

## STAFF PAPER

March 2016

<b>Project</b>	<b>Request for views – 2015 Agenda Consultation</b>		
<b>Paper topic</b>	Comment letter and outreach summary		
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board® (“the Board”) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standard do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB Update.

**Accounting Standards Advisory Forum, April 2016, Agenda paper 1A****Purpose**

1. This paper summarises the feedback received in response to the International Accounting Standards Board’s (the Board’s) request for views *2015 Agenda Consultation* (the RFV). The RFV was published for public comment in August 2015; the comment period ended on 31 December 2015.
2. The feedback summarised in this paper was obtained in comment letters on the RFV and in outreach activities undertaken by Board members and staff.
3. The other paper for this meeting is Agenda Paper 24B *2015 Agenda Consultation: Trustees’ Review of Structure and Effectiveness*. That paper contains excerpts from papers discussed by the IFRS Advisory Council at its February 2016 meeting. The paper summarises feedback received by the Trustees of the IFRS Foundation (the Trustees) in response to *Request for Views–Trustees’ Review of Structure and Effectiveness: Issues for the Review* (the Trustees’ RFV) on areas relevant to the Board’s agenda consultation and includes the Trustees’ decisions when they discussed that feedback in January 2016. Two of the major themes raised in the Trustees’ RFV, namely the relevance of IFRS Standards and the consistent application of IFRS Standards, are relevant to the Board’s agenda consultation.

4. This paper does not discuss in detail the comments received on individual projects. The staff intends to bring a summary of those comments to a later meeting.
5. This paper does not include any staff recommendations and the Board will not be asked to make any decisions at this meeting.

### **Structure of this paper**

6. This paper is organised, by reference to the questions raised in the RFV, as follows:
  - (a) Overview of the comment letter respondents;
  - (b) Key messages received;
  - (c) Q1–Balance between the Board’s types of activities;
  - (d) Q2 and Q3–The Board’s research programme;
  - (e) Q4–Comments received on Standards-level projects;
  - (f) Q5–Implementation support and maintenance of IFRS Standards;
  - (g) Q6–Level and pace of change;
  - (h) Q7–Other comments;
  - (i) Q8–Interval between agenda consultations; and
  - (j) Next steps.
7. For convenience, each question asked in the RFV precedes the related discussion in this paper. Responses to questions 2 and 3 in the RFV relate to the composition of the research programme and the prioritisation of individual research projects. They will be discussed in greater depth at a later meeting of the Board.

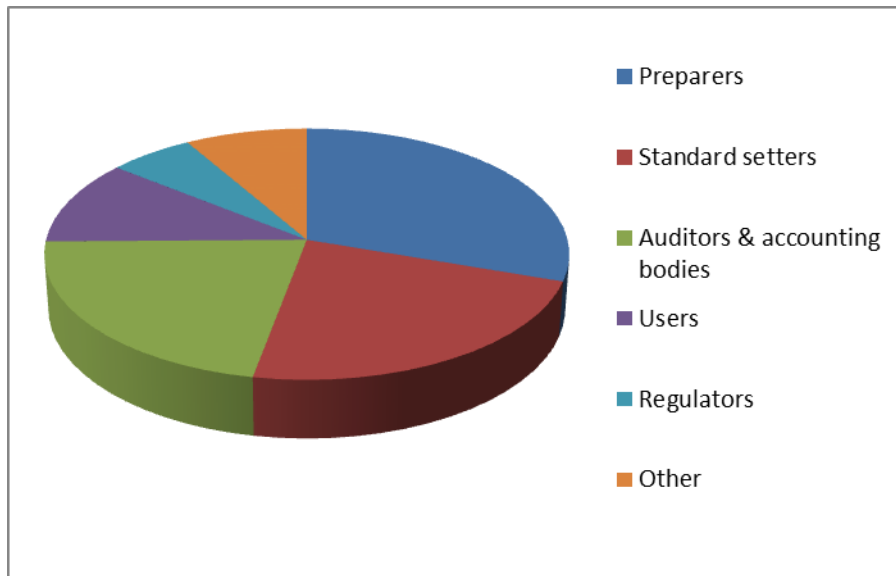
### **Overview of the comment letter respondents**

8. The Board received 119 comment letters, summarised below by type of respondent and geographical region.

*Type of comment letter respondent*

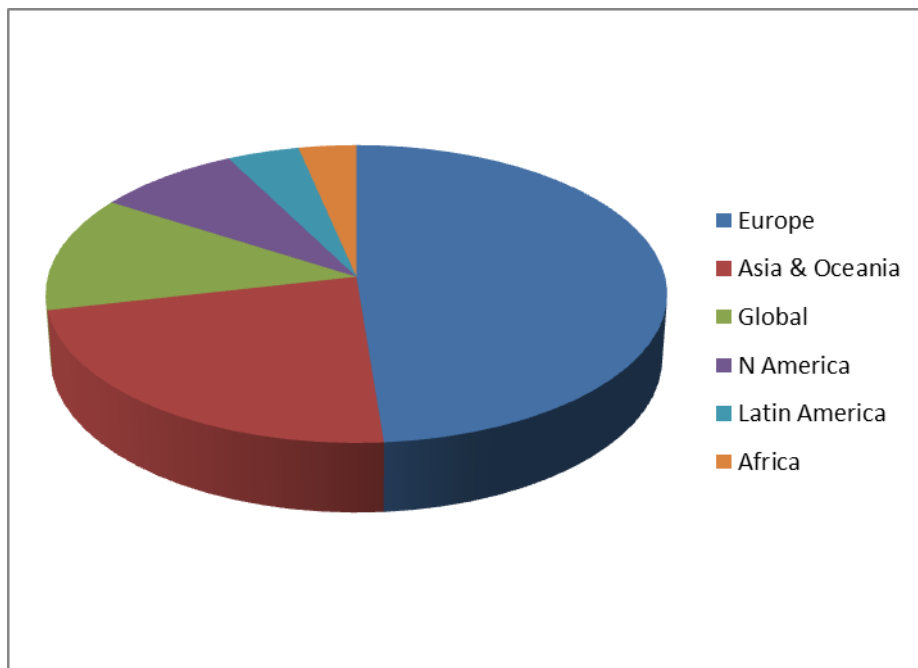
<b>Respondent type</b>	<b>Number of respondents</b>	<b>Percentage of respondents</b>
Preparers and industry organisations	37	31
Standard-setters	27	23
Auditors and accounting bodies	26	22
Users	12	10
Others	10	8
Regulators and government agencies	7	6
<b>Total</b>	<b>119</b>	<b>100%</b>

9. A diverse range of types of constituents responded to the RFV.



*Geographical distribution of comment letter respondents*

<b>Geographical region</b>	<b>Number of respondents</b>	<b>Percentage of respondents</b>
Europe	58	49
Asia and Oceania	27	23
North America	10	8
South America	5	4
Africa	4	3
Global	15	13
<b>Total</b>	<b>119</b>	<b>100%</b>



**Outreach conducted**

- As part of its 2015 Agenda Consultation, the Board has conducted over 50 outreach events with a number of stakeholders and advisory groups, including the IFRS Advisory Council, the Accounting Standards Advisory Forum (ASAF), the Capital Markets Advisory Committee, other groups of users of financial statements (such as the Corporate Reporting Users Forum), the Global Preparers

Forum, the Emerging Markets Group, regional standard-setting groups and national standard-setters, regional and global regulators and others. The Board has also regularly updated the Trustees on progress.

