activity because in their view the Accounting Standards are becoming more complex and less understandable. Some of them specified the types of work that the IASB should do more of, including:

- increasing the clarity of Accounting Standards by improving how they are drafted;
- exploring ways of improving the accessibility and navigability of Accounting Standards;
- starting a comprehensive project to identify and address areas of unnecessary complexity; and
- publishing more supporting materials, such as educational materials and agenda decisions.

Some respondents said the IASB should leave unchanged its current level of focus. Some respondents said that the current allocation of resources has been appropriate and has enabled the IASB to deliver timely and high-quality improvements to financial reporting. Some others said that activities to improve understandability and accessibility affect all aspects of the IASB's work and it was unclear to them why these tasks are identified as a separate activity.

A body representing users expressed concerns that activities to improve the understandability of financial reporting requirements focus on the needs of preparers and could result in a decrease in the information available to investors.

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5. Understandability and accessibility of Accounting Standards

The IASB's response

Considering stakeholders' feedback, the IASB decided to increase slightly its current level of focus so as:

- to continue current activities, including identifying new ways to improve the understandability of Accounting Standards. The IASB appreciates efforts by some national standard-setters and other professional organisations to research the understandability of Accounting Standards. The findings and recommendations from this research may provide valuable insights and inform the IASB's thinking when drafting Accounting Standards and amendments to them.
- to improve the accessibility of Accounting Standards and supporting materials, which could help address some financial reporting issues raised by respondents to this agenda consultation.
- to support collaboration with the ISSB. Possible areas of collaboration between the IASB and the ISSB include:
 - drafting-related matters to ensure consistent drafting and terminology in the two sets of Standards.
 - accessibility, for example, by using technology to improve accessibility and highlight connections between the two sets of Standards and related materials.

The IASB considered suggestions from some respondents that it should comprehensively address areas of unnecessary complexity in the Accounting Standards. However, in the IASB's view, it would be most effective to identify and address such areas on an issue-by-issue basis rather than as a comprehensive project. A comprehensive project would require significant time and resources to complete and could strain stakeholders' capacity.

The IASB agreed with some respondents' view that activities to improve the understandability of financial reporting requirements support consistent application of the Accounting Standards. By slightly increasing the level of focus on understandability and accessibility, the IASB aims to help stakeholders to obtain a common understanding of financial reporting requirements, which will further support consistent application.

The IASB considered the suggestion made by some respondents that the IASB should publish more supporting materials to enhance the understandability of financial reporting requirements. The IASB agrees that supporting materials can help stakeholders better understand its requirements. However, in developing supporting materials, the IASB needs to maintain the right balance between providing guidance that would improve the understandability of the requirements without undermining the principle-based nature of the Accounting Standards.

The IASB strives to make Accounting Standards understandable to all its stakeholders. The IASB noted that in undertaking its activities, it focuses on understandability by, for example, reducing unnecessary complexity so Accounting Standards are more straightforward for companies to apply, thereby improving the quality of information provided to investors.

6. Stakeholder engagement

What's involved

The IASB engages with its stakeholders to support the development of its high-quality requirements and to promote acceptance of the Accounting Standards. Current level of focus: 20%–25%.

Feedback

Many respondents who commented on this activity said that engagement with stakeholders is an important part of the IASB's work but did not suggest any changes to the IASB's current level of focus. A few respondents noted that stakeholder engagement on some projects may require coordination with the ISSB.

Some respondents said the IASB should increase its current level of focus on stakeholder engagement and specified the types of work that the IASB should do more of—for example:

- using digital-friendly approaches, such as the online survey used in this agenda consultation;
- using standard response templates (such as the one used for the Request for Information *Comprehensive Review of the IFRS for SMEs Accounting Standard*); and
- encouraging participation in the standard-setting process from emerging markets and increasing the level of engagement with companies without public accountability.

A few respondents said the IASB should focus more on some types of stakeholders than others, without increasing the overall level of focus on stakeholder engagement.

Some respondents suggested that the IASB should decrease its current level of focus on stakeholder engagement and said:

- the use of digital platforms brings efficiencies and savings, which could be directed to other high-priority areas; and
- the IASB should seek to identify and maximise synergies by considering outsourcing some of its activities in this area to stakeholders such as national standard-setters.

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6. Stakeholder engagement

The IASB's response

Consistent with the feedback, the IASB has decided that the current level of focus on stakeholder engagement is appropriate to obtain high-quality feedback on its proposals from a broad range of stakeholders, including users and preparers. The IASB agrees with the respondents' view that it may need some capacity to engage with stakeholders jointly with the ISSB. However, the IASB thinks that this can be achieved without increasing its current level of focus on stakeholder engagement. Specifically, a slight decrease in the current level of focus on new Accounting Standards and major amendments, and a greater use of technology, should provide the IASB with the capacity to coordinate its stakeholder engagement activities with the ISSB. Consequently, the IASB decided to leave unchanged its current level of focus.

The IASB and the ISSB are expected to coordinate their stakeholder engagement activities:

- to identify possible synergies, for example, opportunities for joint outreach meetings with stakeholders on activities pursued jointly; and
- to avoid overloading stakeholders with multiple outreach meeting requests.

The IASB is continually striving to improve how it consults with stakeholders. The IASB hopes always to receive broad stakeholder feedback on its consultations, and it considers various ways to broaden and deepen its engagement with stakeholder groups that tend to be under-represented among submitters of comment letters. The IASB agrees that some types of work suggested by respondents (for example, use of technology and partnering with national standard-setters) may help broaden the stakeholder engagement, without increasing the overall level of focus.

The IASB has significant partnerships with national standard-setters and will seek to deepen and broaden these relationships, particularly in relation to stakeholder engagement.

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Criteria for assessing the priority of potential projects

🔍 Background

The Request for Information explained that the IASB evaluates a potential project for inclusion on its work plan primarily by assessing whether the project would meet investors' needs, while taking into account the costs that a company would incur in applying any new or amended requirements that would result from the proposed project.

The Request for Information also proposed seven criteria to assist the IASB in deciding whether to add a potential project to its work plan:

- the importance of the matter to investors;
- whether there is any deficiency in the way companies report the type of transaction or activity in financial statements;
- the type of companies that the matter is likely to affect, including whether the matter is more prevalent in some jurisdictions than others;
- how pervasive or acute the matter is likely to be for companies;
- the potential project's interaction with other projects on the work plan;
- the complexity and feasibility of the potential project and its solutions; and
- the capacity of the IASB and its stakeholders to make timely progress on the potential project.

? Questions for respondents

The IASB asked stakeholders whether it:

- has identified the right criteria; and
- should consider any other criteria.



The IASB discussed the feedback at its November 2021 meeting (see the [agenda paper](#) for that meeting).

Criteria for assessing the priority of potential projects

Feedback

Almost all respondents who commented on this topic agreed with the criteria proposed by the IASB. Many of them also said that the criteria are well-balanced and adequate and did not express any concerns. Some respondents suggested that the IASB should consider additional criteria. These respondents said:

- they would like to understand how the IASB weighs the criteria and applies them to individual projects; and
- the IASB should rank the criteria or split them into essential and secondary criteria.

