

IFRS® Foundation  
Agenda Paper 1B

# IASB's Third Agenda Consultation

*Staff analysis of significant themes*

IFRS Advisory Council  
January 2022

# Topics

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As noted on slide 9 of Agenda Paper 1A, the IASB received feedback on two cross-cutting areas:

**A** Connectivity between the IASB and the ISSB

**B** Partnering further with national standard-setters

These two areas have implications for the IASB's decisions about ① its strategic direction and balance, as discussed in Agenda Paper 1C and ③ the priority accounting issues to add to the work plan, as discussed in Agenda Paper 1D.

This slide deck analyses the possible implications.

A world map in shades of gray with a grid of dotted lines. Overlaid on the map are several thick, curved, light-gray bands that sweep across the continents. The text is positioned on the right side of the map.

# A Connectivity between the IASB and the ISSB

# Connectivity between the IASB and the ISSB

While noting the potential establishment of the ISSB, the IASB's Request for Information published in March 2021 did not reflect implications of the creation of the ISSB on the IASB because of uncertainty at the time around its creation

Now that the ISSB will be established, the IASB needs to consider the implications of connectivity with the ISSB on decisions about its priorities for 2022 to 2026

## **IFRS Foundation *Constitution***

- The [Boards] shall...establish procedures for working with [each other] with the objective of developing [IFRS Accounting Standards and IFRS Sustainability Disclosure Standards] that are compatible, and avoid inconsistencies and conflicts...(section 37(i) and 58(i))
- [T]he Trustees shall...review annually...the effectiveness of the coordination between the IASB and the ISSB in ensuring the compatibility of their respective standards (section 16(d))

## **Third Agenda Consultation Feedback**

- IASB should set aside capacity to support connectivity
- But this should not affect the IASB's capacity to deliver timely improvements

However, as the ISSB is not yet operating the implications of connectivity for the IASB are uncertain

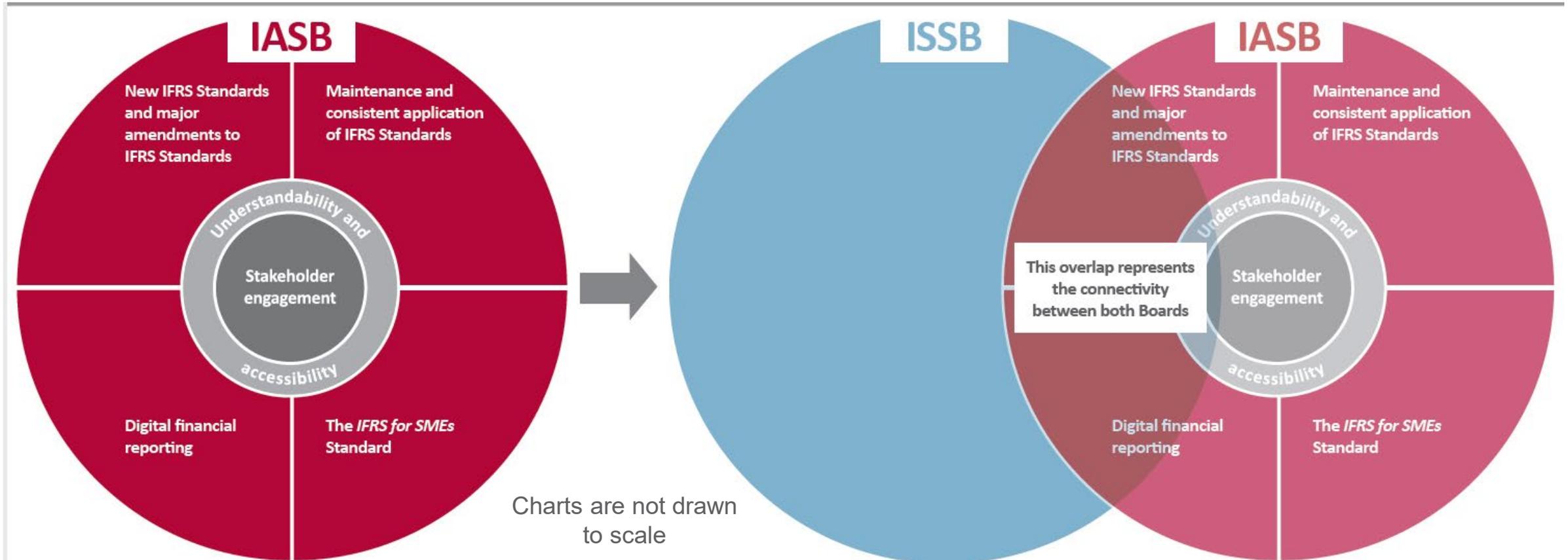
Slides 5-8 provide staff analysis of possible connectivity implications on decisions about IASB priorities for 2022 to 2026

# Connectivity with the ISSB – a few clarifications

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- Connectivity represents areas where the IASB and ISSB would work together to support connected standard setting and reporting. (It is not intended that the IASB would support ISSB-only work.)
- The staff's initial analysis on slides 6-8 requires more discussion, once ISSB leadership is in place, and is subject to change.
- The focus of slides 6-8 should be on determining a rough estimate of the **implications of connectivity with the ISSB on capacity** to inform discussions about:
  - ① the IASB's strategic direction and balance
  - ③ priority accounting issues to add to the IASB's work plan
- Said differently, the exact nature of connected work is not important for today's discussion.

