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Emerging Economies Group meeting

Date   **May 2025**

Project   **IASB's Fourth Agenda Consultation**

Topic   **Proposed approach**

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Session objective

Seek EEG members' feedback to help the IASB develop the Request for Information (RFI) *Fourth Agenda Consultation*

Session contents

- Questions to EEG members: slide 3

- Background to the IASB's Fourth Agenda Consultation: slides 4–6

- Staff's proposed approach to the IASB's Fourth Agenda Consultation: slides 7–11

  - − Strategic direction and balance: slides 12–13

  - − Criteria for assessing priority of projects to be added: slide 14 and Appendix

  - − Project prioritisation: slides 15–21

March 2021

International Accounting Standards Board

Request for Information
Third Agenda Consultation

Comments to be received by 27 September 2021

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Questions to EEG members

1 | **Question 1:** Do you have any comments or questions on the proposed approach to the IASB's Fourth Agenda Consultation (slides 7–18, 21 and Appendix)?

2 | **Question 2:** The IASB has developed a tentative list of potential projects that it plans to describe in the RFI (slide 19 for IASB projects and slide 20 for IASB-ISSB projects). The list is not intended to be exhaustive and does not represent a draft work plan for the IASB.

Descriptions of each potential project to be included in the RFI provide a common understanding of the financial reporting matters that could be addressed, helping to elicit more focused feedback (see Agenda Paper 3A for descriptions of potential IASB projects).

Do you have any comments on the tentative list of potential projects?

Are there any projects you would add to the list? For each such project:

  a) What is the financial reporting problem?

  b) Why is the matter important (e.g. pervasiveness, effect)?
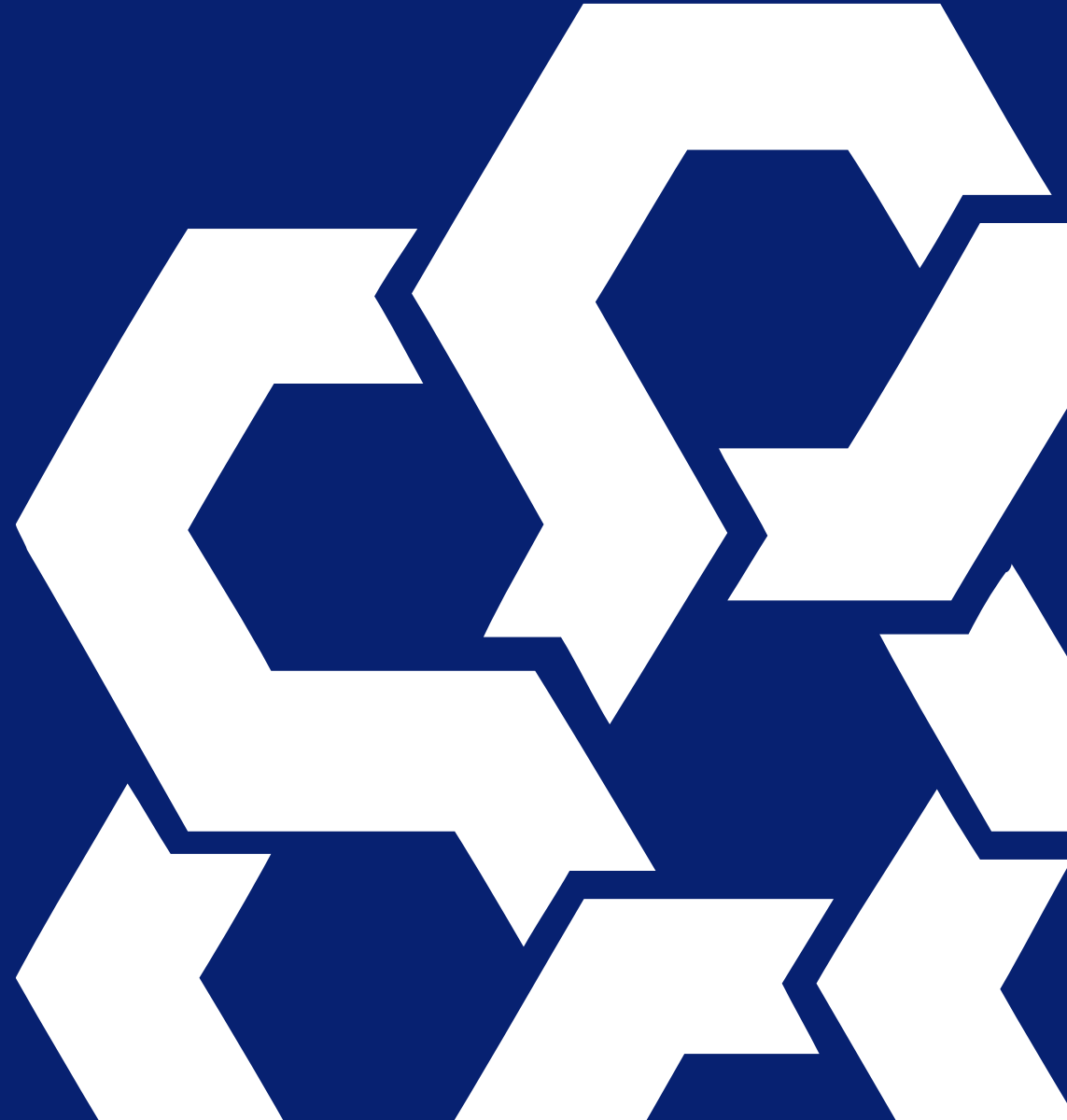
  c) What are potential solutions?

