



FASB | IASB Joint Education Meeting

Date	30 September 2022
Project	2021 FASB Agenda Consultation
Topic	Overview
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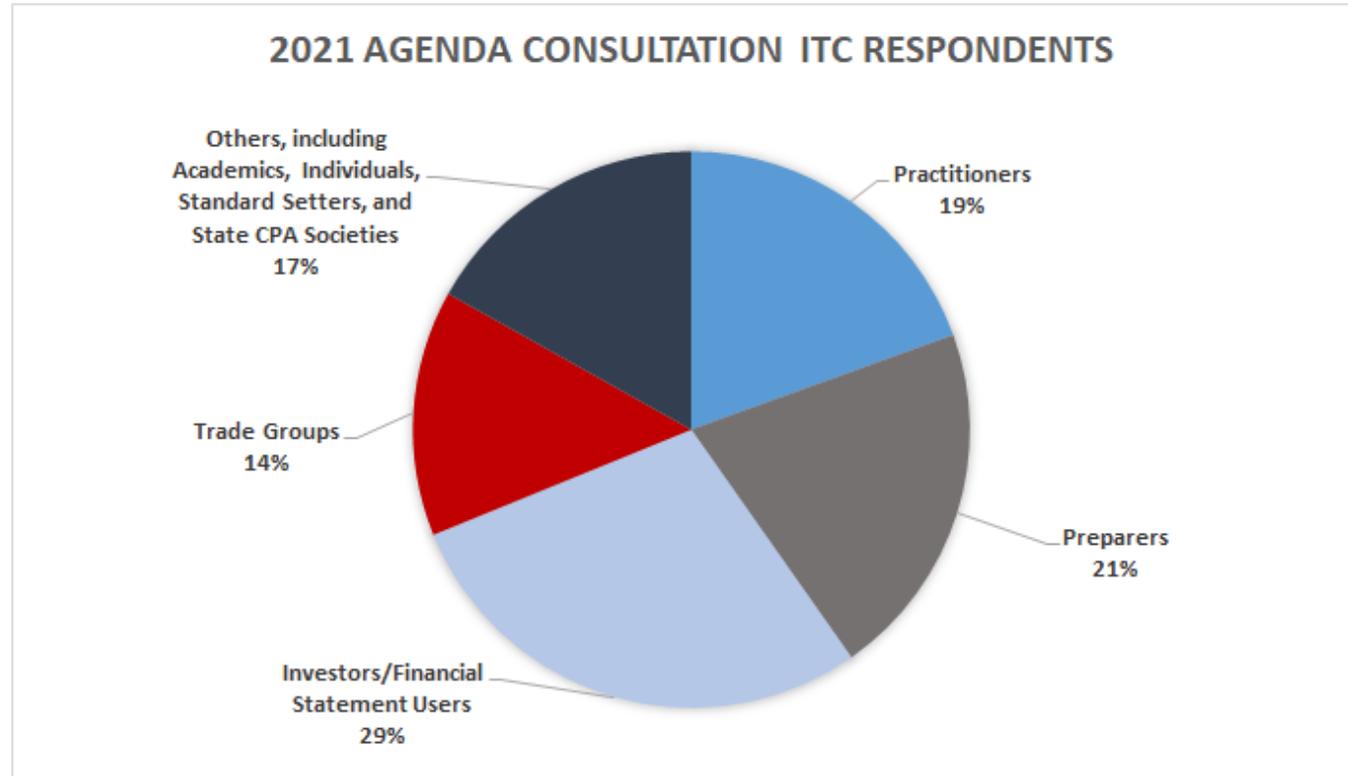
This paper has been prepared for discussion at a public educational meeting of the US Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB). It is not intended to represent the views of the boards or any individual member of either board or the staff. Comments on the application of IFRS[®] Accounting Standards or US GAAP do not purport to set out acceptable or unacceptable application of IFRS Accounting Standards or US GAAP. Tentative technical decisions are made in public and reported in FASB Action Alert or in IASB Update. Official positions of the FASB or the IASB are determined after extensive due process and deliberations.

