

IASB[®] meeting

Project	Third Agenda Consultation		
Paper topic	Strategic direction and balance of the IASB's activities from 2022 to 2026		
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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.

Objective

1. This paper discusses staff recommendations on the strategic direction and balance of the IASB's activities from 2022 to 2026, considering:
 - (a) the feedback from respondents to the IASB's Request for Information [Third Agenda Consultation](#) (Request for Information)¹; and
 - (b) the analysis of cross-cutting capacity implications (Agenda Paper 24B).

Staff recommendation

2. Most respondents commented on the strategic direction and balance of the IASB's activities and supported the IASB's current strategic direction. Many said the current allocation of resources to the IASB's six main activities is about right and suggested some minor modifications to rebalance the level of focus.
3. Based on our analysis, we recommend that the IASB:

¹ [Agenda Paper 24B](#) for the November 2021 IASB meeting summarises that feedback.

- (a) should make only minor changes to the overall balance of its activities from 2022 to 2026:
 - (i) slightly decrease its current level of focus on new Accounting Standards and major amendments to Accounting Standards;
 - (ii) slightly increase its current level of focus on digital financial reporting; and
 - (iii) slightly increase its current level of focus on understandability and accessibility of Accounting Standards, which will indirectly support maintenance and consistent application of Accounting Standards.
- (b) should not undertake any other activities within the current scope of its work (other than the six activities in paragraph 4).

4. The following table illustrates the IASB’s main activities, including the current level of focus, the summary of feedback received and staff recommendation.

Activity	Current level of focus	Feedback	Staff recommendation
New Accounting Standards and major amendments to Accounting Standards	40%–45%	Decrease or leave unchanged	Slightly decrease
Maintenance and consistent application of Accounting Standards	15%–20%	Increase or leave unchanged	Leave unchanged
The <i>IFRS for SMEs</i> Standard	5%	Leave unchanged	Leave unchanged
Digital financial reporting	5%	Increase	Slightly increase
Understandability and accessibility of Accounting Standards	5%	Increase	Slightly increase (indirect support of maintenance and consistent application)
Stakeholder engagement	20%–25%	Leave unchanged	Leave unchanged

5. Please note that the current level of focus has been determined using estimates of the resources allocated to each main activity over the past three years. Staff

recommendations are only indicative, and not precise reflections, of the proposed changes in focus.

6. The diagram in Appendix A illustrates the IASB's main activities, possible areas of connectivity between the IASB and the International Sustainability Standards Board (ISSB), and how the staff recommendations could change the IASB's focus on its main activities.

Structure of the paper

7. This paper includes:
 - (a) background (paragraphs 8–10);
 - (b) strategic direction and balance of the IASB's activities from 2022 to 2026:
 - (i) new Accounting Standards and major amendments to Accounting Standards (paragraphs 11–24);
 - (ii) maintenance and consistent application of Accounting Standards (paragraphs 25–38);
 - (iii) the *IFRS for SMEs* Standard (paragraphs 39–46);
 - (iv) digital financial reporting (paragraphs 47–56);
 - (v) understandability and accessibility of Accounting Standards (paragraphs 57–68);
 - (vi) stakeholder engagement (paragraphs 69–76);
 - (c) feedback from the IFRS Advisory Council on staff recommendations to the IASB (paragraphs 77–78);
 - (d) summary of staff conclusions and recommendations (paragraphs 79–84);
 - (e) question for the IASB; and
 - (f) Appendix A—An illustration of possible areas of connectivity with the ISSB and how the staff recommendation could change the IASB's focus on its main activities.

Background

8. One of the objectives of the IASB's Third Agenda Consultation (agenda consultation) is to gather stakeholders' views on the strategic direction and balance of the IASB's activities. To help stakeholders provide feedback, [paragraphs 14–18](#) and [Table 1](#) in the Request for Information provided an overview of each of the IASB's six main activities and the current level of focus for each activity. The IASB asked stakeholders whether it:
 - (a) should increase, leave unchanged or decrease its current level of focus for each main activity, including reasons for any changes.
 - (b) should undertake any other activities within the current scope of its work.

9. Some stakeholders commented on whether the IASB should undertake any other activities within the current scope of its work. Almost all said the six main activities described in the Request for Information are sufficient and appropriate and did not suggest any additional activities. One respondent suggested that cross-cutting issues (affecting various projects or Accounting Standards) could be an additional activity within the current scope of the IASB's work. In our view, cross-cutting issues are part of the IASB's work on new Accounting Standards and major amendments to Accounting Standards and should not be a separate activity. Based on the feedback received, we think the IASB should not undertake any other activities within the current scope of its work.

