

## STAFF PAPER

21 May – 24 May 2012

## IASB Meeting

<b>Project</b>	<b>Request for Views—Agenda Consultation 2011</b>		
<b>Paper topic</b>	Developing the IASB's Technical Programme		
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This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IASB and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

### Developing the IASB Technical Programme

1. Three important review projects have been completed in the first quarter of this year. The IASB has completed its first three-yearly agenda consultation and the Trustees have completed their strategic review and their review of the IFRS Interpretations Committee. The conclusions reached in these reviews are consistent and have helped to shape the thinking for this paper, which sets out my recommendations for how the IASB should develop its technical programme.
2. The first half of the paper sets out changes that the IASB should make to how it structures its work programme, with the main recommendation being the development of a broader research and development programme that supports a smaller and more focused standards-level programme. Just as important as the programme itself will be how the IASB develops the projects. It will be particularly important to involve national and regional standard-setters and other related bodies in the development of the technical programme in a meaningful way. The work of the IASB's Interpretations Committee will also be important to the consistent implementation of IFRSs.
3. The second half of the paper sets out the recommended project-level priorities for the IASB. The first priority is to reinvigorate the conceptual framework, focusing on four topics (with the likelihood of a fifth topic being added). I also recommend three

priority projects that should move quickly into the standards-level programme; two projects that should be given priority on the research agenda; and seven projects that should be activated on the research agenda but should have a lower priority.

4. The Board will be asked to endorse the project priorities and other project-related recommendations set out in the paper.

## Part A—Focus and structure of the IASB’s activities

### Ongoing activities

5. In the Agenda Consultation, we emphasised that the IASB was committed to actively maintaining existing IFRSs, through the interpretations and annual improvements processes. The IASB is also committed to undertaking post-implementation reviews. Both commitments remain as important activities of the Board. Over the last year the Trustees, IASB and Interpretations Committee have been examining these activities. Some of the outcomes from those reviews are described next.

### *Implementation and maintenance*

6. In its strategy review, the Trustees stated:

In pursuing its mission, the IFRS Foundation has a vested interest in helping to ensure the consistent application of IFRSs internationally. The Foundation should pursue that objective in the following ways:

- The IASB, as the standard-setter, should issue standards that are clear, understandable and enforceable.
- The IASB will provide guidance on its standards that is consistent with a principle-based approach to standard-setting. Application guidance and examples should be provided when it is necessary to understand and implement the principles in a consistent manner.
- The IASB will work with a network of securities regulators, audit regulators, standard-setters, regional bodies involved with accounting standard-setting, accounting bodies and other stakeholders to identify where divergence in practice occurs across borders. Where divergence in practice could be resolved through an improvement in the standard or an Interpretation, the IASB or the IFRS Interpretations Committee will act accordingly.
- The IFRS Foundation, through its education and content services, should undertake activities aimed at promoting consistent application.
- The IASB, in partnership with relevant authorities, will identify jurisdictions where IFRSs are being modified and, in these circumstances, encourage transparent reporting of such divergences at the jurisdictional level.

- The IFRS Foundation will seek the assistance of the relevant public authorities to achieve this objective.
7. In May 2012 the Trustees published their report of their review of the Interpretations Committee. That report sets out the changes that the Interpretations Committee and the IASB have made and are making. Those changes include:
- Using a broader range of ‘tools’ to enable the Interpretations Committee to be more responsive to requests for assistance;
  - Revising the criteria used to determine which issues the Interpretations Committee should take action on;
  - Improving the Interpretations Committee’s communications regarding issues that it decides not to address; and
  - Expanding the Interpretations Committee’s outreach and the transparency surrounding its decisions regarding which issues to address.
8. The staff are also developing proposals to set in place more structured interactions with market (securities) regulators, both globally and regionally. These changes have been incorporated into the draft revised *Due Process Handbook*. One of the important changes was the combination of the IASB and Interpretations Committee processes into one document, to emphasise the steps that are being taken to have the IASB and Interpretations Committee work more closely together.

