STAFF PAPER

March 2022

IASB® meeting

Project	**Third Agenda Consultation**		
Paper topic	Potential projects—Approach to staff analysis		
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Introduction and purpose

1.   At its November 2021 meeting, the IASB discussed feedback from respondents to the Request for Information *Third Agenda Consultation* (Request for Information) [1] and other sources about financial reporting issues that could be added to the IASB's work plan (potential projects).[2]

2.   This paper outlines the approach that staff used to analyse those potential projects. It also sets out next steps.

3.   This paper should be read in conjunction with:

    (a)   Agenda Paper 24B—*Potential projects—Proposed short-listed projects*;

    (b)   Agenda paper 24C—*Potential projects—Other projects described in the Request for Information*;

    (c)   Agenda paper 24D—*Potential projects—Other suggestions*; and

    (d)   Agenda Paper 24E—*Potential projects— Feedback summary for proposed short-listed projects.*

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[1] See Request for Information *Third Agenda Consultation*.

[2] See Agenda Paper 24D Feedback summary—Potential projects (part 1), Agenda Paper 24E Feedback summary—Potential projects (part 2), Agenda Paper 24F Feedback summary—Potential projects (part 3) and paragraphs 51–84 of Agenda Paper 24G Feedback summary—Users of financial statements.

Approach to analysing potential projects

4.   Question 3 of the Request for Information asked respondents for feedback on:

(a)   the priority—high, medium or low—of each of the potential projects described in Appendix B of the Request for Information; and

(b)   any other potential projects that the IASB should add to its work plan.

5.   In total, respondents commented on or suggested approximately 70 potential projects.

6.   In December 2021, the IASB tentatively decided to proceed with the criteria proposed in the Request for Information for deciding whether to add a potential project to its work plan:

(a)   the importance of the matter to investors[3];

(b)   whether there is any deficiency in the way companies report the type of transaction or activity in financial reports;

(c)   the type of companies that the matter is likely to affect, including whether the matter is more prevalent in some jurisdictions than others;

(d)   how pervasive or acute the matter is likely to be for companies;

(e)   the potential project's interaction with other projects on the work plan;

(f)   the complexity and feasibility of the potential project and its solutions; and

(g)   the capacity of the IASB and its stakeholders to make timely progress on the potential project.[4]

7.   The IASB also noted that the relative importance of a criterion is likely to vary depending on the circumstances surrounding the potential project. Furthermore, determining the priority of potential projects that could be added to the work plan requires judgement. Hence, the criteria are not a check list but rather factors to consider when making that judgement.

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[3] The IASB used the term 'investors' in the Request for Information to refer to the primary users of financial statements, defined in the *Conceptual Framework for Financial Reporting* as existing and potential investors, lenders and other creditors.

[4] See Agenda Paper 24B Criteria for assessing the priority of financial reporting issues to be added to the work plan and IASB Update December 2021.

8. The staff have analysed the potential projects based on those criteria and the feedback from respondents about those projects. The analysis is intended to help the IASB assess whether a potential project meets the overarching criterion—whether the project would meet users' information needs, while taking into account the costs of producing the information.[5]

9. The staff analysis of potential projects is set out in Agenda Papers 24B–24D. Because of the large number of potential projects, the staff divided those projects into three categories for the purpose of presenting the staff analysis:

   (a) proposed short-listed potential projects, discussed further in paragraphs 10–11 of this paper and Agenda Paper 24B;

   (b) other potential projects described in Appendix B of the Request for Information, discussed in Agenda Paper 24C; and

   (c) other suggestions for potential projects, discussed in Agenda Paper 24D.

10. The proposed shortlist of potential projects is intended to help the IASB narrow down the large number of potential projects to a smaller list of potential projects to be considered further in April 2022. The proposed shortlist comprises those potential projects that, in the staff view, best meet the criteria for adding a potential project to the IASB's work plan. However, the inclusion of potential projects on the proposed short-list does not necessarily mean *all* of those potential projects would be added to the work plan. The staff plan to develop a package of recommendations for the IASB's consideration in April, taking into account the overall capacity of the IASB and its stakeholders to make timely progress on additional projects. As discussed in paragraph 22 of Agenda Paper 24C *Strategic direction and balance of the IASB's activities from 2022–2026* from the February 2022 meeting, staff estimate 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

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[5] See paragraph 21 of the Request for Information.

(c)   4–5 small projects.[6]

11.   Also, it should be noted that, in some cases, including a potential project on the proposed shortlist does not necessarily mean that staff are recommending including all matters raised by respondents within the scope of that project. In some cases, the proposed short-listed projects have a more limited scope. For example, the analysis of a potential project on going concern discusses three topics that respondents commented on, with only one of those topics included in the proposed short-listed potential projects. Also, in some other cases, the staff plan to consider further the scope of potential projects included on the proposed shortlist, when developing a package of recommendations for the April meeting—assuming that the IASB agrees with the staff recommendations to include those potential projects on the proposed shortlist.

12.   Furthermore, the following points should be noted about the staff analysis presented in Agenda Papers 24B–24D:

(a)   because of the large number of potential projects, the analysis presented in Agenda Papers 24C and 24D is briefer than the analysis presented in Agenda Paper 24B for the proposed short-listed projects. However, if the IASB disagrees with the staff view about which potential projects should be short-listed, the staff will provide a more detailed analysis of any other potential projects that the IASB decides should be included on the shortlist.

(b)   the analysis of the interactions between a potential project and other projects does not discuss any interaction with the Disclosure Initiative—Targeted Standards-level Review of Disclosures project. In the Exposure Draft *Disclosures in IFRS Standards—A Pilot Approach*, the IASB proposed a new approach to developing and drafting disclosure requirements in IFRS Accounting Standards. Hence, depending on next steps in that project, it could interact with many potential projects, because many would include new or amended disclosure requirements. Discussing that interaction in the staff analysis of potential projects would be repetitious. Instead, when considering

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[6] See Agenda Paper 24C Strategic direction and balance of the IASB's activities from 2022 to 2026.

the staff analysis, it should be assumed that any potential project that would include new or amended disclosure requirements would likely interact with the Disclosure Initiative—Targeted Standards-level Review of Disclosures project.

(c)   the analysis of the capacity of the IASB and its stakeholders to make timely progress on a potential project is based on considering each potential project on a standalone basis. The staff have not considered whether the IASB has capacity to add a particular project to its work plan, when that project is considered in conjunction with other potential projects and the IASB's overall capacity to add projects to its work plan. That matter will be considered when developing a package of staff recommendations for the IASB's consideration in April.

Next steps

13.   As noted in paragraph 10, the proposed shortlist of potential projects is intended to help the IASB narrow down the large number of potential projects to a smaller list of potential projects to be considered further in April. Only those potential projects that the IASB decides to include on the shortlist in March will be discussed further in April.

14.   At the April meeting, the staff plan to ask the IASB whether it agrees with a package of staff recommendations, rather than ask the IASB for decisions about each project individually. That package of recommendations will take account of capacity constraints and potential interactions between individual projects.

Question for the IASB

Does the IASB have any comments or questions on the approach to analysing potential projects or next steps?