

IFRS[®] Foundation Trustees

Due Process Oversight Committee

Summary of meeting held on 17 May 2022

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This document reports on a meeting of the Trustees of the IFRS Foundation, the oversight body of the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). The Trustees are responsible for governance of the IFRS Foundation and for delivery of the IFRS Foundation's objectives as set out in the IFRS Foundation Constitution.

Introduction

1. The IFRS Foundation Due Process Oversight Committee (DPOC) met on 17 May 2022 by video conference. The meeting was webcast live and a recording of the meeting is available on the IFRS Foundation website.
2. The main matters discussed were as follows.

IASB Third Agenda Consultation

3. The DPOC received a comprehensive briefing about the IASB's Third Agenda Consultation, covering: the process followed (which had included a public consultation and extensive outreach); the feedback from stakeholders (from outreach, an online survey and comment letters); the IASB's deliberations; and its final decisions in the light of that feedback. The DPOC meeting followed the IASB's final discussions on the Agenda Consultation in April in advance of the expected publication of the feedback statement in July. The IASB Executive Technical Director emphasised in particular the amount of consensus in the stakeholder feedback and highlighted the degree of alignment between the IASB's decisions and that feedback.
4. The DPOC were also briefed on the comments received in the consultation relating to due process, particularly in relation to whether the criteria used in the Agenda Consultation for deciding whether to add projects to the IASB's work plan should be incorporated in the *Due Process Handbook*; clarifications around the objectives of a post-implementation review (discussed below); and some comments relating to Interpretations Committee Agenda Decisions. With respect to the feedback on Agenda Decisions, the DPOC was informed that similar comments had been considered in the recent review of the *Handbook*.
5. DPOC members sought clarification on a number of matters, including the level of response from stakeholders; the extent of any regional differences in the feedback; and the feedback about the appropriate level of implementation activities. With respect to the IASB's decisions, DPOC member sought further explanations about:

- (a) the slight increase in the IASB’s resources to be allocated to digital financial reporting when many respondents identified this is a high priority—the IASB representatives emphasised that the IASB considers digital to be extremely important and that there will be much work in this area, especially in light of the ISSB’s planned ‘digital from day one’ strategy. It had concluded that the slight increase in resources is sufficient to support activities in this area.
- (b) the rationale for not adding a project on cryptocurrencies—the IASB representatives highlighted that existing IFRS Accounting Standards address the accounting of holdings of cryptocurrencies and that the research undertaken highlighted the related accounting issues are not as widespread as other potential priorities. They also noted that in due course cryptocurrencies might become a component of the intangible assets project being added to the work plan.
- (c) the IASB’s current thinking about connectivity with the ISSB—the IASB representatives noted that the thinking in this area is evolving, but highlighted that:
 - (i) connectivity with the ISSB had been an important consideration in its deliberations,
 - (ii) the IASB had factored the need to support connectivity into its plans for affected activities, and
 - (iii) the ISSB Vice-Chair and some staff had attended the IASB’s April decision-making meeting.

6. The DPOC suggested that in its feedback to stakeholders the IASB:

- (a) provide greater clarity about when it expects work to start on the new pipeline projects and to highlight that research and other activities might be undertaken in advance of the IASB’s public discussions;
- (b) further emphasise the need for entities to consider climate related matters in applying *existing* IFRS Accounting Standards and to publicise the Foundation’s 2020 education materials on climate-related matters; and
- (c) ensure that the IASB’s considerations of connectivity with the ISSB in its deliberations as well as its plans to support connectivity are explained.

Review of the Post-implementation Review of IFRSs 10, 11 and 12

7. The DPOC received a briefing about the Post-implementation Review (PIR) of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*. The DPOC had also been provided with a draft of the Project Report and Feedback Statement for this PIR. The briefing covered the objectives of the PIR; the process that the IASB had followed since the review

commenced in September 2019 in accordance with the *Due Process Handbook*, which had included the publication of a Request for Information and extensive outreach; the IASB's evaluation of the feedback; and its final conclusions.

8. The DPOC agreed, based on the materials and briefing provided, that the IASB had completed the PIR satisfactorily and that the Project Report and Feedback Statement could be finalised and published.

Post-implementation Reviews—Improving communications

9. The DPOC were updated on the ongoing work to clarify the articulation of the objective of a PIR, the process and the possible outcomes, and to more clearly communicate these to stakeholders. The IASB representatives emphasised that it considered the updated descriptions to be derived from the *Due Process Handbook* but that they more clearly articulated the key points.
10. The DPOC supported the IASB's work to improve the communication about PIRs to help ensure there is a common understanding about them and to manage stakeholders' expectations about the potential outcomes. DPOC members made a few observations for the staff's consideration including:
 - (a) questioning whether the clarifications went beyond the requirements in the *Due Process Handbook*. It was suggested that the staff determine what a PIR should be, rather than focusing on clarifying the current language in the *Handbook*.
 - (b) questioning whether the suggested articulation of the objective of a PIR may be too restrictive, limiting opportunities to make meaningful improvements to IFRS Accounting Standards.
 - (c) expressing differing views about whether the purpose of a PIR should be to consider only 'new information'. On the one hand, a member observed that the IASB is not infallible and should reconsider previous debates if there is stakeholder demand. On the other hand, a member observed that re-opening old debates without new information may not result in different outcomes and may divert resources from other activities.
11. The DPOC asked the staff to reflect on the feedback and to discuss again at a future meeting.