### ***Post-implementation reviews (PIR)***

9. The IASB is required to conduct a PIR of each new IFRS or major amendment. A PIR normally begins after the new requirements have been applied internationally for two years, which is normally 30 to 36 months after the effective date. The IASB has worked with the Trustee Due Process Oversight Committee to refine the scope of these reviews and set out how the reviews will be conducted.
10. Each review will have two phases. The first involves an initial identification and assessment of the matters to be examined, which are then the subject of a public consultation by the IASB in the form of a Request for Information. In the second phase, the IASB considers the comments it has received from the Request for

Information along with information it has gathered through other consultative activities. On the basis of that information, the IASB presents its findings and sets out the steps it plans to take, if any, as a result of the review.

11. The goal of improving financial reporting underlies any new IFRS. A PIR is an opportunity to assess the effect of the new requirements on investors, preparers and auditors. The review must consider the issues that were important or contentious during the development of the publication (which should be identifiable from the Basis for Conclusions, Project Summary, Feedback Statement and Effect Analysis of the relevant IFRS), as well as issues that have come to the attention of the IASB after the document was published. The IASB and its staff also consult the wider IFRS community to help the IASB identify areas where possible unexpected costs or implementation problems were encountered.

### **The Technical work plan**

12. The agenda consultation highlighted that the IFRS community wants (among other things) to see progress on the conceptual framework and a focus on implementation and maintenance of our standards and on post-implementation reviews. They also want a period of calm, improvements in how the IASB plans its projects, a shorter development time and more evidence to support Board decisions.
13. There are also calls to do some standards-level projects. However, the IASB identified about 30 topics that interested parties had suggested should be candidates for IASB projects. It is not clear that the staff have enough information about each of these topics to be able to make recommendations to the Board.
14. The IASB should promote a broad research and development programme that puts more emphasis on defining the problem and assessing potential solutions before it considers developing an IFRS, or deciding to do nothing more with the matter. Identifying that there is indeed a problem that warrants fixing is essential. Every new or amended IFRS is a solution to a problem. If that problem is not well defined, or if the need for a solution has not been established, it can make it more difficult for the solution that the IASB creates to be accepted.

15. Such an approach means that the IASB, sometimes in conjunction with its network of accounting bodies, would develop research papers as the first step in assessing whether a potential problem that has been identified by a constituent would merit the IASB developing a standards-level solution. Assessing *when* a project that the Board has assessed does warrant a change to IFRSs should be added to the standards-level work programme is a second-order question.
16. For each issue, the staff will provide the Board with information to help it understand, with evidence, the breadth and depth of the problem. The staff will also provide an assessment of the potential solutions, making a preliminary assessment of the relative costs and benefits of each approach. This could involve considering academic and other studies related to that problem, or to analogous problems. We might also want to hold consultations with preparers and investors on potential solutions, so that we can learn more about the potential costs to preparers of different options and identify areas in which investors say that the information they receive now is deficient. This will help us eliminate choices whose benefits are unlikely to exceed their costs.
17. Projects will only be added to the standard-setting phase when the Board is confident that the problem is defined properly and the staff have identified solutions that are of high quality and are implementable. If this process works effectively, once a project is formally added to the IASB's standards-level work plan the time taken to develop an IFRS would be considerably shorter than it is today.
18. The staff and the Board will still need to manage the projects. We cannot start 25 research projects today, and will have to prioritise. We also cannot do all of this alone. To make this plan work, we will need help from national standard-setters and other interested parties and we will need to develop our research capability.
19. The research programme and a standards-level programme are described in the draft of the *Due Process Handbook*, which is currently out for comment. The use of a discussion paper as the first external due process document has been moved into this research programme phase and would precede a proposal to add a standards-level project to the IASB technical work programme.

