

IFRS in Focus

IASB issues request for views on agenda consultation

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The Bottom Line

- The agenda consultation is an important enhancement to the IASB's due process which will give stakeholders a chance to comment on a wide range of issues for the future.
- The IASB has identified five strategic drivers for its work on the development of financial reporting and the maintenance of existing IFRSs and is asking for feedback on whether these are appropriate and how they should be balanced.
- The IASB is also requesting specific feedback on which projects should be taken forward and how these should be prioritised.
- The consultation period ends on 30 November 2011.

Introduction

On 26 July 2011, the International Accounting Standards Board (IASB) issued a Request for Views *Agenda Consultation 2011* ('the agenda consultation') that seeks feedback on the IASB's future strategic priorities and those areas of financial reporting that should be given the highest priority for further improvement. The IASB is required to perform a three-yearly agenda consultation in response to changes to the IFRS Foundation's Constitution in 2010.

The IASB has developed a tentative view on the key aspects that it believes will contribute to shaping the overall strategic approach and structure of its agenda. The agenda consultation categorises the five strategic areas into two categories – developing financial reporting and maintaining existing IFRSs – that are expected to drive the work of the IASB in the coming years and views are sought on whether these are appropriate and how they should be balanced.

Observation

The agenda consultation reflects that, for the first time in its history, the IASB is able to look at its agenda in a comprehensive and critical manner. In the past it has always been playing catch-up, dealing with inherited issues following IOSCO directives, the issues following European transition in 2005, the convergence issues with US standard-setters and the financial crisis agenda. Now the IASB can set its own agenda based on the needs of stakeholders.

For more information please see the following websites:

www.iasplus.com

www.deloitte.com

Developing financial reporting

The IASB identified the following three strategic areas for the development of financial reporting:

- Strengthen the consistency of IFRSs and improve the usability of financial reports by completing the update to the conceptual framework and developing a presentation and disclosure framework.
- Invest in research and develop further the IASB's vision of the future shape of financial reporting, including exploring the interaction of IFRSs with integrated reporting.
- Fill gaps in the IFRS literature by undertaking standards-level projects to develop new IFRSs or make amendments to existing IFRSs.

Observation

The IASB and the US Financial Accounting Standards Board (FASB) have been working together to revise their conceptual frameworks with the first phase of the project being completed in 2010. The development of a presentation and disclosure framework as part of the conceptual framework project would be in response to stakeholder concerns about excessive disclosure requirements in IFRSs.

Maintaining existing IFRSs

The IASB identified the following two strategic areas for the maintenance of existing IFRSs:

- Better understand operational issues of new IFRSs and amendments by performing post-implementation reviews.
- Improve the consistency and quality of the application of IFRSs by responding to implementation needs through the use of targeted, narrow-scope improvements to IFRSs (including consideration of the integration of IFRSs with XBRL).

Observation

The IASB will generally conduct post-implementation reviews after two years of implementation of the new requirements with a focus on important issues that were contentious during the development of the IFRS and unexpected costs or implementation problems that have been encountered. The IASB has already committed to perform such a review on IFRS 8 *Operating Segments* that will begin 2011 and Phase II of the Business Combinations project that will begin in 2012. The IFRSs that were recently issued, and those that will result from the completion of the major projects, will be added to the list of future post-implementation reviews.

Understanding financial reporting needs

The IASB is also seeking views on how it should prioritise existing and potential new projects. The IASB focuses on investors, lenders and other creditors who use financial statements prepared under IFRS when setting its agenda but also considers the needs and differing interests of other stakeholders including preparers, auditors and regulators. The agenda consultation indicates that the IASB will also consider regional needs in setting its agenda, which has been less of a focus in the past due to other priorities such as jurisdictions that were transitioning to IFRS compliance, convergence with US GAAP and the global financial crisis.

The agenda consultation also recognises the need for the IASB to be mindful of both its own resource constraints and those of its stakeholders in setting a realistic agenda.

The IASB has already committed to undertake the following projects and activities:

- the conceptual framework project;
- post-implementation reviews;
- three-yearly review of the IFRS for SMEs (IFRS for Small and Medium-sized Entities);
- investing in research; and
- undertaking minor amendments to IFRSs.