11. The Board also conducted an on-line survey which asked a number of questions, principally on individual research projects. These results will be presented to a future meeting of the Board. Top-level messages received from the on-line survey are included in paragraphs 143, 146-147 and 148 of this paper.
12. In this paper the views of ‘respondents’ reflect both messages received in outreach and comments made in the comment letters. The analysis below identifies those circumstances when different populations of respondents hold different views.

### Key messages received

13. Many respondents suggested that:
  - (a) the completion of the projects on leases (now completed) and insurance contracts should be a very high priority. Of the other existing major projects, the disclosure initiative is also a high priority. Views on the other two major projects (dynamic risk management and rate-regulated activities were more mixed).
  - (b) the Board should focus on its implementation activities, rather than on new Standards-level projects. Important implementation activities include support for new and recently issued Standards and resolving issues arising from inconsistent application and inconsistencies between individual Standards. Some respondents thought the level of research activity should decrease, either by reducing the number of projects or by relying more on the work of others.
  - (c) major projects have taken too long to complete. The Board should analyse the root causes of these delays.
  - (d) the Board should focus on fewer projects, to provide a period of calm.
  - (e) the revised *Conceptual Framework* should be completed because it is fundamental in developing Standards that are based on clear principles. Some respondents asked for follow-up work on topics such as

principles of disclosure, performance reporting, the distinction between liabilities and equity, and recognition of liabilities.

- (f) there is much support for the introduction of the research programme, to gather evidence before starting standard-setting. However, perhaps partly because the research programme is new, respondents are unclear:
  - (i) what the strategy, objectives and processes of the research programme are;
  - (ii) how the Board adds projects to its research programme and sets priorities; and
  - (iii) how the research programme interacts with related work in maintenance and implementation projects, and Standards-level projects. For example, some felt that post-implementation reviews (PIRs) provide sufficient evidence of the problems and of an appropriate solution to justify moving immediately to Standard-setting without having a research phase.
- (g) there are too many narrow-scope amendments and the Board should focus its maintenance activities on PIRs of recently issued Standards, and broader reviews of other Standards where a number of issues have arisen.
- (h) the introduction of PIRs is welcome, but the Board should respond more promptly to issues identified in a PIR. There were varying views on whether:
  - (i) PIRs should focus on previously controversial areas, or on areas of inconsistent application and issues referred to the IFRS IC;
  - (ii) whether the best time to start a PIR is two years after the full implementation of a new Standard; and
  - (iii) whether PIRs should be extended to older Standards. There was widespread support for the Board's suggestion to carry out a PIR of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Some also suggested a PIR of IAS 28 *Investments in Associates and Joint Ventures*, perhaps in the planned PIR of the 'consolidation package'

(IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in other Entities*).

- (i) maintaining convergence of Standards that are already converged with US GAAP is important. Respondents also wondered whether the Board’s strategy is to seek further convergence in other areas.
- (j) the Board should consider how to improve the quality of drafting, in order to reduce the number of re-exposures, and create fewer implementation issues, more efficient and consistent implementation, and less need for subsequent amendment or interpretation.
- (k) there are concerns about various aspects of International Financial Reporting Interpretations Committee<sup>®</sup> (‘IFRS IC’) agenda decisions, including their volume, level of detail, status, timing and clarity.
- (l) it was difficult to comment on the balance of the Board’s activities and on how it should allocate its resources without knowing more about the strategy of the Trustees and of the Board.
- (m) there were mixed views on:
  - (i) the effectiveness of transition resource groups; and
  - (ii) the Board’s proposal to extend the interval between agenda consultations from three to five years.

### ***Key messages received from investors***

14. Investors expressed similar key messages to those noted above, although investors thought:
- (a) that the most important, or sole, factor when prioritising projects should be the topic’s importance to users;
  - (b) the Board should focus more on targeted improvements (‘quick wins’), rather than Standards-level projects—with the exception of some projects of particular relevance to investors such as disclosure initiative and primary financial statements; and

- (c) investors generally thought that the pace of change had been too slow and that projects of importance to users, such as performance reporting, had not progressed quickly enough.
15. Investors generally put greater emphasis on wider corporate reporting issues, and extending the Board’s activities to include topics such as human and intellectual capital, climate change and reporting for entities listed on an unregulated market, than did other respondents.
  16. The views of investors on individual projects and additional suggested topics will be included in the project summaries which will be discussed at a later meeting of the Board as described in paragraph 4 of this paper.

**Q1–Balance between the Board’s types of activities**

**Q1–The balance of the Board’s projects**

The Board’s work plan includes five main areas of technical projects:

- (a) its research programme;
- (b) its Standards-level programme;
- (c) the *Conceptual Framework*;
- (d) the disclosure initiative; and
- (e) maintenance and implementation projects.

What factors should the Board consider in deciding how much of its resources should be allocated to each area listed above?

***Components of the Board’s work plan***

17. Most respondents agreed with the five main areas of technical activities identified in the RFV.
18. Most respondents thought that completing the two major Standards-level projects, insurance contracts and leases, should be a priority.
19. Most respondents highlighted the importance of basing the Standards on principles. They thought that the *Conceptual Framework* was fundamental to the Board’s development and maintenance of principles-based Standards. Other



comments received on the *Conceptual Framework* are discussed under question 4 (see paragraphs 54-55).

20. A few respondents questioned whether the five categories identified in the RFV are useful for high-level resource allocation planning. One respondent suggested using the following categories:
  - (a) conceptual and cross-cutting issues;
  - (b) maintenance (including narrow-scope amendments to Standards); and
  - (c) other Standards-development.
21. In accordance with this view, research would be the first stage of Standards-development and of conceptual and cross-cutting work.

### ***Basis for allocating resources***

22. Many respondents asked what the Board's strategy was for determining the balance of its activities and allocating resources. Some respondents thought it was difficult for them to suggest how the Board's activities should be balanced, or individual projects prioritised, without knowing that strategy.
23. Several respondents suggested that the Board's strategy for deciding its work plan should be aligned with the Trustees' stated goals as laid out in the Trustees' RFV. Some thought that the Board should have waited to hear the outcome of that strategic review before consulting on its agenda.
24. Other respondents thought it was appropriate to carry out both consultations in tandem, to provide inputs to both consultations.
25. Respondents to the Trustees' RFV suggested the Trustees could improve their oversight by setting the strategic direction of the Board's work plan, and by monitoring the work plan subsequently, to limit the frequency and extent of changes.
26. Several commentators, particularly in outreach, suggested that when deciding on its work plan, the Board should identify one or more 'themes' to provide both a framework for that process and context for respondents:
  - (a) The IFRS Advisory Council did not identify a theme, although some members suggested that consistency of application or the relevance of IFRS Standards might be suitable themes.

- (b) The ASAF suggested that the Board should consider projects in terms of ‘themes’, rather than as individual agenda requests.
- (c) One comment letter respondent suggested ‘strengthening the fundamental pillars of financial reporting’ as a theme.
- (d) Some respondents did not understand why the two thematic areas of *Conceptual Framework* and disclosure initiative were highlighted outside the three general categories of Standards-level projects, research, and maintenance and implementation.
- (e) Many thought the Board should focus on supporting the implementation of the major new Standards issued in recent years, and perhaps reducing disclosures.
- (f) Some investors suggested focussing on the needs of investors.