*A network of standard-setters and others*

20. The Trustees think that the IFRS Foundation and the IASB should encourage the maintenance of a network of national accounting standard-setting and regional bodies that are involved with accounting standard-setting. Communication within such a network would become an integral part of the global standard-setting process. These national and regional accounting could:
- (a) undertake research in collaboration with the IASB;
  - (b) provide input on the IASB's priorities;
  - (c) encourage stakeholder input from their own jurisdiction into the IASB's due process;
  - (d) identify emerging issues; and
  - (e) assist with the identification and disclosure of deviations of national standards from IFRSs.
21. The staff are developing proposals as a matter of priority on how to integrate standard-setters and regional bodies into IASB work in a more systematic and formal manner, possibly including greater institutional recognition. It is important to note that the IASB already works with many jurisdictional and regional standard-setters and related bodies, in a positive and collaborative manner. The steps being taken to acknowledge this co-operation more formally is designed to enhance this collaborative work. The staff and Board do not need to wait until those steps have been completed to be able to work on projects or seek the assistance of other bodies.

*Research capability*

22. The Trustees' review states that, to provide thought leadership in the field of financial reporting, the IASB should establish, or should facilitate the establishment of, a dedicated research capacity.
23. In the request for views for the three-yearly agenda consultation, we referred to a research capability. Many respondents told us that, on the face of it, research should not be a priority. However, many of those respondents also gave a clear and consistent call for the IASB to provide more evidence to support the decisions and choices that it makes, at all levels. This appears, at first glance, to be a contradiction.

However, neither the request for views nor the Trustee Strategic Review documents defined ‘research’. My assessment is that respondents think that research is important, but that IASB staff should not undertake a significant level of research themselves. Instead, they should rely on a network of national standard-setters, academics and others to feed research results into the IASB. In a similar manner, ‘blue sky thinking’ is important, but, given the time pressures on the IASB staff, and their competing priorities, any such work might be more productively undertaken by others.

24. The need for evidence starts at the research phase, and helps the staff and Board to assess the breadth or depth of problems related to the topics we are asked to look at and help the staff set priorities. For example, is there an inconsistency that affects all entities in a relatively small way (such as inconsistent treatment of acquisition costs) or is it a very serious problem in a narrow set of circumstances?
25. The IFRS Interpretations Committee has a similar need. That committee is required to assess whether there is divergence in practice before it takes a matter onto its work plan. Until now, this assessment has been largely anecdotal. The Interpretations Committee has attempted to gather evidence from a wider range of sources, but often this is limited to asking national standard-setters. The post-implementation review process includes gathering academic evidence that is helpful in assessing the effectiveness of the standard being reviewed.
26. I think we need to be cautious and not over-engineer this. But I think we can, and should, do a lot more. We need to be able to collect the evidence that we need for the Board to justify and support its decisions and to persuade those who use IFRSs that the IASB has made the right choices between competing solutions.
27. I expect that IASB staff will perform only a small portion of this potential research. We will rely on others, such as academics, national standard-setters, practitioners, financial analysts and those applying IFRSs to help supply data and to help with some of the analysis.
28. Work has already begun on identifying ways to build this research capability.



## Part B—Project priorities

### *Conceptual framework*

29. It is clear that there is strong support for the IASB to do more work on the Conceptual Framework. There is a widely held perception that some parts of the current framework are not adequate—measurement and disclosure in particular. The current framework has definitions of the elements (assets, liabilities, equity, revenue and expenses). The IASB and FASB spent several years on this phase of the conceptual framework project but has not discussed elements since mid-2008.
30. My recommendation is that the IASB should restart the Conceptual Framework project as a matter of priority, aiming to have public discussions before the end of 2012. The Board should give priority to four phases:
- The elements
  - Measurement
  - Presentation, including other comprehensive income (OCI)
  - Disclosure, including interim financial reports.

### *Presentation and disclosure*

31. There are clear links between the presentation and disclosure chapters. At a very basic level, the presentation chapter will focus on the roles of the main financial statements and how those statements should be structured. The disclosures chapter should provide principles for how those financial statements should be supplemented, or complemented, in the supporting notes.
32. For presentation, it is the statement of comprehensive income that is likely to attract the greatest interest, because of the prominence that investors give to assessing financial performance. I also expect that the work that has already been undertaken in the suspended financial statement presentation project will be important to the development of this chapter.