Are there any potential projects you would remove from the list?

Please provide your feedback on the tentative list of **(a)** potential **IASB** projects (slide 19) and **(b)** potential joint **IASB-ISSB** projects (slide 20) to be described in the RFI.
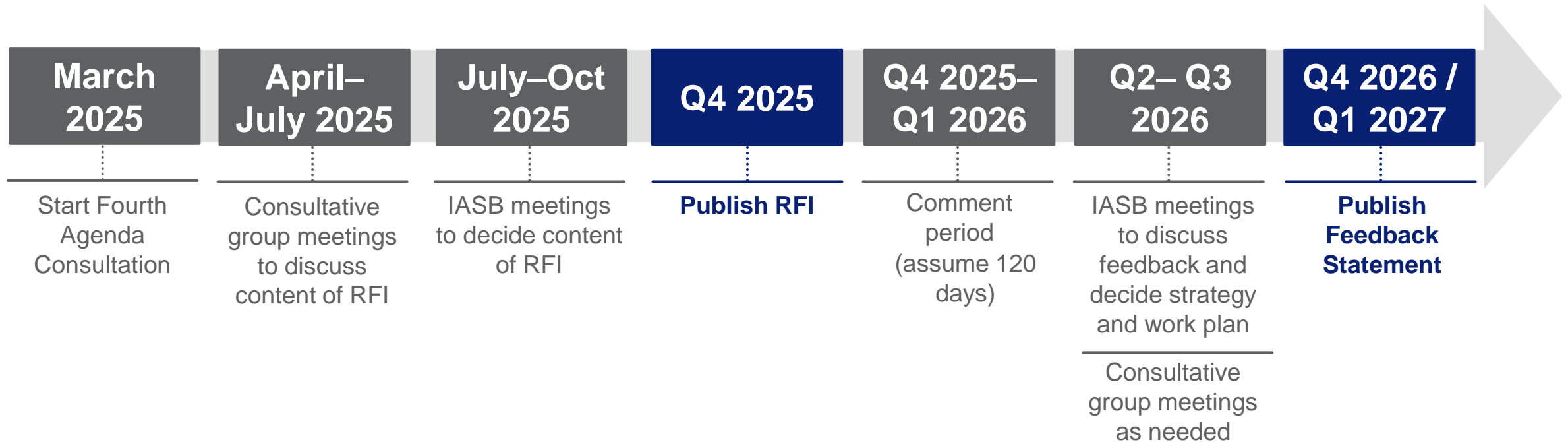
Background to the IASB's Fourth Agenda Consultation

Background to agenda consultations

- The **IASB determines its technical strategy and work plan** through consultation with stakeholders by publishing a Request for Information. This process is called an agenda consultation.

  - ℹ️ Individual projects may still be added to the IASB's work plan in between agenda consultations if time-sensitive matters arise

- IASB's Third Agenda Consultation concluded in July 2022, covering the period 2022–2026

- IASB's **Fourth Agenda Consultation is starting now**, covering the period beginning in 2027

- The requirements for conducting an agenda consultation are set out in the IFRS Foundation *Constitution* and the IFRS Foundation *Due Process Handbook* *

* The Due Process Oversight Committee of the IFRS Foundation Trustees proposed revisions to the *Due Process Handbook* in December 2024. The staff will monitor finalisation of these proposals and consider their implications on the IASB's Fourth Agenda Consultation.