10. The following sections analyse the feedback on each of the IASB's main activities:
 - (a) new Accounting Standards and major amendments to Accounting Standards (paragraphs 11–24);
 - (b) maintenance and consistent application of Accounting Standards (paragraphs 25–38);
 - (c) the *IFRS for SMEs* Standard (paragraphs 39–46);
 - (d) digital financial reporting (paragraphs 47–56);
 - (e) understandability and accessibility of Accounting Standards (paragraphs 57–68); and

- (f) stakeholder engagement (paragraphs 69–76).

Strategic direction and balance of the IASB’s activities from 2022 to 2026

New Accounting Standards and major amendments to Accounting Standards

11. Within this activity, the IASB:
- (a) develops new Accounting Standards and major amendments to Accounting Standards through research and standard-setting projects; and
 - (b) undertakes post-implementation reviews (PIRs) of new Accounting Standards and major amendments to Accounting Standards.
12. To help stakeholders provide feedback, in [paragraph 27](#) of the Request for Information, the IASB explained that it expected to be able to start 2–3 large projects, or 4–5 medium-sized projects, or 7–8 small projects (or an equivalent combination of large, medium and small projects), if it left unchanged its current level of focus on this activity. These capacity indicators were estimated after setting aside capacity to:
- (a) continue projects already on the work plan, assuming that all the research and standard-setting projects will result in new Accounting Standards or major amendments to Accounting Standards;
 - (b) conduct the required post-implementation reviews of IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*; and
 - (c) undertake some time-sensitive projects that may arise after this agenda consultation (including a small number of time-sensitive follow-on projects from the required post-implementation reviews, if those projects are determined to be priorities).
13. [Paragraphs 24–36 of Agenda Paper 24B for the November 2021 IASB meeting](#) provide details on the feedback received on this activity.
14. This section includes:
- (a) feedback from respondents (paragraphs 15–18);

- (b) staff analysis and recommendation (paragraphs 19–21); and
- (c) updated capacity indicators (paragraphs 22–24).

Feedback from respondents

15. Many respondents said the IASB should decrease its current level of focus on new Accounting Standards and major amendments to Accounting Standards. Reasons for this view included:
 - (a) stakeholders need a period of relative calm to develop expertise and allow sufficient time for proper implementation of new major Accounting Standards.
 - (b) the IASB needs to allocate resources to other high-priority activities (for example, digital financial reporting and understandability and accessibility of Accounting Standards).
 - (c) even if the IASB were to decrease its current level of focus, it should still have enough capacity to address the most important and urgent issues identified by stakeholders.
 - (d) implementing any new sustainability reporting requirements and producing sustainability reports alongside financial statements will mean that preparers have even less capacity to engage with the IASB in the coming years.
 - (e) Accounting Standards have become a stable platform and, if they are working as intended, there is no need for any immediate amendments or additional guidance.

16. A few respondents, mainly standard-setters, said it has been clear during the covid-19 pandemic that stakeholders have limited capacity to engage with the IASB, provide feedback on its proposals and implement changes to Accounting Standards. In these respondents' view, now seems to be the right time to exercise caution about the overall size of the research and standard-setting work plan and focus less on standard-setting.

17. Many other respondents said the IASB should leave unchanged its current level of focus on new Accounting Standards and major amendments to Accounting Standards. Reasons for this view included:

- (a) the IASB needs to maintain the current level of focus to remain responsive to market developments and react in a timely manner to urgent issues that may arise.
 - (b) the projects on the IASB’s current work plan, the required PIRs and any standard-setting activity arising from these reviews will take up a lot of the resources already allocated to new Accounting Standards and major amendments to Accounting Standards. Therefore, if the IASB is to have the capacity to add any new projects to its work plan, the current level of focus should remain unchanged.
 - (c) without changing the current level of focus, to have more capacity and flexibility in responding to emerging issues, the IASB may need to reassess whether it is able to complete all the projects on its current work plan.
18. A few respondents said the IASB should increase the level of focus on new Accounting Standards and major amendments to Accounting Standards, because:
- (a) the increased level of focus could help the IASB complete its projects faster and respond in a timely manner to urgent issues that may arise; and
 - (b) there are still a few gaps in Accounting Standards that the IASB should address.

