

2020 Agenda Consultation— Proposed approach to developing the Request for Information

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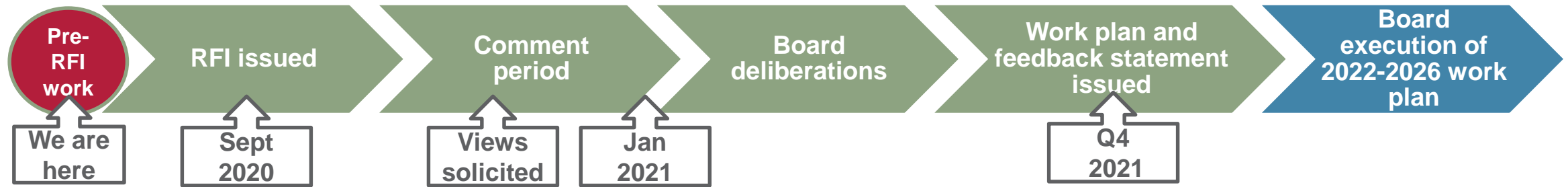
- Background to the 2020 Agenda Consultation
- Proposed approach to the 2020 Agenda Consultation
 - content of the Request for Information (RFI)
 - pre-RFI outreach approach
- Timetable
- Next steps
- Questions for Board members

Purpose of the meeting—to obtain Board members’ views on the proposed approach for the next Agenda Consultation and to provide an oral update on the September meeting of the IFRS Advisory Council



Background to the 2020 Agenda Consultation

Overview of the 2020 Agenda Consultation



- The Board determines its strategy and work plan, within its remit, every five years. This process is called an agenda consultation.
- As part of the 2020 Agenda Consultation, the Board will issue an RFI.
- In developing the RFI, the Board seeks to include appropriate background information and questions to help stakeholders comment on the RFI and ensure the Board obtains sufficient evidence to make sound decisions.
- The focus of today's meeting is to discuss the proposed approach to the pre-RFI work. To do that, we will be peeking ahead to what the RFI may contain (slides 10-22).

Purpose of agenda consultation – to seek feedback

5

1

Strategic direction and balance of work plan

2

Criteria for assessing projects to be added

3

Priority of financial reporting issues

Each agenda consultation focuses on the overall balance and priorities of the Board's activities. Individual projects may still be added to the work plan subsequent to the agenda consultation.

Excerpt from Due Process Handbook (DPH)

4.3 The IASB is required to undertake a public consultation on its work programme every five years by way of a public *Request for Information*. The IASB normally allows a minimum of 120 days for comment on a work programme (agenda) consultation Request for Information. The primary objective of the review is to seek formal public input on the **strategic direction and balance** of the IASB's work programme, including the **criteria for assessing projects** that may be added to the IASB's standards-level programme. The review could also seek views on **financial reporting issues that respondents think should be given priority** by the IASB, together with any proposals to withdraw from the IASB's work programme any projects that have not proceeded as planned and for which the prospects for progress are limited. Section 5 details how a project is added to the IASB's standards-level programme.

Interaction with Trustees' strategy and effectiveness review

- The Board's agenda consultation seeks feedback on the Board's agenda within its remit of developing Standards for general purpose financial reporting.
- The Constitution requires Trustees to review and consult on the strategy and effectiveness of the IFRS Foundation at the latest five years after completion of the most recent review (June 2016). This review differs from the Board's agenda consultation, although there may be some aspects in common.
- The Trustees will decide the timing and scope of their review in 2020. Preparatory work is underway.
- The staff will monitor the Trustees' planning and coordinate any related aspects.

Context for the 2020 Agenda Consultation

How we are doing against 2015 Agenda Consultation goals

7

Complete major Standards

Conceptual Framework

(completed in 2018)

Insurance Contracts

(completed in 2017)

Better communication in financial reporting

Primary Financial Statements – *ED expected in 2019*

Disclosure Initiative – *completed work on Principles of Disclosure and Materiality, work on targeted Standards-level review ongoing*

Management Commentary – *ED expected in 2020*

Taxonomy - *ongoing*

More support for existing Standards

Allocate additional resource – *completed; more issues addressed and significantly faster responses than in past*

Post-implementation reviews

- IFRS 3, IFRS 8 and IFRS 13 – *completed*
- IFRS 10, IFRS 11 and IFRS 12 – *starting in September*
- IFRS 5 – *not started*

