

STAFF PAPER

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IASB® meeting

| Project | Third Agenda Consultation | | |
|-------------|--------------------------------------|--|----------------------|
| Paper topic | Potential projects—Other suggestions | | |
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS® Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB® Update.

Introduction and purpose

1. At its November 2021 meeting, the IASB discussed feedback from respondents to the Request for Information *Third Agenda Consultation* (Request for Information)¹ and other sources about financial reporting issues that could be added to the IASB's work plan (potential projects).²
2. As explained in paragraph 9 of Agenda Paper 24A—*Potential projects—Approach to staff analysis*, the staff analysis of potential projects is presented in three papers:
 - (a) Agenda Paper 24B—*Potential projects—Proposed short-listed projects*;
 - (b) Agenda Paper 24C—*Potential projects—Other projects described in the Request for Information*; and
 - (c) this paper, which discusses other suggestions for potential projects.

¹ See [Request for Information *Third Agenda Consultation*](#).

² See [Agenda Paper 24D Feedback summary—Potential projects \(part 1\)](#), [Agenda Paper 24E Feedback summary—Potential projects \(part 2\)](#), [Agenda Paper 24F Feedback summary—Potential projects \(part 3\)](#) and paragraphs 51–84 of [Agenda Paper 24G Feedback summary—Users of financial statements](#).

Other suggestions for potential projects

3. Appendix B of the Request for Information described 22 potential projects, based on outreach conducted previously, when preparing the Request for Information. In addition to asking respondents to the Request for Information for feedback about those potential projects, the IASB asked for feedback on whether to add any other financial reporting issues to its work plan.
4. The IASB discussed feedback on other suggestions for potential projects at its November 2021 meeting, as summarised in Agenda Paper 24E—*Potential projects (part 2)*, paragraph 6(b) of Agenda Paper 24F—*Potential projects (part 3)* and paragraph 84 of Agenda Paper 24G—*Feedback summary—Users of financial statements* from that meeting.³ Those suggestions are also listed in Appendix A of this paper. In total, respondents suggested approximately 45 potential projects, including potential projects relating to the financial reporting issues listed in Appendix C of the Request for Information (see Table 1 in Appendix A) and a range of other financial reporting issues (see Table 2 in Appendix A).⁴ In all cases, those potential projects were suggested by one or a few respondents.
5. The staff have analysed all of those suggestions for potential projects. However, because of the large number of suggestions, this paper does not present an analysis of each suggestion individually. Nevertheless, as explained in paragraph 12(a) of Agenda Paper 24A, if the IASB disagrees with the staff views about which potential projects should be short-listed, the staff will provide a more detailed analysis of any other potential projects that the IASB decides should be included on the shortlist.
6. In analysing the suggestions for potential projects, staff considered the criteria that the IASB has tentatively decided to use for deciding whether to add a project to its work plan:

³ See [Agenda Paper 24E Feedback summary—Potential projects \(part 2\)](#), [Agenda Paper 24F Feedback summary—Potential projects \(part 3\)](#), [Agenda Paper 24G Feedback summary—Users of financial statements](#).

⁴ Appendix C of the Request for Information listed financial reporting issues suggested by a small number of stakeholders in outreach carried out when developing the Request for Information. Those issues were not described in detail in the Request for Information.

- (a) the importance of the matter to investors.⁵
 - (b) whether there is any deficiency in the way companies report the type of transaction or activity in financial reports.
 - (c) the type of companies that the matter is likely to affect, including whether the matter is more prevalent in some jurisdictions than others.
 - (d) how pervasive or acute the matter is likely to be for companies.
 - (e) the potential project’s interaction with other projects on the work plan.
 - (f) the complexity and feasibility of the potential project and its solutions.
 - (g) the capacity of the IASB and its stakeholders to make timely progress on the potential project.
7. Overall, in the staff view, none of the suggestions for potential projects meet the criteria to the same extent as the proposed short-listed projects discussed in Agenda Paper 24B. The reasons for this view are varied, but include:
- (a) some of the financial reporting issues raised do not seem particularly important to investors, as they were not identified as a priority by users of financial statements.
 - (b) in some cases, it is unclear whether deficiencies in reporting exist.
 - (c) some suggestions relate to financial reporting issues that do not appear to be of widespread prevalence or are not pervasive or acute for companies.
8. Furthermore, some suggested projects could be complex, not feasible or more generally raised questions about whether the costs would outweigh the benefits. For example, some could be time-consuming for the IASB and its stakeholders, or cause significant disruption to practice, without necessarily resulting in a significant improvement in financial reporting. Some might involve potential solutions that could be inconsistent with the *Conceptual Framework for Financial Reporting* or outside the IASB’s remit.

⁵ The IASB used the term ‘investors’ in the Request for Information to refer to the primary users of financial statements, defined in the *Conceptual Framework for Financial Reporting* as existing and potential investors, lenders and other creditors.

9. It also should be noted that some of the suggestions for potential projects involve financial reporting issues that might be addressed in other ways, such as:
- (a) issues related to projects on the current work plan—in those cases, staff will pass on the issues raised by respondents to the applicable project team.
 - (b) issues related to other potential projects, including the proposed short-listed projects—in those cases, if the IASB decides to add a particular project to its work plan, any related issues raised by respondents could be considered as part of that project.
 - (c) issues related to connectivity with the International Sustainability Standards Board (ISSB)—in those cases, as the IASB and ISSB work together in the coming years, issues raised by respondents might be addressed in joint or related projects.