Staff analysis and recommendation

19. We continue to think that the current level of resources allocated to this activity is about right to deliver timely improvements to financial reporting. We do, however, recommend a slight decrease in the current level of focus on new Accounting Standards and major amendments to Accounting Standards. A slight decrease in focus would:
- (a) respond to concerns raised by stakeholders about their limited capacity to engage with the IASB, provide high-quality feedback on its proposals and implement changes to Accounting Standards, in part, due to developments in sustainability reporting. We expect developments in sustainability reporting will require preparers to allocate resources to commenting on sustainability

proposals, implementing any new sustainability reporting requirements and producing sustainability reports.

- (b) enable the IASB to increase its focus on other high-priority activities identified by stakeholders. In our analysis of feedback on digital financial reporting (paragraphs 47–56) and understandability and accessibility of Accounting Standards (paragraphs 57–68), we have considered respondents’ suggestions to focus more on these activities and focus less on new Accounting Standards and major amendments to Accounting Standards.
20. Although some respondents called for a decrease in focus on this activity, we do not support a significant decrease in the IASB’s current level of focus on new Accounting Standards and major amendments to Accounting Standards, because:
- (a) we agree with respondents who said this is the IASB’s main activity, in which the most resources should continue to be invested if the relevance of Accounting Standards is to be maintained. We think that the IASB will need to continue to devote significant resources to this activity if it is to:
 - (i) complete the projects on its current work plan;
 - (ii) undertake the required post-implementation reviews; and
 - (iii) add any projects to the agenda.
 - (b) we think that the current work plan already provides a period of relative calm. It will still be some time before projects on the current work plan are finalised and become effective (usually 18–24 months after a new Standard is issued).
21. In addition, although many stakeholders called for a decrease in the current level of focus on new Accounting Standards and major amendments to Accounting Standards, many of the same stakeholders recommended that the IASB should add more projects to its work plan than is possible to undertake, given the available capacity.

Updated capacity indicators

22. A slight decrease in the level of focus on this activity, together with the capacity implications of connectivity (paragraphs 20–26 in Agenda Paper 24B for this meeting) and the approach to prioritising matters identified in PIRs (paragraphs 52–56 in Agenda Paper 24B for this meeting), mean that we need to revise our estimate of

the capacity to take on new Accounting Standard-setting projects. Our revised estimate is that in the period from 2022 to 2026, the IASB will be able to add to its work plan:

- (a) 2 large projects; or
 - (b) 3–4 medium-sized projects; or
 - (c) 4–5 small projects.
23. We acknowledge that there is uncertainty about the accuracy of these estimates. That uncertainty arises because:
- (a) anticipated and actual project timelines may differ;
 - (b) estimated and actual numbers and nature of time-sensitive projects may differ;
 - (c) the implications of connectivity between the IASB and the ISSB on the IASB’s capacity are evolving (paragraphs 20–26 in Agenda Paper 24B for this meeting); and
 - (d) the number and nature of follow-on projects from ongoing and upcoming post-implementation reviews on the IASB’s capacity are unknown (paragraphs 52–56 in Agenda Paper 24B for this meeting).
24. To help the IASB respond to this uncertainty, the staff is planning to recommend at a future meeting that the IASB create a reserve list of potential projects. The reserve list would include a small number of high-priority projects that could be added to the work plan, if and only if additional capacity becomes available. We also think that creating a reserve list of potential projects will help our stakeholders better plan their activities—for example, by helping them to identify research topics.

Maintenance and consistent application of Accounting Standards

25. Together with the IFRS Interpretations Committee (Committee), the IASB maintains and supports the consistent application of Accounting Standards as a single set of high-quality global Accounting Standards.
26. [Paragraphs 37–48 of Agenda Paper 24B for the November 2021 IASB meeting](#) provide details on the feedback received on this activity.

27. This section includes:
- (a) feedback from respondents (paragraphs 28–32); and
 - (b) staff analysis and recommendation (paragraphs 33–38).