Focus research programme

Programme refocused

- Research projects – *in process*
- Pipeline projects – *have started work on most, but not all projects, as intended before 2020 Agenda Consultation*


Context for the 2020 Agenda Consultation

Take-aways from 2015 Agenda Consultation

- The progress against the 2015 Agenda Consultation goals demonstrate the benefits of a more focused agenda and disciplined research process in order to make more timely progress.
- However, the Board may not meet all of its goals, in part, because it added new projects (IFRS 17 amendments; IBOR reform; and update to management commentary—including intangibles and environmental, social, governance factors) subsequent to the 2015 Agenda Consultation.
- As such, for the 2020 Agenda Consultation, capacity to add new research and standard-setting projects could potentially be limited:
 - a number of projects are still in process
 - capacity should be retained for issues arising after conclusion of the 2020 Agenda Consultation
 - expansion of other activities (slides 13-14) may limit capacity for research and standard-setting
 - expansion of research and standard-setting projects could affect timeliness of those projects and of other activities (eg, responding to Interpretations Committee submissions)



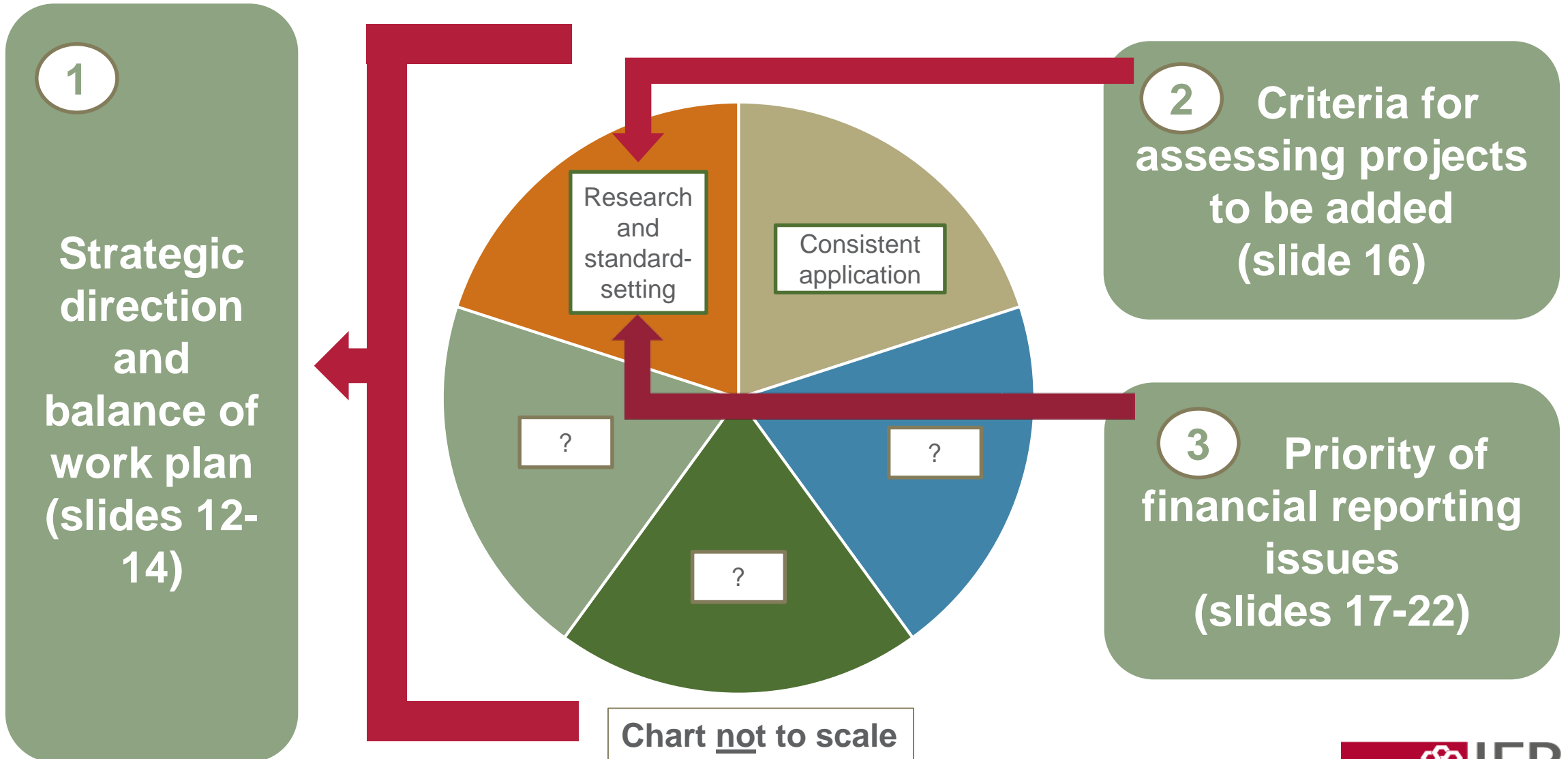
Proposed approach to the 2020 Agenda Consultation