### ***Balance of the Board’s activities***

27. Paragraph 30 of the RFV contained a table that indicated the likely balance of the Board’s activities over the period covered by the agenda consultation, subject to the outcome of that consultation:

Category	Likely change in resources allocated in 2015–2020
Research projects	Increase, because of the expansion of the research programme.
Standards-level projects	No overall change.
<i>Conceptual Framework</i>	Significant decrease from 2017, when the <i>Conceptual Framework</i> is expected to be complete.
Disclosure initiative	Possibly some reduction towards the end of the period as individual projects are completed.
Maintenance and implementation projects	No overall change.

28. Many respondents disagreed with the balance suggested in the RFV:
- (a) Some respondents suggested that the Board’s Standards-levels activity should decrease once IFRS 16 *Leases* and the Standard on insurance contracts are issued. Indeed, several respondents suggested that the Board should add no major Standards-levels projects to its agenda until after the effective dates of IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 (ie until after 2019). This would permit stakeholders to focus their efforts on the quality of implementation of these major, complex Standards and permit investors to focus on understanding the effects of applying such Standards.
  - (b) On the other hand, some thought that once the Board does start new Standards-level projects, it will need to devote more resources to the finalisation stage of these projects (see comments in paragraphs 131-135).

- (c) Some thought that the level of research activity should decrease, either by reducing the number of research projects or by relying more on work by national standard-setters or others.
- (d) Many respondents were concerned that no overall change was foreseen in the level of the Board’s maintenance and implementation activities. These respondents think that the Board should prioritise:
  - (i) implementation support for recently issued, or soon to be issued, major Standards; and
  - (ii) implementation issues, in particular, areas of inconsistent application or inconsistencies between individual Standards.

**Q2 and Q3 The Board’s research programme**

<b>Research projects</b>
<p>2. The IASB’s research programme is laid out in paragraph [reference within RFV] and a further potential research topic on IFRS 5 is noted in paragraph [reference within RFV].</p> <p>Should the IASB:</p> <ul style="list-style-type: none"> <li>(a) add any further projects to its research programme? Which projects, and why? Please also explain which current research projects should be given a lower priority to create the capacity for the IASB to make progress on the project(s) that you suggested adding.</li> <li>(b) remove from its research programme the projects on foreign currency translation (see paragraphs [reference within RFV]) and high inflation (see paragraphs [reference within RFV])? Why or why not?</li> <li>(c) remove any other projects from its research programme?</li> </ul>
<p>3. For each project on the research programme, including any new projects suggested by you in response to Question 2, please indicate its relative importance (high/ medium/low) and urgency (high/medium/low).</p> <p>Please also describe the factors that led you to assign those rankings, particularly for those items you ranked as high or low.</p>

**Overall purpose of the programme**

29. The Board introduced the research programme after the 2011 Agenda Consultation. Its purpose is to analyse possible financial reporting problems to provide the Board with sufficient evidence to decide whether to add a project to its Standards-level programme. There is much support for the general purpose of the research programme.
30. However, several respondents commented that the strategy, objectives and processes of the research programme are unclear. Respondents were also unclear about the relationship between research projects, PIRs, maintenance and implementation projects, and Standards-level projects. In particular, the following issues were raised:
- (a) How do projects move between assessment stage, development stage and Standards-level or maintenance and implementation projects and what is the distinction between different types of project?
  - (b) Can issues identified in a PIR move directly to a Standards-level or maintenance and implementation projects, instead of moving first through a research project?
  - (c) Some respondents felt that progress on the research programme had been too slow. For example, the likely need for a second Discussion Paper on some projects (such as rate-regulated activities and dynamic risk management) might be a symptom of an ineffective process. A suggestion was that the Board should investigate the reasons for this slow progress. Another suggestion was for the Board to be more flexible: for example, by starting some research projects at the development stage and by going in some cases directly to an Exposure Draft without first issuing a Discussion Paper.
31. Some standard-setters from Asia Oceania suggested that the research programme should include a fourth category (thought leadership) in addition to assessment stage, development stage and inactive.

**Number of projects**

32. Views were mixed about the number of research projects in progress. Some respondents considered that there are too many projects and this stretches the resources of the Board and stakeholders.
33. Others thought that it is appropriate to have several assessment stage projects running simultaneously, and over various timescales. This, they suggested, could help the Board to be more flexible and react more quickly to re-prioritise projects if circumstances change. Many respondents suggested additional projects that they would like the Board to add to the research programme. Moreover, some said that no projects currently on the research agenda (other than those now inactive) should be removed.
34. Some respondents felt that by working more effectively and more closely with other organisations, particularly standard-setters, the Board could both overcome limits on its own resources and improve the quality of the analysis and other work done.
35. Many respondents stated that it is important to maintain visibility of information about projects removed from the research programme. They noted:
- (a) circumstances could change in a way that meant a project that is currently a low priority later becomes a higher priority and so may need to be re-activated; and
  - (b) whenever the Board makes a project inactive or removes it from the research programme, the reasons supporting the decision should be clearly communicated.
36. A few respondents commented on the process for removing research projects from the research programme. They noted that the Board was in the RFV seeking feedback on its intention to remove from the research programme two projects for which it had already completed its assessment: foreign exchange and high inflation. Those respondents saw no need to wait for the results of the 2015 Agenda Consultation before seeking feedback on such decisions.
37. In addition, standard-setters from Asia Oceania stated that the Board should consider establishing a formal mechanism for stakeholders to provide timely

feedback on the decisions to suspend a project or to remove a project from the research programme. They suggested that this mechanism could be modelled on the Interpretations Committee's due process for issuing agenda decisions.

### ***Prioritisation of projects***

38. Paragraph 55 of the RFV states that in prioritising individual projects on its work plan and allocating resources to them, the Board considers various factors, including:
- (a) the importance of the matter to those who use financial reports;
  - (b) the urgency of the problem to be resolved;
  - (c) interactions with other current or possible projects;
  - (d) the complexity and breadth of the problem to be resolved, and the feasibility of possible solutions being developed;
  - (e) the capacity of stakeholders to respond to proposals, both as individual proposals and across the work plan as a whole;
  - (f) the overall balance of the work plan and the overall balance in the pipeline of research projects that may ultimately come forward to the Standards-level programme; and
  - (g) the availability of sufficient time from Board members and of staff resources.
39. Many respondents commented that it is unclear how the Board uses these factors either to add projects to its research programme or to prioritise them. These respondents requested more transparency on how the Board sets its priorities.
40. Many respondents commented that the strategy and objectives of the research programme should be more clearly defined, as should links between research projects and other projects that relate to similar issues in the same or other Standards.
41. Some respondents suggested that the initial stages of an assessment project should include a clearer description of the objective, scope, and feasibility of the project.