33. The disclosure chapter of the conceptual framework is likely to be our major disclosure project, although it is possible that we will identify shorter-term improvements to some IFRSs as the project develops. As part of this work, I think the Board should consider the future development of financial reporting more broadly. The IASB participates in the Integrated Reporting initiative and has put considerable effort into XBRL—a data-sharing technology. However, the Board has not discussed either topic in a public meeting within the last five years. Any such work is likely to be strategic in nature and would not hinder the IASB’s standard-setting activities.
34. I also recommend that we should undertake a short-term initiative to explore opportunities to see how those applying IFRSs can improve and simplify disclosures within the existing disclosure requirements. It is clear that when it comes to improving the quality of financial information, many parties have a role to play. We have heard that the disclosure process is affected by the enforcement environment. Preparers have told us they adopt a checklist approach because it is more costly to apply judgement: they first have to justify their decisions with their auditor and then, sometimes publicly, with regulators who question the absence of a particular disclosure. In other words, preparers using their judgement and applying materiality to disclosures face greater scrutiny from auditors and regulators than preparers who disclose everything on their ‘checklist’.
35. The chain of events starts with IFRSs. The IASB needs to ensure that it provides the right tools for preparers, auditors and regulators to work with. I think there are potential benefits in having the IASB bring together securities regulators, auditors, investors and preparers in a public forum to assess strategies for improving the quality of financial reporting disclosures. Such a forum could lead to short-term improvements in disclosures without the need for standard-setting intervention. In any case, the information we receive should be helpful input for the disclosure project.

### *Reporting entity*

36. The IASB and FASB published a proposed chapter on the reporting entity, but after considering the comments received decided that completing the chapter would take more work than they had expected. The boards gave priority to the remaining four

convergence projects and have not discussed the reporting entity chapter since the second half of 2010. The staff will assess whether we should bring this phase back to the Board with the other four chapters. Doing so could help a project on business combinations under common control and the performance reporting phase of the framework (by clarifying the economic nature and boundaries of the entity to which the financial statements relate).

### *Working methods*

37. How we conduct the work will be just as important as the subjects themselves. In that regard:
- (a) The phases should be developed as closely together as possible; to reduce the risks inevitable in any sequenced development.
  - (b) Work on the Conceptual Framework project should not be undertaken as a formal joint project with any other standard-setter. However, it will be important that the IASB should undertake the work in consultation with other standard-setters.
  - (c) We must not divorce the development of the framework from the types of transactions and problems that we deal with in standards level projects. The problems that the IASB discussed in non-financial liabilities (IAS 37) and emissions trading schemes will be good tests for the definition of a liability, and our experience in our research on rate-regulated activities can help with the definition of an asset. I am not suggesting that an IFRS on rate-regulated activities would need to wait for the elements chapter of the Framework to be completed. However, the standards level and conceptual framework projects can, and should, inform each other.

### ***The research programme and standards-level projects***

38. The review of the IASB agenda did not examine projects in detail. It is still necessary for the IASB to consider a project proposal before developing a new IFRS or undertaking a major amendment of an existing IFRS.

39. The agenda consultation Request for Views included a list of topics that the IASB was aware were of potential interest to some constituents. In some cases the IASB had been working on projects but had suspended Board discussions to allow the Board to focus on the four MoU projects.

*Priority projects*

40. In this section I identify the projects to which I think the IASB should give greatest priority in terms of allocating staff and Board time.