Project plan

March 2025	April– July 2025	July–Oct 2025	Q4 2025	Q4 2025– Q1 2026	Q2– Q3 2026	Q4 2026 / Q1 2027
Start Fourth Agenda Consultation	Consultative group meetings to discuss content of RFI	IASB meetings to decide content of RFI	**Publish RFI**	Comment period (assume 120 days)	IASB meetings to discuss feedback and decide strategy and work plan	**Publish Feedback Statement**
					Consultative group meetings as needed	

Staff's proposed approach to the IASB's Fourth Agenda Consultation

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Overall approach to the Fourth Agenda Consultation

- Overall, the staff thinks the Third Agenda Consultation was effective and serves as a good model for conducting the Fourth Agenda Consultation

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- The landscape has evolved, most significantly with the creation of the International Sustainability Standards Board (ISSB), which was not established when the Third Agenda Consultation RFI was published

The Fourth Agenda Consultation will incorporate consideration of the ISSB from the beginning of the process

Considering the ISSB: Timing

- The Fourth Agenda Consultation will cover the IASB's technical strategy and work plan for the period 2027–2031, consistent with the five-yearly cadence set out by the *Due Process Handbook*

- However, the IASB would consult again before the end of the five-year period (as permitted by the *Due Process Handbook*) if the ISSB starts an agenda consultation during this period*.

  - In doing so, the two boards would align the time periods for each board's agenda consultation. The aligned time periods would enable:
    - stakeholders to easily consider each board's work plan at the same time
    - both boards to receive feedback about the nature of connected work that should be undertaken
    - both boards to receive feedback about the priority of connected work in relation to each board's independent work plan at the same time, thereby supporting prioritisation decisions related to connected work

  - If the IASB were to start its Fifth Agenda Consultation earlier than normal, any pipeline projects** at that time could be included in that agenda consultation to re-establish priorities.

* The ISSB completed its Consultation on Agenda Priorities in June 2024 and, therefore, will not start another one now.
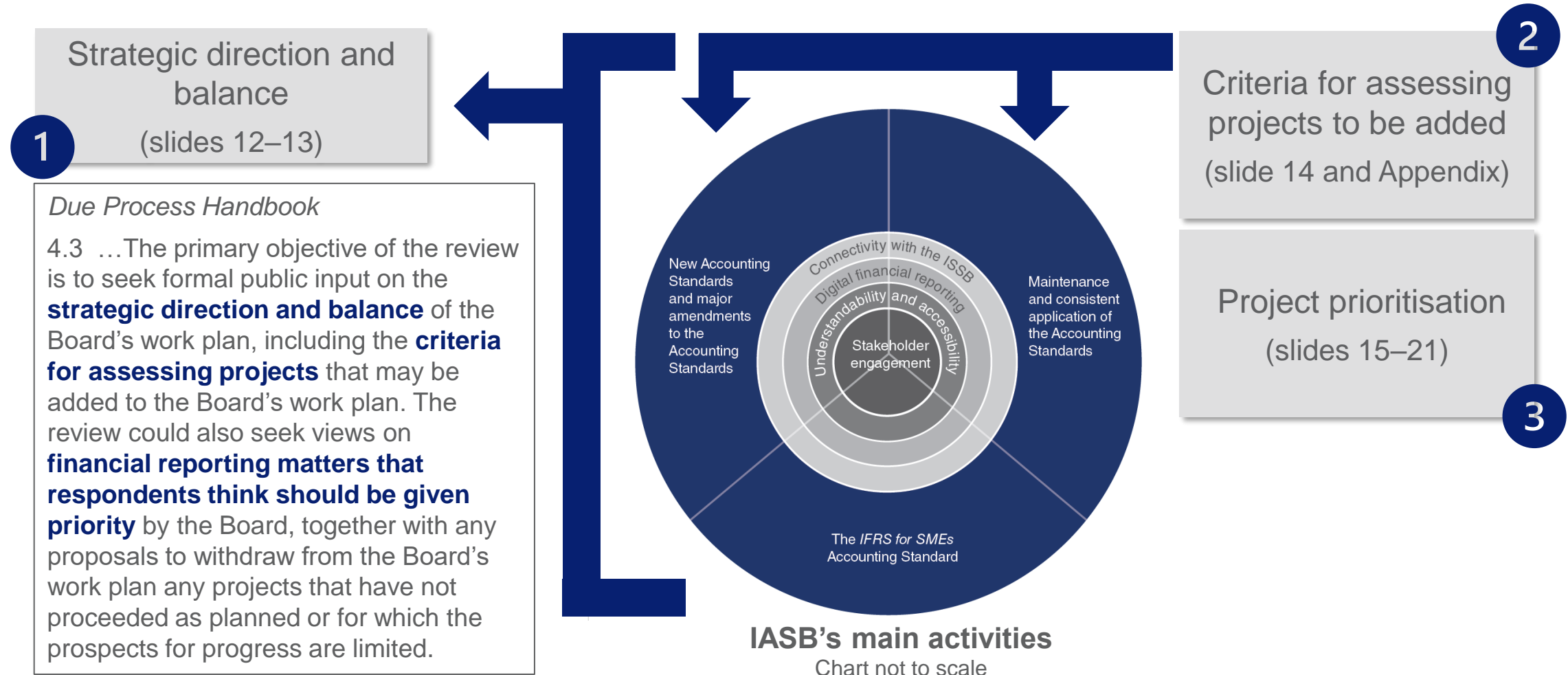** Pipeline projects are projects that are not yet active but that the IASB has committed to starting before the next agenda consultation.