Feedback from respondents

28. Many respondents said the IASB should focus more on maintenance and consistent application of Accounting Standards. They provided various reasons for the change:
- (a) focussing on consistent application will improve comparability between entities.
 - (b) Accounting Standards have become a mature and established platform of accounting standards. Therefore, the IASB should focus on maintenance of issued Accounting Standards rather than the development of new Accounting Standards.
 - (c) the IASB should increase its focus on supporting jurisdictions and entities that are preparing to adopt Accounting Standards;
 - (d) priority should be given to addressing emerging issues with widespread, global effect in a timely manner.
 - (e) there is a growing demand for more timely resolution of application challenges—for example, by publishing more agenda decisions.
29. Some of the respondents who said the IASB should increase its current level of focus on maintenance and consistent application of Accounting Standards specified the types of work that the IASB should do more of. They suggested the IASB:
- (a) seek to cooperate with users, preparers, regulators and others to help them play a greater role in ensuring the consistent application of Accounting Standards.
 - (b) publish more educational materials, narrow-scope amendments and IFRIC Interpretations. However, an accountancy body expressed concerns about narrow-scope amendments and whether they are the most effective tool to address identified issues—narrow-scope amendments require attention and absorb resources, even if in the end they have no impact on many entities. A

few other respondents raised concerns about the number of tools that support the understanding and consistent application.

30. Only a few respondents suggested that the IASB should decrease its focus on this area suggesting that the need for application guidance has decreased as knowledge of Accounting Standards has spread or raising concerns that further work in this area could undermine the principles-based nature of Accounting Standards.
31. Many other respondents suggested that the IASB should leave its focus on this area unchanged. Many of those respondents said the maintenance and consistent application of Accounting Standards is as important as the development of new Accounting Standards and major amendments to Accounting Standards.
32. Some respondents provided general observations on Committee agenda decisions.²

Staff analysis and recommendation

33. We think there is no consensus view among respondents on the IASB's level of focus on the maintenance and consistent application of Accounting Standards. Many would like the IASB to do more in this area. Many others think the current level of focus is about right.
34. We disagree with the view that the IASB should focus less on maintenance and consistent application. We do not expect the number of application questions to decrease in the next few years. In recent years, the IASB has published new Accounting Standards on financial instruments, revenue, leases and insurance contracts. These new Accounting Standards are likely to lead to new application questions that the IASB and the Committee may need to consider, either directly or through the post-implementation reviews that the IASB will undertake over the coming years.
35. We also disagree with the view that the IASB should increase its focus on the maintenance and consistent application of Accounting Standards. Increasing the level of focus on this activity would decrease the resources available for other activities—particularly new Accounting Standards and major amendments to Accounting

² We have passed on the relevant feedback on Committee agenda decisions to the technical staff supporting the work of the Committee.

Standards. This would mean even less capacity would be available to add new projects to the IASB’s work plan.

36. In addition, the IASB and the Committee aim to provide sufficient help to stakeholders to support consistent application of Accounting Standards without undermining the appropriate use of judgement or unduly disrupting the implementation of new Accounting Standards. Significantly increasing the level of focus on this activity could undermine the balance between these two aspects of their work.
37. Consequently, on balance, we think the IASB should leave unchanged its current level of focus, but should rebalance the types of activities that it undertakes. Specifically, we think that, compared to the previous five years, there will be a decrease in the level of implementation support in the form of Transition Resource Groups and similar activities, as there will be fewer new Accounting Standards to be implemented from 2022 to 2026. This slight decrease will provide capacity to address application issues arising from new Accounting Standards and PIRs.
38. Although we recommend that the IASB leave the level of focus on this activity unchanged, we think that our recommendation to increase the level of focus on understandability and accessibility of Accounting Standards (paragraphs 57–68) could indirectly support maintenance and consistent application of Accounting Standards.

The IFRS for SMEs Standard

39. The IASB, supported by its consultative SME Implementation Group, sets requirements for companies that do not have public accountability (SMEs).
40. [Paragraphs 49–64 of Agenda Paper 24B for the November 2021 IASB meeting](#) summarise the feedback on this activity.

Staff analysis and recommendation

41. Some respondents who commented, including a few standard-setters from Europe and Latin America, said the IASB should focus less on the *IFRS for SMEs* Standard mainly because:

- (a) many jurisdictions have well-developed national GAAP for entities without public accountability; and
 - (b) by decreasing the current level of focus, more resources would be available for the other high-priority activities.
42. In contrast some respondents—including a few standard-setters from Latin America and a few accountancy bodies from Asia and Africa—said the IASB should increase the level of focus on the *IFRS for SMEs* Standard. Many of these respondents noted the importance of the *IFRS for SMEs* Standard to many jurisdictions. Some of those respondents said some additional efforts are needed to complete the ongoing comprehensive review.
43. A few other respondents suggested the IASB consider undertaking activities to increase the global adoption of the *IFRS for SMEs* Standard. In our view, the IASB will have enough capacity to complete its ongoing Second Comprehensive Review of the *IFRS for SMEs* Standard, without increasing the current level of focus. But, in our view, the IASB would need to allocate additional resources to encourage the global adoption of the *IFRS for SMEs* Standard.
44. Most respondents who commented said the IASB should leave unchanged its current level of focus on developing and maintaining the *IFRS for SMEs* Standard. We agree with those respondents because:
- (a) as of 21 March 2019, the *IFRS for SMEs* Standard (as issued by the IASB or with some modifications) was permitted or required in 86 jurisdictions and was under consideration by 9 jurisdictions; furthermore we are aware that the *IFRS for SMEs* Standard influences national GAAPs for entities without public accountability.
 - (b) the needs of investors in entities that do not have public accountability are different from the needs of investors in entities applying full IFRS Accounting Standards. We agree with respondents who said there is a need for high-quality, comparable information from entities without public accountability and these entities need a comprehensive and workable Accounting Standard. We think that this will continue to be the case given the growth in private equity investments—according to Morgan Stanley, growth in private equity

lifted the size of the overall private capital industry to \$7.4tn at the end of 2020 and the bank expects it to hit \$13tn by 2025.³

- (c) the current level of focus is only 5%, so if the IASB were to decrease its current level of focus it would be unlikely that there would be sufficient resource to:
 - (i) undertake periodic reviews of the *IFRS for SMEs* Standard;
 - (ii) respond to emerging issues; and
 - (iii) publish materials that support consistent application of the *IFRS for SMEs* Standard.

45. The staff note that the views of respondents are influenced depending on whether the jurisdiction applies or does not apply the *IFRS for SMEs* Standard.

46. Based on our analysis, we recommend that the IASB should leave unchanged its current level of focus on the *IFRS for SMEs* Standard.

Digital financial reporting

47. The IASB supports the digital consumption of financial information by developing and maintaining the IFRS Accounting Taxonomy.

48. [Paragraphs 56–64 of Agenda Paper 24B for the November 2021 IASB meeting](#) provide details on the feedback received on this activity.

49. This section includes:

- (a) feedback from respondents (paragraphs 50–53); and
- (b) staff analysis and recommendation (paragraphs 54–56).

Feedback from respondents

50. Many respondents commented on the current level of focus on digital financial reporting.

³ See: <https://www.ft.com/content/4d0e6f18-2d56-4175-98c5-e13559bdbc25>.

51. Many respondents who commented—including most standard-setters, most users and most accountancy bodies—said the IASB should increase its current level of focus on digital financial reporting. Most of these respondents said rapid developments and increased use of technology are increasing the importance of digital financial reporting to capital markets. Some respondents specified the types of work that the IASB should do more of, focusing on three strategic components:
- (a) Accounting Standards—respondents said the IASB should:
 - (i) ensure that its approach to digital financial reporting responds to the needs of users of financial statements.
 - (ii) undertake research to explore whether changes to the standard-setting process are needed to facilitate the reporting of financial information in a digital format.
 - (b) the IFRS Accounting Taxonomy—respondents said the IASB should:
 - (i) consider improving the quality of the IFRS Accounting Taxonomy to better meet users’ needs.
 - (ii) provide illustrative examples to support the application of the IFRS Accounting Taxonomy.
 - (iii) include in the IFRS Accounting Taxonomy common-reporting practices from a wide range of jurisdictions.
 - (c) digital ecosystem—respondents said the IASB should:
 - (i) strengthen its dialogue with regulators and standard-setters to increase the adoption of the IFRS Accounting Taxonomy.
 - (ii) identify partners and work jointly with them to develop financial markets where high-quality, comparable information is easily accessible in a digital format, if that is within the current scope of the IASB’s work.
52. Some respondents—including most individuals and most preparers and their representative bodies—suggested the IASB leave unchanged its current level of focus. They said:

- (a) the IASB should seek efficient solutions to improve the quality of information reported in a digital format and further support consistent application of the IFRS Accounting Taxonomy, but should not increase its current level of focus, given its other priorities.
- (b) the IASB should seek synergies and collaborate with other organisations (or complement their work) rather than duplicate any existing initiatives.
- (c) digitalisation is increasingly important, but it is not the IASB’s main area of focus or expertise.

53. A few respondents said digital financial reporting is not a high priority:

- (a) a user said the IASB should first focus on developing financial reporting requirements that would improve disaggregation of financial information and provide more effective disclosures; and
- (b) an academic said there are other players with expertise in that space, including database providers.

