

STAFF PAPER

October 2020

IASB[®] Meeting

Project	2020 Agenda Consultation		
Paper topic	Strategic direction and balance of the Board's activities		
CONTACTS	Aishat Akinwale	aakinwale@ifrs.org	+44 (0) 20 7246 6910

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Purpose and structure of this paper

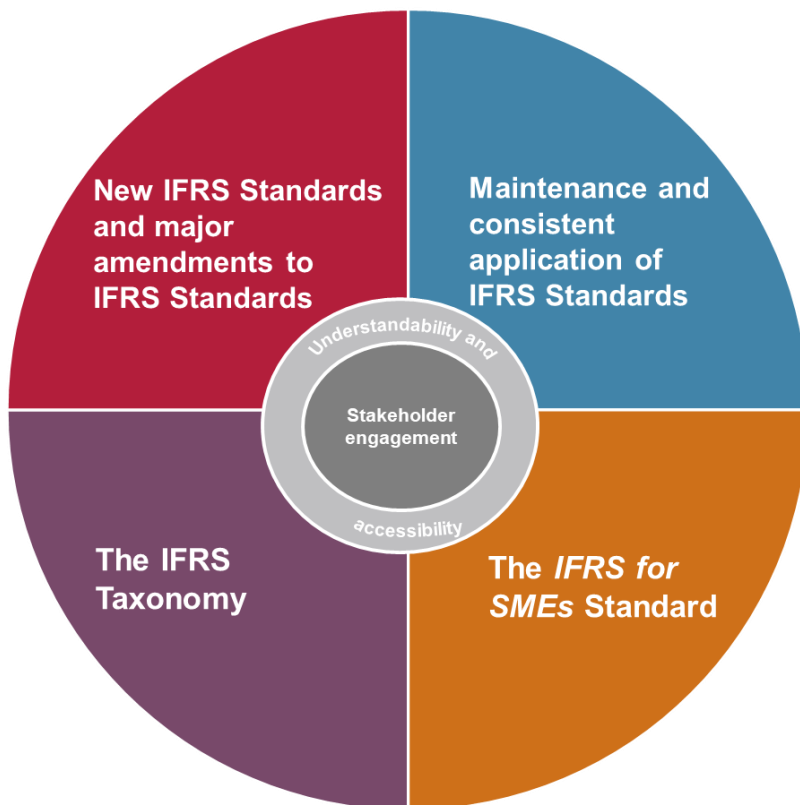
1. As specified in the Due Process Handbook, one of the objectives of an agenda consultation is to seek input on the strategic direction and balance of the Board's activities. The Request for Information will ask stakeholders how much focus should be given to each of the Board's activities during the 2022–2026 time frame that the agenda consultation covers. To help stakeholders respond to this question, the Request for Information will describe the Board's activities.
2. The purpose of this paper is to:
 - (a) present the staff's proposed approach to categorising and describing the Board's activities in the Request for Information; and
 - (b) ask whether the Board has any comments or questions on that approach.
3. This paper is structured as follows:
 - (a) Categorising the Board's activities in the Request for Information (paragraphs 4-13).
 - (b) Describing the Board's activities in the Request for Information (paragraphs 14-18).
 - (c) Summary and questions for the Board (paragraph 19).

Categorising the Board’s activities in the Request for Information

4. We recommend that the Board’s activities should be categorised as follows:

- (a) activities to:
 - (i) develop new IFRS Standards and major amendments to IFRS Standards;
 - (ii) maintain IFRS Standards and support their consistent application;
 - (iii) maintain and develop the *IFRS for SMEs* Standard and support its application;
 - (iv) maintain and develop the IFRS Taxonomy;
- (b) cross-cutting activities on:
 - (i) understandability and accessibility of the Standards; and
 - (ii) stakeholder engagement.

5. The following diagram illustrates the Board’s activities—it is not drawn to scale. Paragraphs 6-13 provide a summary of each activity.