Considering the ISSB: Content of RFI

- The staff proposes to describe **connectivity between the IASB and ISSB**, distinguishing between:
    - core connectivity work (slide 12)
    - potential joint projects (developed by both boards) (slide 20)
- This approach is similar to that taken in the ISSB's *Consultation on Agenda Priorities* and would **support alignment** of each board's agenda consultations in the future
- We will **get input** from the ISSB in drafting the RFI, aiming to **obtain feedback that can inform both boards**

Content of the RFI: three main areas for input

Strategic direction and balance
(slides 12–13)

1

Due Process Handbook

4.3 …The primary objective of the review is to seek formal public input on the **strategic direction and balance** of the Board's work plan, including the **criteria for assessing projects** that may be added to the Board's work plan. The review could also seek views on **financial reporting matters that respondents think should be given priority** by the Board, together with any proposals to withdraw from the Board's work plan any projects that have not proceeded as planned or for which the prospects for progress are limited.

2

Criteria for assessing projects to be added
(slide 14 and Appendix)

Project prioritisation
(slides 15–21)

3

Connectivity with the ISSB
Digital financial reporting
Understandability and accessibility
Stakeholder engagement

New Accounting Standards and major amendments to the Accounting Standards

Maintenance and consistent application of the Accounting Standards

The *IFRS for SMEs* Accounting Standard

IASB's main activities
Chart not to scale

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1 Content of the RFI: strategic direction and balance

- The RFI will seek feedback on the **strategic direction and balance** of the IASB's work plan

- Activities shaded in **dark blue** in the chart require a trade-off with each other and feedback will help determine the balance of them. The staff proposes to provide in the RFI estimates of the current level of focus on these activities to help stakeholders respond

- The activities in the **grey circles** in the chart are cross-cutting, supporting all the activities shaded in **dark blue**

Determining the balance of activities can never be a science; rather feedback will provide **directional information** about whether to make substantial changes to the proportion of one activity relative to another

New Accounting Standards and major amendments to the Accounting Standards

Connectivity with the ISSB

Digital financial reporting

Understandability and accessibility

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The *IFRS for SMEs* Accounting Standard

IASB's main activities
Chart not to scale

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① Content of the RFI: strategic direction and balance

Description of activities

1. **New Accounting Standards and major amendments** consist of the development of new IFRS Accounting Standards and major amendments to IFRS Accounting Standards and conducting post-implementation reviews.

2. **Maintenance and consistent application** consists of narrow-scope projects for the purposes of maintenance and consistent application of IFRS Accounting Standards and typically comprises matters that can be resolved in two to three years. These activities include the work of the IFRS Interpretations Committee.

3. **The IFRS for SMEs Accounting Standard** consists of setting requirements and developing educational materials for companies without public accountability.