Background



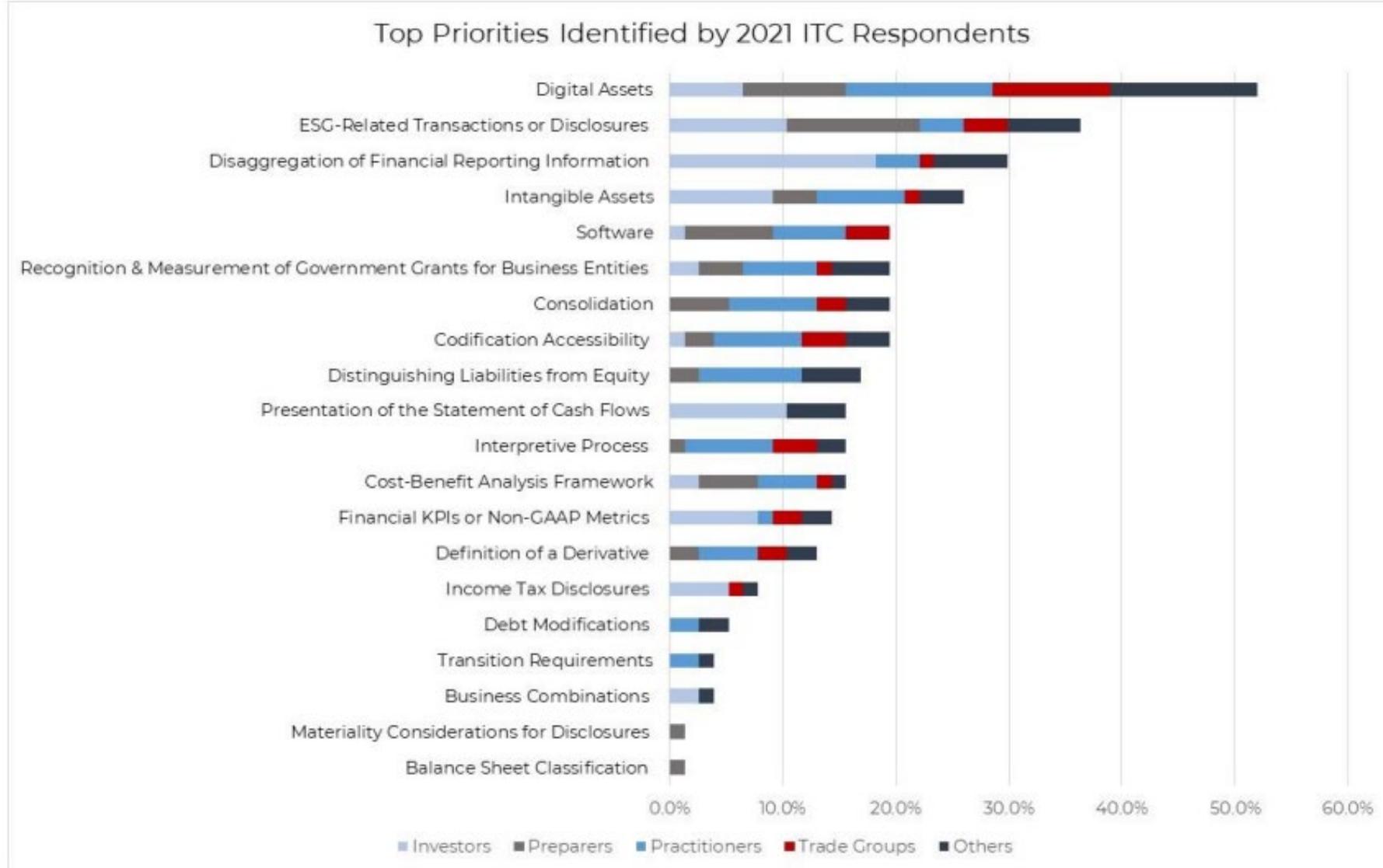
Agenda Consultation Responses

- As part of the agenda consultation process, the FASB received 522 responses* through October 28, 2021, from the following stakeholders:

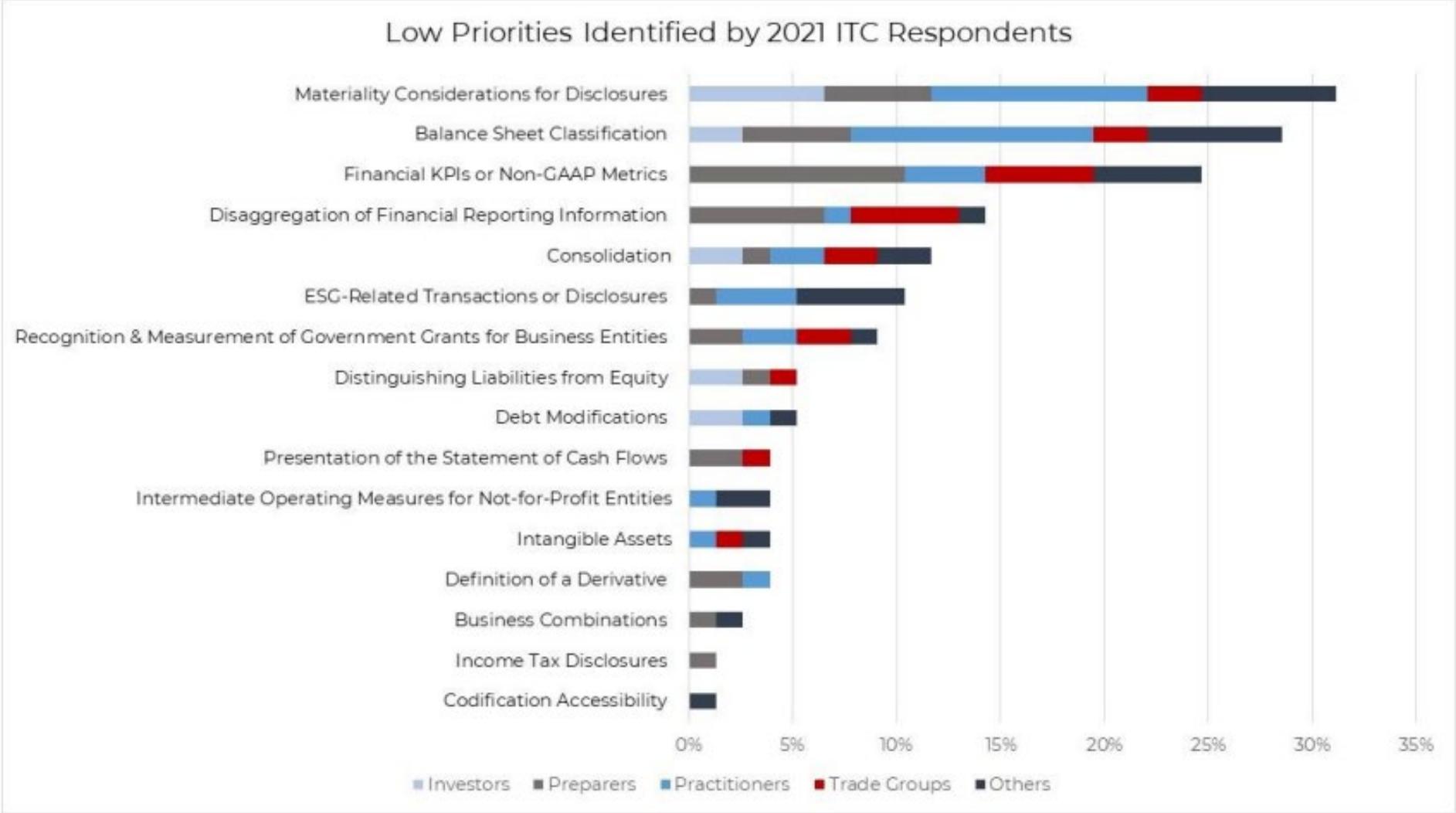


* The FASB received 445 responses from a variety of stakeholders, including academics, holders of digital assets, individuals, investors and other financial statement users, practitioners, and preparers, which focus solely on the accounting for digital assets at fair value. Of these responses, 309 specifically expressed support for a single response that urged the Board to consider fair value accounting treatment for digital assets. These 445 respondents have not been captured in the above illustration.

