

Third Agenda Consultation

Agenda paper 1D

IFRS Foundation Trustees
Due Process Oversight Committee (DPOC)

March 2021

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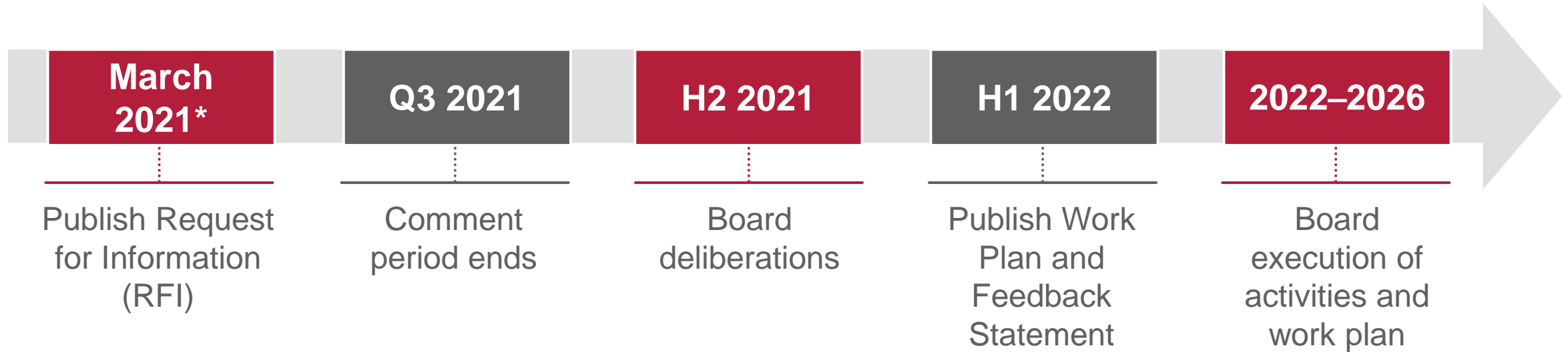
Purpose of this session

- To keep the DPOC informed of the Agenda Consultation process (*Due Process Handbook* paragraph 4.5)
- Provide DPOC members an opportunity to provide comments and ask questions before publication of the Request for Information at the end of March

A grayscale world map is the background, showing continents and oceans. Overlaid on the map are several thick, light gray curved lines that sweep across the globe from the bottom left towards the top right. A network of thin, dotted white lines is also visible, forming a grid-like pattern across the map.

Project background

Project key dates and purpose



Timing allows for incoming Board Chair to be involved in determination of priorities from 2022 to 2026

The purpose of an agenda consultation is to seek feedback on

Strategic direction and balance of work plan

Criteria for assessing projects to be added

Priority of financial reporting issues

* As a result of the covid-19 pandemic, the Board postponed its plans to publish the RFI to March 2021.

Board's Agenda Consultation vs. Trustees' Strategy Review

Board

- The Board's Agenda Consultation will seek feedback to help prioritise activities within the current scope of the Board's work—financial statements and management commentary for profit-oriented companies.
- The Board's Agenda Consultation is used to develop the Board's work plan for 2022 to 2026.

Trustees

- The Trustees of the IFRS Foundation are assessing future strategy through the IFRS Foundation's five-yearly review of structure and effectiveness.
- The Trustees' consultation seeks feedback on a potential expansion in the role of the IFRS Foundation into the development of sustainability standards.

If decisions from the Trustees' review affect the scope of the Board's work—for example, by identifying the need for capacity to support the interconnectedness of the Board's work with any new Sustainability Standards Board, this can be considered in finalising the Board's priorities and work plan

A grayscale world map is the background. Overlaid on the left side are several concentric, curved lines that sweep across the map. Some of these lines are solid, while others are dotted. The overall aesthetic is clean and professional.