Staff analysis and recommendation

54. Many respondents suggested that the IASB increase its focus on digital financial reporting. We agree with those respondents and think the IASB should slightly increase its current level of focus on this activity because:

- (a) digital consumption of financial reporting continues to increase.
- (b) the use of the IFRS Accounting Taxonomy is increasing. This enables digital consumption of financial reports, but challenges, including fragmentation of adoption (which potentially undermines comparability) and data quality issues, can give rise to market risks.^{4,5,6}

⁴ See <https://www.cfainstitute.org/-/media/documents/article/position-paper/data-and-technology-how-information-is-consumed.ashx>.

⁵ See https://www.frc.org.uk/getattachment/cf8e8822-9254-4f97-a6fd-ac4e24b271c2/FRCLab-Structured-Reporting-DTR-ESEF-Study_October-2021.pdf.

⁶ See https://www.sec.gov/structureddata/ifrs_trends_2020.

- (c) some resources may be needed to support potential connectivity with the work of the ISSB in this area (paragraphs 32–34 in Agenda Paper 24B for this meeting).
55. By slightly increasing the current level of focus the IASB could improve the usefulness, quality, accessibility and comparability (where appropriate and necessary) of digital financial information and support connectivity, as described in Agenda Paper 24B. In our view, this would further facilitate the digital consumption of financial information by users. To achieve that, we think the IASB could undertake work in the following areas:
- (a) Accounting Standards—for example, considering whether increased digital consumption of financial information should drive changes in financial reporting requirements which have historically been based on how much information can be presented and disclosed in a paper-based format.
 - (b) the IFRS Accounting Taxonomy—for example, identify and address causes of errors and unnecessary extensions.
 - (c) digital ecosystem—for example, engage with and support stakeholders to facilitate digital consumption of financial reports. This could include working with regulators to support adoption of the IFRS Accounting Taxonomy and preparers to support quality outcomes in applying the IFRS Accounting Taxonomy. We acknowledge that the actions of these stakeholders are outside the IASB’s control. However, we think that the lack of coordinated action in digital reporting carries risks for capital markets. In addition, recent trends have shown increased engagement by stakeholders on digital reporting. We think that in the short term (for example, the next two years) the IASB could leverage this engagement to improve the state of digital reporting globally.
56. We recognise that this slight increase in the current level of focus reduces capacity available for other activities. However, we think that capacity to support the slight increase is less than what would be needed to undertake any small-sized project.

Understandability and accessibility of Accounting Standards

57. The IASB improves the understandability of financial reporting requirements by, for example:
- (a) drafting clear Accounting Standards. The IASB does this through the involvement of editorial and translation teams and external reviewers.
 - (b) developing supporting materials such as snapshots, project summaries, feedback statements and IASB member articles.
58. The IASB improves the accessibility of Accounting Standards by, for example:
- (a) publishing Accounting Standards with annotations and cross-references to other materials.
 - (b) publishing semi-annual compilations of Committee agenda decisions.
59. [Paragraphs 65–69 of Agenda Paper 24B for the November 2021 IASB meeting](#) provide details on the feedback received on this activity.
60. This section includes:
- (a) feedback from respondents (paragraphs 61–63); and
 - (b) staff analysis and recommendation (paragraphs 64–68).

Feedback from respondents

61. Most respondents who commented on understandability and accessibility said the IASB should increase its current level of focus on this activity because in their view Accounting Standards are becoming more complex and less understandable. Some of them specified the types of work that the IASB should do more of, including:
- (a) improvements to the clarity of drafting of Accounting Standards (paragraph 64(b)).
 - (b) exploring ways of improving the accessibility and navigability of Accounting Standards (paragraph 64(c)).
 - (c) a comprehensive project to identify and address areas of unnecessary complexity (paragraph 65).

(d) more supporting materials, such as educational materials and agenda decisions (paragraph 67).

62. Some respondents said the IASB should leave unchanged its current level of focus. Those that explained why said the current allocation of resources has been appropriate and has enabled the IASB to deliver timely and quality improvements to financial reporting. Some others said activities to improve understandability and accessibility affect all aspects of the IASB's work and it was unclear to them why these tasks are identified as a separate activity.

63. A user representative body expressed concerns that activities to improve the understandability of financial reporting requirements focus on the needs of preparers and could result in a decrease in the information available to investors.