Some respondents suggested that the IASB should include all the proposed criteria in the *Handbook*. A few others suggested that the IASB clarify the link between the proposed criteria and the criteria set out in the *Handbook* (see page 41).

The IASB's response

At its December 2021 meeting the IASB decided not to make any changes to the criteria proposed in the Request for Information. The IASB noted that the criteria form a set of factors that provide a consistent basis for analysing potential projects. The purpose of this set of factors is to help the IASB decide which projects to add to its work plan. The set of factors informs the IASB's thinking but it is not a checklist, and it cannot be used mechanistically or in isolation—ultimately, the IASB needs to use its judgement to decide which projects to add to its work plan. The IASB observed that the relative importance of a criterion is likely to vary with the circumstances surrounding the potential project.

The IASB also concluded that additional factors suggested by respondents were already covered by the proposed criteria. Consequently, the IASB decided that no additions are needed to the list of the proposed criteria.

The IASB noted that the *Handbook* sets out the requirements for the IASB to undertake agenda consultations but does not specify the criteria for assessing projects that may be added to the IASB's work plan. Thus, the IASB has the ability to adapt its assessment criteria to the circumstances of each agenda consultation. The *Handbook* requires the IASB to consult on its assessment criteria to address stakeholders' potential concerns that it might select inappropriate criteria. All comments relating to the IFRS Foundation's due process have been shared with the Trustees' Due Process Oversight Committee.

The IASB used the criteria to assess the priority of potential projects suggested by respondents (see pages 26–33 for the IASB's response to the feedback on potential projects).

3 New projects to be added to the IASB's work plan for 2022 to 2026

Background

One of the objectives of this agenda consultation was to gather stakeholders' views on which financial reporting issues the IASB should prioritise and add to its work plan as new projects for 2022 to 2026.

To help stakeholders provide feedback, Appendix B to the Request for Information described 22 potential projects suggested to the IASB during outreach conducted when preparing for the agenda consultation. It also listed financial reporting issues suggested by a small number of stakeholders—these issues were not described in detail (Appendix C to the Request for Information).

Questions for respondents

The IASB asked stakeholders for feedback on:

- the priority—high, medium or low—of each of the potential projects described; and
- any other potential projects that the IASB should add to its work plan.

Potential projects described in the Request for Information

- [Borrowing Costs](#)
- [Climate-related Risks \(in the Financial Statements\)](#)
- [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](#)

For a project description, click on the project title.

This section discusses:

- background information—capacity indicators (page 24);
- feedback from respondents about priority projects (pages 25–26);
- the IASB’s approach to its prioritisation of potential projects (page 26); and
- the IASB’s response to feedback (pages 26–33).

Background information—capacity indicators

The IASB has limited capacity to add financial reporting issues to its work plan for 2022 to 2026. Some of its capacity is required:

- to continue work on projects on the current work plan (see pages 34–35);
- to conduct required PIRs; and
- to respond to any time-sensitive issues that may arise after this agenda consultation.

The IASB also considered other capacity issues, which are that:

- many stakeholders told the IASB that they will have limited capacity to respond to consultations or implement changes to the Accounting Standards;

- some respondents said the IASB should be realistic about adding new projects to its work plan, given its current work plan, its resource constraints, the resource constraints of its stakeholders, and the need to retain capacity to respond to emerging or urgent issues; and
- the IASB’s approach to prioritising matters identified in PIRs and the capacity implications of its collaboration with the ISSB (see pages 36–40) affect the number of new projects that the IASB can add to its work plan.

Considering all these factors, the IASB estimated that in the period from 2022 to 2026, it will be able to add to its work plan:

- two large projects; or
- three to four medium-sized projects; or
- four to five small projects; or
- an equivalent combination of large, medium and small projects.

The IASB acknowledges uncertainty about the accuracy of these estimates. That uncertainty arises because:

- anticipated and actual project time lines may differ;
- estimated and actual numbers and nature of time-sensitive projects may differ;
- the implications of the collaboration between the IASB and the ISSB on the IASB’s and stakeholders’ capacity are evolving; and
- the number and the nature of follow-on projects from ongoing and upcoming PIRs on the IASB’s and stakeholders’ capacity are unknown.

To respond to this uncertainty, the IASB created a reserve list of potential projects (pages 31–32). The reserve list includes two projects that could be added to the work plan if additional capacity becomes available. Creating a reserve list of potential projects also may help the IASB’s stakeholders to plan their activities better—for example, by helping them to identify research topics.

Feedback from respondents about priority projects

Table 1—Summary of the feedback on the potential projects described in Appendix B to the Request for Information.

Potential project ⁸	Summary of feedback
<ul style="list-style-type: none"> • Climate-related Risks (in the Financial Statements) • Cryptocurrencies and Related Transactions • Intangible Assets 	Most respondents rated these projects as high priority.
<ul style="list-style-type: none"> • Going Concern • Pollutant Pricing Mechanisms • Statement of Cash Flows and Related Matters 	Many respondents rated these projects as high priority.
<ul style="list-style-type: none"> • Discontinued Operations and Disposal Groups • Discount Rates • Income Taxes • Other Comprehensive Income • Variable and Contingent Consideration 	Mixed comments received—some respondents rated these projects as high priority, some rated them as medium priority and some rated them as low priority.
<ul style="list-style-type: none"> • Borrowing Costs • Commodity Transactions • Employee Benefits • Expenses—Inventory and Cost of Sales • Foreign Currencies • Government Grants • Negative Interest Rates • Separate Financial Statements 	Many respondents rated these projects as low priority.
<ul style="list-style-type: none"> • Operating Segments 	Many users of financial statements rated this project as high priority. However, many respondents, other than users, rated this project as low priority.
<ul style="list-style-type: none"> • Inflation • Interim Financial Reporting 	Most respondents rated these projects as low priority.

8 Projects in each row are listed in alphabetical order.

Respondents commented on or suggested approximately 70 potential projects.

Table 1 summarises the feedback on the potential projects described in Appendix B to the Request for Information.

Appendix C lists the wide range of other potential projects suggested by respondents. In all cases, these potential projects were suggested by just one or only a few respondents.

The IASB discussed the feedback on potential projects at its November 2021 meeting.⁹

How the IASB prioritised potential projects	The IASB's response to feedback
<p>The IASB assessed the priority of potential projects based on the criteria (see pages 21–22) and the feedback from respondents about these projects.</p> <p>At its March 2022 meeting the IASB decided to shortlist seven potential projects for discussion at its April 2022 meeting:</p> <ul style="list-style-type: none">• Climate-related Risks in the Financial Statements;• Cryptocurrencies and Related Transactions;• Going Concern Disclosures;• Intangible Assets;• Operating Segments;• Pollutant Pricing Mechanisms; and• Statement of Cash Flows and Related Matters.¹⁰	<p>At its April 2022 meeting the IASB considered further the seven shortlisted projects and decided:</p> <ul style="list-style-type: none">• to include in its research project pipeline two projects:<ul style="list-style-type: none">– Intangible Assets (pages 27–28); and– Statement of Cash Flows and Related Matters (pages 28–29);• to add to the maintenance project pipeline a project on Climate-related Risks in the Financial Statements (pages 29–30);• to include two projects on the reserve list:<ul style="list-style-type: none">– Operating Segments (page 31); and– Pollutant Pricing Mechanisms (pages 31–32); and• not to add to its work plan projects on:<ul style="list-style-type: none">– Cryptocurrencies and Related Transactions (page 32); or– Going Concern Disclosures (page 33).¹¹

⁹ See the [agenda papers](#) for the November 2021 IASB meeting.