Content of the Request for Information (RFI)

Content of RFI—link with DPH objectives (see slide 5)

11



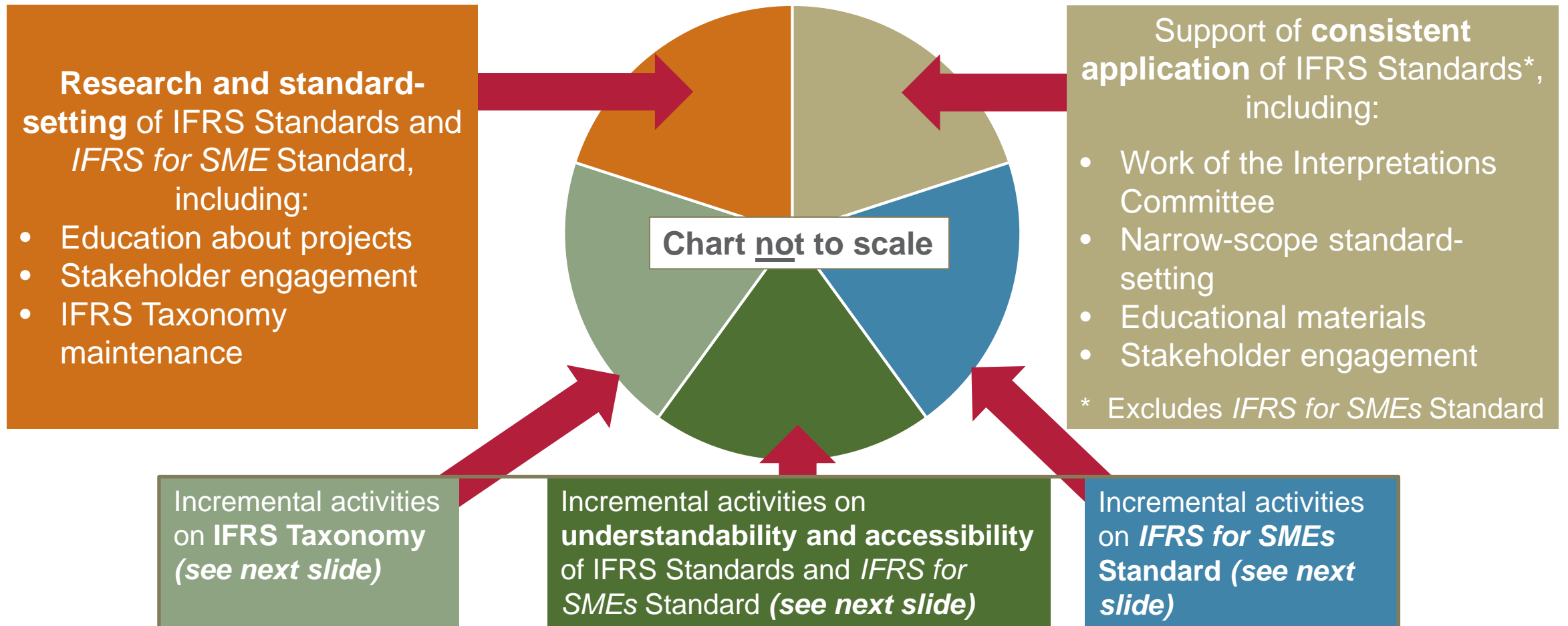
1 Strategic direction and balance of work plan

- The RFI will seek feedback on the strategic direction and balance of the Board's work plan, within the Board's remit.
- Feedback received will help define the Board's primary activities, that is, the slices of the pie shown on the previous slide. The activities reflected in the pie require a trade-off with each other in determining the balance of the Board's primary activities.
- Determining the balance of activities can never be a science; rather, feedback will provide directional information on how to prioritise the Board's primary activities.