Staff analysis and recommendation

64. Based on our analysis, we recommend a slight increase in the current level of focus to:

(a) support connectivity with the ISSB (paragraphs 35–37 in Agenda Paper 24B for this meeting).

(b) continue current activities, including identifying new ways to improve the understandability of Accounting Standards. We are aware of research by some national standard-setters and other professional organisations on the understandability of Accounting Standards. We think that findings and recommendations from these projects may provide valuable insights and inform the IASB's thinking.^{7,8,9}

(c) improve the accessibility of Accounting Standards and supporting materials. We think that this could help address some financial reporting issues suggested by respondents to the agenda consultation (to be discussed in March–April 2022).

⁷ As part of its project to address complexity, understandability, scalability and proportionality in developing International Standards on Auditing, the IAASB issued [the Drafting Principles and Guidelines](#).

⁸ See [Understanding Accounting Standards: Outcomes From The Financial Reporting Policy Think Tank](#).

⁹ See [Are Accounting Standards Understandable?](#)

65. Some respondents said the IASB should comprehensively address areas of unnecessary complexity in Accounting Standards. However, we think that it would be most effective to identify and address such areas on an issue-by-issue basis rather than as a comprehensive project. We think that a comprehensive project would require significant time and resources to complete and could overwhelm stakeholders.
66. We agree with some respondents' view that activities to improve the understandability of financial reporting requirements support consistent application of Accounting Standards. In our view, increasing the level of focus on understandability and accessibility will help stakeholders obtain a common understanding of financial reporting requirements and supporting materials, which will further support consistent application.
67. Some respondents suggested that the IASB should use more supporting materials to enhance the understandability of financial reporting requirements. In our view, supporting materials can help stakeholders better understand the requirements. However, they cannot include all the details and cannot be a substitute to the requirements in Accounting Standard. In developing supporting materials, the IASB needs to maintain the right balance between providing guidance that would improve the understandability of the requirements without undermining the principles-based nature of Accounting Standards.
68. Contrary to the user's concern in paragraph 63, the IASB improves the understandability and accessibility of financial reporting requirements to help preparers, auditors, regulators, and national standard-setters provide high-quality financial information to the users of financial reports (investors).

Stakeholder engagement

69. The IASB engages with stakeholders to obtain views to support the development of high-quality financial reporting requirements and promote acceptance of Accounting Standards.
70. [Paragraphs 70–74 of Agenda Paper 24B for the November 2021 IASB meeting](#) provide details on the feedback received on this activity.

Staff analysis and recommendation

71. Many respondents who commented on this activity said engagement with stakeholders is an important part of the IASB's work but did not suggest any changes to the IASB's current level of focus. Of those respondents who provided detailed comments, some expressed their appreciation to the IASB for its commitment to consult with stakeholders. Some other respondents said they found meetings and outreach events very productive.
72. A few respondents said the IASB should focus more on some types of stakeholders, without increasing the overall level of focus on stakeholder engagement. In our view, the IASB is continually striving to improve how it consults with stakeholders. The IASB would like to receive broad stakeholder feedback on its consultations and considers various ways to broaden outreach with stakeholder groups that tend to be under-represented as submitters of comment letters.
73. Some respondents said the IASB should increase its current level of focus on stakeholder engagement and specified the types of work that the IASB should do more of—for example:
- (a) use digital-friendly approaches, such as the online survey used in this agenda consultation.
 - (b) continue using standard response templates (such as the one used for the Request for Information *Comprehensive Review of the IFRS for SMEs Standard*).
 - (c) encourage participation in the standard-setting process from emerging markets and increase the level of engagement with entities without public accountability.
74. We agree with respondents' suggestions, but we do not think it is necessary to increase the level of focus. In fact, we think the types of work suggested by respondents may help broaden the outreach, without increasing the overall level of focus. For example, in this agenda consultation we published a survey to solicit feedback from stakeholders who do not have the time or resources to send a comment letter.

75. A few respondents who said the IASB should decrease its current level of focus on stakeholder engagement suggested that the IASB should seek efficiencies by making greater use of technology to consult with stakeholders. In these respondents' view, efficiencies in this area could be directed to other high-priority areas, for example, digital financial reporting. We agree with respondents that using technology to facilitate outreach brings efficiencies, reduces costs associated with physical attendance and enables the IASB to reach a broad range of stakeholders from various jurisdictions. For example, during the covid-19 pandemic, the IASB and the staff have used digital platforms to conduct meetings, conferences and webinars.
76. Based on our analysis, we think that the current level of focus on stakeholder engagement is appropriate to obtain high-quality feedback from a broad range of stakeholders, including users and preparers. We think that the IASB should leave unchanged its current level of focus, but should rebalance the types of activities that it undertakes. Specifically, we think that a slight decrease in the current level of focus on new Accounting Standards and major amendments to Accounting Standards, and greater use of technology, will provide some capacity to:
- (a) engage with digital ecosystem partners; and
 - (b) support connectivity with the ISSB.