42. Many respondents made various suggestions for classifying research projects, both to help prioritise the projects and to communicate more clearly why the project is needed. Some users suggested that the primary factor to consider should be whether a project addresses the needs of users of financial statements. One suggestion was that the Board should put more priority on simple projects that can meet a user need without delay and less on more comprehensive projects that may take longer to deliver benefits to users of financial statements.
43. Other suggestions for classifications included:
- (a) eliminating inconsistencies between Standards or between Standards and the *Conceptual Framework*;
  - (b) addressing gaps in IFRS requirements;
  - (c) developing further the principles in the *Conceptual Framework*;
  - (d) addressing emerging issues or changes in economic conditions or business patterns, or evolving information needs of users of financial statements;
  - (e) addressing implementation problems in a timely manner;
  - (f) addressing an inconsistency in application;
  - (g) addressing issues identified through PIRs;
  - (h) improving global comparability through increased convergence and by addressing local carve-outs and barriers to adoption;
  - (i) improving transparency by making communications with users more straightforward and addressing issues for which existing accounting practice may not fairly present the entity's economic activities;
  - (j) addressing related or cross-cutting issues that may affect two or more Standards;
  - (k) reducing complexity for investors or preparers;
  - (l) dealing with issues that are wide spread and not limited to one jurisdiction or one industry. Nevertheless, some respondents, including some standard-setters, such as those in Latin America, felt that the



Board should not neglect issues that are particularly significant in some jurisdictions, even if their effect is not wide-spread; and

(m) addressing issues that help to meet the Trustees’ strategic goals.

44. Different respondents weighted factors differently. Some of the factors or classifications overlapped. Consequently, most respondents accepted that the Board would need to consider a range of factors when considering which projects to carry out and how to prioritise them.
45. Standard-setters in Asia Oceania suggested that the list of factors is too long to consider individually and they should be classified into three categories:
  - (a) overall considerations (eg overall balance of the work programme);
  - (b) factors that support consideration of whether to add projects to the work programme (eg importance and urgency of the matters, convergence with US GAAP and other national standards); and
  - (c) constraints (eg cross-cutting issues, complexity and breadth of the problem, feasibility of possible solutions, capacity of stakeholders to respond, availability of sufficient time from Board members and of staff resources).
46. Some suggested that the Board should allocate its resources in the same way that an investor assesses an investment decision by explicitly comparing the risks and costs with the potential benefits and rewards.
47. As noted in paragraph 4, this paper does not discuss in any detail the comments received on individual projects. The staff intends to bring a summary of those comments to a later meeting, with an analysis of how the Board might classify or prioritise projects.

#### **Q4–Comments received on Standards-level projects**

**Q4–Major projects**

Do you have any comments on the Board’s current work plan for major projects?

48. The Board's major projects as at 31 July 2015, set out in paragraph 45 of the RFV, were:
- (a) insurance contracts;
  - (b) leases;
  - (c) the *Conceptual Framework*;
  - (d) the disclosure initiative;
  - (e) dynamic risk management; and
  - (f) rate-regulated activities.
49. Many respondents think that the four Standards-level projects on the Board's work plan in 2011 (financial instruments, insurance contracts, leases, and revenue recognition) have taken too long to complete. These respondents accepted that outreach is needed to develop high quality standards that can be applied globally. They also thought that compliance with due process is important. Even so, many of these respondents requested that the Board review its standard-setting processes in order to complete Standards-level projects in a more timely manner.

### ***Insurance contracts***

50. There was widespread support for the Board to finish the insurance contracts project.
51. A few respondents, particularly in Japan, thought that the Board should field test its decisions further and one questioned whether the decisions should be re-exposed.
52. Respondents who commented on this project generally appreciated the Board's efforts to understand and address concerns that have been raised about the interaction between insurance contracts and IFRS 9, and the effect of these two Standards having different effective dates.

### ***Leases***

53. There was also widespread support for the Board to finish the leases project. IFRS 16 *Leases* was issued on 13 January 2016.

### **Conceptual Framework**

54. The majority of respondents stressed the importance of basing IFRS Standards on clear principles. A few respondents suggested that little Standards-level guidance would be needed in a principles-based standard-setting framework.
55. A few respondents also discussed the inter-relationship between different topics and between those topics and the *Conceptual Framework*.
- (a) Some respondents considered that principles of disclosure and performance reporting should both be chapters within a larger *Conceptual Framework*.
  - (b) Others thought that some projects, such as those on the distinction between liabilities and equity, and on provisions, contingent liabilities and contingent assets, should be covered in the *Conceptual Framework*.
  - (c) Many respondents thought that the development of some suggested research topics, such as intangible assets, could be used to add depth and greater precision to concepts or definitions within the *Conceptual Framework*.

### **Disclosure initiative**

56. Respondents see the disclosure initiative as highly important. There was widespread support for the principles of disclosure project, although several respondents thought that this should be a part of the *Conceptual Framework*. Many respondents thought that the research project on primary financial statements should form part of the disclosure initiative.
57. A few respondents thought that structuring the disclosure initiative as a portfolio of projects was confusing and made it difficult to follow progress on the various topics covered. Some of these respondents thought the concept of an overall ‘disclosure initiative’ should be discontinued and its components should be presented simply as individual Standards-level projects or implementation projects.

***Dynamic risk management***

58. This research project appears on the work plan in the list of major projects. Feedback received will be discussed, together with feedback on other research projects, at a later meeting of the Board.

***Rate-regulated activities***

59. Respondents expressed mixed views on rate-regulated activities. Respondents in some jurisdictions view this topic as a high priority and consider the absence of appropriate requirements as a barrier to adoption.
60. In contrast, other respondents expressed different views:
- (a) Some respondents were unclear about what criteria had been met to make this topic a priority.
  - (b) Others queried whether a Standards-level project is needed and whether it will be possible to provide an operational solution given the variation in schemes.
  - (c) A few respondents suggested that any solution should focus on users' needs, rather than on accounting concepts.
  - (d) One respondent suggested that, considering the incremental benefits and associated costs, a disclosure-only solution may be more appropriate.

**Q5–Implementation support and maintenance of IFRS Standards**

<b>Q5–Maintenance and implementation projects</b>
<p>Are the Board and the Interpretations Committee providing the right mix of implementation support to meet stakeholders' needs and is that support sufficient?</p>

61. Many respondents thought that the Board's range of implementation and maintenance activities was appropriate and provides sufficient flexibility to enable the Board to deliver improvements in a timely manner. Respondents considered:
- (a) implementation support;

- (b) maintenance; and
- (c) the consistent application of IFRS Standards.

### ***Implementation support***

62. Many respondents thought that the Board should now focus a substantial amount of its resources on implementation because many new major Standards have been issued recently, or are in the process of being issued.
63. Respondents considered the following aspects of the Board's implementation activities:
- (a) implementation guidance;
  - (b) the IFRS Interpretations Committee;
  - (c) transition resource groups (TRGs); and
  - (d) the Education Initiative.

### ***Implementation guidance***

64. Many respondents supported the Board providing a range of materials in support of the implementation of new Standards. They thought that:
- (a) issuing implementation guidance and educational materials provides all stakeholders with access to the material that will help them to interpret and implement the standards;
  - (b) this implementation support results in consistent application; and
  - (c) the Board must stand ready to clarify or amend the Standard promptly if an implementation issue or flaw is identified.
65. A few respondents thought that support for the implementation of new Standards should also involve the prompt investigation of local guidance issued when any practical issues are identified. These respondents thought that the existence of local guidance is a good indicator that implementation issues may exist. Others thought that implementation guidance should address issues that benefit the global IFRS community and not focus on issues that affect only a specific geography, industry or type of transaction.