New IFRS Standards and major amendments to IFRS Standards

6. This category comprises the research and standard-setting projects on the Board's work plan that, if finalised, would result in new IFRS Standards or major amendments to IFRS Standards. It also includes post-implementation reviews of those IFRS Standards.

Maintenance and consistent application of IFRS Standards

7. This category comprises activities to support the maintenance and consistent application of IFRS Standards in order to protect IFRS Standards as a single set of high-quality global Standards for the benefit of users of financial statements. Activities in this category are aimed at helping stakeholders obtain a common understanding of the requirements. These activities include:
- (a) narrow-scope amendments and interpretations by the Board and the Interpretations Committee (Committee) to maintain the Standards.
 - (b) the Committee's agenda decisions.
 - (c) transition resource groups to support the implementation of new Standards.
 - (d) various forms of educational materials such as webinars and webcasts, articles, TRG meeting summaries and the Annotated Standards.
 - (e) informal support to regulators and national standard-setters in the role that they play to support consistent application of IFRS Standards.

The IFRS for SMEs Standard

8. This category comprises activities to maintain and develop the *IFRS for SMEs* Standard and to support its application. Activities in this category are aimed at entities that do not have public accountability and include:
- (a) a comprehensive review to update the *IFRS for SMEs* Standard two years after the effective date of amendments resulting from the previous review. In effect, this review occurs once every agenda consultation cycle. This review results in amendments to the *IFRS for SMEs* Standard.
 - (b) educational materials to support application of the *IFRS for SMEs Standard*, including non-mandatory guidance produced in response to

application questions and modules that provide additional explanation and examples on each section of the *IFRS for SMEs* Standard.

IFRS Taxonomy

9. This category comprises activities to maintain and develop the IFRS Taxonomy. The IFRS Taxonomy facilitates effective and efficient electronic communication and analysis of disclosures in financial statements prepared applying IFRS Standards and the IFRS for SMEs Standard. Activities in this category include:
- (a) updates to the IFRS Taxonomy to reflect new or amended requirements in IFRS Standards and the IFRS for SMEs Standard.
 - (b) updates to the IFRS Taxonomy to reflect common reporting practice when that practice is consistent with the requirements of IFRS Standards.
 - (c) educational materials to support preparers, regulators and other stakeholders who use the IFRS Taxonomy.

Understandability and accessibility of Standards

10. The Board engages in cross-cutting activities to improve understandability and accessibility across its activities described in paragraphs 6-9. These activities include:
- (a) efforts to identify complexities and inconsistencies in financial reporting in order to reduce costs and improve the quality of information reported to users of financial statements. For example, the *Disclosure Initiative—Subsidiaries that are SMEs* project aims to reduce costs without removing information needed by users of subsidiaries' financial statements.
 - (b) research into how technological tools can improve the accessibility of Standards and related materials.
 - (c) quality control reviews to help ensure high-quality, easily understandable and well-drafted Standards and related materials.
11. Some of these activities—in particular, those described in paragraph 10(a)—result in some of the standard-setting projects discussed in paragraphs 6-9. Nonetheless, we recommend highlighting these activities separately in the Request for

Information to help the Board receive focused feedback from stakeholders on their relative priority. This approach is also supported by feedback received through:

- (a) the [2017 IFRS Foundation Reputation Survey](#). Respondents to the survey said that IFRS Standards are often perceived as complex, academic or technical. They suggested that the Board should respond to the need for simple, practical, and workable Standards.
- (b) outreach undertaken to develop the list of potential projects to be included in the Request for Information (see Agenda Paper 24D). Some stakeholders, in particular preparers suggested that the Board should focus on simplifying IFRS Standards to make them clearer and more understandable.