1 What are the Board's primary activities?

Standard-setting is more than developing Standards...

13



1 Incremental activities

IFRS Taxonomy

- With the growing impact of technology, users are increasingly consuming financial reports prepared in accordance with IFRS Standards electronically.
- The Board already supports electronic consumption through the IFRS Taxonomy.
- Incremental activities could include, for example, supporting adoption of the IFRS Taxonomy in more jurisdictions, supporting improved data quality and influencing and educating other participants in the financial reporting ecosystem.

Understandability and accessibility

- The 2017 IFRS Foundation Reputation Survey noted a need to further improve the understandability and accessibility of the Standards.
- The Board already has efforts underway to support the understandability of new and amended IFRS Standards and the *IFRS for SME* Standard.
- Incremental activities could include, for example, investigating cross-cutting changes to requirements, structure and language; changing internal processes; developing additional materials to complement the Standards; and using technology to navigate the Standards.

IFRS for SMEs Standard

- The Board undertakes a review of the *IFRS for SMEs* Standard on a periodic basis.
- Incremental activities could include, for example, educational material to support consistent application of the Standard and the SME Implementation Group's Q&As on the Standard.

Advisory Council feedback—1

At the September Advisory Council meeting we asked members:

Question 1 – Board Activities (slides 12-14)

- Does this description of the Board’s activities give a clear understanding of the choices the Board has to make? Are there other factors or information that should be highlighted regarding the Board’s activities?

Feedback will be provided orally at the Board meeting

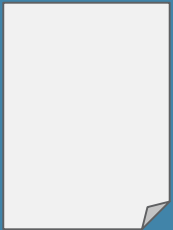
- The Board will need to prioritise the research and standard-setting issues identified by stakeholders in their feedback to the RFI.
- To do so, the Board will use specified criteria to assess the projects to be added.
- The range and subjectivity of any specified criteria means that prioritising topics on the work plan can never be a science.
- Nonetheless, the RFI will seek to:
 - obtain information to help the Board assess each potential project against the specified criteria
 - obtain feedback regarding whether there are other criteria the Board should consider

Possible Criteria


- a deficiency in reporting
- the urgency of the matter to users
- the types of entities and jurisdictions affected
- how pervasive or acute the issue is for entities
- interaction with other projects
- complexity and feasibility of project and solutions
- capacity of the Board and its stakeholders to progress a project on a timely basis

- One output of the 2020 Agenda Consultation is a prioritisation of financial reporting issues to be added to the Board's work plan of research and standard-setting projects.
- The RFI seeks to obtain information to facilitate the Board's prioritisation.
- The staff have identified three possible approaches for the RFI to gather information (see next slide).

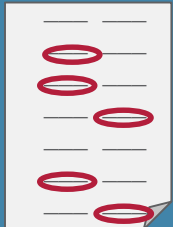
3A Priority of financial reporting issues—3 choices



A. Blank sheet of paper



B. List of potential projects with description, why important, who is affected, potential solutions and size. Board cannot realistically include analysis of all financial reporting issues in the RFI. The list focuses the analysis on the likely potential projects.



C. List of potential projects with Board's preliminary view of which projects to add to work plan

Pros

- Most open format to obtain feedback

Cons

- Less structure
- Harder to synthesise feedback
- May not get sufficient information to make good decisions

- Gather better feedback to help Board prioritise projects based on criteria on slide 16

- Stakeholders may find restrictive but can still add other issues not on list

- Stakeholders would have clear plan to comment on

- Board would be making preliminary prioritisation decisions without much data
- Stakeholders may find restrictive— but can still add other issues not on list

Staff recommend that the RFI include a list of potential projects (approach B)

Advisory Council feedback—2

At the September Advisory Council meeting we asked members:

Question 2 – Research and Standard-Setting Issues (slides 17-18)

Do you have any comments on the proposal to include in the RFI a list of potential projects and the additional analysis that will have been performed on them, ie Approach B?

Do you think the RFI should also include the Board's preliminary view of which potential projects from the list it proposes to add to its work plan, ie Approach C?