66. Other respondents to the Board's RFV warned against providing too much post-issuance, detailed guidance. They strongly supported IFRS Standards remaining principles-based. They were concerned that implementation guidance or Interpretations could become a set of application rules that, in their view, would prevent the use of judgement when applying principles to application issues.
67. Some of these respondents suggested including issue-specific application guidance and practical examples in Standards, to reduce the need for post-issuance implementation guidance and to ease transition.
68. Many respondents to both the Board's and the Trustees' RFVs thought that the need to provide additional implementation support is heavily influenced by the quality of the final Standards issued. They commented on how the Board finalises Standards (see paragraphs 131-135).

#### *IFRS Interpretations Committee (IFRS IC)*

69. Many thought that the IFRS IC has an important role to play in the consistent application and implementation of IFRS Standards on a global basis.
70. These respondents noted that submissions to the IFRS IC are an important source of evidence about implementation issues and, in particular, about inconsistent application. Some respondents suggested:
  - (a) The IFRS IC should subject submissions to a greater initial analysis to differentiate between important implementation issues that need to be addressed urgently and less important or theoretical problems. These respondents thought the IFRS IC should act as a filter to identify important issues.
  - (b) The IFRS IC should be more proactive in identifying issues through outreach to auditors, preparers, and regulators to better understand interpretative inconsistencies.
  - (c) A few respondents suggested that when investigating potential issues, outreach should be conducted principally in jurisdictions that apply IFRS Standards, to lessen diversity in IFRS reporting, rather than to address diversity in accounting more generally.
71. Many respondents thought that incremental improvements to IFRS Standards, through a range of narrow-scope amendments or annual improvements, were not

helpful. Such respondents thought a more cohesive approach would reduce pressure on preparers and auditors to track minor changes on an annual basis:

- (a) Some of these respondents suggested that if there is a large number of submissions to the IFRS IC, this may indicate there may be a need for a fundamental review of an existing Standard.
- (b) Others suggested the IFRS IC should develop a systematic process to review all Standards on a cyclical basis.
- (c) A few respondents suggested that in a principles-based standard-setting approach, the underlying Standard should always be changed rather than being interpreted.
- (d) A few respondents suggested that the IFRS IC should deal with only emerging developments or urgent interpretive issues.

- 72. Other respondents, particularly preparers, thought the IFRS IC should focus on very targeted issues.
- 73. Many respondents thought that the IFRS IC did not address submissions in a timely manner, with some topics taking several years to resolve.
- 74. Many respondents referred to the number of amendments made to IFRS Standards in the last three years and the number of agenda decisions taken as noted in the RFV-15 annual improvements and 21 narrow-scope amendments, as well as 54 agenda decisions.
- 75. These respondents thought that a reduction in the number of issues addressed would improve the quality and timeliness of the amendments made and allow stakeholders to participate more fully in the Board's consultation process. See paragraphs 127-130 of this paper for comments received on the work load of the IFRS IC.

#### *Interpretations Committee Agenda Decisions*

- 76. Many respondents referred specifically to IFRS IC agenda decisions, and to the notices that the IFRS IC issues when it decides not to take an issue onto its agenda.

77. Some respondents were concerned by the large number of topics (54) that had been rejected since the last agenda consultation. These respondents queried whether all of these rejections were warranted.
78. Some respondents thought that agenda decisions are not clear. Some of these respondents suggested that the IFRS IC should provide more detail about the facts and circumstances of individual submissions in order that preparers can more easily determine whether the agenda decisions relate to their circumstances. Others suggested that the IFRS IC should provide more detail about the rationale for rejection to provide greater insight into how the requirements in the Standard should be applied. A few respondents were concerned that agenda decisions may include guidance that has not been subject to sufficient due process.
79. A few respondents thought that agenda decisions should be included in the Basis for Conclusions of the relevant Standard, so that they are less likely to be overlooked.
80. Other respondents thought that non-authoritative agenda decisions were not the best way to deal with diversity in practice. A number of these respondents (including some respondents to the Trustees' RFV) expressed concern that some stakeholders viewed agenda decisions as authoritative and that the status of the agenda decisions was unclear to many. One respondent suggested that when an agenda decision is based on a conclusion that an issue was too broad or could not be resolved on a timely basis, publishing that agenda decision was likely to increase diversity by polarising practice.
81. One respondent suggested that, if an issue had been rejected because of an existing Board project, the IFRS IC should continue to track that issue to ensure it was addressed by the Board project or brought back to the IFRS IC for consideration.
82. Some respondents thought that agenda decisions are not reached on a timely basis. Examples they cited included core inventories and disclosures relating to going concern.
83. Others thought that the due process relating to agenda decisions is too short to allow adequate consultation. These respondents noted that the consultation period for agenda decisions is only 60 days whereas Exposure Drafts and Discussion Papers are subject to a 120 day comment period.



84. Respondents to the Trustees' RFV expressed similar concerns about the IFRS IC. Refer to paragraphs 47-49 of Agenda Paper 24B for more details.

*Transition resource groups (TRGs)*

85. Respondents expressed mixed views on the effectiveness of TRGs.
86. Some respondents thought that TRGs:
- (a) were an effective means of achieving smooth implementation;
  - (b) helped stakeholders to understand the requirements;
  - (c) provided a public discussion forum for new and complex Standards;
  - (d) enabled the Board to access resources from the accounting profession and others, such as regulators; and
  - (e) ensured that the Board's role in supporting consistent application is not undermined by regulators or industry groups raising unofficial interpretations.
87. These respondents thought that the revenue TRG ensured that IFRS 15 was being better implemented than, say, IFRS 11 *Joint Arrangements* which had given rise to a number of IFRS IC submissions soon after implementation.
88. Other respondents are concerned that:
- (a) output from the TRG may be seen as authoritative, even though it is not subject to due process. Some respondents thought that the role of TRGs is unclear, and requested clarification in the due process handbook;
  - (b) it was important to distinguish between normal teething problems when implementing principles-based standards and a genuine need for amendment;
  - (c) detailed guidance might introduce complexity;
  - (d) the TRG introduced a period of uncertainty, in particular for preparers, which disrupts the implementation process; and
  - (e) TRGs can lead to post-issuance amendments that cause difficulties for local endorsement.

89. Some suggested the TRGs should be able to issue authoritative guidance, rather than acting as a filter for submissions to the Board and the IFRS IC. Others suggested that its output could be endorsed in public discussions by the Board or included in application guidance in the Standard (or in accompanying implementation guidance). Many respondents thought, however, that authoritative guidance should originate only with the Board.
90. A few respondents queried the composition of the TRGs and suggested that the process should be flexible to ensure they can include appropriate stakeholders and can meet as often as needed.

*Responses to the Trustees RFV*

91. Most respondents to the Trustees RFV welcomed the establishment of TRGs, although many thought they were only needed for major complex projects. Refer to paragraphs 38-42 of Agenda Paper 24B for more detail about the feedback received in this area.