*Short-term standards-level projects*

*Agriculture—amendments to IAS 41*

41. The IASB has been monitoring work undertaken primarily by the Malaysian Accounting Standards Board (MASB) to amend IAS 41 in relation to bearer crops, accounting for the bearer assets in a way that would be more like the accounting for property, plant and equipment. Such a project could have a relatively narrow scope and, we are told, would reduce compliance costs significantly for a narrow range of entities without a significant loss of information for investors. It is unlikely that such a narrow-scope project would need a discussion paper, particularly given the research already undertaken. The issue has been discussed several times by national standard-setters (IFASS) and the Advisory Council. The feedback from these forums, and the agenda consultation, suggest that support for the project is broad and strong.

*Rate-regulated activities*

42. The IASB issued an exposure draft in July 2009 on rate-regulated activities. The Board discussed the feedback, and undertook additional outreach, between February 2010 and September 2010, at which time the project was paused in anticipation of this agenda consultation. I think the IASB should provide more certainty about this topic, by either developing an IFRS or stating that an IFRS is not necessary. This remains an issue that is important in several countries.

*The equity method—separate financial statements*

43. The IASB has been asked to restore an option, which was removed in 2005, that allowed a parent to report investments in subsidiaries or associates using the equity method (or cost or fair value) in their separate financial statements. A narrow-scope project to allow this option and to clarify the separate financial statement reporting of investments in subsidiaries, associates and joint arrangements would probably reduce compliance costs without a loss of information (because the affected entities tend to report such investments at cost). It would not be a major project and the IASB could move quickly.

*Priority research projects**Emissions trading schemes*

44. Emissions trading schemes are relatively new, and varied, and the IASB had difficulties when it issued an interpretation related to emissions trading schemes (IFRIC 3) in 2004, only to withdraw it in 2005.
45. There is a growing risk that if the IASB does not develop requirements there could be diversity in practice. The IASB has made good progress in this project, which it has undertaken jointly with the FASB, until it stopped active development in November 2010. Even if the Board had continued with its work, its first milestone decision would have been to assess whether it would develop a discussion paper or exposure draft as its first step. Recommencing work on this project now as part of the research programme will help the Board to make that assessment when it has sufficient information. As I noted above, the emissions trading schemes project team should work with the conceptual framework team (elements and performance reporting).

*Business Combinations under Common Control (BCUCC)*

46. This project was added to the IASB agenda in December 2007, but has done little work since then. There is broad support for developing requirements, because it is claimed that the absence of requirements is creating diversity in practice. EFRAG and the Italian standard-setter (the OIC) have published a discussion paper on the subject. This could be a challenging project, because it is difficult to separate the

common-control business combinations from common-control transactions. Work towards a discussion paper would be a first step.

***A period of calm***

- 47. Looking to start two projects that could develop relatively quickly into standards-level projects (plus a small amendment to allow the equity method in separate financial statements) does not seem consistent with calls for a period of calm. However, none of these projects would change existing IFRS requirements for a broad cross-section of entities. Agriculture and rate-regulated activities affect relatively narrow ranges of entities and the separate financial statement amendment would allow an additional option.
- 48. Emissions trading schemes and BCUCC address topics for which IFRSs either do not provide requirements or for which the requirements are not clear. It will take longer for the IASB to be in a position to develop IFRSs for these topics. .

***Research activities***

- 49. One of the advantages of a broader research programme is that the IASB can work, with others, on a range of topics without creating significant demands on Board time or outside parties. The emphasis of the work will be on learning more about the particular problems so that the IASB is better informed before it decides to do more work on a topic, or to stop work on it. For each of the topics identified below, the focus of any work would be on developing a discussion or research paper.
- 50. We will need to develop a realistic research plan and timetable for each of the issues, and it is likely that for several of the projects we would not expect to publish a research or discussion paper before the next three-yearly review of the technical plan begins. The information learned up until that point would help in the three-yearly consultation and the IASB should be better informed as a result.

