

An abstract graphic on the left side of the slide. It features a central red circle surrounded by several concentric rings in blue and orange. These rings are overlaid on a grid of white lines, including solid, dashed, and dotted lines, all set against a dark grey background.

23 July 2021  
FASB | IASB Joint Education Meeting

# Third Agenda Consultation

FASB Agenda ref 24C  
IASB Agenda ref 24C

Nili Shah  
Rachel Knubley  
Rafal Markowski

# Disclaimer

---

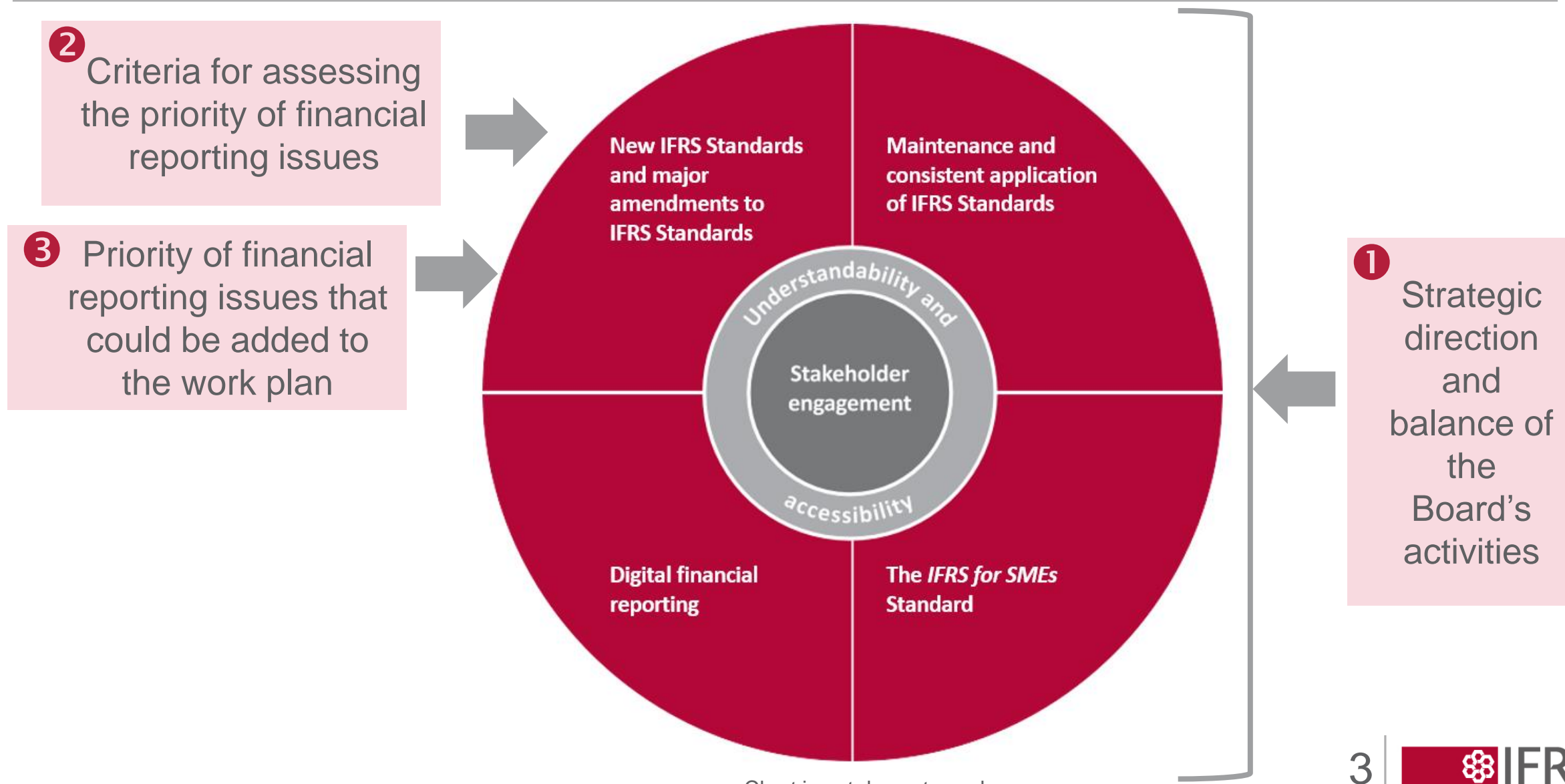
This presentation has been prepared for discussion at a public educational meeting of the US Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB).