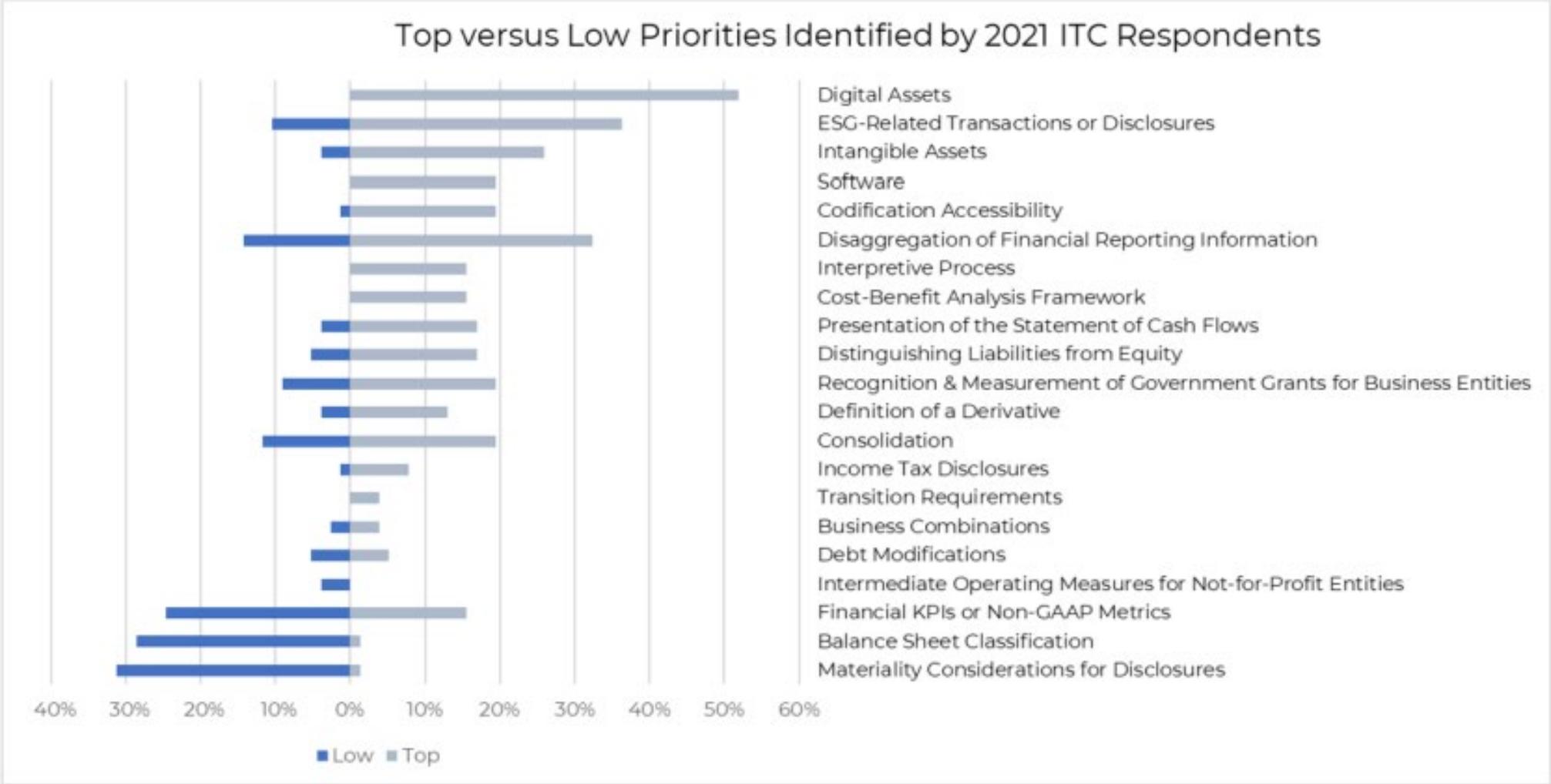
Top Priorities by ITC Respondent Type



Low Priorities by ITC Respondent Type



Top Versus Low Priorities



Chapter 1—Disaggregation of Financial Reporting Information

Investors and other financial statement users cited a general need for greater disaggregation of a range of financial reporting information to better understand the performance of the company and assess future operating results, cash flows, and risks.