Feedback from the IFRS Advisory Council on the staff recommendations

77. At its meeting on 11 January 2022, the IFRS Advisory Council discussed the staff recommendations described in paragraph 3.
78. Many members provided feedback; some members agreed with the staff recommendations, whereas some other members shared some general comments and observations:
- (a) the IASB should be flexible and should set aside capacity for emerging or urgent issues that may arise after the agenda consultation, for example, from regulatory developments. At times, this may require reprioritising some of the IASB's activities or projects. One member said the staff should also be flexible, so that the IASB can move staff between the IASB's activities.

- (b) the current scope of the IASB’s work is quite focused, so it is difficult to decrease the current level of focus on any activity. However, greater involvement of national standards-setters in post-implementation reviews and securities regulators in consistent application of Accounting Standards could have a positive effect on the IASB’s capacity (see Agenda Paper 24B for this meeting).
- (c) the IASB should:
- (i) focus more on the *IFRS for SMEs* Standard to increase its global adoption. Another member said there is not much interest in the *IFRS for SMEs* Standard from preparers or major investors.
 - (ii) increase its current level of focus on the maintenance and consistent application of Accounting Standards, offset by reducing stakeholder engagement.
 - (iii) seek synergies between its various activities to free up resources—for example, using technological tools to improve the accessibility of Accounting Standards could be a part of digital financial reporting.
 - (iv) not decrease its current level of focus on new Accounting Standards and major amendments to Accounting Standards. However, a few other members said the IASB should decrease its current level of focus on this activity to reduce the pace of change in Accounting Standards and provide a stable platform period for stakeholders to cope with both Accounting Standards and Sustainability Disclosure Standards.

Summary of staff conclusions and recommendations

79. Based on the feedback, we think that the IASB should not undertake any other activities within the current scope of its work (other than the six activities in paragraph 4).
80. Feedback from stakeholders indicates that the current allocation of resources to the IASB’s six main activities is about right.

81. As described in our analysis, we think that there should be a slight increase in the current level of focus on:
- (a) digital financial reporting; and
 - (b) understandability and accessibility of Accounting Standards, which will indirectly support consistent application of Accounting Standards.
82. Increasing resources allocated to these activities means that fewer resources are available for other activities. Considering stakeholders' limited capacity to respond to consultations and implement changes to Accounting Standards, we think that the IASB should slightly decrease its current level of focus on new Accounting Standards and major amendments to Accounting Standards.
83. This slight decrease in focus on new Accounting Standards and major amendments to Accounting Standards, together with the capacity implications of connectivity (paragraphs 20–26 in Agenda Paper 24B for this meeting) and the approach to prioritising matters identified in PIRs (paragraphs 52–56 in Agenda Paper 24B for this meeting), will affect the number of new projects that the IASB can add to its work plan from 2022 to 2026 (paragraph 22).
84. We acknowledge that there is uncertainty about the accuracy of estimates in paragraph 22. To help the IASB respond to this uncertainty, the staff is planning to recommend at a future meeting that the IASB create a reserve list of potential projects. The reserve list would include a small number of high-priority projects that could be added to the work plan, if and only if additional capacity becomes available. We also think that creating a reserve list of potential projects will help our stakeholders better plan their activities—for example, by helping them to identify research topics.

Question for the IASB

1. Does the IASB agree with staff recommendation not to undertake any other activities within the current scope of its work (other than the six activities in paragraph 4)?
2. Does the IASB agree with staff recommendation to leave the IASB's current level of focus largely unchanged but:

- (a) slightly decrease the IASB's current level of focus on new Accounting Standards and major amendments to Accounting Standards;
- (b) slightly increase the IASB's current level of focus on digital financial reporting;
and
- (c) slightly increase the IASB's current level of focus on understandability and accessibility of Accounting Standards, which will indirectly support consistent application of Accounting Standards?

Appendix A—An illustration of possible areas of connectivity with the ISSB and how the staff recommendation could change the IASB’s focus on its main activities

