

## STAFF PAPER

April 2022

## IASB® meeting

Project	Third Agenda Consultation		
Paper topic	Cover paper		
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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.

## Introduction and purpose

1. The International Accounting Standards Board (IASB) published its Request for Information [Third Agenda Consultation](#) (Request for Information) in March 2021, with a comment letter deadline of 27 September 2021.
2. The Request for Information gathers views on:
  - (a) the strategic direction and balance of the IASB's activities;
  - (b) the criteria for assessing the priority of financial reporting issues that could be added to the IASB's work plan; and
  - (c) financial reporting issues that could be added to the IASB's work plan.
3. At its November 2021 and December 2021 meetings, the IASB discussed the summary of the feedback on the Request for Information.
4. At its December 2021 meeting, the IASB finalised the criteria that it will use when assessing the priority of financial reporting issues to be added to its work plan.
5. At its February 2022 meeting, the IASB decided:
  - (a) not to reprioritise projects on its current work plan, but to continue working on those projects (except for a maintenance project Availability of a Refund (Amendments to IFRIC 14 IAS 19—*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*)).

- (b) to begin no new activities within the current scope of its work.
- (c) to leave its current level of focus on its main activities largely unchanged but to:
  - (i) slightly increase the current level of focus on digital financial reporting; and
  - (ii) slightly increase the current level of focus on understandability and accessibility of Accounting Standards, which will indirectly support consistent application of Accounting Standards.

As a result, there will be a slight decrease in the current level of focus on new Accounting Standards and major amendments to Accounting Standards.

6. At its March 2022 meeting, the IASB discussed new financial reporting issues to be added to the IASB's work plan for 2022 to 2026 and tentatively decided to shortlist seven projects for further discussion at this meeting (in alphabetical order):
  - (a) climate-related risks;
  - (b) cryptocurrencies and related transactions;
  - (c) going concern disclosures;
  - (d) intangible assets;
  - (e) operating segments;
  - (f) pollutant pricing mechanisms; and
  - (g) statement of cash flows and related matters.
7. The purpose of this meeting is to discuss the shortlisted projects and decide which projects to add to the IASB's work plan for 2022 to 2026.

### **Papers for this meeting**

8. The following papers have been prepared for this meeting:
  - (a) Agenda Paper 24A—*Projects to add to the IASB's work plan for 2022 to 2026*; and
  - (b) Agenda Paper 24B—*Overview of comments on due process*.

9. For information only, Appendix A to this cover paper provides an update on some national standard-setters (NSS) strategic/agenda consultations since the December 2021 ASAF meeting.<sup>1</sup>

### Next steps

10. The final output of the agenda consultation will be a feedback statement summarising the feedback on the Request for Information and the IASB’s activities and work plan for 2022 to 2026.
11. If the IASB agrees with the staff recommendation in Agenda Paper 24A about which projects to add to the work plan, this meeting concludes the IASB’s deliberations of the feedback and decisions about its priorities and work plan for 2022 to 2026. Staff will begin drafting the feedback statement for the IASB members to review. Staff anticipate the following timetable:

Date	Action
April 2022 – June 2022	Develop a draft of the feedback statement and circulate for the IASB members to review.
July 2022	Publish the feedback statement.

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<sup>1</sup> For further details, see [Summary note of the Accounting Standards Advisory Forum](#) held remotely on 9–10 December 2021.

## Appendix A—Update on NSS’s strategic/agenda consultations

### ***AASB’s agenda consultation 2022–2026***

- A1. In September 2021, the Australian Accounting Standards Board (AASB) published [Invitation to Comment AASB Agenda Consultation 2022–2026](#) with a comment deadline of 18 February 2022.
- A2. The purpose of the agenda consultation is to seek views from Australian constituents on the projects the AASB should be addressing that are primarily domestic in nature. The domestic work program of the AASB addresses financial reporting issues in relation to:
- (a) public sector entities;
  - (b) not-for-profit (NFP) entities; and
  - (c) Australian-specific issues relating to for-profit entities.
- A3. In particular, the ITC included the following projects for stakeholder feedback:
- (a) Inactive projects:
    - (i) remuneration reporting;
    - (ii) crowd-sourced equity funding;
    - (iii) definition of fundraising;
    - (iv) long term discount rates; and
    - (v) co-operatives and mutual entities.
  - (b) Potential standard-setting projects:
    - (i) sustainability reporting;
    - (ii) service performance reporting; and
    - (iii) digital financial reporting.
  - (c) Potential research projects:
    - (i) accounting standards research—encouraged disclosures: AASB 112 *Income Taxes* and tax transparency disclosures, and intangible asset recognition and measurement;
    - (ii) external reporting research—sustainability reporting and service performance reporting;

- (iii) emerging technology and reporting research—digital financial reporting; and
- (iv) enhancing standard-setting process research—costs and benefits analysis.