Topic	Recommended action
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Topic	Recommended action
Discount rates	<p>Many IFRSs specify or refer to discount rates when estimating discounted cash flows, but different discount rates are specified. We are also told that preparers sometimes have difficulty assessing whether to adjust the cash flows or the discount rate for risk or income tax.</p> <p>A project should be undertaken to assess the reasons for these differences and to identify the differences that should be eliminated.</p>
Equity method of accounting	<p>The application of the equity method of accounting can be complex in some circumstances. Complexities include the calculation of goodwill, the partial elimination of profits on upstream and downstream transactions, and the measurement of impairment.</p> <p>Some have questioned the appropriateness of the use of the equity method and challenged whether it should even be permitted. Others have suggested that it should be retained, but simplified.</p> <p>The project would assess the equity method in terms of its usefulness to investors and difficulties for preparers.</p>
<p>Extractive activities</p> <p>Intangible assets</p> <p>Research and Development activities</p>	<p>The IASB has already published a discussion paper on extractive activities with a view to issuing an exposure draft as its next step. A project team of national standard-setters from Australia, Canada, Norway and South Africa undertook a research project on extractive activities, which the IASB published in April 2010. The IASB considered the comments received in October 2010.</p> <p>However, several respondents to the agenda consultation suggested that the IASB should examine extractive activities as part of a broader consideration of intangible assets and research and development activities. Others noted the different requirements for R&amp;D activity in IFRSs and US GAAP.</p> <p>A project on extractive activities could be substantial, comparable to the insurance contracts project in terms of complexity and the challenges associated with changing longstanding practices.</p> <p>Preparers also seem reluctant for the IASB to undertake the project. Additional research and outreach before moving to an exposure draft may be helpful.</p> <p>In the light of these different perspectives I think the IASB needs more information before it can decide how to proceed, but it should start this work now.</p>
Financial instruments with characteristics of equity	<p>Any consideration of the distinction between liabilities and equity needs to be undertaken in conjunction with the Conceptual Framework work on elements. The IASB should continue to document information about known difficulties with the current requirements.</p>

Topic	Recommended action
Foreign currency translation	The Korean Accounting Standards Board (KASB) has undertaken some work in this area. However, there was limited support from the International Forum of Accounting Standard Setters for amending IAS 21 as proposed by the KASB. The IASB should examine the work of the KASB and assess whether any work on IAS 21 would be appropriate.
Liabilities—amendments to IAS 37	<p>IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> addresses liabilities that are not within the scope of another standard.</p> <p>Exposure drafts were published in 2005 and 2010, and a staff draft of the proposed IFRS was released in 2010. The IASB has already stated that it will not amend IAS 37 without a full re-exposure. The project is likely to benefit from additional research in conjunction with the Conceptual Framework work on elements and measurement.</p>
Financial Reporting in Hyperinflationary economies (revisions to IAS 29)	<p>IAS 29 provides guidance on the preparation of financial statements in a functional currency that is suffering from hyperinflation.</p> <p>Concerns have been raised from some countries whose economies suffer from high inflation, but that are not hyperinflationary. Those concerns are that the effects of high inflation on an entity's financial results are not adequately reflected in IFRS financial statements. A research paper was prepared on this issue and submitted to the IASB by the Federación Argentina de Consejos Profesionales de Ciencias Económicas.</p> <p>The IASB has yet to consider this research or consider the breadth or depth of the concerns. High inflation is an issue that is not unique to South America.</p>

51. There are three topics that, because of their nature and complexities, should be treated as being longer-term projects and for which the IASB should not plan to issue a discussion or research document within the next three years. However, the IASB should encourage other standard-setters to investigate these topics for the IASB. The IASB would appoint staff to these projects to ensure that the information being gathered is likely to benefit the IASB when it does take a more active role in the project. Those topics are:

Topic	Recommended action
Income taxes	The IASB and FASB did not succeed in developing a converged and simplified standard on income taxes. A fundamental review of income tax accounting would probably be a significant project. The UK ASB has published research on this subject, which could be helpful to the IASB.