*Education Initiative*

92. A few respondents commented on the Board's Education Initiative.
93. A few suggested that more resources should be allocated to the Education Initiative to support consistent application. One respondent suggested devising specifically for preparers a programme of training activities, organised and developed with the help of local regulators and regional standard-setters. Another suggested that standard slide decks and speaker's notes explaining individual Standards should be available on the Board's web site.
94. Other respondents, and particularly participants in outreach, feared that educational material might go beyond the material contained in the Standard. They were concerned that such material might be seen as authoritative although it had not been subject to the due process required for Standards and Interpretations. They considered that the best way to support consistent application was the current approach of providing application guidance and illustrative examples within Standards, and when necessary providing implementation guidance and illustrative examples to accompany Standards.
95. A few respondents thought that one valuable source of education was the discussion and exchange of views at TRGs.

*Responses to the Trustees' RFV*

96. Views received by the Trustees on the Education Initiative were also mixed:
- (a) some respondents thought it a useful tool;
  - (b) others thought educational responsibility should be with third parties;
  - (c) some respondents requested more clarity about the authoritative status of educational materials and due process;
  - (d) some suggested the Board focus on podcasts, web casts and conferences rather than written materials.

**Maintenance**

97. Many respondents thought the Board should devote significant resources to the maintenance of IFRS standards. Respondents discussed two forms of maintenance:
- (a) post-implementation reviews (PIRs); and
  - (b) narrow-scope amendments.

*Post-implementation reviews (PIRs)*

98. Respondents generally welcomed the introduction of PIRs. They thought a PIR highlights implementation issues and provides evidence of areas that require attention. Some respondents think PIRs should be the main source of evidence of a need to change a Standard.
99. The *Due Process Handbook* explains that a PIR is an opportunity to assess the effect of the new requirements of an IFRS Standard on investors, preparers and auditors. In undertaking this review the Board is required to:
- (a) consider important or contentious issues in the development of the Standard;
  - (b) consider issues that have come to the Board's attention since publication; and
  - (c) identify areas where unexpected costs or implementation problems were encountered.

100. Views were mixed on these requirements for a PIR:
- (a) Some thought PIRs should avoid focussing on areas that were contentious in developing a Standard. They cautioned that PIRs should not be used as a means for some stakeholders to revisit views previously rejected by the Board. Many of these respondents thought that PIRs should focus only on those issues that had come to the Board's attention since publication and, in particular, areas of inconsistent application or those issues that had been referred to the IFRS IC.
  - (b) Others thought that PIRs should open up controversial decisions for review. For example, many of these respondents think that it was appropriate for decisions made in developing IFRS 3 *Business Combinations* to be reconsidered as part of that PIR.

101. To ensure that a PIR gathers sufficient evidence that change is needed and that a feasible solution exists, a few suggested that a PIR should ask respondents to suggest workable solutions rather than focus only on shortcomings.

*Timing of a PIR*

102. The *Due Process Handbook* notes that a PIR normally begins after the Standard has been implemented for two years internationally. The *Due Process Handbook* allows the Board to defer a PIR if its initial assessment leads it to conclude that a review then would be premature.
103. Many respondents discussed whether it is appropriate to wait two years after the full implementation of a new Standard before starting a PIR:
- (a) Some thought that 2-4 years was a better interval, depending on the complexity and extent of change brought by the amended or new Standard.
  - (b) Others thought PIRs should be carried out and completed within 2 years to maximise the benefits of any findings.
  - (c) Many think that PIRs should be carried out before 2 years if there is evidence of significant implementation issues that warrant a PIR.

- (d) Others thought that the Board should conduct preliminary outreach before assessing whether there is a need for a full PIR.

104. The requirement to carry out a PIR Standards was added to the Board's due process in 2007. The Board could carry out a PIR of a Standard issued before then, though it has not yet done so. Nevertheless, many respondents thought the Board should carry out a PIR of:

- (a) those Standards (new or old) for which the IFRS IC receives many submissions; or
- (b) all Standards. More specifically, a few respondents suggested that all existing Standards should be subject to a PIR and reviewed for consistency with the *Conceptual Framework*.

*Timely follow up of the PIR*

105. Many thought that the Board should respond more promptly to issues identified in a PIR. They expressed concerns that:

- (a) there have been delays in acting on the findings from the PIR of IFRS 8 *Operating Segments*; and
- (b) after the recent PIR of IFRS 3:
  - (i) the topics identified by the Board as having the highest priority (definition of a business, goodwill and intangibles and impairment) were placed initially on the research programme. Many respondents, especially in Europe and Japan, thought the PIR provided sufficient evidence of the problems and of an appropriate solution to justify moving immediately to standard-setting; and
  - (ii) a few respondents thought that the Feedback Statement produced on the PIR did not provide a clear plan for dealing with other topics identified in the PIR.

106. Some respondents suggested that the PIR of a converged Standard (ie a Standard that is converged with the equivalent Standard in US GAAP) should include a mechanism to ensure that issues arising are discussed by both the Board and the FASB at the same time to minimise the possibility of introducing divergence.

*Suggested topics for PIRs*

107. Respondents noted that PIRs are currently planned for 2016 on IFRS 10, IFRS11, IFRS 12 and IFRS 13 *Fair Value Measurement*. In addition:
- (a) there were widespread requests for a PIR of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*;
  - (b) several respondents suggested conducting a combined PIR on the consolidation package of Standards (the already planned PIRs of IFRS 10-12, as well as a PIR of IAS 28 *Investments in Associates and Joint Ventures*);
  - (c) several respondents asked for a PIR on IFRS 9. One respondent asked for a ‘continuous’ PIR of IFRS 9 throughout the implementation period due to its complexity.
  - (d) a few respondents suggested that PIRs should be conducted on IFRS 2 *Share-based Payment* and IAS 36 *Impairment of Assets*.

*Responses to the Trustees RFV*

108. Respondents to the Trustees’ RFV showed nearly unanimous support for PIRs as important tools to encourage consistent application, although these respondents also had a number of specific suggestions and concerns about PIRs. See paragraphs 53-57 of Agenda Paper 24B for more detail.

*Narrow-scope amendments to IFRS Standards*

109. Some respondents questioned the effectiveness of narrow-scope amendments. They thought that ‘tinkering’ with Standards to make ‘quick fixes’:
- (a) did not address fundamental underlying issues;
  - (b) could have unintended consequences; and
  - (c) might be unjustified if the Board had not gathered enough evidence of significant diversity in practice or of significant deficiencies in financial reporting.

110. Many respondents suggested that projects to amend Standards should be started only after a detailed analysis of evidence of a need for change. These respondents suggested that project planning should include:
- (a) precise scoping of the proposed solution;
  - (b) an assessment of the feasibility of the project;
  - (c) a clear assessment of the expected effect of the changes proposed; and
  - (d) a preliminary costs / benefits analysis of the proposed solution.
111. Some respondents would prefer narrow-scope amendments to be targeted at identified application issues. Others thought that the Board should focus on inconsistencies between different IFRS Standards or between Standards and the *Conceptual Framework*.
112. In order to reduce the number of different sets of changes, some respondents thought narrow scope amendments should be bundled with annual improvements, unless the amendments are time critical.
113. Others thought the annual improvements process should be limited to the correction of an obvious drafting error, and that all other amendments should be subject to the full due process required for individual amendments.