4. **Connectivity with the ISSB**. The IASB and the ISSB coordinate their work and establish processes to enable connected reporting, ensuring that the IASB's and ISSB's respective requirements are compatible and avoid potential inconsistencies and conflicts. This work includes collaboration with the ISSB on an IASB project (or vice versa), but not joint IASB-ISSB projects.

5. **Digital financial reporting** supports the digital consumption of financial information, including by developing and maintaining the IFRS Accounting Taxonomy. It includes consideration of how artificial intelligence affects investor needs.

6. **Understandability and accessibility** of IFRS Accounting Standards. Understandability includes, for example, drafting clear IFRS Accounting Standards and developing supporting materials such as snapshots and project summaries. Accessibility includes, for example, using technology to help stakeholders identify applicable principles and requirements.

7. **Stakeholder engagement** involves obtaining views from stakeholders to support the development of its high-quality requirements and to promote acceptance of IFRS Accounting Standards.

② Content of the RFI: criteria for assessing projects to be added

- The IASB will need to **prioritise** the financial reporting matters identified by stakeholders in their feedback on the RFI

- To do so, the IASB will use **criteria to assess the projects to be added**

- The range and subjectivity of any criteria means that prioritising matters on the work plan can never be an exact science. Application of the criteria **requires judgement**

- Nonetheless, the RFI will seek to:
  - obtain information to help the IASB **assess each potential project against the criteria**
  - obtain feedback regarding whether there are **other criteria** the IASB should consider

Staff paper

Agenda reference: 8

IASB® meeting

Date	**January 2025**
Project	**Work Plan**
Topic	**Draft IASB prioritisation framework**
Contacts	**Nili Shah** (nshah@ifrs.org)

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*.

Purpose of the paper

1. The purpose of this paper is to update the IASB on:
   (a) feedback received on the IASB's draft prioritisation framework initially discussed at its April 2024 meeting; and

In developing the RFI, the staff proposes to leverage the IASB's prioritisation framework, last discussed in January 2025

The prioritisation framework is based on criteria consulted on and used during the Third Agenda Consultation and considers connectivity with the ISSB

3 Content of the RFI: project prioritisation–active projects

The RFI will seek feedback to enable the IASB to **prioritise projects** on its work plan–that is, to determine which projects to work on from 2027

Due Process Handbook: the agenda consultation '**could also seek views** on…any proposal **to withdraw** from the Board's work programme any projects that have not proceeded as planned and for which the prospects for progress are limited'

- The staff proposes that **no active projects be considered for withdrawal** as part of the agenda consultation process because:
  - active projects were determined to be priorities in previous agenda consultations
  - many projects are in advanced stages and will have recently completed consultations to inform project direction. All active projects are proceeding as planned
  - reconsideration of projects underway at each agenda consultation could lead to inefficient starts and stops, as the life cycle of a major project may be longer than the agenda consultation period (historically, five years)

- The staff proposes to ask for any **general comments** on the IASB's work plan. Feedback about whether to proceed with individual active projects will be considered as part of deliberations on those individual projects as part of their **normal life cycle**. This is to avoid situations in which stakeholders may argue that a project is not a priority because they disagree with the IASB's technical direction

3 Content of the RFI: project prioritisation–pipeline projects (1/2)

Five maintenance and consistent application projects in the <u>IASB's pipeline</u>:

1. Sale and Leaseback of an Asset in a Single-Asset Entity (IFRS 10 and IFRS 16)

- Referred to the IASB by the IFRS Interpretations Committee but the IASB has not decided whether to add it to its work plan
- The IASB tentatively decided not to ask about this matter in the RFI of the Post-implementation Review (PIR) of IFRS 16 *Leases*
- The staff proposes to **include** this project as part of a potential project on corporate wrappers (slide 19)
- Could be a small project on its own but could be large if all other corporate wrapper matters are included

(3) Content of the RFI: project prioritisation–pipeline projects (2/2)

Five maintenance and consistent application projects in the <u>IASB's pipeline</u>:

2. International Tax Reform—Pillar Two Model Rules (IAS 12)

3. International Tax Reform—Pillar Two Model Rules (Amendments to the *IFRS for SMEs* Accounting Standard)

4. Removal of the temporary nature of the exemption in IFRS 6 from the application of paragraphs 11-12 of IAS 8

5. Credit risk disclosures—Targeted improvements

The staff proposes **not to ask about reprioritising** these projects, because:

