

# IASB's Third Agenda Consultation

*Possible staff recommendations on  
priority accounting issues to add to  
the IASB's work plan*

IFRS Advisory Council  
January 2022

# Priority accounting issues 2022-2026

## Original assessment in Request for Information

Continue projects already on work plan	Conduct required post-implementation reviews	Undertake additional projects	Add new projects to the work plan
<ul style="list-style-type: none"> <li>Stakeholders have previously identified them as priorities</li> <li>Re-prioritising could lead to inefficient starts and stops</li> </ul>	<ul style="list-style-type: none"> <li>IFRS 10, 11 and 12</li> <li>IFRS 9</li> <li>IFRS 15</li> <li>IFRS 16</li> </ul>	<ul style="list-style-type: none"> <li>Urgent projects that may arise after this consultation</li> </ul>	<ul style="list-style-type: none"> <li>The Board expects to add 2-3 large projects, or 4-5 medium-sized projects, or 7-8 small projects, if the Board continues to spend 40%-45% of its resources on this activity</li> </ul>

## Updated assessment

Known reductions in capacity	Possible reductions in capacity	Add new projects to the work plan
<ul style="list-style-type: none"> <li>Slight decrease in capacity allocated to work on new IFRS Accounting Standards and major amendments</li> <li>Capacity needed for known connectivity with ISSB (eg, management of work and alignment of internal processes)</li> </ul>	<ul style="list-style-type: none"> <li>Potential connectivity with the ISSB: depends on the projects the IASB and ISSB decide to prioritise (eg, if ISSB starts project on Conceptual Framework, this may require IASB time)</li> <li>Possible projects arising from post-implementation reviews (see Agenda Paper 2)</li> </ul>	<ul style="list-style-type: none"> <li>2 large projects or</li> <li>3-4 medium-sized projects or</li> <li>4-5 small projects or</li> <li>equivalent combination</li> </ul>

# Navigating uncertainties

Determining the number of projects that can be added to the IASB's work plan is a highly judgmental exercise because:

- actual timetables for current projects on the work plan may differ from expectations
- additional projects may arise between 2022 and 2026 that require immediate attention
- the capacity implications of connectivity with the ISSB are evolving:
  - whether the ISSB will prioritise projects that have connectivity
  - how much capacity will be required to coordinate with the ISSB

One way to navigate these uncertainties is to identify projects to add to the IASB's work plan based on today's estimate of capacity from 2022 to 2026 (eg, two large projects) now, but revisit in one to two years. If, after ISSB capacity implications become clearer, it appears that capacity has been underestimated, the IASB can add further project(s).

## Pros

- This approach provides the IASB with flexibility, depending on the resolution of the uncertainties.

## Cons

- This approach drags out IASB decision-making.
- This approach may raise expectations, only to later disappoint stakeholders. This consequence may be particularly frustrating for national standard-setters who sometimes start research projects in advance of the IASB beginning work on a project to influence the IASB's standard setting.

## Question 2 for Advisory Council members

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- Do you agree with the approach to navigating uncertainties on slide 3?
- If not, what alternative would you recommend?

# Priority accounting issues—feedback

The most commonly requested projects by stakeholders are below.

Staff are in the process of analysing feedback on potential projects to add to the IASB’s work plan against the criteria on slide 10 of Agenda Paper 1A.

## Remember capacity constraints

- 2 large projects or
- 3-4 medium-sized projects or
- 4-5 small projects or
- equivalent combination

Project	All respondents (incl. users)	Users only
climate-related risks	most rated high	many rated high
cryptocurrencies & related transactions	most rated high	many rated high
intangible assets	most rated high	many rated high
going concern	many rated high	some rated high
pollutant pricing mechanisms	many rated high	some rated high
statement of cash flows	many rated high	most rated high
operating segments	many rated low	many rated high

# Accounting issues—described in the Request for Information (1/2)

Project title	What the Board could do and the project size estimation—subject to further analysis and changes		
	Small	Medium	Large
Climate-related risks	Broaden the requirements in the Standard on impairment for cash flow projections to be used in measuring value in use when testing assets for impairment	Lower the threshold for disclosure of information about sources of estimation uncertainty, including the effect that climate-related risks have on that uncertainty	Develop accounting requirements for pollutant pricing mechanisms
Cryptocurrencies and related transactions	Develop additional disclosure requirements for information on the fair value of cryptocurrencies	<ul style="list-style-type: none"> <li>Permit cryptocurrencies to be measured at fair value and consider whether recognition of changes in fair value in the statement of profit or loss is appropriate in some circumstances</li> <li>Consider amending the scope of the Standards for financial instruments to include cryptocurrencies</li> </ul>	Develop a Standard to set out accounting requirements for a range of non-financial tangible or intangible assets held solely for investment purposes
Going concern		<ul style="list-style-type: none"> <li>Develop enhanced requirements on how management should assess whether the going-concern basis of preparation is appropriate</li> <li>Develop enhanced specific disclosure requirements about the going concern assumption</li> </ul>	Develop requirements to specify the basis of accounting that applies when an entity is no longer a going concern

# Accounting issues—described in the Request for Information (2/2)

Project title	What the Board could do and the project size estimation—subject to further analysis and changes		
	Small	Medium	Large
Intangible assets		<ul style="list-style-type: none"> <li>Require improved disclosures about intangibles not recognised as assets</li> <li>Require disclosures about the fair value of some intangible assets, especially those held for investment</li> </ul>	Undertake a comprehensive review of the intangible assets Standard, including the recognition and measurement requirements
Operating segments		Undertake targeted improvements to the segment aggregation criteria and develop enhanced disclosure requirements about operating segments	
Pollutant pricing mechanisms			Develop accounting requirements for various types of pollutant pricing mechanisms
Statement of cash flows and related matters	<ul style="list-style-type: none"> <li>Develop more effective disclosures about ongoing maintenance expenses and growth expenditure</li> <li>Consider whether to remove the requirement for financial institutions to produce a statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>Undertake a targeted project to improve aspects of the statement of cash flows, including information about non-cash movements, such as arising from supply chain financing arrangements</li> <li>Seek to develop a statement of cash flows for financial institutions</li> </ul>	Undertake a comprehensive review of the Standard for cash flow statements

## Question 3 for Advisory Council members

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A. There appears to be some tension in stakeholder feedback:

- Stakeholders generally agreed with or recommended a decrease in the capacity allocated to work on new IFRS Accounting Standards and major amendments.
- However, in many cases, stakeholders also recommended that the IASB add more projects to its work plan than is possible to undertake, given the available capacity.

The IASB's decisions may, therefore, disappoint some stakeholders. What recommendations do you have for how the IASB communicates its decisions to stakeholders?

B. Based on the feedback received on the Request for Information and the staff's analysis to date, which projects should the IASB add to its work plan for 2022 to 2026, given available capacity?



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