¹⁰ See the [agenda papers](#) for the March 2022 IASB meeting.

¹¹ See the [agenda papers](#) for the April 2022 IASB meeting.

Research project pipeline

Projects in the research project pipeline involve developing new Accounting Standards or major amendments to the Accounting Standards (research and standard-setting projects).

The IASB expects that in the short term most or all of its resources for research and standard-setting projects will be allocated to:

- continuing work on projects on the current work plan—at its February 2022 meeting the IASB decided not to reprioritise the projects on its current work plan, but to continue working on them (see pages 34–35); and
- conducting the required PIRs of IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*.

Consequently, the IASB may not start work on the two research pipeline projects (on Intangible Assets and the Statement of Cash Flows and Related Matters) immediately. Because both projects are likely to be large and complex, they will not be completed within the next five years.



Intangible Assets

The IASB added to its research pipeline a project to review IAS 38 comprehensively.

How the IASB has applied the criteria

Most respondents to the Request for Information commented on this project and most of them rated it as high priority. Feedback indicates that a project on Intangible Assets is important to users of financial statements—many users who commented on this potential project rated it as high priority.

Stakeholders highlighted deficiencies in the reporting of intangible assets; some also noted that some national standard-setters and other professional bodies have found evidence of these deficiencies. The matters raised by respondents relate to all aspects of IAS 38, including its scope, its recognition and measurement requirements (including the difference in accounting between acquired and internally generated intangible assets), and the adequacy of the information it requires to be disclosed about intangible assets.

The matters raised by respondents (such as the accounting for software as a service (SaaS) arrangements) are pervasive, because they affect many companies in many jurisdictions; intangible assets also have become increasingly important in creating value. Feedback also indicates that these matters are relatively acute, especially in relation to disclosures about unrecognised intangible assets.

The IASB acknowledges that a comprehensive review of IAS 38 will be a large and complex project for the IASB and its stakeholders. To make such a large project more manageable and to allow more timely progress, this project could be undertaken in stages. For example, such stages could comprise:

- the development of enhanced disclosure requirements, including disclosures about unrecognised intangible assets;
- a review of the scope of IAS 38 to consider whether some recognised intangible assets, including intangible assets held for investment purposes or traded (for example, cryptocurrencies), should remain within the scope of IAS 38 or be included in the scope of another Accounting Standard;

Research project pipeline *continued* ...

- a review of the definition of an intangible asset and recognition criteria in IAS 38; and
- a review of the measurement requirements for intangible assets within the scope of IAS 38, including the criteria for when the revaluation model is permitted.

However, the project stages could be scoped differently or carried out in a different order.

For example, instead of considering disclosure requirements first, the project could start by reviewing the definition of an intangible asset and recognition criteria in IAS 38. These matters will be considered as part of the project planning when the research project commences.

A comprehensive review of IAS 38 is likely to interact with some other projects—for example, the IASB could consider how IAS 38 relates to information disclosed in management commentary (such as information about resources and relationships) when developing enhanced disclosure requirements on intangible assets. The IASB will also need to consider the relationship between this project and the work of the ISSB on the disclosure of sustainability-related information about intangible resources.

Although the title of this project refers to intangible assets, one key issue to consider in this project will be whether it should be limited to accounting for and disclosing information about financial statement elements—*assets* and *expenses* arising from expenditure on intangible items—or whether the project should aim to address intangibles more broadly.¹²



Statement of Cash Flows and Related Matters

The IASB added to its research pipeline a project on the Statement of Cash Flows and Related Matters. As part of the research phase of such a project, the IASB will consider whether the project should aim to review IAS 7 comprehensively or make more targeted improvements.

Matters relating to the statement of cash flows to consider include both presentation issues (such as the classification of cash flows into operating, investing and financing activities) and other issues (including improved disclosures about non-cash movements, such as factoring of trade receivables and reverse factoring of trade payables). Also, the project could address some issues relating to the statement of cash flows that arose in the Primary Financial Statements project but which were outside its scope.

How the IASB has applied the criteria

Many respondents rated a project on the Statement of Cash Flows and Related Matters as a high priority. Furthermore, user feedback indicates that they consider such a project to be the highest priority of all the potential projects discussed in the Request for Information.

Stakeholders expressed a view that deficiencies in reporting exist. However, respondents expressed mixed views about the nature and extent of such deficiencies. For example, some respondents said the IASB should undertake a comprehensive review of IAS 7. Some other respondents were in favour of a more targeted approach, although they expressed different views on which issues should be addressed in a more targeted project. For example, they suggested that the IASB review the definition of cash and cash equivalents or require a company to explain any changes from the opening balance to the closing balance for all the balances brought forward from the previous reporting period.

The matters raised by respondents are pervasive and acute, given the range and extent of issues that respondents raised about the statement of cash flows, which is a primary financial statement.

¹² The elements of financial statements are discussed in Chapter 4 of the *Conceptual Framework*.

Research project pipeline *continued ...*

A project on the Statement of Cash Flows and Related Matters will interact with some other projects—for example, the Supplier Finance Arrangements project includes proposals for some amendments to IAS 7 and is related to the matters raised by respondents about non-cash financing.

A project on the Statement of Cash Flows and Related Matters is likely to be large and complex, particularly given the range of matters raised by respondents. Also, sometimes, questions may arise about the feasibility of some potential solutions. For example, the IASB has previously considered requiring use of the direct method. However, as part of this project, the IASB could consider the extent to which technological developments may alleviate record-keeping challenges raised by stakeholders in previous related projects.

Maintenance project pipeline



Climate-related Risks in the Financial Statements

Projects in the maintenance project pipeline involve maintaining and supporting the consistent application of the Accounting Standards (maintenance and consistent application projects). Unlike research pipeline projects (which usually require a new Accounting Standard or a major amendment to an Accounting Standard to solve the identified problem), maintenance pipeline projects might only require a relatively narrow-scope amendment to improve financial reporting requirements or remedy a deficiency. Such projects can often be conducted more quickly than projects to develop a new Accounting Standard or a major amendment to an Accounting Standard.

In this agenda consultation, stakeholders thought that there may be:

- inconsistent application of the Accounting Standards to climate-related risks; and
- insufficient information disclosed about climate-related risks in the financial statements.

In response to that feedback, the IASB added to its maintenance project pipeline a project on the accounting for climate-related risks in the financial statements. This narrow-scope project will:

- research the causes of stakeholders' concerns about inconsistent application and insufficient information.
- research whether the IFRS Foundation's educational material on the [Effects of climate-related matters on financial statements](#) and the application of the ISSB's future Sustainability Disclosure Standard on climate-related disclosures help to address these concerns.¹³ The IASB noted that the comment period on the agenda consultation had ended before the creation of the ISSB was announced.
- consider whether and, if so, what narrow-scope actions might be needed. Any actions, however, are unlikely to include developing specific requirements to account for climate-related risks in the financial statements, as doing so could undermine the benefits of the IASB's principle-based approach to developing Accounting Standards.