Topic	Recommended action
Post-employment benefits (the second phase)	When the IASB completed the revisions to IAS 19 <i>Employee Benefits</i> the Board indicated that there were matters that needed to be considered as part of a more fundamental review of pensions and related benefits.
Share-based payments	<p>There are mixed views on how effective IFRS 2 has been in practice. Although we have an IFRS that seems to work well, it also attracts a disproportionate number of interpretation requests. The ANC (the French standard-setter) provided the IASB with a report on IFRS 2 in 2010 but, at the time, the Advisory Council did not support adding a project to the IASB agenda.</p> <p>I think we would need to do quite a bit of research before we are ready to think about reviewing IFRS 2.</p>

**Other**

52. The discussion paper *Extractive Activities*, published by the IASB in 2010, included consideration of requests for the requirement for entities involved in extractive activities to publish some information, in particular payments to governments, on a *country-by-country* basis. Some jurisdictions, including the United States and the European Union, have taken steps towards requiring similar disclosures by some entities operating in these industries.
53. The IASB should provide some certainty about whether it has any intention in the short term to consider incorporating a country-by-country reporting requirement.

*Islamic (Shariah-compliant) transactions and instruments.*

54. A project on Islamic (Shariah-compliant) transactions and instruments did not get a lot of support in the feedback on the agenda consultation. However, the IASB could benefit from learning more about this topic—neither the Board nor our staff have a comparative advantage in this area. I think it would be helpful if the IASB established a consultative group to assess the relationship between Shariah-compliant transactions and instruments and IFRSs and to help educate the IASB, probably through public education sessions. Work undertaken by the MASB suggests that IFRSs are consistent with Shariah-compliant transactions and there is little, if anything, the IASB would need to do to bring this sector of the economy within IFRSs. However, the IASB needs more information before it will be in a position to make that assessment itself.

*Simplifying how IFRSs are written*

55. Many respondents asked the IASB to look at ways to simplify how IFRSs are written. Although I have some sympathy for these calls, any change for the sake of simplification carries a risk that we change the meaning of the words and, as a consequence, the requirements. Instigating a cross-cutting improvements project is also inconsistent with the calls for a period of stability. I think several current and planned activities will help to make IFRSs become easier to read, over time.
56. The technical and editorial staff have been developing more consistent and improved syntactic requirements for drafting IFRSs. This is partially in response to the strategy review, which emphasises the importance of writing documents that can be translated into other languages and incorporated easily into XBRL, but mostly to improve the consistency and clarity of drafting more generally.
57. I think it would be helpful if information about that work was shared with outside parties, by describing the work in the IASB project pages. I also think it would be helpful if we invited those who apply IFRSs to identify the IFRSs, and expressions, that are causing the most difficulty. The initiative would be facilitated by the IASB staff, but would rely on those using IFRSs to provide the staff with examples and explanations of why the examples are causing concerns. We need to be very careful not to create a presumption that we will change any IFRS that people identify as having phrases that are difficult to understand. Such an exercise is more likely to help us when we develop new IFRSs, although it is possible that we might identify some potential candidates for annual improvements.
58. The disclosure project (as part of the framework) also has the potential to simplify the disclosure requirements in existing IFRSs.

**Questions for Board members**

1. Do Board members support the IASB hosting a public forum to assess strategies for improving the quality of financial reporting disclosures, within the existing disclosure requirements?
2. Do Board members agree that the work on the Conceptual Framework project should be a priority and that the main focus should be on elements, measurement, presentation and disclosure (with the likelihood that a chapter on the reporting entity will also be added to that list)?
3. Do Board members agree that the staff should give priority to:
  - (a) Moving quickly to develop: amendments to IAS 41 *Agriculture* (in relation to bearer crops); rate-regulated activities; and the equity method in separate financial statements; and
  - (b) research on emissions trading schemes, business combinations under common control;
3. Do Board members agree that the staff should initiate the research programme, focusing initially on discount rates; the equity method of accounting; extractive activities/intangible assets/R&D; financial instruments with the characteristics of equity; foreign currency translation; non-financial liabilities; and financial reporting in high-inflation and hyperinflationary economies?
4. Do Board members support the establishment of a consultative group to assist the IASB with matters related to Shariah law?