• the IASB committed to these projects through other processes (e.g. post-implementation reviews) and

• these projects are smaller, maintenance projects that are not expected to require significant capacity

3 Content of the RFI: project prioritisation–new projects

The staff proposes to include in the RFI **descriptions of potential projects**, that would provide a common understanding of the financial reporting matters that could be addressed, helping to elicit more focused feedback

The list of potential projects is not intended to be exhaustive and does not represent a draft work plan for the IASB. The list will cover:

Potential IASB projects, determined based on the following and adjusted per outreach feedback:

- short-listed projects identified through the IASB's Third Agenda Consultation, and those especially raised by investors, that were not added to the work plan
- projects identified through the IASB's horizon-scanning activities
- projects identified through the IASB's post-implementation reviews
- projects outside of scope of active projects for which some level of demand has been expressed in comment letters

Potential joint IASB-ISSB projects, determined based on feedback to recent IASB and ISSB consultations and adjusted per outreach feedback

The IASB will add new projects to its pipeline only if it expects to have capacity to start by 2031 (the end of the Fourth Agenda Consultation period). New projects might not be completed by 2031

3 Content of the RFI: project prioritisation–IASB projects

Source	Tentative list of potential IASB projects*
Third Agenda Consultation	• Cryptocurrencies and related transactions • Going concern disclosures • Income tax disclosures (Investor demand) • Operating segments (Investor demand) • Pollutant pricing mechanisms
Horizon-scanning activities	• Hyperinflationary accounting
Cross-cutting	• Collaborative arrangements (PIR of IFRS 10-12, PIR of IFRS 15) • Corporate wrappers (PIR of IFRS 10-12, PIR of IFRS 15, IFRS IC)
PIR of IFRS 9	• Financial guarantee contracts
PIR of IFRS 10, 11 and 12	• Accounting for interests in other entities
PIR of IFRS 15	• Revenue from contracts with customers • Service concession arrangements

*Agenda paper 3A provides potential IASB project descriptions to be included in the RFI.
These projects would involve collaboration with the ISSB as needed as part of normal connectivity work.

③ Content of the RFI: project prioritisation–joint IASB-ISSB projects

Potential joint IASB-ISSB projects

Feedback on the IASB Exposure Draft *Climate-related and Other Uncertainties in the Financial Statements*, ISSB Request for Information *Consultation on Agenda Priorities* and IASB Exposure Draft *Management Commentary* identified suggestions for potential joint projects, including:

- A framework, such as a conceptual framework:
  - addressing connected reporting
  - clarifying boundaries between different general purpose financial reports
  - covering sustainability reporting
- Integration in reporting
- Materiality

Any joint project added to the IASB's pipeline will need to be **a priority for both** the IASB and the ISSB relative to each board's work plan

- The staff proposes to note this point and to link to the ISSB's work plan to help stakeholders consider priorities **not only** in relation to the IASB's work plan, but also the ISSB's work plan in providing feedback
- Any joint project added to the IASB's pipeline would only start **if the ISSB also decides to start** the project

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③ Content of the RFI: project prioritisation–capacity

- The staff proposes to include information about the **IASB's expected capacity** to add financial reporting matters to its work plan from 2027-2031 to help stakeholders in responding to the RFI

- The expected capacity noted would be after setting aside capacity to:
  - continue **active projects** already on its work plan
  - conduct required **post-implementation reviews**
  - undertake some **time-sensitive projects** that may arise after this agenda consultation—for example, possible follow-on projects from the required post-implementation reviews, if those projects are determined to be priorities