Several projects that were previously added to the IASB’s agenda have been deferred because of other priorities. A list of these projects, as well as suggestions for new projects, is included in the appendix to this IFRS in Focus. The IASB is requesting feedback on which projects should be given priority.

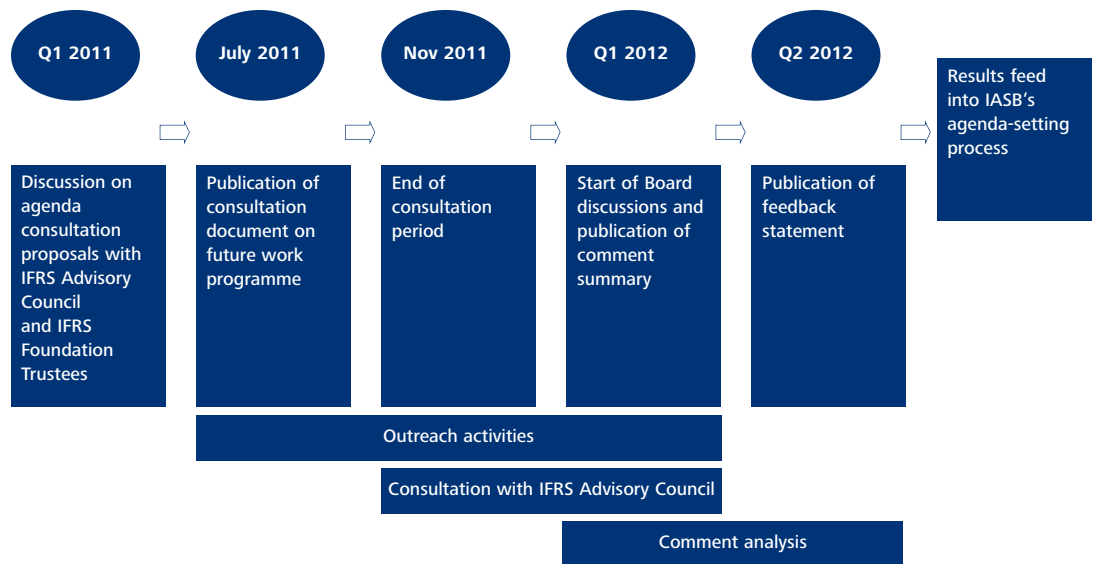
Achieving balance

The IASB has identified the following criteria for determining how best to allocate its resources to projects and asks that constituents consider these in their responses to the agenda consultation:

- the breadth of scope of the project;
- the complexity of the issues and the degree to which they are interrelated with other issues;
- the amount of work already completed;
- the urgency of the issue; and
- the nature of the work.

Next steps

The consultation period ends on 30 November 2011. As part of their agenda-setting process, the IASB will also undertake additional outreach activities such as holding public meetings and making available on-line surveys. The timeline for the 2011 agenda consultation is illustrated below.



Appendix – Deferred and proposed projects

The table below identifies projects that were previously added to the IASB’s agenda but later deferred and new project suggestions that have been brought to the IASB’s attention by various stakeholders. The IASB seeks constituents’ views on the priorities that should be given to these individual projects.

	Items added to agenda but deferred		Project suggestion
	Projects on which significant work was performed	Projects on which little or no work was performed	
Agriculture, particularly bearer biological assets			✓
Business combinations between entities under common control		✓	
Country-by-country reporting			✓
Discount rate			✓
Earnings per share (EPS)	✓		
Emissions trading schemes	✓		
Equity method of accounting			✓
Extractive activities			✓
Financial instruments with characteristics of equity	✓		
Financial statement presentation – excluding consideration of other comprehensive income	✓		
Foreign currency translation			✓
Government grants		✓	
Income taxes	✓		
Inflation accounting (revisions to IAS 29)			✓
Intangible assets			✓
Interim reporting			✓
Islamic (Shariah-compliant) transactions and instruments			✓
Liabilities – amendments to IAS 37	✓		
Other comprehensive income (OCI)		✓	
Post-employment benefits (including pensions)		✓	
Presentation and disclosure standard			✓
Rate-regulated activities			✓
Share-based payment			✓

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