Due process steps

Due process steps

The staff also updated the Monitoring Board Deputies in February 2021 on the process and content of the upcoming Request for Information

Due Process Handbook requirement	Action
<p>Paragraph 4.3 - ...The Board normally allows a minimum of 120 days for comment on a work plan (agenda) consultation request for information...</p>	<p>120-day comment period approved at 17 February 2021 Board meeting</p>
<p>Paragraph 4.4 - As part of this public consultation, the Board consults the Advisory Council.</p>	<p>Discussed details with Advisory Council in September 2019. Updates provided at each meeting thereafter.</p>
<p>Paragraph 4.5 - In line with paragraphs 36(d) and 15(d) of the Constitution, the Board consults with the Trustees regarding the work plan and, through the DPOC, keeps the Trustees informed of its process in respect of its five-yearly consultation, including how it expects to respond to the input it has received...</p>	<p>Updated DPOC on progress in:</p> <ul style="list-style-type: none"> • October 2019 • February 2020 • June 2020 • October 2020 <p>Also discussed details of process and content with Trustees in September 2020.</p> <p>Discussion of how Board expects to respond to input received planned for Q3 2021.</p>
<p>Paragraph 4.16 - ...requests for information require the support of a simple majority of the Board, with approval given in a public meeting...</p>	<p>The draft RFI was provided to the Board for comments</p> <p>Publication approved at 17 February 2021 Board meeting</p>