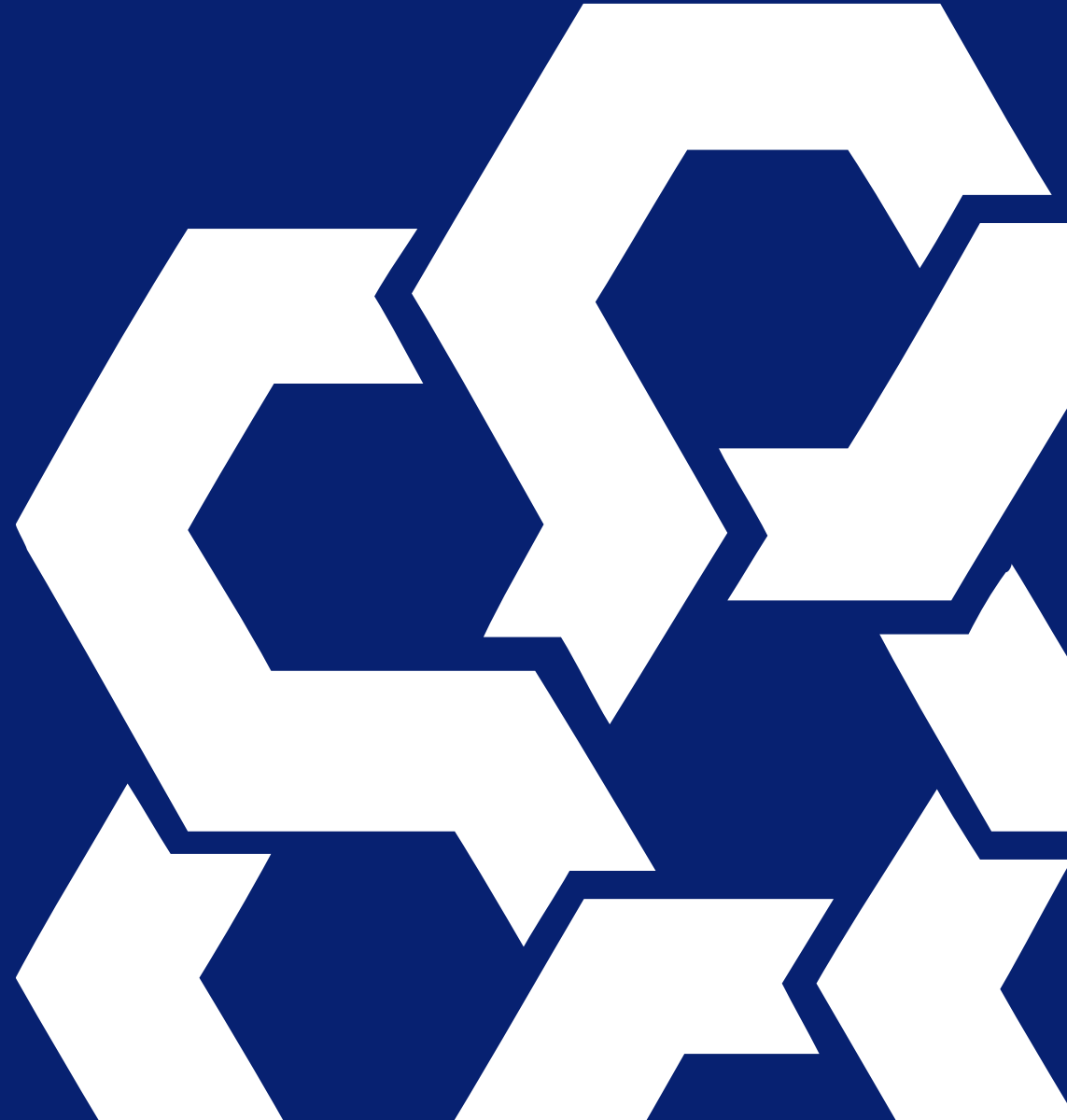- IASB's capacity is limited. Staff is in the process of developing the capacity indicators for the RFI

For context, in the Third Agenda Consultation, the IASB added **two major** projects (intangible assets and statement of cash flows and related-matters) and **one narrow-scope** project (climate-related risks in the financial statements) to its pipeline

Appendix
Summary of proposed prioritisation framework

Summary of proposed prioritisation framework

Technical considerations

- Pervasiveness—a large number of entities are affected or expected to be affected by the matter. Included are considerations about jurisdictions, entities and industries affected to help ensure appropriate balance of those affected by the board's priorities

- Effects (expected financial reporting benefits exceed costs)—importance primarily based on investor needs, while also considering preparer costs

- Feasibility of standard-setting, given standard-setting investment required

- Strategic priority—such as maintaining the principles-based nature of IFRS Accounting Standards, facilitating connectivity with the ISSB, maintaining convergence with US GAAP, facilitating digital reporting or improving understandability of IFRS Accounting Standards

Operational considerations

- Time-sensitivity

- Synergies with other projects, including relevant research being performed by other standard-setters

- Capacity (internal and stakeholder), including the balance between (1) new IFRS Accounting Standards and major amendments to IFRS accounting standards and (2) maintenance and consistent application

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