¹³ For the educational material 'Effects of climate-related matters on financial statements,' see: <https://cdn.ifrs.org/-/media/feature/supporting-implementation/documents/effects-of-climate-related-matters-on-financial-statements.pdf?la=en>.

Maintenance project pipeline *continued ...*

How the IASB has applied the criteria

Feedback indicates that the matters raised by respondents affect (or are expected to affect) many jurisdictions, given the global nature of climate-related risks. Feedback also indicates that a potential project on Climate-related Risks in the Financial Statements is important to users of financial statements—many rated it as high priority and almost all users rated it as high or medium priority.

However, there are questions about the underlying causes of the financial reporting deficiencies identified by respondents and how best to explore and address such deficiencies.

Feedback indicates that the matters raised by respondents are (or are expected to become) pervasive. That pervasiveness arises from both the widespread nature of climate-related risks and the potential for these risks to affect many aspects of a company's financial statements. Feedback also indicates that many types of company are (or are expected to be) affected. However, it is likely that some types of company will be affected more than others, such as companies in industries that contribute to greenhouse gas emissions and thus may be subject to changes to their business models

(for example, energy and heavy industry) or are likely to be significantly affected by climate change (for example, agriculture, fishing, banking and insurance).

Feedback also indicates that the matters raised by respondents are (or are expected to become) severe. This severity arises because of the pervasiveness of the climate-related risks and because the effects of these risks are expected to grow.

The project on Climate-related Risks in the Financial Statements will likely interact with some of the IASB's other projects. For example, the Goodwill and Impairment project, among other things, is considering potential changes to the impairment test in IAS 36 *Impairment of Assets*, and the Request for Information discussed possible amendments to the requirements in IAS 36 for cash flow projections to be used in measuring value in use.

Given the importance of connections between the requirements in Accounting Standards and the requirements to be developed by the ISSB on climate-related financial information and the related reporting, the IASB will need to coordinate any work on this topic with the ISSB. The IASB's project will focus on the effects of climate-related risks on financial statements. While the IASB notes that the ISSB's proposals in the Exposure Draft *Climate-related Disclosures* set out disclosure requirements specific to climate-related risks and opportunities, both boards will need to work together to develop consistent terminology and compatible requirements.

Reserve list

The IASB created a reserve list of projects that could be added to the work plan, if additional capacity becomes available.

The reserve list comprises two projects:

- Operating Segments; and
- Pollutant Pricing Mechanisms.

After applying the criteria (see pages 21–22), both these projects were identified as high priority. However, the IASB concluded that they do not meet the criteria to the same extent as do the three projects added to the project pipeline.

If added to the work plan, both projects would need a research phase, in which the IASB would gather further evidence about the problems to be solved and assess feasible solutions, before considering whether to start a standard-setting project.

Operating Segments

Many users rated this project as high priority. However, many respondents, other than users, rated a project on Operating Segments as low priority.

If added to the work plan, such a project would not reconsider whether to use the management approach to determine a company's operating segments. There does not seem to be a clear case for considering such a fundamental change to IFRS 8 *Operating Segments*. Instead, the objective of a project on Operating Segments would be to conduct research into:

- the underlying causes of users' concerns about the granularity of segment information that companies provide; and
- the feasibility (including costs to preparers) of potential solutions that could be implemented without reconsidering whether to use the management approach to determine a company's operating segments.

A research project on Operating Segments could include an analysis of the similarities and differences between the matters raised by respondents and the matters the IASB considered previously, and the benefits and costs of improvements to IFRS 8 to address these matters.¹⁴

Pollutant Pricing Mechanisms

Many respondents, including some users, rated a project on Pollutant Pricing Mechanisms as high priority.

If added to the work plan, in the research phase of the project the IASB would need to consider whether to address:

- all types of pollutant pricing mechanisms, or only some, such as emission trading schemes; and
- accounting by traders and scheme administrators, or limit the project to companies that are required to (or choose to) participate in such schemes.

¹⁴ See the [IASB Update March 2018—Improvements to IFRS 8](#).

Reserve list *continued* ...

The IASB researched pollutant pricing mechanisms in previous projects and it could resume its previous discussions. The IASB acknowledges that developing specific requirements for pollutant pricing mechanisms would be complex, as illustrated by the IASB's previous research on emission trading schemes after the withdrawal of IFRIC 3 *Emission Rights*. However, in the IASB's view developments since that earlier work was undertaken would assist with a project on Pollutant Pricing Mechanisms. Also, guidance developed by national standard-setters could inform the IASB's work.

A project on Pollutant Pricing Mechanisms would likely interact with the work of the ISSB. However, such interactions would largely relate to disclosures about pollutant pricing mechanisms (for example, information about the scheme applicable to the company may be relevant in providing information about a company's exposure to climate-related risks and opportunities). The IASB expects that a substantial amount of the IASB's work on pollutant pricing mechanisms (if added to the work plan) would be focused on developing new recognition and measurement requirements for such mechanisms. That work could proceed, irrespective of any relationship to the work of the ISSB.

Projects not added to the work plan

At its April 2022 meeting the IASB decided not to add to the work plan (or to the project pipeline or reserve list) a project on:

- Cryptocurrencies and Related Transactions; or
- Going Concern Disclosures.

Both projects rated highly against the criteria for adding a project to the work plan and, when considered on a stand-alone basis, both projects have merit. However, having considered each project in the context of capacity constraints and other potential projects, the IASB decided that the other projects are of higher priority.



Cryptocurrencies and Related Transactions

Many respondents highlighted the increasing prevalence of cryptocurrencies and related transactions and suggested that the IASB add a project on the accounting for such items to its work plan. However, in deciding not to do so, the IASB noted that:

- there are questions about whether such transactions are prevalent in many jurisdictions or have a pervasive effect on the financial statements of many companies.
- a project to consider the accounting for different types of cryptoassets and cryptoliabilities would be complex and might be premature, given such cryptoassets and cryptoliabilities are part of a new and rapidly evolving ecosystem.
- in June 2019 the Committee published an agenda decision that explains how to account for holdings of cryptocurrencies. In this agenda decision, the Committee concluded that IAS 2 *Inventories* applies to cryptocurrencies held for sale in the ordinary course of business. If IAS 2 is not applicable, a company applies IAS 38 to holdings of cryptocurrencies, which permits fair value measurement in an active market.¹⁵
- the project on Intangible Assets (see pages 27–28) will review the scope of IAS 38, including whether cryptocurrencies should remain within it.

¹⁵ For the agenda decision, see: <https://www.ifrs.org/content/dam/ifrs/supporting-implementation/agenda-decisions/2019/holdings-of-cryptocurrencies-june-2019.pdf>.

Projects not added to the work plan *continued ...*

Going Concern Disclosures

In deciding not to add a project on Going Concern Disclosures to its agenda, the IASB noted that:

- in July 2010 and July 2014 the Committee published agenda decisions about going concern disclosures.¹⁶
- in January 2021 the IFRS Foundation published educational material on the disclosure of information about the going concern assumption.¹⁷
- it may be challenging to keep the scope of a project on Going Concern Disclosures narrow. Also, in some cases, questions may arise about the feasibility of potential solutions—the IASB has previously considered staff proposals to clarify when such disclosures were required but decided not to proceed with developing those proposals.
- other projects could provide users with better information about liquidity and solvency which may help them to assess a company's ability to continue as a going concern. For example, the project on the Statement of Cash Flows and Related Matters could result in better information about the company's cash flows and debt.