Overview of the Request for Information*

* Exact wording subject to Board member comments and drafting

The Request for Information will focus on three areas

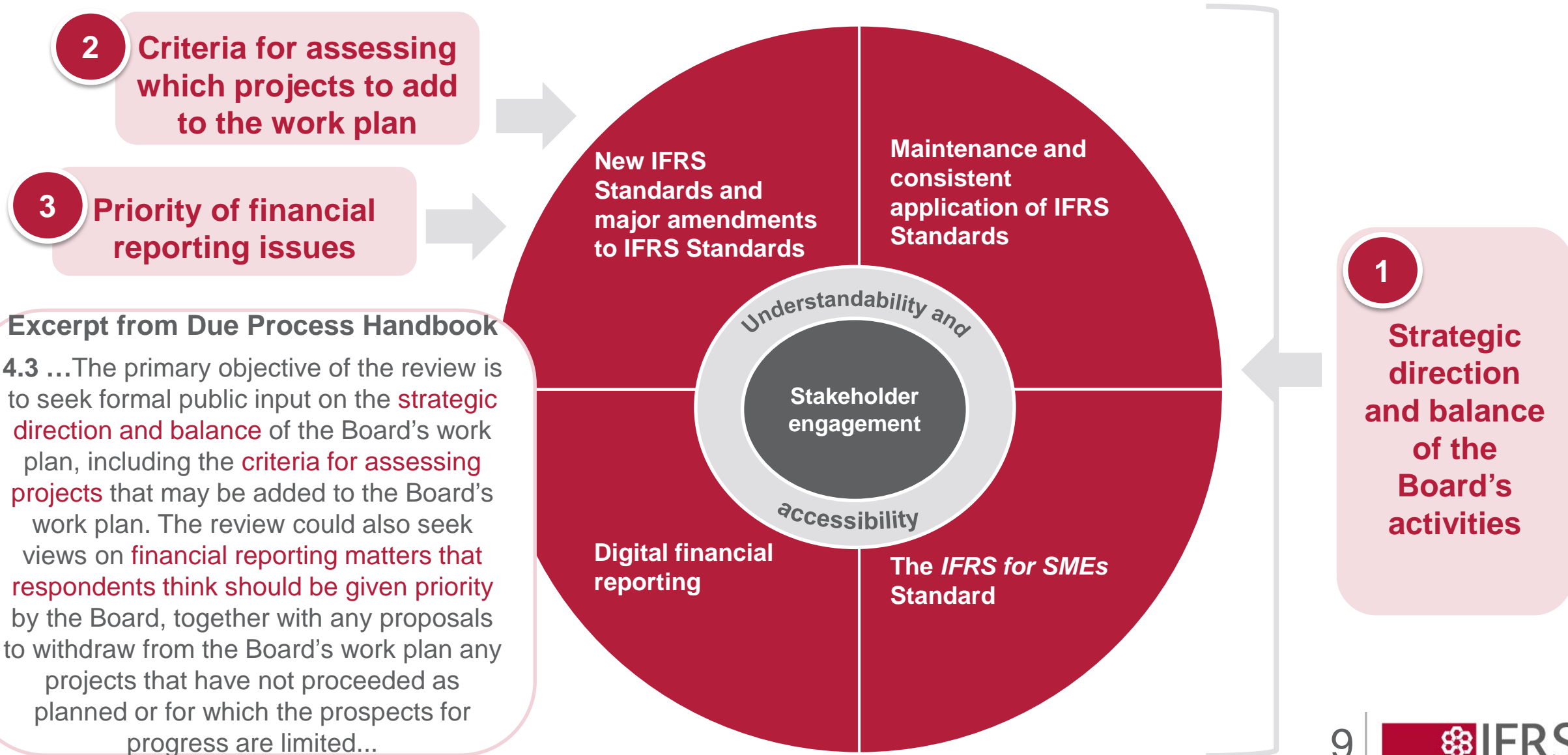
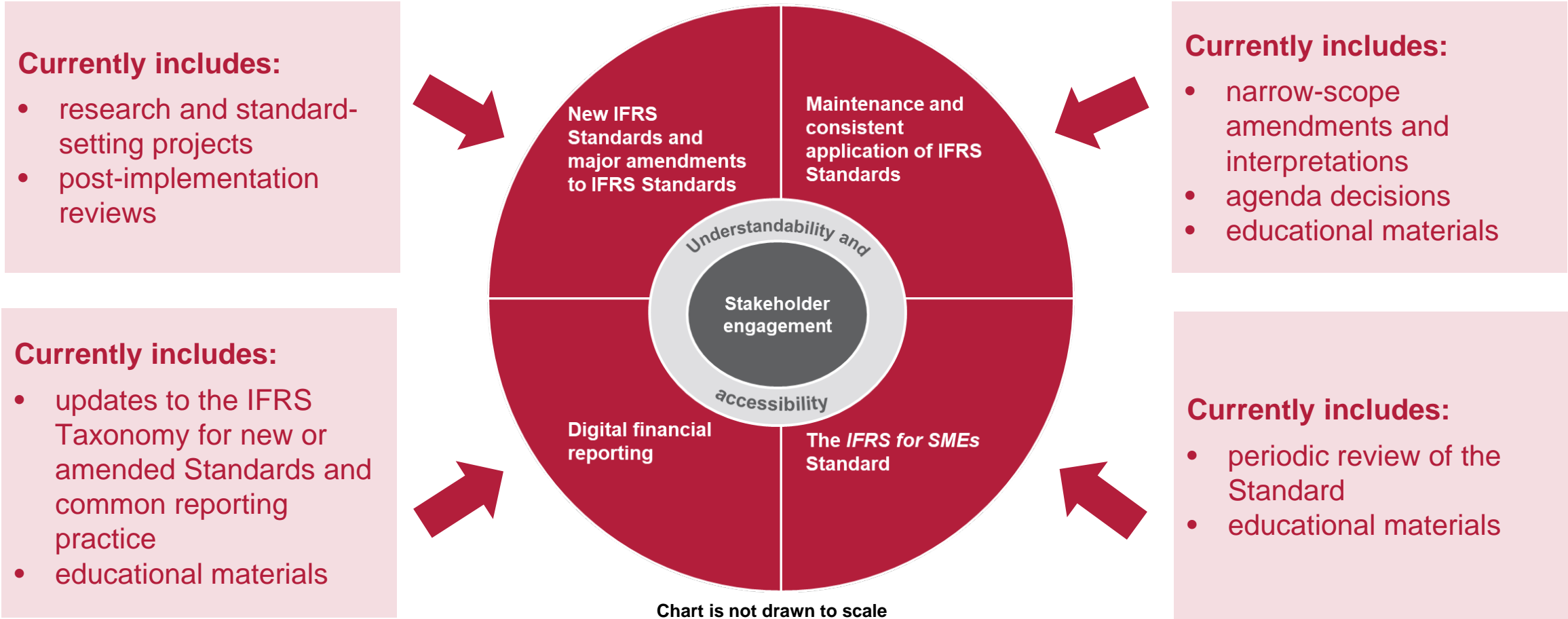