Questions for the IASB

1. Does the IASB have any comments or questions on the discussion in this paper on other suggestions for potential projects?
2. Does the IASB agree that none of these suggestions should be included on the shortlist for further discussion in April? (This decision does not affect any issues that might be addressed in other ways, as discussed in paragraph 9).

Appendix A—Other suggestions for potential projects

A1. This appendix contains a brief list of other suggestions from respondents to the Request for Information for potential projects. See Agenda Paper 24E—*Potential projects (part 2)* from the November 2021 meeting for more information.⁶

Table 1—Potential projects from Appendix C of the Request for Information

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| 1. Align the definition of cost in Accounting Standards |
| 2. Clarify the accounting for transactions with owners acting in their capacity as owners |
| 3. Converge IFRS 13 <i>Fair Value Measurement</i> with International Valuation Standards |
| 4. Develop accounting requirements for assets acquired at no cost |
| 5. Develop enhanced disclosures about the process used in determining materiality |
| 6. Develop standardised disclosure of financial ratios that are based on line items presented in the primary financial statements |
| 7. Review of IFRS 2 <i>Share-based Payment</i> —to address specific issues or a wider review |
| 8. Review the requirements of IAS 33 <i>Earnings per Share</i> |
| 9. Review the requirements of IAS 36 <i>Impairment of Assets</i> |
| 10. Review the requirements of IAS 41 <i>Agriculture</i> |

Table 2—Other suggestions for potential projects⁷

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| 1. Develop guidance on applying Accounting Standards for not-for-profit entities |
| 2. Review older Accounting Standards to consider if the requirements in those standards need updating |
| 3. Further work on the <i>Conceptual Framework</i> |

⁶ See [Agenda Paper 24E Feedback summary—Potential projects \(part 2\)](#).

⁷ Table 2 also includes a potential project from stakeholder feedback in the Extractive Activities project, as summarised in paragraph 6(b) of [Agenda Paper 24F Feedback summary—Potential projects \(part 3\)](#) from the November 2021 meeting.

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| 4. Consider the broader spectrum of environmental, social and governance (ESG) risks, in addition to climate-related risks, and connectivity between ESG information |
| 5. Develop disclosure requirements about human capital |
| 6. Develop enhanced disclosure requirements about management remuneration |
| 7. Develop disclosure requirements for risk-factor reporting |
| 8. Provide additional exemptions in IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> for entities transitioning from the <i>IFRS for SMEs</i> Standard |
| 9. Review the requirements in IFRS 3 <i>Business Combinations</i> |
| 10. Review the application of the hedge accounting requirements in IFRS 9 <i>Financial Instruments</i> to: <ul style="list-style-type: none"> (a) insurance contracts (b) dynamic risk management by entities other than banks and for risks other than interest rate risk (c) hedges of inflation risk |
| 11. Consider the interaction between the requirements of IFRS 9 and other Accounting Standards, such as interactions with IAS 10 <i>Events After the Reporting Period</i> , IFRS 2 and IFRS 16 <i>Leases</i> |
| 12. Review the requirements in IFRS 9 to provide more granular quantitative and qualitative information about amounts arising from expected credit losses |
| 13. Review the approach to consolidation in IFRS 10 <i>Consolidated Financial Statements</i> |
| 14. Develop enhanced disclosures to enable identification of the subsidiaries, joint ventures and associates included in the consolidated financial statements using an international identifier |
| 15. Develop guidance on accounting for ‘termination for convenience’ clauses in contracts within the scope of IFRS 15 <i>Revenue from Contracts with Customers</i> |
| 16. Review IFRS 16 to consider alignment with US GAAP |
| 17. Improve the disclosure requirements in IAS 1 <i>Presentation of Financial Statements</i> on significant judgements and estimates |
| 18. Remove the requirement in IAS 1 for a statement of changes in equity when it is redundant |

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| 19. Undertake a post-implementation review of the amendment to the definition of material |
| 20. Undertake research on further improvements to the definition of estimates in IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> |
| 21. Review the disclosure requirements of IAS 24 <i>Related Party Disclosures</i> |
| 22. Amend the requirement in IAS 40 <i>Investment Property</i> to present the gain or loss from the change in the fair value of investment property in profit or loss |
| 23. Develop enhanced disclosure requirements for bond holders and equity holders |
| 24. Develop enhanced disclosure requirements about non-controlling interests and associates |
| 25. Develop enhanced disclosure requirements to explain the changes from the opening balance to the closing balance for all the balances brought forward from the previous reporting year |
| 26. Develop disclosure requirements for fees paid to the external auditor |
| 27. Develop guidance on the sale of assets via corporate wrappers |
| 28. Develop guidance on the reporting and disclosure of the factoring of receivables |
| 29. Develop guidance on transactions between entities under common control that are outside the scope of the Business Combinations under Common Control project |
| 30. Develop guidance on renewables and biofuels. |
| 31. Consider requiring disclosures about policies and expenditure on management of the pandemic |
| 32. To advance digital financial reporting, review Accounting Standards to remove ‘user-unfriendly’ requirements based on paper-based financial reporting |
| 33. Develop requirements for a Statement of Added Value, which shows the creation and distribution of wealth by the entity |
| 34. Undertake a research project to clarify the usefulness for users of the financial statements of non-transaction accruals included in earnings |
| 35. Undertake a post-implementation review of the impacts of fair value measurement requirements |
| 36. Application of the depreciation requirements in IAS 16 <i>Property, Plant and Equipment</i> to assets used in the development and production of minerals and oil and gas |