*Consistent application of IFRS Standards*

114. Many respondents suggested that the goal of the Board’s implementation and maintenance activities was the consistent application of IFRS Standards, although some respondents acknowledged that the primary responsibility for consistent application rests with regulators, local standard-setters, auditors and preparers.
115. Generally, respondents appreciated the Board’s efforts to support consistent application although many respondents suggested improvements:
- (a) Many respondents thought that outreach is key to maintaining and developing high quality, effective global standards and to reducing diversity. These respondents thought that outreach should be structured to identify diversity both across jurisdictions and within jurisdictions.
  - (b) Some respondents suggested regular consultation with national standard-setters and regulators to identify issues in practice. This information could be reported to the Board on an ongoing basis.

- (c) Some respondents thought that identifying divergence in application by first time adopters of IFRS Standards was a useful way to identify which requirements are not clear.
  - (d) As discussed in paragraphs 131-135 of this paper, many respondents thought that issuing clear, unambiguous standards was a key requirement for consistent application.
116. Many respondents thought that working with auditors, regulators and standard-setters would improve consistent application because these groups:
- (a) can alert the IFRS IC and the Board to diversity in practice or implementation issues;
  - (b) have a detailed knowledge of local commercial, legal and regulatory frameworks;
  - (c) can educate local stakeholders; and
  - (d) can promote the consistent application of IFRS Standards locally.
117. Some respondents referred to specific bodies such as the ASAF or national standard-setters. (Respondents also noted that these groups could help the Board with its research topics.)
118. Many respondents discussed the meaning of ‘diversity’ in a principles-based standard-setting framework. These respondents acknowledged that similar transactions may be accounted for differently if the facts and circumstances of the two transactions differ. They also thought that differences in the application of judgment could result in different outcomes. These respondents warned that lack of uniformity in accounting does not necessarily equate to diversity.
119. Respondents to the Trustees’ RFV echoed the messages in paragraphs 114-118. In May, the Trustees plan to discuss further whether the Board and the IFRS Foundation as a whole provide the right mix of activities to support consistent application, taking into account feedback received from both consultations.



**Q6–Level and pace of change****Q6–Level of change**

Does the Board’s work plan as a whole deliver change at the right pace and at a level of detail that is appropriate to principle-based standard-setting? Why or why not?

120. Some respondents thought that the Board’s work plan as a whole delivered change at the right pace and at a level of detail appropriate to principles-based standard-setting. These respondents thought that the Board had struck the right balance between the need to deliver improvements and the ability of stakeholders to provide high quality input to consultations.
121. Other respondents pointed to the level of consultation needed in recent years on four major projects (financial instruments, revenue recognition, leases, insurance contracts) and thought that this level of activity had led to ‘standard-setting fatigue’ amongst stakeholders. Respondents also referred to the level of activity on maintenance and implementation projects undertaken in recent years. These respondents thought that this degree of change was excessive.
122. Many respondents requested a stable platform or a period of calm:
- (a) These respondents thought that change is a burden to all stakeholders. Some respondents noted that small and medium entries, in particular, often lack specialist technical support in house, and find change particularly burdensome.
  - (b) Some respondents thought that a period of calm would allow entities to develop and enhance their reporting infrastructure and improve the quality and efficiency of their financial reporting activities.
  - (c) Others thought that a stable platform would allow stakeholders to focus their effort and resources on implementing the major new Standards including the system and process changes required. These respondents did not recommend taking major new Standards-level projects onto the Board’s agenda.

- (d) A few respondents pointed to the steps that jurisdictions need to take to include new or revised IFRS Standards in their reporting frameworks as a further burden on stakeholders.
123. On the other hand, a few respondents, particularly investors, thought that the pace of change has been too slow. They thought that progress on some projects, such as performance reporting, should have been faster.
124. Some thought too much change was prompted by issues that affected only limited jurisdictions, limited industries or limited types of transactions. Others thought that the Board was not responsive enough to local issues, especially when they constituted a barrier to adoption.

**Q7–Other comments**

<b>Q7–Any other comments</b>
Do you have any other comments on the Board's work plan?

125. Some respondents commented on:
- (a) the Board’s processes;
  - (b) topics raised in the Trustees’ RFV; and
  - (c) convergence.

***The Board’s processes***

126. Some respondents commented on:
- (a) the workload of the IFRS IC; and
  - (b) the final stages of the Board’s standard-setting process.

*Workload of the IFRS IC*

127. Many respondents thought that the workload of the IFRS IC is too great for the resources allocated to it. They were concerned that unless the workload is reduced:

- (a) issues may not be analysed thoroughly; and
  - (b) excessive time will elapse between the date of submission to the IFRS IC and its response.
128. Respondents had some suggestions about how the IFRS IC workload could be better managed or reduced:
- (a) Some respondents thought that the IFRS IC members' role should be a full time one.
  - (b) Several respondents thought that the number of staff assigned to interpretation and implementation activities should be increased. A few respondents observed that there has been no significant increase in the IFRS IC staff over time. One respondent further suggested that individual staff should be assigned to specific Standards to increase their subject-matter expertise.
129. A few respondents expressed concern about the planned reduction in the number of face-to-face meetings of the IFRS IC. These respondents thought that this could result in:
- (a) less effective dialogue at the meetings;
  - (b) a less detailed consideration of the issues discussed; and
  - (c) a less timely response to submissions.
130. Others respondents queried whether it was possible to streamline due process and coordination with the Board. A few respondents thought that topics transfer back and forth between the Board and the IFRS IC too frequently. Some of these respondents thought that the Board should take on projects to consider any major concerns as soon as the IFRS IC identifies them, in order to prevent any delays or any differences in direction. Others suggested that a subcommittee of the Board or of the IFRS IC could act as an urgent issues task force.

*Final stages of the Board's standard-setting process*

131. A number of respondents questioned the procedures relating to the Board's final stages in standard-setting. These respondents thought that improving the quality of the final drafting phase would reduce the number of re-exposures, and create

fewer implementation issues, more efficient and consistent implementation, and less need for subsequent amendment or interpretation.

132. At present, the drafting of Exposure Drafts and Standards is subject to a final external review to ensure that the drafting is clear and of high quality. Some respondents suggested that this review could be made more robust through steps such as:
- (a) a deeper effects analysis;
  - (b) an increased use of public roundtables;
  - (c) more field testing of the near-final draft in operating conditions;
  - (d) extending the near-final review process to a wider range of constituents, perhaps through the Board's public website. Many respondents expressing this view requested more transparency in how reviewers are selected; and
  - (e) a public discussion by the Board of the comments received from external reviewers.
133. IFRS 11 and IFRS 15, and amendments made in 2014 to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, were cited as examples of Standards amended shortly after they had been issued. Respondents thought that this indicated flaws in the finalisation of these Standards. They were concerned that amending recently published Standards is disruptive, damages the standing of the Board and causes difficulties in local endorsement processes.
134. Respondents to the Trustees' RFV raised similar concerns. (See paragraphs 34-37 of Agenda Paper 24B.)
135. Some respondents, especially in emerging markets, thought that using simple English would improve the quality of Standards and reduce the need for implementation support or interpretation.

### ***Topics raised in the Trustees' RFV***

136. Some respondents commented on individual questions asked in the Trustees' RFV and not discussed elsewhere in this paper:

- (a) scope of the Board's activities;
- (b) wider corporate reporting;
- (c) technology; and
- (d) IFRS taxonomy.