Other projects suggested by respondents

The IASB acknowledges the importance of other potential projects, especially to the respondents who suggested them. However, having considered stakeholders' feedback and other evidence, the IASB concluded that the other projects described in the Request for Information (see page 25) and other suggestions for potential projects (see Appendix C) did not meet the criteria to the same extent as did the five projects added to the project pipeline and to the reserve list.

The IASB noted that:

- some of the financial reporting issues raised do not seem particularly important to users of financial statements;
- in some cases, it is unclear whether deficiencies in reporting exist;
- some suggestions relate to financial reporting issues that do not appear to be of widespread prevalence or are not pervasive or acute for companies;

- in some cases questions may arise about the complexity and feasibility of potential solutions; and
- some suggested projects more generally raised questions about whether the costs would outweigh the benefits.

The IASB also noted that some of the suggestions for potential projects involve financial reporting issues that might be addressed in other ways, such as issues related to:

- the projects on the current work plan;
- the new projects; and
- compatibility with Sustainability Disclosure Standards.

As part of its ongoing activities, the IASB monitors financial reporting developments and practice. Also, some of the IASB's resources for research and standard-setting activities are set aside for any time-sensitive projects that may arise after this agenda consultation.

¹⁶ See [IAS 1 Presentation of Financial Statements—Going concern disclosure](#), published in July 2010. See also [Disclosure requirements relating to assessment of going concern \(IAS 1 Presentation of Financial Statements\)](#), published in July 2014.

¹⁷ For the educational material 'Going concern—a focus on disclosure', see: <https://www.ifrs.org/content/dam/ifrs/news/2021/going-concern-jan2021.pdf>.

4

Comments on the current work plan

Background

Question 4 of the Request for Information asked respondents for any other comments on the IASB's activities and current work plan.

Feedback

Some respondents made general comments about the work plan:

- some said the IASB should advance the projects already under way before starting new projects, as projects on the current work plan were identified as priorities by stakeholders in the 2015 Agenda Consultation, and continue working on PIRs, as required by the *Handbook*; and
- others said the IASB should reassess the priority and necessity of all projects on its current work plan and determine whether any of these projects should be put on hold or even stopped to free up resources for new, more important projects.

Many respondents commented on individual projects on the current work plan. Some of these comments emphasised the importance of these projects and encouraged the IASB to complete them on a timely basis. However, some respondents suggested that the IASB pause or discontinue particular projects on the current work plan because, in their view:

- the issues addressed in the project are not pervasive;
- the project has made little progress or may not result in significant improvements to financial reporting; or
- the project has lower priority than other potential projects.¹⁸

continued ...

¹⁸ For detailed feedback about individual projects, see the [agenda paper](#) for the December 2021 IASB meeting.

... continued

Comments on the current work plan

The IASB's response

At its February 2022 meeting the IASB decided to continue progressing the projects on its current work plan (except for Availability of a Refund (Amendments to IFRIC 14 *IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*))¹⁹ because:

- stakeholders have previously identified these projects as priorities.
- reprioritising projects could lead to inefficient starts and stops.
- some projects, such as PIRs, are required by the *Handbook*.
- there are natural points within a project's life cycle at which the IASB considers the project's future direction. Many of the projects that respondents suggested should be paused or discontinued have reached or will soon reach such points.

Project teams will consider feedback from respondents to the Request for Information about projects on the current work plan in conjunction with other feedback.

¹⁹ For the project history, see: <https://www.ifrs.org/projects/completed-projects/2022/availability-of-a-refund/#final-stage>.

5 Other feedback

Based on responses to the Request for Information and other feedback, the IASB has identified three cross-cutting themes that affect all of its activities:

- collaboration with the ISSB (pages 36–37);
- suggestions that the IASB should enhance its partnerships with national standard-setters (pages 38–39); and
- the priority of matters identified in PIRs (page 40).

The IASB has considered these cross-cutting themes when determining its priorities for 2022 to 2026 (see pages 6–20 and 23–33).

This section also discusses:

- flexibility and emerging issues (page 41); and
- due-process-related comments (page 41).

1. Collaboration with the ISSB

Background

As noted on page 5, on 3 November 2021 the Trustees announced the creation of a new standard-setting board—the ISSB. Because the Request for Information was published before this announcement, the IASB did not discuss how the creation of the ISSB would affect the IASB’s work. However, in making decisions about its priorities for 2022 to 2026, the IASB identified possible areas of collaboration with the ISSB and assessed likely effects of such collaboration on the IASB’s capacity.

continued ...

... continued

1. Collaboration with the ISSB

Feedback

Many respondents commented on potential collaboration between the IASB and the ISSB and suggested that collaboration with the ISSB will be an overarching theme for the IASB in the coming years. Many of these respondents acknowledged that the IASB will need to set aside capacity to support that collaboration. However, these respondents also said collaboration should not be allowed to affect the IASB's ongoing work on improvements to the Accounting Standards nor should it reduce the resources available to the IASB to make timely progress on its work plan. Many respondents who commented also said the IASB should remain focused on developing its requirements and should not undertake any activities outside the scope of its work. The IASB discussed the feedback at its November 2021 meeting (see the [agenda paper](#) for further details).

The IASB's response

As described on page 5, the IASB and the ISSB expect to collaborate to support complementary standard-setting and reporting. The IASB does not intend to support ISSB-only work (or vice versa). The IFRS Foundation *Constitution* reflects the intended relationship between the IASB and the ISSB by:

- specifying as part of the Foundation's objective that IFRS Standards will be complementary;
- requiring Trustees to assess how effectively the two boards work together; and
- requiring each board to establish procedures for working with the other to develop compatible IFRS Standards that avoid inconsistencies and conflicts.²⁰

The IASB thinks that coordination and resources will be needed to support collaboration with the ISSB alongside the IASB's existing activities. The IASB expects collaboration to have capacity implications for its work on:

- new Accounting Standards and major amendments to the Accounting Standards (pages 7–9);
- digital financial reporting (pages 14–16);
- the understandability and accessibility of Accounting Standards (pages 17–18); and
- stakeholder engagement (pages 19–20).

At its February 2022 meeting the IASB discussed the analysis of the likely effects of connecting its work with the work of the ISSB (see the [agenda paper](#) for that meeting).

²⁰ See the [IFRS Foundation Constitution](#).

2. Enhancing partnerships with national standard-setters

Feedback

Some respondents suggested that by enhancing its partnerships with national standard-setters the IASB could alleviate some of its capacity constraints. In particular, some respondents suggested that the IASB:

- cooperate with national standard-setters who have adopted the Accounting Standards to support those who are adopting the Accounting Standards for the first time.
- cooperate with national standard-setters to help them play a greater role in supporting the consistent application of the Accounting Standards. In these respondents' view, some issues are prevalent only in some jurisdictions and could be addressed effectively by national standard-setters based on guidance provided by the IASB.
- use the resources of the SME Implementation Group and expertise of the national standard-setters in jurisdictions where the use of the *IFRS for SMEs* Accounting Standard is prevalent.
- use the resources of national standard-setters to help in developing new Accounting Standards, particularly in the research phase of a project.
- seek synergies with, or outsource some activities relating to stakeholder engagement to, national standard-setters. In these respondents' view, this approach would eliminate or minimise multiple stakeholder engagement requests that users receive on a particular topic and would help to alleviate some users' capacity constraints.