Disaggregation of Performance Information

Business Combinations

ESG-Related Disclosures

Income Tax Disclosures

Presentation of the Statement of Cash Flows

Examples Cited for Disaggregation of Performance Information

- Breakdown of cost of sales (COS) and selling, general, and administrative (SG&A) expenses
- Breakdown of human capital
- Breakdown of operating results by regulatory jurisdictions and product lines to understand geographical and jurisdictional risks
- Breakdown of income tax information
- Defined subtotal for operating income
- Recurring and nonrecurring income and expense items
- Effects of business combinations pre- and post- acquisition
- Effect of climate change on financial statement line items
- Types of research and development (R&D) expenditures

Chapter 2—Emerging Areas in Financial Reporting

Stakeholders cited a need for the Board to maintain and improve the relevancy of GAAP by addressing financial reporting for several emerging areas.



Definition of a Derivative



Digital Assets



ESG-Related Transactions



Financial Key Performance Indicators (KPIs) and Non-GAAP



Intangible Assets, including Software



Government Grants for Business Entities

Chapter 3—Reduction of Unnecessary Complexity in Current GAAP

Stakeholders provided feedback that there are specific areas of current GAAP that should be revisited to reduce unnecessary cost and complexity in the system.

**Balance Sheet
Classification**

Consolidation

**Debt
Modifications**

**Distinguishing
Liabilities from
Equity**

**Materiality
Considerations
for Disclosures**

Chapter 4—Improvements to FASB Standard-Setting Processes

Stakeholders provided feedback that enhancements and education about certain FASB standard-setting processes would be helpful to increase transparency and communication.



Understandability and navigability of the **Codification**

Transparent and thorough **cost-benefit analysis** framework

New interpretative process to quickly respond to stakeholder questions

Standardizing language for transition requirements

Agenda Consultation—Actions Taken

■ Technical Agenda

- Projects added

- Accounting for and Disclosure of Crypto Assets (formerly Accounting for and Disclosure of Digital Assets)
- Accounting for and Disclosure of Software Costs
- Accounting for Environmental Credit Programs

- Refined scope and objective of existing projects

- Disaggregation—Income Statement Expenses (formerly the Financial Performance Reporting—Disaggregation of Performance Information project)
- Targeted Improvements to Income Tax Disclosures (formerly the Disclosure Framework: Disclosure Review—Income Taxes project)

Agenda Consultation—Actions Taken (continued)

■ Technical Agenda

- Removed projects
 - Consolidation Reorganization and Targeted Improvements
 - Distinguishing Liabilities from Equity (Phase 2)
 - Identifiable Intangible Assets and Subsequent Accounting for Goodwill
 - Improving the Accounting for Asset Acquisitions and Business Combinations (Phase 3 of the Definition of a Business Project)
 - Lease Modifications (will be monitored as part of PIR)
- Various other topics discussed but not added at this time

Agenda Consultation—Actions Taken (continued)

- Research Agenda (as of end of 2Q)

- Accounting for and Disclosures of Intangibles
- Accounting for Exchange-Traded Commodities
- Accounting for Financial Instruments with Environmental, Social, and Government (ESG)-Linked Features
- Accounting for Government Grants, Invitation to Comment (ITC)
 - June 2022 - Issued ITC, *Accounting for Government Grants by Business Entities: Potential Incorporation of IAS 20* (comments due in September)
- Consolidation for Business Entities
- Key Performance Indicators for Business Entities
- Statement of Cash Flows

Summary

- Issued 2021 FASB Agenda Consultation Report on June 29th
- Top 7 most frequently cited investor priorities are either on the technical or research agenda
 1. Disaggregation of Financial Reporting Information
 2. Statement of Cash Flows
 3. ESG-Related Transactions or Disclosures
 4. Intangible Assets
 5. Financial KPIs or Non-GAAP Metrics
 6. Digital Assets
 7. Income Tax Disclosures