*Scope of the Board's activities*

137. In their RFV, the Trustees proposed that the scope of the Board's activities should not be extended to encompass the public sector. A large majority of respondents to that RFV agreed with that view. There was also no appreciable support in responses to the Board's agenda consultation for extending the Board's activities to cover the public sector. The Trustees decided at their January 2016 meeting that the Board should not extend its Standards into the public sector.
138. In their RFV the Trustees also asked whether the Board should extend its activities to cover not-for-profit entities. A substantial minority of respondents, including a number of not-for-profit organisations, favoured such an extension. That said, the majority of other respondents thought the Board should focus on for-profit entities.
139. Whether to expand the remit of the IFRS Foundation to cover not-for-profit financial reporting will be considered again by the Trustees at their May 2016 meeting.
140. A few respondents to the Board's agenda consultation from Latin America and Russia thought that the Board should address not-for profit entities because these entities exist in all jurisdictions and there is significant diversity in practice. Outreach confirmed that this topic is a concern, especially in emerging markets.

*Wider corporate reporting*

141. In their RFV, the Trustees took the view that the Board should play an active role in wider corporate reporting, with some modest staff resource dedicated to this area. Respondents to the Trustee's RFV generally supported that strategy, which the Trustees reaffirmed at their January 2016 meeting.
142. A few respondents to the Board's RFV supported the Board taking a more active role in broader corporate reporting. These respondents referred to the need to maintain the relevance of IFRS Standards against the backdrop of:

- (a) the wider use of alternative performance measures;
- (b) environmental and natural capital accounting;
- (c) the work of the International Integrated Reporting Council (IIRC); and
- (d) the work of the Corporate Reporting Dialogue.

143. In its on-line survey, the Board asked whether it should broaden the scope of its work to cover areas outside of financial reporting such as the work of the IIRC. Respondents to that survey gave mixed responses. Many participants in the survey thought that the Board should extend the scope of its work to retain the relevance of IFRS Standards. Almost all these respondents were investors. Two thirds of all respondents to the survey, however, thought that the Board should focus on improving financial reporting.

*Technology*

144. In their RFV, the Trustees proposed establishing a network of experts to help consider how technology might affect how information is shared and accessed. Respondents to that RFV generally supported that proposal. The Trustees decided in their January 2016 meeting to take forward work to establish a network of experts to provide advice on technological developments and their potential impact on the Standards. The Trustees have tasked the staff to conduct further work on this network for their consideration in May.

145. The Board received a few comment letters that suggested that it should consider the effect of technology and digitisation on its standard-setting activities.

146. In its on-line survey, the Board also asked whether current or future developments of technology could affect the relevance of IFRS standards. Just over half of participants in the survey thought that technology would affect the relevance of the Board's work because:

- (a) much more information, outside of the financial statements, would now be available to investors, ('big data'), making information in the financial statements less relevant; and
- (b) the amount of digitally available data increased the ability of investors to analyse data.

147. Just under half of participants, however, thought that technology would not affect the relevance of IFRS standards. In their view, the Standards provide a framework for reporting the financial impact of the entity’s activities and the economic substance of its transactions. Technology would not affect those underlying attributes.

*IFRS Taxonomy*

148. The Board received very few comments on the IFRS Taxonomy. A few investors who responded to the on-line survey thought that work on the IFRS Taxonomy was one way of maintaining the relevance of IFRS Standards.
149. The Trustees noted that respondents to their RFV generally supported their strategy for the IFRS Taxonomy and reaffirmed that strategy at their January 2016 meeting. Please refer to paragraphs 21-23 of Agenda Paper 24B for more detail about the feedback received in this area.

**Convergence**

150. Many respondents referred to convergence and especially convergence with US GAAP.
151. Some respondents thought that convergence with other GAAPs, and especially US GAAP, should be a factor in prioritising the Board’s agenda. They discussed both how to converge further and how to maintain existing convergence.

*Further convergence*

152. Some respondents suggested that the Board should seek further convergence with US GAAP by working with the FASB on topics that are taken onto either the FASB’s work plan or the Board’s work plan. These respondents noted that the equity method, *Conceptual Framework* and performance reporting are currently on both Boards’ work plans separately.

*Maintaining existing convergence*

153. Maintaining convergence of those Standards that are already fully or nearly converged was seen as important by some respondents. A few of these respondents asked what the Board’s policy was with respect to maintaining converged Standards and asked what steps the Board was taking to ensure this.

154. Some respondents asked how the application of IFRS Standards should be affected when the FASB amends a converged standard independently of the Board. For example, should (or may) any industry specific requirements be applied by IFRS preparers?

*Arguments against increasing convergence*

155. Other respondents were not in favour of increasing the convergence of IFRS Standards with US GAAP:
- (a) Some of these respondents thought that convergence had led IFRS Standards away from principles-based standard-setting. They saw converged Standards as too complex and too detailed. They also thought that developing complex and detailed requirements consumed time and other resources.
  - (b) Many of these respondents thought that instead of convergence the Board should concentrate on servicing those who have adopted IFRS Standards and should improve those Standards as much as possible.
156. Respondents to the Trustees' RFV showed similarly mixed views—some thought that convergence was still an important goal; others thought that there should be less focus on convergence and greater focus on developing IFRS Standards.

## **Q8—Interval between agenda consultations**

### **Q8—Frequency of Agenda Consultations**

Because of the time needed to complete individual major projects, the Board proposes that a five year interval between agenda consultations is more appropriate. Do you agree? Why or why not?

If not, what interval do you suggest? Why?

157. Respondents expressed mixed views on the Board's proposal to extend the interval between agenda consultations from three to five years.
158. Many respondents agreed with the proposal because they thought that:



- (a) this would allow the Board to complete the existing Standards-level projects before the next consultation process began;
  - (b) this would allow more time to deal with the implementation of major new Standards and other implementation issues;
  - (c) a reduction in the frequency of the agenda consultation process would free up resources for standard-setting activities; and
  - (d) even if the interval is extended to five years, the Board could maintain some flexibility in managing its agenda by carrying out an interim consultation if needed.
159. Others disagreed with the proposal. They thought that extending the time interval would prevent the Board from:
- (a) receiving sufficient and timely inputs from stakeholders, especially first time adopters of IFRS Standards; and
  - (b) reacting quickly to rapid changes in the economic environment or to emerging issues.
160. These respondents noted that with a nominal three-year interval between agenda consultations, in practice at least four years elapsed between two cycles.

### **Next steps**

161. The staff intend bringing an analysis to a future meeting of the Board that will:
- (a) discuss the balance of the Board's activities and the prioritisation criteria that should be applied to individual projects;
  - (b) discuss the comments received on individual projects and what effect those comments should have on the prioritisation of individual projects; and
  - (c) propose a work plan for discussion by the Board.
162. At their May meeting the Trustees will discuss all areas of the Trustees' RFV where they have not already made a decision. This will include:

- (a) whether to expand the remit of the IFRS Foundation to cover not-for-profit financial reporting;
- (b) next steps on creating a technology advisory group; and
- (c) whether the IFRS Foundation should do anything more to support consistent application of its Standards.

163. As required by due process, the Board intends consulting about the agenda consultation again with the IFRS Advisory Council at its June meeting.