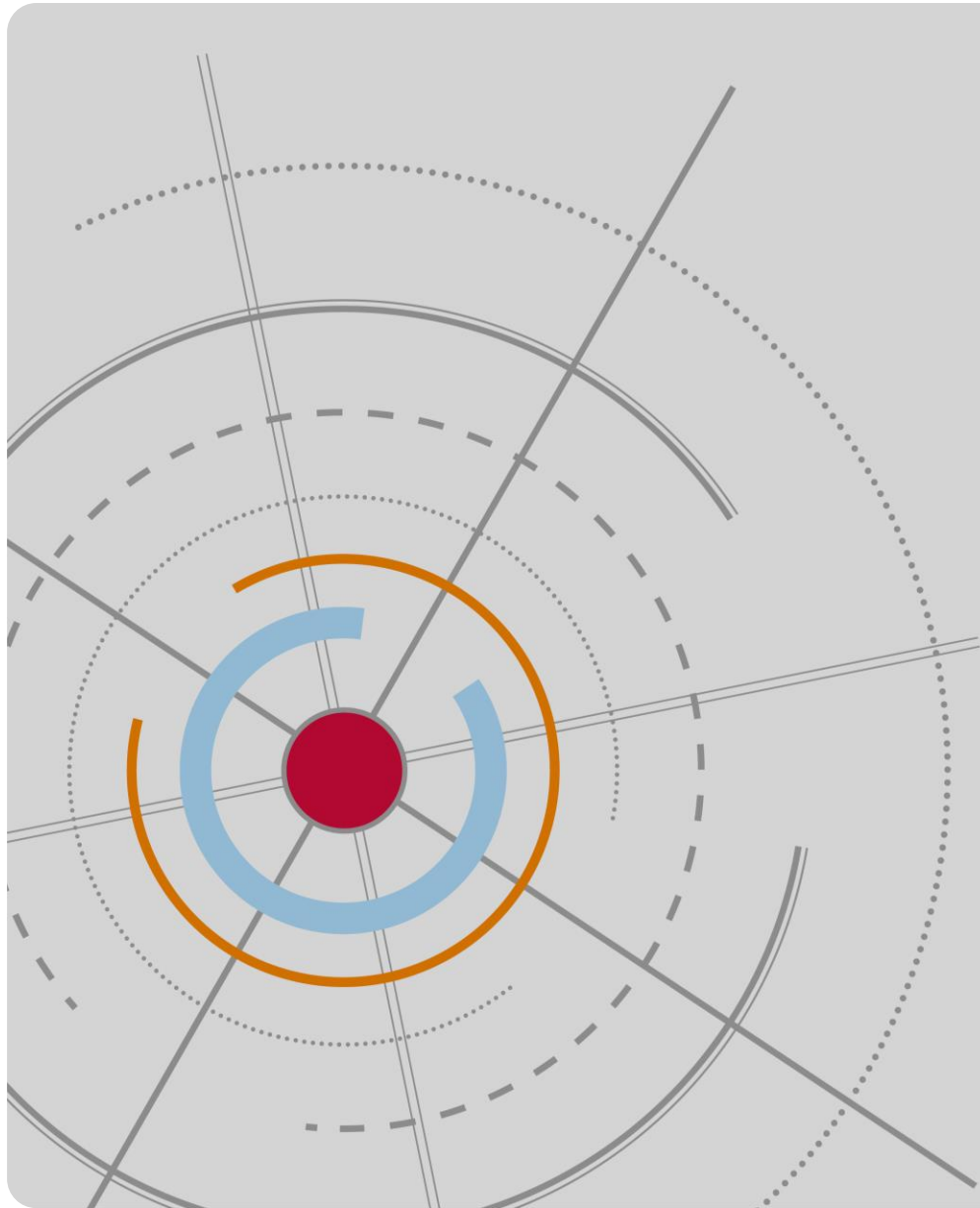
It is not intended to represent the views of the boards or any individual member of either board or the staff.