A4. At its meeting on 7 February 2022, the AASB discussed initial high-level themes arising from the feedback, including:

- (a) Much of the feedback received is related to the sustainability reporting project. Almost all respondents support the AASB expanding its scope of activities to include sustainability reporting.
- (b) There is mixed support for the AASB to facilitate digital financial reporting in Australia.
- (c) The AASB should continue working on intangible assets as a research project, that may also potentially include addressing issues about digital assets and cloud computing.
- (d) Income tax disclosures may require more guidance, including the AASB work on its draft guidance for tax transparency code.
- (e) There are mixed views in the public sector that discount rates remain a current issue.

A5. The AASB staff plans to:

- (a) provide a feedback summary to the AASB in May 2022; and
- (b) present AASB work program recommendations to the AASB and publish a Feedback Statement in the second half of 2022.

### ***AcSB's strategic plan 2022–2027***

A6. The Canadian Accounting Standards Board's (AcSB) 2022–2027 draft strategic plan was published in May 2021 with a comment deadline of 15 October 2021. To meet the objective of enhancing the relevance of reported financial and non-financial information, the draft strategic plan proposed three main strategies:

- (a) to deliver relevant and high-quality accounting standards (for example, by identifying application issues through research and consultation with the AcSB’s stakeholders);
- (b) to support improving the quality of reporting beyond traditional financial statements (for example, by working with the potential Canadian Sustainability Standards Board); and
- (c) to grow the AcSB’s international influence (for example, by sharing the views of Canadian stakeholders globally).

A7. The AcSB issued its final [2022-2027 Strategic Plan](#) on 31 March 2022. Strategic plans set out the broad strategic objectives that will guide the AcSB in achieving its public interest mandate over a multi-year period. The Plan is focused on enhancing the relevance of financial information and supporting the improvement of non-financial information reported to stakeholders.

A8. Implementation plans to execute the Strategic Plan are described in the AcSB’s annual plans. The AcSB’s [2022–2023 Annual Plan](#) was also published on 31 March 2022.

### ***EFRAG’s proactive research agenda***

A9. EFRAG’s future research activities depend on which projects its stakeholders identify as high priority and which projects the IASB will (or will not) add to its work plan. As per information presented to the EFRAG Financial Reporting Board (EFRAG FR Board) at its meeting on 4 April 2022, EFRAG Secretariat expects that the EFRAG FR Board will decide which projects to add to the proactive research agenda at its meeting in June 2022.<sup>2</sup>

A10. EFRAG is currently undertaking outreach with its stakeholders on the [Discussion Paper Better Information on Intangibles – Which Is the Best Way to Go?](#), which was published in August 2021 with a comment deadline of 30 June 2022. A feedback summary on this outreach is expected in September 2022.

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<sup>2</sup> For further details, see [Technical Work Plan April 2022 - October 2022](#).

- A11. At its meeting on 21–22 December 2021, EFRAG Financial Reporting Technical Expert Group (EFRAG FR TEG) discussed feedback on EFRAG’s [Discussion Paper Accounting for Crypto-Assets \(Liabilities\): Holder and Issuer Perspective](#) (Discussion Paper), which was open for consultation until 31 July 2021. EFRAG FR TEG also received a presentation on the key crypto-market developments after the discussion paper was issued and their possible implications for accounting requirements.<sup>3</sup>
- A12. At its meeting on 18–19 January 2022, EFRAG FR TEG discussed options for developing requirements in IFRS Accounting Standards to respond to the feedback received on the Discussion Paper.<sup>4</sup> At its meeting on 2 March 2022, the EFRAG FR Board discussed the [Recommendations and Feedback Statement](#) on the Discussion Paper and proposed some revisions. EFRAG expects to publish Recommendations and Feedback Statement in the first half of 2022.
- A13. At its meeting on 22–23 March 2022, EFRAG FR TEG discussed matters relating to EFRAG Research Project Variable and Contingent Consideration. EFRAG Secretariat expects to present the draft discussion paper to EFRAG FR Board in June 2022 and in September 2022 seek its approval for publication.<sup>5</sup>

### ***FASB’s 2021 agenda consultation***

- A14. At its meeting on 15 December 2021, the Financial Accounting Standards Board (FASB) discussed [stakeholder feedback](#) received on its June 2021 [Invitation to Comment](#), Agenda Consultation.
- A15. At that meeting and in response to the feedback, the FASB Chair [announced](#) comprehensive changes to the FASB research agenda.<sup>6</sup> The FASB’s research agenda is comprised of the following projects (in no particular order):

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<sup>3</sup> See [agenda papers](#) for that meeting.

<sup>4</sup> See [agenda papers](#) for that meeting.

<sup>5</sup> See [agenda paper](#) for that meeting.

<sup>6</sup> The research agenda is established by the FASB chair and includes projects that may be added to the technical agenda in the future if consensus is reached by a majority of the Board members based on their evaluation of [established agenda criteria](#).

