
FASB | IASB Joint Education Meeting

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Project **Disaggregation-related projects**
Topic **Cover paper**
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Purpose of this paper

1. Both the IASB and the FASB (the boards) are currently undertaking or will undertake projects whose objectives include providing users of financial statements (users) with more disaggregated information.
2. The purpose of this meeting is to provide both boards with an opportunity to share comments and ask questions about these projects.
3. The boards are not being asked to make any decisions.

Summary of the meeting papers

4. Some of the boards' disaggregation projects are at an advanced stage and are discussed in separate agenda papers (see Agenda Papers 21B–21E). Early-stage disaggregation projects are briefly discussed in paragraphs 6–19 of this Agenda Paper and in Agenda Paper 21A.
5. This cover paper accompanies the following Agenda Papers:
 - (a) Agenda Paper 21A: FASB Research—Statement of Cash Flows—Background.
 - (b) Agenda Paper 21B: IASB Standard-setting—Primary Financial Statements—Overview. This paper provides a comprehensive overview of the IASB's Primary Financial Statements project, including proposals for:
 - (i) disaggregation principles;
 - (ii) disclosure of operating expenses by nature; and
 - (iii) unusual income and expenses.
 - (c) Agenda Paper 21C: FASB Standard-setting—Disaggregation—Income Statement Expenses—Project Background and Next Steps.

- (d) Agenda Paper 21D: FASB Standard-setting—Targeted Improvements to Income Tax Disclosures—Overview.
- (e) Agenda Paper 21E: FASB Standard-setting—Segment Reporting—Overview and decisions reached to date.

Brief introduction to early-stage projects

FASB’s research project—Statement of Cash Flows

- 6. In June 2021 the FASB staff published [Invitation to Comment, Agenda Consultation](#) (2021 ITC) to solicit broad stakeholder feedback about the future standard-setting agenda of the FASB. Chapter 1, “Disaggregation of Financial Reporting Information,” requested stakeholder feedback on improving the relevance of the statement of cash flows.
- 7. Investors and other users generally agreed that greater disaggregation of the statement of cash flows should be a priority for the FASB to help them better perform their analyses.
- 8. At its meeting on 29 June 2022 the FASB discussed the pre-agenda research performed by the FASB staff, including stakeholder feedback received on the statement of cash flows and related disclosures in response to the 2021 ITC and other user feedback. At this meeting, the FASB Chair added a project to the FASB research agenda to explore targeted improvements to the statement of cash flows to provide additional decision-useful information for investors and other allocators of capital.
- 9. For more information, see Agenda Paper 21A: FASB Research—Statement of Cash Flows—Background.

IASB’s research pipeline project—Statement of Cash Flows and Related Matters

- 10. In March 2021 the IASB published its Request for Information [Third Agenda Consultation](#) (Request for Information).
- 11. Many respondents rated a project on the Statement of Cash Flows and Related Matters as a high priority. Furthermore, user feedback indicates that they consider such a project to be the highest priority of all the potential projects discussed in the Request for Information.
- 12. Stakeholders expressed a view that deficiencies in reporting exist. However, they expressed mixed views about the nature and extent of such deficiencies. For example, some respondents said the IASB should undertake a comprehensive review of IAS 7 *Statement of Cash Flows*. Some other respondents were in favour of a more targeted approach, although they expressed different views on which issues should be addressed in a more targeted project. For example, they suggested that the IASB review the definition of cash and cash equivalents or require a company to explain any changes from the opening balance to the closing balance for all the balances brought forward from the previous reporting period.
- 13. In response to the feedback, the IASB added to its research pipeline a project on the Statement of Cash Flows and Related Matters. Projects in the research pipeline involve developing new Accounting Standards or major amendments to the Accounting Standards (research and standard-setting projects). The IASB expects to start work on its research pipeline projects before its next five-yearly agenda consultation.
- 14. As part of the research phase of this project, the IASB will consider whether the project should aim to review IAS 7 *Statement of Cash Flows* comprehensively or make more targeted improvements.

IASB’s reserve list project—Operating Segments

15. Many users who responded to the request for information on the IASB’s This Agenda Consultation rated a project on operating segments as high priority. However, many respondents, other than users, rated this project as low priority.
16. After applying its prioritisation criteria, the IASB identified this project as high priority. However, the IASB concluded that this project does not meet the criteria to the same extent as do the three projects added to the project pipelines (Climate-related Risks in the Financial Statements, Intangible Assets, Statement of Cash Flows and Related Matters). Consequently, the IASB added a project on Operating Segments to its reserve list of potential projects.¹
17. Projects on the reserve list will be added to the work plan if additional capacity becomes available before the IASB’s next five-yearly agenda consultation. Projects in the project pipelines will be prioritised ahead of those on the reserve list.
18. If added to the work plan, a project on Operating Segments would not reconsider whether to use the management approach to determine a company’s operating segments. There does not seem to be a clear case for considering such a fundamental change to IFRS 8 *Operating Segments*. Instead, the objective of such a project would be to conduct research into:
 - (a) the underlying causes of users’ concerns about the granularity of segment information that companies provide; and
 - (b) the feasibility (including costs to preparers) of potential solutions that could be implemented without reconsidering whether to use the management approach to determine a company’s operating segments.
19. A research project on Operating Segments could include an analysis of the similarities and differences between the matters raised by respondents and the matters the IASB considered previously, and the benefits and costs of improvements to IFRS 8 to address these matters.²

Questions

Question 1

Do FASB or IASB members have any questions or comments about the early-stage projects described in paragraphs 5–19 of this paper?

¹ The other project on the IASB’s reserve list is a project on Pollutant Pricing Mechanisms.

² See the [IASB Update March 2018—Improvements to IFRS 8](#).