Comments on the application of IFRS<sup>®</sup> Standards or US GAAP do not purport to set out acceptable or unacceptable application of IFRS 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.

# Overview of the Request for Information





# Feedback to date

1. Strategic direction and balance of the IASB's activities

# 1 Strategic direction and balance of the IASB's activities—overview

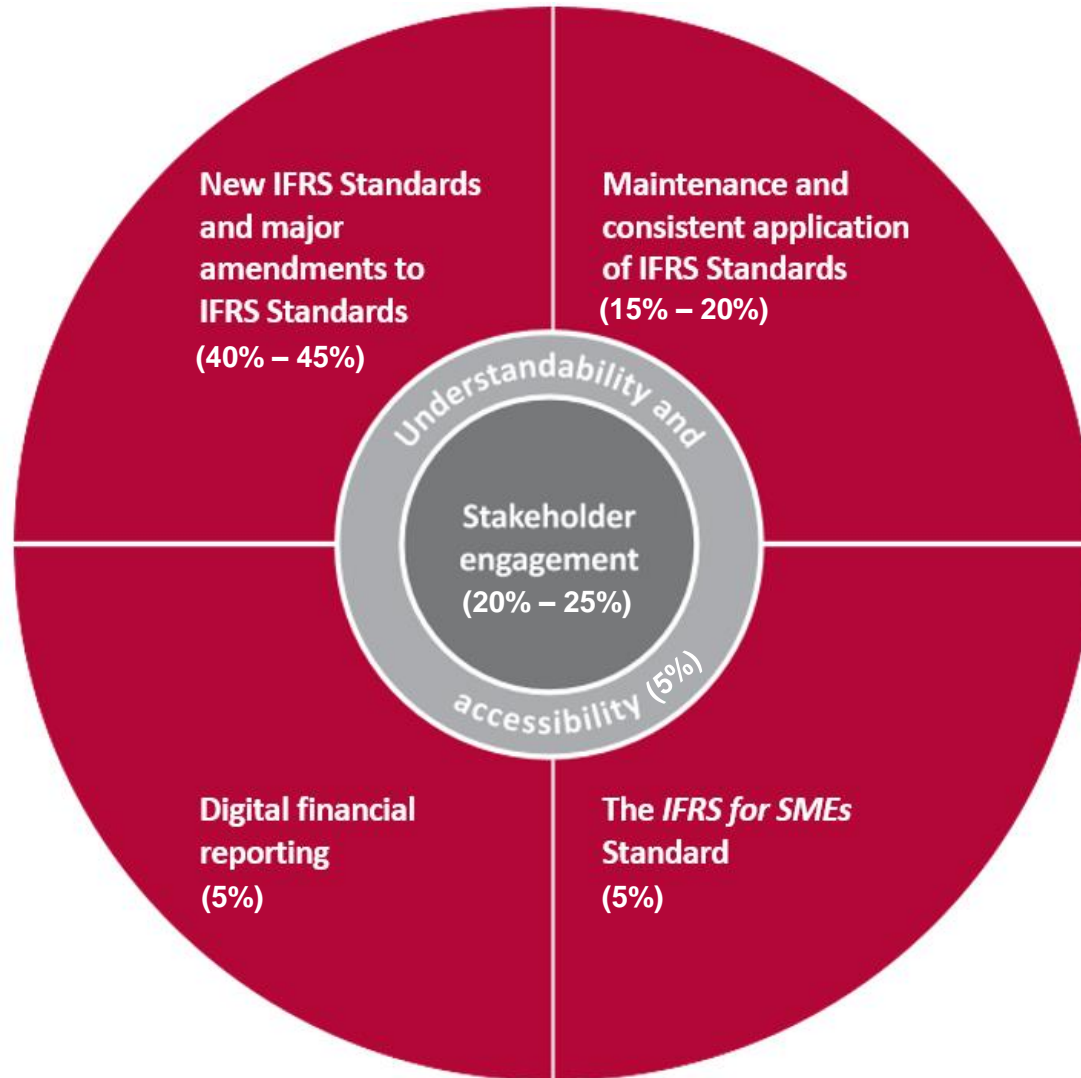


Chart is not drawn to scale



We are seeking stakeholder feedback on whether the Board should:

- A increase, leave unchanged or decrease its current level of focus for each main activity?
- B undertake any other activities within the current scope of its work?