The IASB's response

National standard-setters are important partners in the IASB's work to develop a single set of globally accepted accounting standards. The IASB already has significant partnerships with national standard-setters, including:

- technical collaboration—national standard-setters participate in the IASB's research and standard-setting activities through their work on specific projects (for example, research as part of the Extractive Activities project) and by reviewing draft consultation documents; commenting on due process documents; and, jointly with the IASB and its technical staff, engaging with other stakeholders to understand better the effects of the IASB's proposals on companies in their jurisdictions.
- supporting consistent application—national standard-setters help the IASB identify issues with consistent application of the Accounting Standards. National standard-setters also research the prevalence of issues submitted to the Committee.

continued ...

... continued

2. Enhancing partnerships with national standard-setters

The IASB's response *continued* ...

- national standard-setters' participation in consultative groups, advisory bodies and at the annual IASB World Standard-setters Conference for the worldwide community of national standard-setters.
- IASB's participation in the International Forum of Accounting Standard-Setters and regional groups and networks, such as the Asian-Oceanian Standard-Setters Group.
- secondments of national standard-setters' staff to the IASB staff.

As noted on page 5, this partnership currently supports all six of the IASB's main activities. The IASB appreciates the help offered by its stakeholders, including national standard-setters, and it will seek to deepen and broaden these relationships. But, in relation to new Accounting Standards and major amendments to the Accounting Standards, the IASB thinks that enhancing partnerships with national standard-setters should focus on:

- continuing to support the quality of the IASB's work, for example, through feedback and stakeholder engagement; and
- expediting the IASB's standard-setting, for example, during the research phase of a project.

However, the IASB concluded that the resources of national standard-setters would not enable the IASB to increase the number of projects it could add to its work plan for 2022 to 2026 because:

- the IASB needs to be mindful of capacity constraints, both of national standard-setters and of other stakeholders, that affect their ability to engage with the IASB, provide high-quality feedback on proposals and implement changes that result from such proposals. Feedback from some stakeholders indicates that they will have limited capacity during the period from 2022 to 2026 to comment on proposals and implement new requirements, particularly in the light of expected new Sustainability Disclosure Standards—many of the IASB's stakeholders are also the ISSB's stakeholders.
- projects already under way, for which much research has already been conducted, will continue to dominate the IASB's work plan from 2022 to 2026.

However, in the longer term, national standard-setters' support, particularly during the research phase of a project, could allow for faster completion of projects, providing capacity for more projects to be added to the IASB's work plan as part of future agenda consultations.

3. Approach to matters identified in PIRs

Feedback

Some respondents provided general observations on PIRs and commented on the upcoming PIRs. Their comments included that:

- the IASB should avoid a mechanistic approach to the timing of PIRs based only on the effective date of an Accounting Standard. Some other respondents held the opposite view, saying that the IASB should begin its PIRs on time or clearly explain the reasons for delaying them.
- the PIR should not cause unnecessary delays in addressing unexpected application challenges.
- transition resource groups should address early implementation issues.
- the IASB should undertake follow-on projects to address issues identified as part of the PIR, but such projects should provide timely and pragmatic solutions rather than major conceptual changes.
- the IASB should consider the work already under way by the US Financial Accounting Standards Board (FASB), to assess whether the outreach performed by the FASB could be helpful in accelerating the upcoming PIRs.

Some respondents said, in managing stakeholders' expectations, it would be helpful if the IASB clearly set out the objectives of a PIR and explained better what the outcome of a PIR can be—for example, that there is no presumption that a PIR will lead to any changes to an Accounting Standard.

The IASB's response

At its January 2022 meeting (see the [agenda paper](#)) the IASB discussed its approach to prioritising matters identified in PIRs, including whether and, if so, when to take further action.

The IASB has applied this approach to matters arising from the PIR of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* (see [Project Report and Feedback Statement Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12](#)) and will apply this approach to future PIRs.²¹

In May 2022 (see the [agenda paper](#)) and June 2022 (see the [agenda paper](#)) the IASB also discussed with the Trustees' Due Process Oversight Committee how to communicate more clearly the objective, process and possible outcomes of a PIR.

²¹ See <https://www.ifrs.org/content/dam/ifrs/project/pir-10-11-12/pir-ifrs10-12-fbs-june2022.pdf>.

4. Flexibility and emerging issues

Feedback

Many respondents said the IASB should be flexible to changes in financial reporting priorities and should set aside capacity to respond to emerging issues promptly.

The IASB's response

The agenda consultation is the principal means of determining the IASB's work plan, but the IASB can add projects to the work plan or change its priorities between consultations in response to changing circumstances. For example, after the IASB had determined its priorities for 2017 to 2021, it added urgent projects to its work plan, including Covid-19-related Rent Concessions and IBOR Reform and its Effects on Financial Reporting.

The IASB has set aside capacity to undertake some time-sensitive projects that may arise after this agenda consultation—for example, priority follow-on projects from the required PIRs.

5. Due-process-related comments

Feedback

Some respondents to the Request for Information commented on the IASB's due process, in particular about:

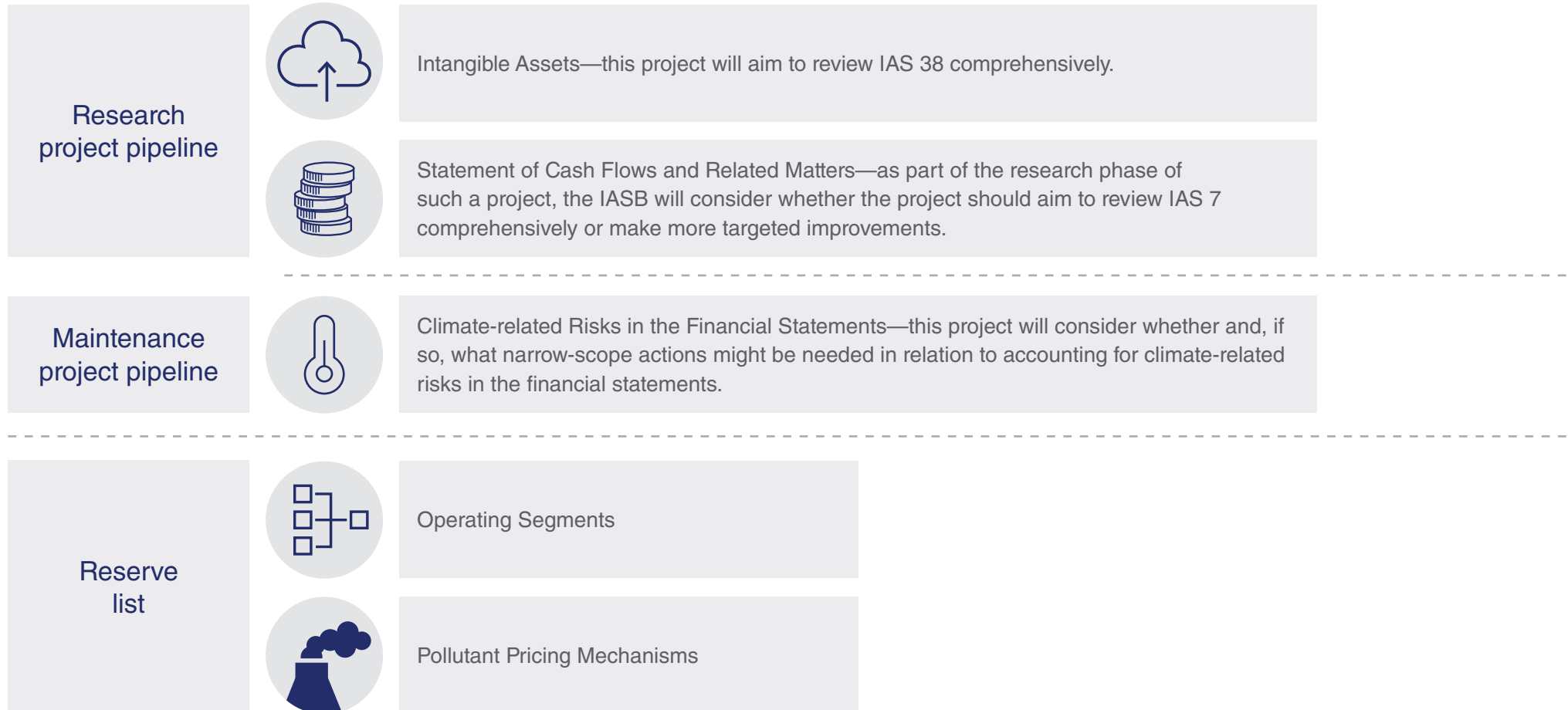
- the proposed criteria for assessing the priority of financial reporting issues to be added to the work plan (see page 22);
- PIRs; and
- the Committee agenda decisions.

The IASB's response

The IASB discussed these comments at its meetings in December 2021 (see the [agenda paper](#)) and April 2022 (see the [agenda paper](#)). In May 2022 the IASB communicated the comments to the Trustees' Due Process Oversight Committee (see the [agenda paper](#)).

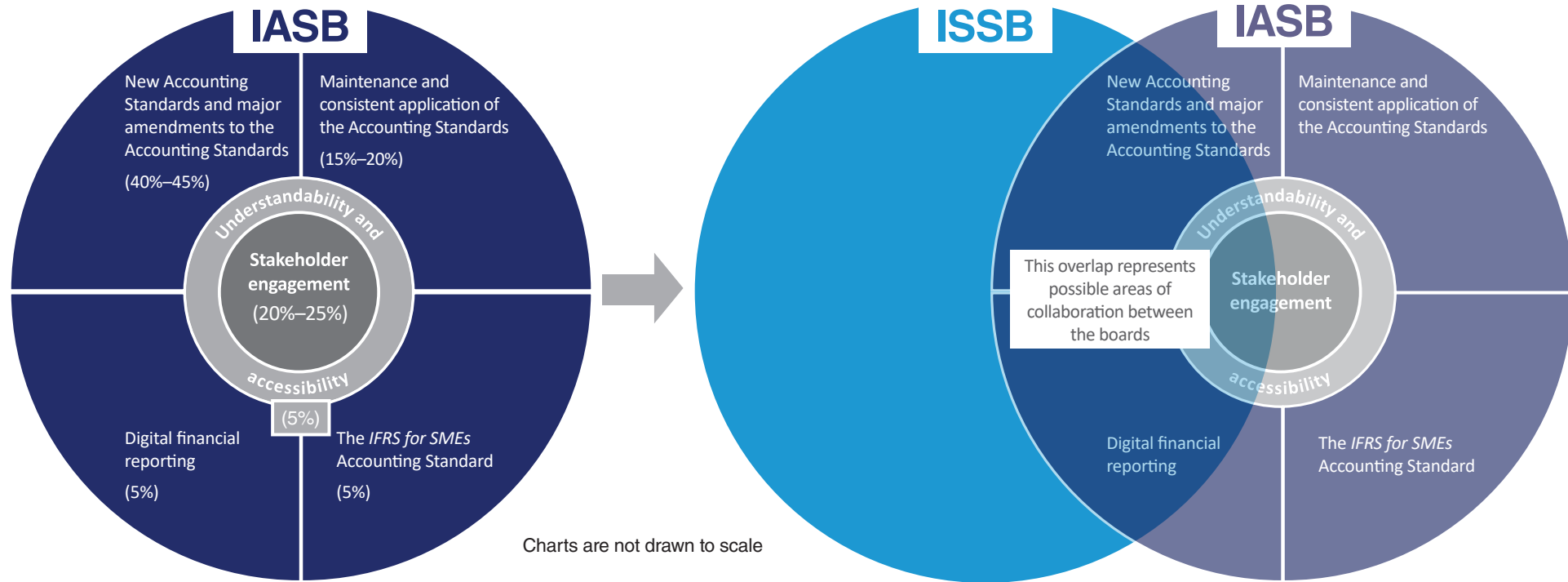
Appendix A

An illustration of the IASB's decisions on new projects to be added to the IASB's work plan for 2022 to 2026.



Appendix B

An illustration of the IASB's current level of focus on its main activities (left diagram) and the IASB's activities from 2022 to 2026 (right diagram), including possible areas of collaboration between the IASB and the ISSB (the four activities represented by the overlapping circles).



Appendix C

Other suggestions for potential projects (in alphabetical order)

This appendix includes:

- potential projects from [Appendix C to the Request for Information](#),²²
- a potential project from stakeholder feedback in the Extractive Activities project;²³ and
- other suggestions for potential projects.²⁴

Suggested amendments to the Accounting Standards

- Align the definition of cost in the Accounting Standards.
- Amend the requirement in IAS 40 *Investment Property* to present the gain or loss from the change in the fair value of investment property in profit or loss.
- Clarify the accounting for transactions with owners acting in their capacity as owners.
- Consider the interaction between the requirements of IFRS 9 and other Accounting Standards, such as interactions with IAS 10 *Events after the Reporting Period*, IFRS 2 *Share-based Payment* and IFRS 16.
- Converge IFRS 13 *Fair Value Measurement* with International Valuation Standards.
- Develop further accounting requirements for assets acquired at no cost.
- Develop guidance on:
 - accounting for ‘termination for convenience’ clauses in contracts within the scope of IFRS 15;
 - the application of the Accounting Standards by not-for-profit companies;
 - the reporting and disclosure of the factoring of receivables;
 - the sale of assets via corporate wrappers; and
 - transactions between companies under common control outside the scope of the Business Combinations under Common Control project.

22 See <https://www.ifrs.org/content/dam/ifrs/project/third-agenda-consultation/rfi-third-agenda-consultation-2021.pdf#page=55>.

23 See paragraph 6(b) of [Agenda Paper 24F Feedback summary—Potential projects \(part 3\)](#) for the November 2021 IASB meeting.