Chart is not drawn to scale

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Strategic direction and balance of the Board's activities—overview



Understandability & accessibility and **Stakeholder engagement** are cross-cutting activities that support the development and consistent application of high-quality Standards and their electronic representation (IFRS Taxonomy)

Strategic direction and balance of the Board's activities—questions

Questions in the RFI

We will seek stakeholders' views on whether the Board should:

- increase, leave unchanged or decrease its current level of focus on each of its activities. **In particular**, we will ask stakeholders to specify the types of work within each activity that the Board should increase or decrease.
- undertake any other activities within the current scope of its work.

Feedback will be used as a basis for the Board to define the overall balance of its activities for 2022 to 2026.

To help stakeholders respond

The Request for Information will provide:

- a description of the Board's activities;
- examples of what more the Board could do in each activity; and
- the current level of focus in each activity.

As a starting point, we will suggest that **the Board's overall level of resources will remain substantially unchanged** during the 2022 to 2026 period.

So, an increase in the level of focus on one activity would mean that fewer resources would be available for other activities.

Criteria for assessing which projects to add to the work plan

- The Board will use **specified criteria** to assess the potential financial reporting issues that could be added to its work plan to develop **new IFRS Standards and major amendments to IFRS Standards**.
- The criteria are derived from the Due Process Handbook and the 2015 Agenda Consultation and have worked well.
- The relative importance of any specific criterion will vary depending on the particular circumstances.
- The Board will also consider the work streams of major standard-setters.

Questions in the RFI

We will seek stakeholders' views on whether the Board:

- has identified the right criteria.
- should consider any other criteria.

The Board evaluates a potential project for its work plan primarily on the basis of whether the project will meet investors' needs, while also taking into account the costs of producing the information.

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

Priority of financial reporting issues— background

Background

- The Board conducted outreach in order to identify potential projects to describe in the RFI.
- The objective in describing potential projects is to provide a common understanding of the financial reporting issues that could be addressed in a potential project to elicit more focused feedback.
- The list is not a draft work plan.
- The Board has limited capacity, so it can add only a small number of the described projects.
- Stakeholders are welcome to suggest other financial reporting issues for the Board to explore.

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Priority of financial reporting issues— described projects

Described projects	
1. Borrowing costs	12. Income taxes
2. Climate-related risks	13. Inflation*
3. Commodity transactions	14. Intangible assets
4. Cryptocurrencies and related transactions	15. Interim financial reporting
5. Discontinued operations and disposal groups*	16. Negative interest rates
6. Discount rates	17. Operating segments
7. Employee benefits	18. Other comprehensive income
8. Expenses: inventory and cost of sales, classification of expenses, and disclosure	19. Pollutant pricing mechanisms*
9. Foreign currencies	20. Separate financial statements
10. Going concern	21. Statement of cash flows and related matters
11. Government grants	22. Variable and contingent consideration*

* Research pipeline projects—these projects were identified as priorities in the previous Agenda Consultation but are currently inactive. The Board will seek updated information about their priority.

Priority of financial reporting issues— questions

Questions in the RFI

We will seek stakeholders' views on:

- what priority they would give each of the potential projects described in the RFI—high, medium or low. **In particular**, we would like to know if their prioritisation refers to all or only some aspects included in the project description—for example, a project on intangible assets may mean recognition and measurement of currently unrecognised intangible assets or improved disclosure requirements about these unrecognised intangible assets.
- whether the Board should add any financial reporting issues not described in the RFI.

To help stakeholders respond

The Request for Information will provide:

- the Board's estimated capacity to add new projects to its research and standard-setting work plan for 2022 to 2026.
- estimated size of each of the described potential projects.

Question in the RFI

The Request for Information will also ask a catch-all question:

Do you have any other comments on the Board's activities and work plan?

Stakeholders will have the opportunity to provide feedback through:

- Comment letters
- Online survey
- Outreach meetings
- Consultative group meetings

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