- (a) Accounting for Exchange-Traded Digital Assets and Commodities—This research project will explore accounting for and disclosure of a subset of exchange-traded digital assets and exchange-traded commodities.
- (b) Accounting for and Disclosure of Intangibles—This research project will consider potential ways to improve the accounting for and disclosure of intangibles, including software costs, internally developed intangibles, and research and development.
- (c) Hedge Accounting Phase 2—This research project will seek stakeholder feedback that could bring further alignment of hedge accounting with risk management activities beyond the targeted improvements made to the hedge accounting model in Accounting Standards Update No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities, and consider changes to the definition of a derivative.
- (d) Accounting for Financial Instruments with Environmental, Social, and Governance (ESG)-Linked Features and Regulatory Credits—This research project will explore accounting for and disclosure of financial instruments with ESG-linked features and regulatory credits.
- (e) Accounting for Government Grants, Invitation to Comment—This research project will solicit feedback on whether the requirements in IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* should be incorporated into GAAP.
- (f) Agenda Consultation—This research project will solicit feedback about the financial reporting issues that the Board should consider adding to its agenda and the priority of those issues.

A16. At its meeting on 16 February 2022, the FASB discussed feedback on a project on its current technical agenda—Financial Performance Reporting—Disaggregation of Performance Information. The FASB decided to:

- (a) revise the project objective, stating that the objective is to improve the decision usefulness of business entities' income statements through the disaggregation of certain expense captions.



- (b) establish a project scope that includes the following expense captions:
  - (i) selling, general, and administrative expenses;
  - (ii) cost of services and other cost of revenues; and
  - (iii) cost of tangible goods sold.
  
- A17. To reflect changes in the project’s objective and scope, the project name has been changed to ‘Disaggregation—Income Statement Expenses’. The FASB directed the staff to commence initial deliberations on the project under the new scope and objective, noting that [tentative decisions](#) made under the previous scope and objective would no longer apply.
  
- A18. At its meeting on 15 March 2022, Financial Accounting Standards Advisory Council (FASAC) discussed 2 research projects:
  - (a) Accounting for and Disclosures of Intangibles; and
  - (b) Accounting for Government Grants.<sup>7</sup>
  
- A19. At its meeting on 23 March 2022, the FASB discussed recent feedback received, including feedback on its June 2021 Invitation to Comment, Agenda Consultation, and the next steps for the project Targeted Improvements to Income Tax Disclosures (formerly the Disclosure Framework: Disclosure Review—Income Taxes project). The FASB decided to:
  - (a) revise the project objective, stating that the objective is to improve the transparency and decision usefulness of income tax disclosures; and
  - (b) establish a project scope that primarily focuses on the following income tax information:
    - (i) income taxes paid; and
    - (ii) the rate reconciliation table.<sup>8</sup>
  
- A20. At its meeting on 31 March 2022, the FASB Not-for-Profit Advisory Committee discussed several projects on the FASB’s current research agenda, including:

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<sup>7</sup> For further details, see the [meeting handout](#) and the [meeting recap](#).

<sup>8</sup> For further details, see the [meeting handout](#).

- (a) Agenda Consultation;
- (b) Accounting for Exchange-Traded Digital Assets and Commodities;
- (c) Accounting for Financial Instruments with Environmental, Social, and Governance (ESG)-Linked Features; and
- (d) Accounting for Regulatory Credits.<sup>9</sup>

- A21. At its meeting on 6 April 2022, the FASB discussed feedback received on its June 2021 [Invitation to Comment](#), Agenda Consultation, specific to the segment reporting project and deliberated two issues identified in the drafting process related to the proposed Accounting Standards Update.<sup>10</sup> The FASB staff will continue to draft a proposed Update for external review.<sup>11</sup>
- A22. At its meeting on 13 April 2022, the FASB discussed Accounting for and Disclosure of Intangibles—Software Costs research project. The staff provided the FASB with information on the accounting for software costs and a summary of the research performed to date, including feedback received on this area in connection with the June 2021 Invitation to Comment, Agenda Consultation.<sup>12</sup>

### ***UK Endorsement Board (UKEB)***

- A23. In January 2022, the UK Endorsement Board (UKEB) published its [2022/23 Regulatory Strategy](#). The UKEB’s work plan for 2022 to 2023 includes some activities relating to research on intangible assets and reporting climate-related matters in financial statements, and sets aside some capacity to support the IASB in ad hoc, country-specific research.

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<sup>9</sup> For further details, see the [meeting recap](#).

<sup>10</sup> For further details, see the [meeting handout](#) and the FASB’s [tentative decisions](#) made at that meeting.

<sup>11</sup> See [summary](#) of the FASB’s tentative decisions reached to date (as of December 2021).

<sup>12</sup> For further details, see the [meeting handout](#).