# Connectivity between IASB and ISSB



Venn diagram assumes connectivity, based on staff analysis on slides 7-8, in New IFRS (Accounting) Standards and major amendments to IFRS (Accounting) Standards, Digital financial reporting, Understandability and accessibility and Stakeholder engagement.

# Possible areas of connectivity – New IFRS Standards and major amendments (40%-45% of focus)

\* Possible implications on capacity to start new projects, assuming no change to strategic direction and balance)

Possible area of connectivity	Comment	Capacity implications*
<ul style="list-style-type: none"> <li>• <b>Determination of which projects are:</b> <ul style="list-style-type: none"> <li>– joint – joint Board meetings and staff teams</li> <li>– related – coordination of deliberations and decisions</li> <li>– unrelated – no specific coordination</li> </ul> </li> </ul>	Capacity needed to identify connectivity and coordinate work.	↓ (slightly less)
<ul style="list-style-type: none"> <li>• <b>Possible joint projects</b> <ul style="list-style-type: none"> <li>– Management Commentary</li> </ul> </li> </ul>	Project already on the IASB’s work plan. Possible joint project.	↓ (slightly less) or additional time required to complete (or both)
<ul style="list-style-type: none"> <li>– Conceptual Framework</li> </ul>	Only add to work plan if the ISSB starts project. Possible joint project.	↓ (some less)
<ul style="list-style-type: none"> <li>• <b>Possible related projects</b> (eg ensuring consistent decisions and terminology, specifying connectivity of related information): <ul style="list-style-type: none"> <li>– Climate-related risks</li> <li>– Pollutant pricing mechanisms</li> </ul> </li> </ul>	Projects relate entirely to financial statements, so IASB can start even if the ISSB otherwise engaged. Capacity needed to coordinate work (eg complementary information) and ensure consistent decisions / terminology.	↓ (slightly less) or additional time required to complete (or both).
<ul style="list-style-type: none"> <li>– Intangibles</li> </ul>	Recognition and measurement aspects (and associated disclosures) relate to financial statements, so the IASB can start even if the ISSB otherwise engaged. Disclosures will require coordinated scoping of IASB vs. ISSB work and consistent decisions/terminology.	↓ (some less) or additional time required to complete (or both)
<b>Alignment of internal process</b> (eg paper posting, drafting, feedback analysis, due process)	N/A	↓ (negligibly less)

# Possible areas of connectivity

\* Possible implications on capacity for current activities, assuming no change to strategic direction and balance)

## *Digital financial reporting (5%)*

Possible areas of connectivity	Comment	Capacity implications*
<ul style="list-style-type: none"> <li>Digital taxonomies expected to reflect connectivity of concepts and related information</li> </ul>	Follows from Standards	↓ (negligibly less)
<ul style="list-style-type: none"> <li>Engagement with digital reporting ecosystem to facilitate use of digital taxonomies, useful and quality data and accessibility</li> </ul>	Some synergies so continuation or increase in the IASB's current activities could benefit the ISSB	N/A

## *Understandability and accessibility (5%)*

Possible areas of connectivity	Comment	Capacity implications*
<ul style="list-style-type: none"> <li>Coordination to develop consistent technological tools to improve accessibility of the Standards</li> </ul>	Capacity needed to coordinate work and specify connectivity across Standards.	↓ (slightly less)

## *Stakeholder engagement (20%-25%)*

Possible areas of connectivity	Comment	Capacity implications*
<ul style="list-style-type: none"> <li>Coordination to maximise synergies and avoid overloading stakeholders</li> </ul>	Capacity needed to coordinate work. Some synergies so continuation or increase in the IASB's current activities could benefit the ISSB.	↓ (slightly less)



**B** Partnering further with national standard-setters

# Partnering further with national standard-setters

Feedback raised the possibility that partnering further with national standard-setters (NSS) could help with capacity

The IASB already has a significant partnering relationship with NSS

- NSS participation on consultative groups (eg Advisory Council, ASAF, EEG, SMEIG, Islamic Finance and project-specific groups)
- IASB's Annual World Standard-setters conference with NSS
- IASB engagement at NSS meetings (eg IFASS, AOSSG)
- Joint outreach to stakeholders in NSS's jurisdiction and/or region

- Secondments of NSS staff to the IASB staff
- NSS external review of draft consultation documents
- NSS comment letters on consultation documents
- NSS identification of issues with consistent application
- NSS research on prevalence of issues submitted to the Interpretations Committee
- NSS support on project-specific work (eg research on extractive activities)

The staff are exploring further avenues for partnering

But, we need to be mindful of capacity – both that of the NSS and of stakeholders to participate in the standard-setting process and to implement changes to IFRS (Accounting) Standards

Therefore, the staff is considering recommending to the IASB that further NSS partnering may be best focused on continuing to (1) improve the quality of the IASB's work and (2) expedite the standard-setting process (ie progressing faster), rather than on starting more projects.

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