# 1 Strategic direction and balance of the Board's activities— initial feedback



## General messages

- The overall balance of the Board's activities is about right
- Set aside capacity for interactions with the proposed new International Sustainability Standards Board (ISSB)
- Set aside capacity to respond to emerging issues
- Partnering with national standard-setters could help increase the Board's capacity in some areas



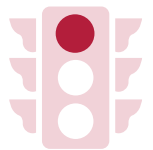
## Increase level of focus

- Maintenance and consistent application
- Digital financial reporting
- Understandability and accessibility



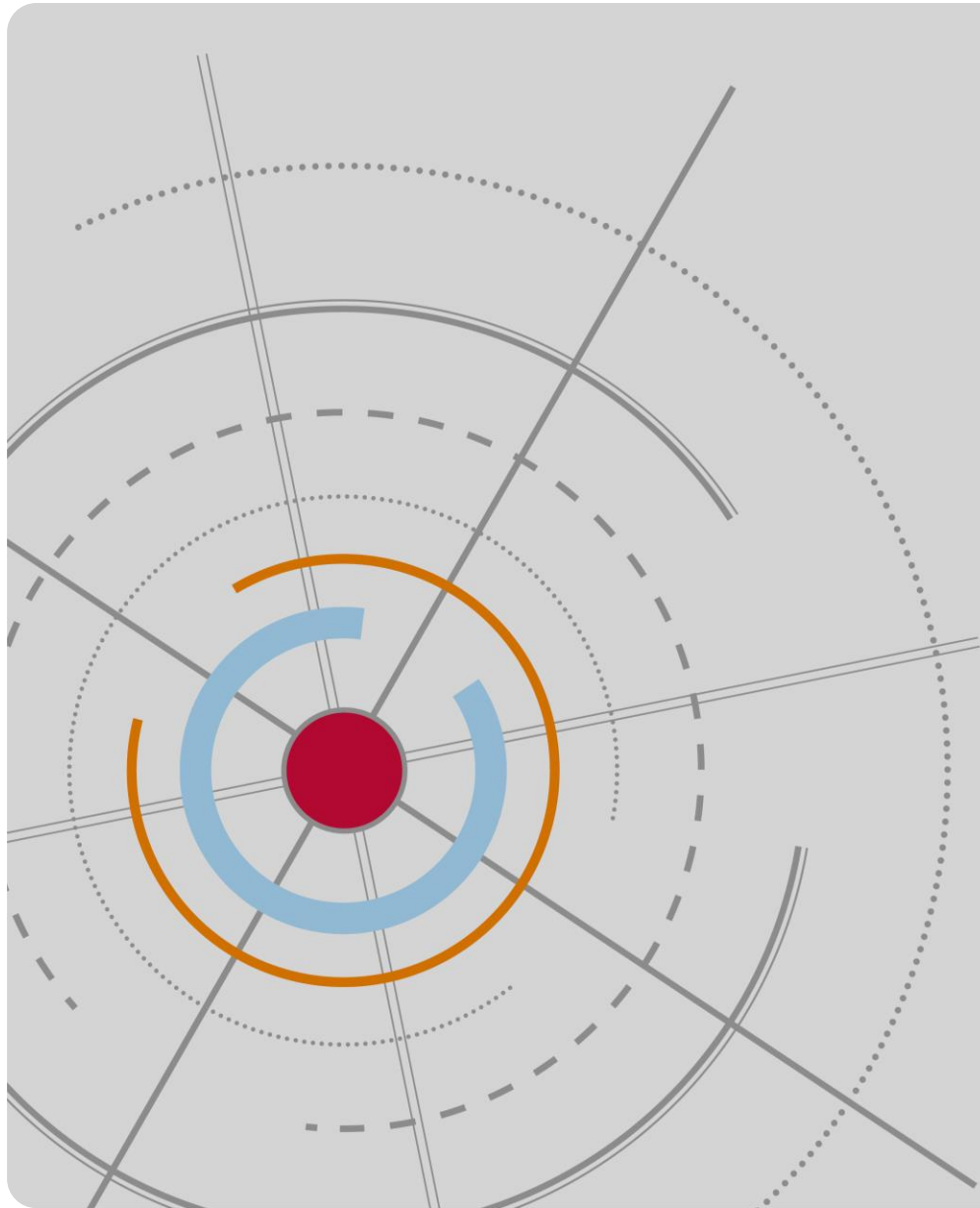
## Mixed feedback

- *IFRS for SMEs* Standard
- Stakeholder engagement



## Decrease level of focus

- New IFRS Standards and major amendments to IFRS Standards



# Feedback to date

2. Criteria for assessing the priority of financial reporting issues

## 2 The proposed criteria—overview

**Overarching consideration**—whether a potential project will meet investors’ needs, while taking into account the costs of producing the information

the importance of the matter to **investors**

whether there is a **deficiency** in current reporting

the **type of companies** affected and jurisdictions where the matter is more prevalent

how **pervasive** the matter is

the potential project’s **interaction with other projects**

the **complexity and feasibility** of the potential project and its solutions

the **capacity** of the Board and its stakeholders to progress the potential project



We are seeking stakeholder feedback on whether the IASB:

**A** has identified the right criteria?

**B** should consider other criteria?



## 2 The proposed criteria—initial feedback

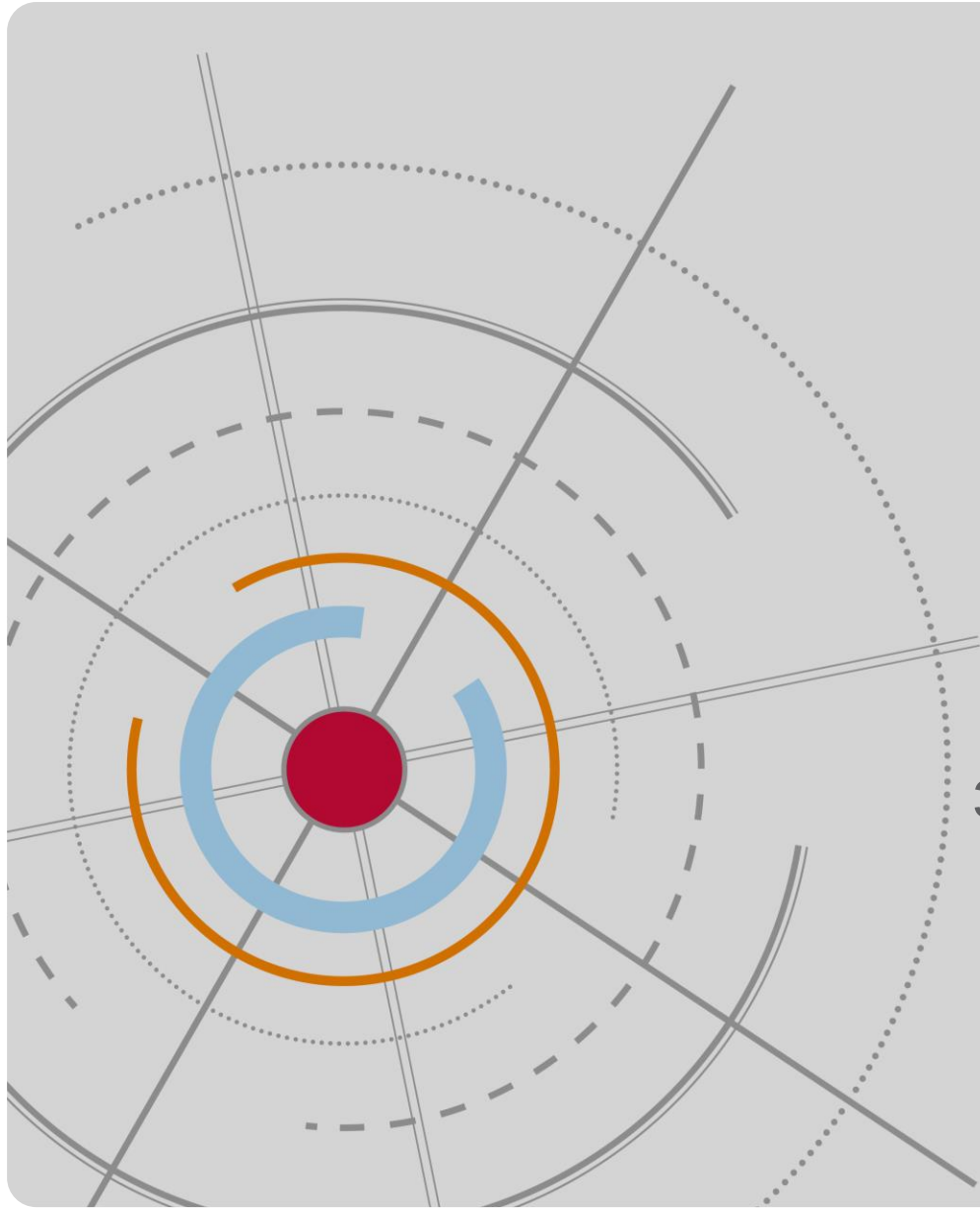


### General message

Most stakeholders say we have identified the right criteria

### Other comments

- Stakeholders would like to understand how the criteria have been applied to individual projects.
- We should rank the criteria according to their importance.
- Criteria could be split into essential criteria and non-essential criteria.
- The Board should focus on major deficiencies in current reporting and should not spend too much time on narrow-scope amendments.
- The criteria relating to the complexity and feasibility of the potential project and its solutions, along with capacity, could create a bias against long-term projects.
- Consider including all proposed criteria in the *Due Process Handbook*.
- Consider focusing on global matters rather than jurisdictional or industry-specific issues.
- The Board should consider the potential to converge with US GAAP as an additional criterion.



# Feedback to date

3. Priority of financial reporting issues that could be added to the work plan

### 3 New financial reporting issues—described projects



What priority would you give each potential project—high, medium or low—and why?

#### Described projects\*

Borrowing costs	Climate-related risks	Commodity transactions	Cryptocurrencies and related transactions	Discontinued operations and disposal groups
Discount rates	Employee benefits	Expenses (Inventory and cost of sales)	Foreign currencies	Going concern
Government grants	Income taxes	Inflation	Intangible assets	Interim financial reporting