Stakeholder engagement

12. The Board engages in cross-cutting activities to facilitate stakeholder engagement across its activities described in paragraphs 6-9, with the objective of promoting the global acceptance of IFRS Standards. Activities in this category range from broad engagement (for example, supporting the Board's overall relationships with stakeholders) to specific engagement (for example, obtaining feedback on proposed new Standards).
13. These activities include:
 - (a) engagement with stakeholders from different backgrounds and regions. This also includes meetings with the Board's advisory bodies and consultative groups, the IFRS Foundation annual conference and the World Standard-setters conference.
 - (b) preparation of materials to support meetings with stakeholders and dedicated content on the IFRS website.

Describing the Board's activities in the Request for Information

Outreach feedback

14. Some stakeholders that participated in the outreach undertaken to develop the list of potential projects to be included in the Request for Information (see Agenda

Paper 24D) advised that, in order to comment effectively on the balance of the Board's activities, the Request for Information should include information on the Board's current allocation of resources to each activity.

15. In addition, these stakeholders made the following general comments about the balance and direction of the Board's activities for the 2022–2026 period:
- (a) many stakeholders said that the Board should focus on maintenance and consistent application activities.
 - (b) many stakeholders said that the Board should consider starting in a timely manner the post-implementation review of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*.
 - (c) some stakeholders suggested that large projects should be avoided, stating that a period of relative calm would be welcome.
 - (d) some users said that the Board should focus on 'quick wins', smaller changes to IFRS Standards and improvements to disclosure requirements because their appetite for change is low. Those users added that bigger changes to IFRS Standards, such as those relating to recognition, measurement, and presentation requirements are disruptive to the time-series data they use to analyse trends. However, other users said such bigger changes do not significantly disrupt their time-series data and trend analysis.
 - (e) some stakeholders said that the Board should retain sufficient flexibility to address urgent issues that arise between agenda consultations.
 - (f) a few stakeholders suggested that the Board should reconsider its approach to developing IFRS Standards (for example, focusing on more rules-based rather than principles-based accounting or focusing on cash flows rather than accrual accounting).

Proposed approach

16. We agree that it would be helpful to give some indication of the Board's current level of resources and the allocation of those resources to each activity in the Request for Information. We note that any information provided about resources in the Request for Information would relate only to resources available to undertake activities within the current scope of the Board's work (see paragraph 3 of Agenda Paper 24).
17. As a starting point, we recommend that the Request for Information assume that the current overall level of resources that is available to the Board will remain substantially unchanged during the 2022–2026 period. We think this is a reasonable assumption because:
 - (a) if the Board were to significantly increase its resources and increase its overall level of activities, stakeholders may not have sufficient capacity to engage with the Board, provide high-quality feedback on proposals and implement changes that result from those proposals.
 - (b) increasing the number of staff would require additional financial resources and suitably qualified staff are difficult to recruit.
 - (c) there is only one Board and increasing the number of Board members would be unlikely to increase the amount of work that the Board as a whole could do.
18. To help stakeholders comment on how the Board should prioritise its activities, we think the Request for Information should provide an estimate of resources currently allocated to each of the Board's activities. This will enable stakeholders to better understand the trade-offs involved in increasing specific activities—that is, increasing the focus on one activity will mean that fewer resources are available for other activities.

Summary and questions for the Board

19. In light of the above, we recommend that the Request for Information should include, for each of the Board's activities in paragraph 4:
 - (a) summarised information about the activity (see paragraphs 6-13).

- (b) an estimate of how much of the Board’s current resources the activity consumes.
- (c) potential additional activities if the Board increased its current level of focus on the activity. For example, we could explain that increasing the level of activity on the IFRS Taxonomy could involve increased collaboration with stakeholders to improve the quality of electronic data and consistency in the implementation of the IFRS Taxonomy.

Questions for the Board

Questions for the Board

1. Do you have any comments on how we have categorised the Board’s activities (see paragraph 4)?
2. Do you have any comments on the proposed approach to describing the Board’s activities in the Request for Information (see paragraph 19)?
3. Do you have any other comments about how the Request for Information should seek feedback on the strategic direction and balance of the Board’s activities?