

IFRS in Focus

IASB seeks views on what the Board's priorities should be over the next five years

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This IFRS in Focus outlines the contents of the *Request for Information: Third Agenda Consultation* (the Rfl), published by the International Accounting Standards Board (Board) in March 2021.

- The Board launched its third agenda consultation with a Request for Information to seek views on the strategic direction and balance of its activities—for example, how much time it should spend on developing new IFRS Standards compared with that spent on its other activities, such as supporting consistent application of the existing Standards.
- The Board is also seeking views on which financial reporting issues it should prioritise and on the criteria for adding projects to its work plan for 2022 to 2026.
- The comment period for the Rfl ends on 27 September 2021.

Background

Every five years, the Board is required by its due process to undertake a public consultation on its work plan. The primary objective of the review is to seek formal public input on the strategic direction and balance of the Board's work plan, including the criteria for assessing projects that may be added to the Board's work plan and the new financial reporting issues that could be given priority in the Board's work plan.

The responses to the Rfl will contribute to the Board's thinking when determining how to prioritise its activities and new projects in the work plan for 2022 to 2026.

The Trustees of the IFRS Foundation are currently exploring a potential expansion of the IFRS Foundation's role into setting sustainability reporting standards. Therefore, this agenda consultation is not seeking feedback on issues related to sustainability reporting, except to the extent that those issues relate to the current scope of the Board's work.

Content of the Rfl

The Rfl covers three key areas:

- The Board's activities.
- The criteria for assessing the priority of financial reporting issues that could be added to the work plan.
- Financial reporting issues that could be added to the Board's work plan.

The Board's activities

The Rfl seeks feedback on the overall balance of the Board's main activities, i.e. should the Board increase, leave unchanged or decrease its current level of focus on each activity.

To assist stakeholders providing views, the Rfl presents:

- A summary of each of the main activities, including an indication of the current level of focus of the activity.
- A description of what the Board could do if it were to increase its level of focus on each main activity.

For more information please see the following websites:

www.iasplus.com

www.deloitte.com

Main activities	Current level of focus	Examples of what more the Board could do
New IFRS Standards and major amendments to existing IFRS Standards	40%-45%	<ul style="list-style-type: none"> • New projects to address financial reporting issues
Maintenance and consistent application of IFRS Standards	15%-20%	<ul style="list-style-type: none"> • Work more with stakeholders to identify challenges in applying IFRS Standards • Address these application challenges through agenda decisions, narrow scope amendments and interpretations • Support high-quality and consistent application by providing more educational material
The IFRS for SMEs Standard	5%	<ul style="list-style-type: none"> • Work with auditors, national standard-setters (NSS) and regulators to support consistent application • Provide more educational material • Work more with NSS and others to increase global adoption of the IFRS for SMEs Standard
Digital financial reporting	5%	<ul style="list-style-type: none"> • Explore how advances in technology are changing the way information is consumed and assess which improvements are needed to the IFRS Taxonomy • Work more with regulators and others to increase global adoption of the IFRS Taxonomy • Work more with stakeholders to improve the quality of electronic data and consistency in application of the IFRS Taxonomy • Provide more educational material
Understandability and accessibility of IFRS Standards	5%	<ul style="list-style-type: none"> • Identify and address areas of unnecessary complexity • Improve accessibility by using technology and other tools to help stakeholders find the most relevant materials to them
Stakeholder engagement	20%-25%	<ul style="list-style-type: none"> • Increase engagement with a broad range of stakeholders through standing consultative groups and informal events • Increase engagement on formal consultations through use of digital-friendly approaches • Arrange more investor-focussed educational materials

The criteria for assessing the priority of financial reporting issues that could be added to the work plan

The Board intends to prioritise the completion of the projects on its current work plan because these have already been identified as priorities and re-prioritising projects could lead to inefficiencies. Further, the current work plan includes post-implementation reviews, required by the Board's due process.

As of March 2021, the Board's current projects are as follows.

Nature of the project	Project
Research	<ul style="list-style-type: none"> • Business combinations under common control • Dynamic risk management • Equity method • Extractive activities • Goodwill and impairment • Pension benefits that depends on asset returns • Post-Implementation review of IFRS 10, IFRS 11 and IFRS 12 • Post-Implementation review of IFRS 9 – Classification and Measurement • Second comprehensive review of the IFRS for SMEs Standard
Standard-setting	<ul style="list-style-type: none"> • Disclosure initiative – Subsidiaries that are SMEs • Disclosure initiative – Targeted standards-level review of disclosures • Financial instruments with characteristics of equity • Management commentary • Primary financial statements • Rate-regulated activities
Maintenance	<ul style="list-style-type: none"> • Availability of a refund • Deferred tax related to assets and liabilities arising from a single transaction • Lack of exchangeability • Lease liability in a sale and leaseback • Provisions – targeted improvements

In order to evaluate whether a potential project should be added to the work plan, the Board evaluates the project against the following criteria.