Feedback will be provided orally at the Board meeting

3B Priority of financial reporting issues— inclusion of current pipeline projects

- In the 2015 Agenda Consultation, the Board created a pipeline of future projects that are not currently active. The Board
 - intended to focus on fewer projects in order to make more timely progress
 - expected to start work on these projects before the next agenda consultation
- Since the 2015 Agenda Consultation, the Board has taken on additional projects not contemplated at that time
- Consequently, it is possible that some pipeline projects may not have started when the RFI is published
- These projects could either be:
 - included in the list of potential projects in the RFI for the purposes of re-prioritisation among other potential projects; or
 - assumed to continue to be priorities, as determined in the 2015 Agenda Consultation

Advisory Council feedback—3

At the September Advisory Council meeting we asked members:



Question 3 – Pipeline Projects (slide 20)

The Board may not have started all of the pipeline projects from its current work plan when the RFI is issued. Should the Board re-assess the priority of these projects in the 2020 Agenda Consultation?

Feedback will be provided orally at the Board meeting

Priority of financial reporting issues— withdrawal of projects from work plan

- The DPH states that the agenda consultation ‘could also seek views on ... any proposal to withdraw from the IASB’s work programme any projects that have not proceeded as planned and for which the prospects for progress are limited.’
- The staff’s preliminary view is that no projects in process should be considered for withdrawal because:
 - the existing projects were determined to be priorities in the previous agenda consultation.
 - as part of the Board’s research and standard-setting process, it already evaluates evidence to determine whether to continue or terminate a project. For example, the Board determined not to take further action on its segments, share-based payment, discount rate and aspects of its principles of disclosure projects.
 - reconsideration of projects underway at each agenda consultation could lead to inefficient starts and stops, as the life cycle of a major project may be longer than the Board’s five-year work plan.



Pre-RFI outreach approach

- The objective of the pre-RFI outreach is to develop descriptions for a list of potential projects to include in the RFI. We believe that this will provide stakeholders with a consistent basis for responding to the RFI and allow the Board to better compare responses.
 - In contrast to the pre-RFI outreach, the RFI will provide the vehicle for broad-based consultation for stakeholders to provide additional information on the list of potential projects; describe other potential projects not covered in the RFI; and make prioritisation recommendations. The feedback to the RFI will enable the Board to decide on its future priorities.
- To develop the descriptions, we will ask for the following information about potential projects:
 - problem definition
 - why issue is important (eg, urgency, pervasiveness, effect)
 - which stakeholders are affected (eg, type, jurisdiction, industry, size)
 - potential solutions
 - size of project (large, medium, small)

- We have consulted the IFRS Advisory Council for strategic feedback on the approach to the RFI
- We also expect to consult our consultative groups and conduct other targeted outreach to develop the descriptive list of potential projects, as follows:
 - Accounting Standards Advisory Forum
 - Capital Markets Advisory Committee
 - Global Preparers Forum
 - IFRS Interpretations Committee
 - Investors in Financial Reporting
 - International Organization of Securities Commissions Committee 1

Advisory Council feedback—4

At the September Advisory Council meeting we asked members:

Question 4 – Other Comments [on slide deck]

- Do you have any other comments on the proposed approach to developing the RFI?

Feedback will be provided orally at the Board meeting



Timetable

Overview timetable

Date	Milestone / activity
Sept 2019	Consult Advisory Council on proposed approach
Oct 2019-March 2020	Pre-RFI outreach
April-August 2020	Board deliberations and drafting of RFI
Sept 2020	Publish RFI
Oct 2020-Jan 2021	Outreach and consultation period
Jan 2021	Comment period ends
March–Sept 2021	Board deliberations and drafting of work plan and feedback statement
Q4 2021	Publish 2022-2026 work plan and feedback statement



Next steps

Next steps

- The 2020 Agenda Consultation will be added to the Board's work plan this month
- The Trustees will be updated on the Board's 2020 Agenda Consultation at their October meeting
- The staff will engage in pre-RFI outreach (slide 25)
- The Board will be asked for decisions about the content of the RFI in future meetings

1. Do you have any comments or questions on the proposed approach to the 2020 Agenda Consultation or on the messages received at the September meeting of the IFRS Advisory Council?
2. What are your preliminary views of the three alternative approaches in the RFI described on slide 18?

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