24 See [Agenda Paper 24E Feedback summary—Potential projects \(part 2\)](#) for the November 2021 IASB meeting.

continued ...

Appendix C *continued ...*

Suggested amendments to the Accounting Standards *continued ...*

- Develop standardised disclosure of financial ratios that are based on line items presented in the primary financial statements.
- Improve the disclosure requirements in IAS 1 *Presentation of Financial Statements* on significant judgements and estimates.
- Provide additional exemptions in IFRS 1 *First-time Adoption of International Financial Reporting Standards* for companies transitioning from the *IFRS for SMEs Accounting Standard*.
- Remove the requirement in IAS 1 for a statement of changes in equity when it is redundant.
- Research further improvements to the definition of estimates in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
- Review IFRS 16 to consider alignment with US GAAP.
- Review IFRS 2 to address specific issues or conduct a wider review of this Accounting Standard.
- Review older Accounting Standards to consider whether their requirements need updating.
- Review the application of the hedge accounting requirements in IFRS 9 to:
 - dynamic risk management by companies other than banks and for risks other than interest rate risk;
 - hedges of inflation risk; and
 - insurance contracts.
- Review the approach to consolidation in IFRS 10.
- Review the disclosure requirements in IAS 24 *Related Party Disclosures*.

continued ...

Appendix C *continued ...*

Suggested amendments to the Accounting Standards *continued ...*

- Review the requirements in:
 - IAS 16 *Property, Plant and Equipment* for depreciation of assets used in the development and production of minerals and oil and gas;
 - IAS 33 *Earnings per Share*;
 - IAS 36;
 - IAS 41 *Agriculture*;
 - IFRS 3 *Business Combinations*; and
 - IFRS 9 to provide more detailed quantitative and qualitative information about amounts arising from expected credit losses.
- Start a research project to clarify the usefulness for users of the financial statements of non-transaction accruals included in earnings.

Suggestions to develop enhanced disclosure requirements ...

- ... about human capital;
- ... about management remuneration;
- ... about non-controlling interests and associates;
- ... about policies and expenditure on management of the covid-19 pandemic;
- ... about the process used in determining materiality;
- ... for bond holders and equity holders;
- ... for fees paid to an external auditor;
- ... for risk-factor reporting; and
- ... to enable identification of the subsidiaries, joint ventures and associates included in the consolidated financial statements using an international identifier.

continued ...

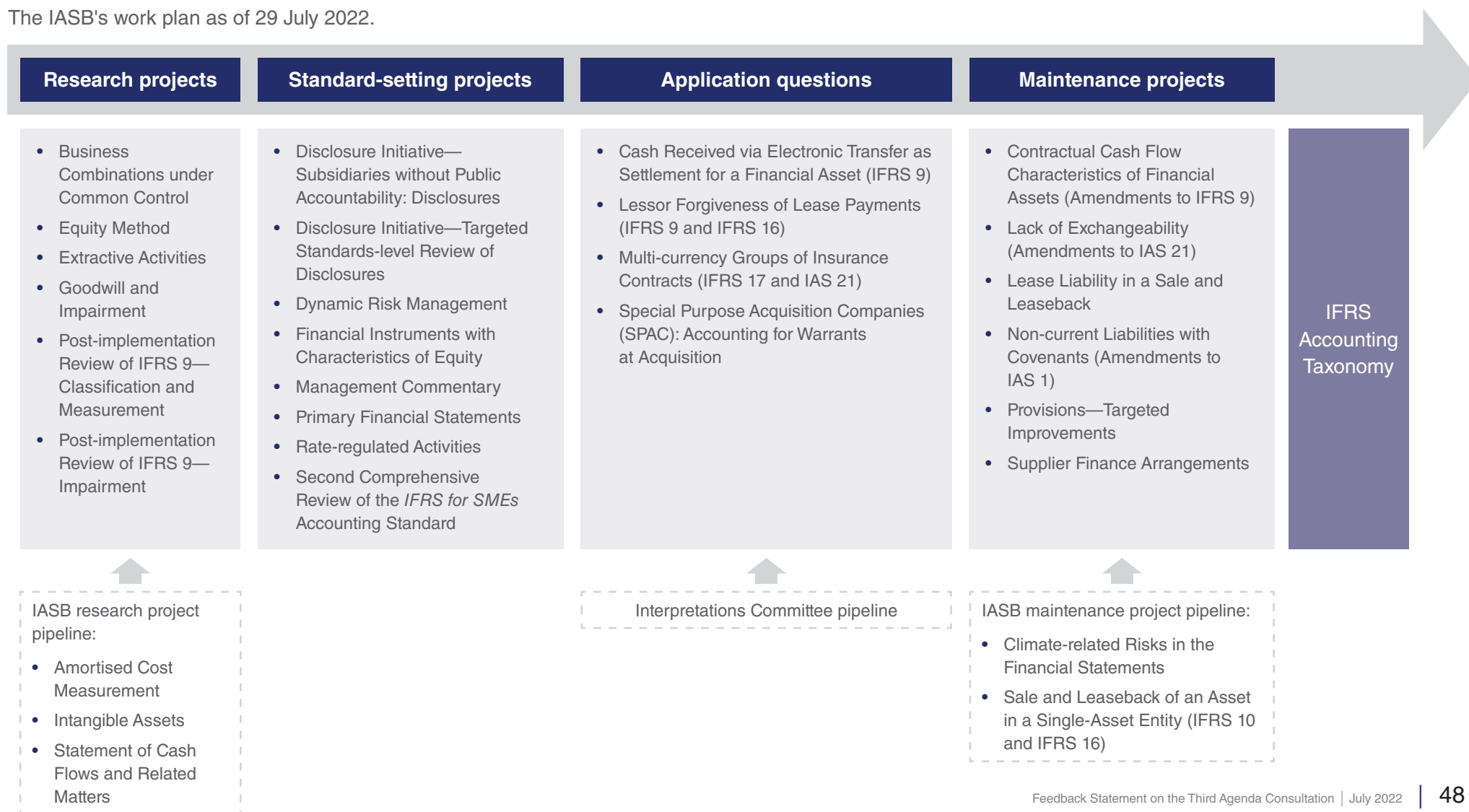
Appendix C *continued ...*

Other suggestions

- Consider the broader spectrum of environmental, social and governance (ESG) risks, in addition to climate-related risks, and consider connections between ESG information.
- Develop guidance on renewables and biofuels.
- Develop requirements for a statement of added value to show the creation and distribution of wealth by a company.
- Undertake a PIR of the amendment to the definition of material.
- Undertake a PIR of the impacts of fair value measurement requirements.
- Undertake further work on the *Conceptual Framework*.

Appendix D

The IASB's work plan as of 29 July 2022.



Important information

The feedback statement has been compiled by the staff of the IFRS Foundation for the convenience of interested parties. The views within this document are those of the staff who prepared this document and are not the views or the opinions of the IASB and should not be considered authoritative in any way. The content of this feedback statement does not constitute any advice.

For the convenience of interested parties, the staff of the IFRS Foundation has also compiled a snapshot summarising the IASB's technical priorities for 2022 to 2026. The snapshot can be accessed [here](#).

The IASB's current work plan can be accessed [here](#).

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