Negative interest rates	Operating segments	Other comprehensive income	Pollutant pricing mechanisms	Separate financial statements
Statement of cash flows and related matters			Variable and contingent consideration	

\* You can read the description of a potential project by clicking on the project title.

### 3 New financial reporting issues—initial feedback



General message

- We should be careful not to add too many new projects to the work plan as we will need capacity to deal with emerging issues and interaction with the proposed ISSB

#### Most commonly suggested projects



Intangible assets

Climate-related risks



Cryptocurrencies and related matters

Statement of cash flows and related matters



### 3 New financial reporting issues—other messages

#### Other messages

- Some projects are related to each other. So, the Board should seek synergies and work on some of these projects together—for example, intangible assets and cryptocurrencies.
- Some say it may not be possible to develop accounting requirements for cryptocurrencies until regulators and central banks have provided more guidance on them.
- Some suggest the Board should work on climate-related risks and pollutant pricing mechanisms together with the proposed ISSB.
- Some stakeholders emphasised the importance of the Board's current work on Primary Financial Statements.
- Some stakeholders suggest the Board develop better disclosure requirements about unrecognised intangibles. Others say a comprehensive review of the Standard is needed.



[www.ifrs.org](http://www.ifrs.org)



IFRS Foundation | International Accounting Standards Board



@IFRSFoundation



IFRS Foundation



IFRS Foundation