1. The importance of the matter to investors.
2. Whether there is any deficiency in the way companies report the type of transaction or activity in financial reports.
3. The type of companies that the matter is likely to affect, including whether the matter is more prevalent in some jurisdictions than others.
4. How pervasive or acute the matter is likely to be for companies.
5. The potential project's interaction with other projects on the work plan.
6. The complexity and feasibility of the potential project and its solutions.
7. The capacity of the Board and its stakeholders to make timely progress on the potential project.

The relative importance of a criterion may vary depending on the circumstances surrounding the potential project. Whilst the above criteria constitute the primary consideration for prioritising projects, the Board also considers the work streams of other major standard-setters.

As part of the RfI, the Board is seeking views on whether it has identified the right criteria to use to prioritise projects and whether other criteria should be considered.

Financial reporting issues that could be added to the Board's work plan

The Board expects that it should be able to start two to three large projects, or four to five medium-sized projects, or seven to eight small projects (or an equivalent combination of large, medium-sized and small projects) after setting aside time to continue the projects currently on its work plan, conducting the post-implementation reviews of IFRS 9, IFRS 15 and IFRS 16 and undertaking time-sensitive projects that may arise (for example, as a result of a post-implementation review).

In preparing for the agenda consultation, the Board has conducted outreach mainly with its advisory bodies and standing consultative groups to identify potential projects.

This outreach has identified the following potential projects (a description of each is provided in the RfI).

	Potential project title
Current research pipeline projects	<ul style="list-style-type: none">• Discontinued operations and disposal groups• Inflation• Pollutant pricing mechanisms• Variable and contingent consideration
Other potential projects	<ul style="list-style-type: none">• Borrowing costs• Climate-related risks• Commodity transactions• Cryptocurrencies and related transactions• Discount rates• Employee benefits• Expenses—Inventory and cost of sales• Foreign currencies• Going concern• Government grants• Income taxes• Intangible assets• Interim financial reporting• Negative interest rates• Operating segments• Other comprehensive income• Separate financial statements• Statement of cash flows and related matters

This list is not intended to be exhaustive and does not represent a draft work plan. The Board is asking respondents to the RfI to rank (as high, medium or low) each of the potential projects identified above and describe any additional financial reporting issues that could be addressed.

Comment period and next steps

The comment period for the RfI ends on 27 September 2021.

The Board expects to start its deliberations on the RfI in the fourth quarter of 2021 with the objective of publishing a statement summarising the feedback received and its 2022 to 2026 activities and work plan in the second quarter of 2022.

Further information

If you have any questions about the RfI, please speak to your usual Deloitte contact or get in touch with a contact identified in this *IFRS in Focus*.

The Deloitte Accounting Research Tool (DART) is a comprehensive online library of accounting and financial disclosures literature. [iGAAP on DART](#) allows access to the full IFRS Standards, linking to and from:

- Deloitte's authoritative, up-to-date, iGAAP manuals which provide guidance for reporting under IFRS Standards; and
- Model financial statements for entities reporting under IFRS Standards.

To apply for a subscription to DART, click [here](#) to start the application process and select the iGAAP package.

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Key contacts

Global IFRS Leader

Veronica Poole

ifrsglobalofficeuk@deloitte.co.uk

IFRS Centres of Excellence

Americas		
<i>Argentina</i>	Fernando Lattuca	arifrscoe@deloitte.com
<i>Canada</i>	Karen Higgins	ifrsca@deloitte.ca
<i>Mexico</i>	Miguel Millan	mx_ifrs_coe@deloittemx.com
<i>United States</i>	Robert Uhl	iasplus-us@deloitte.com
Asia-Pacific		
	Shinya Iwasaki	ifrs-ap@deloitte.com
<i>Australia</i>	Anna Crawford	ifrs@deloitte.com.au
<i>China</i>	Gordon Lee	ifrs@deloitte.com.cn
<i>Japan</i>	Kazuaki Furuuchi	ifrs@tohatsu.co.jp
<i>Singapore</i>	Lin Leng Soh	ifrs-sg@deloitte.com
Europe-Africa		
<i>Belgium</i>	Thomas Carlier	ifrs-belgium@deloitte.com
<i>Denmark</i>	Søren Nielsen	ifrs@deloitte.dk
<i>France</i>	Laurence Rivat	ifrs@deloitte.fr
<i>Germany</i>	Jens Berger	ifrs@deloitte.de
<i>Italy</i>	Massimiliano Semprini	ifrs-it@deloitte.it
<i>Luxembourg</i>	Martin Flaunet	ifrs@deloitte.lu
<i>Netherlands</i>	Ralph Ter Hoeven	ifrs@deloitte.nl
<i>Russia</i>	Maria Proshina	ifrs@deloitte.ru
<i>South Africa</i>	Nita Ranchod	ifrs@deloitte.co.za
<i>Spain</i>	Jose Luis Daroca	ifrs@deloitte.es
<i>Switzerland</i>	Nadine Kusche	ifrsdesk@deloitte.ch
<i>United Kingdom</i>	Elizabeth Chrispin	deloitteifrs@deloitte.co.uk



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