
IASB[®] Meeting

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Project	Primary Financial Statements
Topic	Due process requirements
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB[®] *Update*.

Introduction and purpose

1. This paper:
 - (a) sets out the steps in the [IFRS Foundation Due Process Handbook](#) (Due Process Handbook) that the IASB has taken in developing IFRS X *General Presentation and Disclosures* (IFRS X) and asks the IASB to confirm that it is satisfied that all the mandatory due process steps have been taken;
 - (b) requests permission for the staff to begin the balloting process for IFRS X; and
 - (c) asks whether any IASB member intends to dissent from the publication of IFRS X.

2. This paper should be read in conjunction with:
 - (a) Agenda Paper 21A *Consideration of the re-exposure criteria*; and
 - (b) Agenda Paper 21B *Transition and effective date*.

Structure of this paper

3. This paper is structured as follows:
 - (a) summary of the due process steps (paragraphs 4–22):
 - (i) discussions in public meetings (mandatory) (paragraph 7);
 - (ii) due process documents published and comment letters considered in a timely manner (mandatory and optional) (paragraphs 8–9);
 - (iii) consideration of whether the proposals should be re-exposed (mandatory) (paragraph 10);
 - (iv) consultations with IFRS Foundation bodies and consultative groups (mandatory and optional) (paragraphs 11–13);
 - (v) fieldwork and outreach activities (optional) (paragraphs 14–21);
 - (vi) reporting to the Due Process Oversight Committee (DPOC) (paragraph 22);
 - (b) permission to begin the balloting process (paragraphs 23–24);
 - (c) Appendix A—Due process steps; and
 - (d) Appendix B—Summary of meetings with IFRS Foundation bodies and consultative groups

Summary of the due process steps

4. In this section of the paper, we discuss the due process steps undertaken during the Primary Financial Statements project. The *Due Process Handbook* highlights the following minimum safeguards and comply and explain steps to issue an IFRS Accounting Standard. Minimum safeguards will be referred to as ‘mandatory’ steps and comply and explain steps will be referred to as ‘optional’ steps in this Agenda Paper.

Minimum safeguards

3.43 The Board and the Interpretations Committee are required to follow some steps before they can issue an IFRS Standard or an IFRIC Interpretation. These steps are designed to be the minimum safeguards to ensure the integrity of the standard-setting.

3.44 The due process steps that are mandatory include:

- (a) debating any proposals in one or more public meetings;
- (b) exposing for public comment a draft of any proposed new IFRS Standard, proposed amendment to a Standard or proposed IFRIC Interpretation—with minimum comment periods;
- (c) considering in a timely manner comment letters received on the proposals;
- (d) considering whether the proposals should be exposed again;
- (e) consulting the Accounting Standards Advisory Forum (ASAF) and the IFRS Advisory Council (Advisory Council) on the work plan, major projects, project proposals and work priorities; and
- (f) deciding in a public Board meeting whether to ratify an interpretation.

‘Comply or explain’ steps

3.45 Other steps specified in the Constitution are not mandatory.

They include:

- (a) publishing a discussion document for major projects (for example, a discussion paper) before an exposure draft is developed;
- (b) establishing consultative groups or other types of specialist advisory groups for major projects;
- (c) holding public hearings; and
- (d) undertaking fieldwork.

3.46 If the Board decides not to undertake those non-mandatory steps, it informs the DPOC of its decision and reasons for not undertaking the steps.

5. Paragraph 2.9 of the *Due Process Handbook* states that the DPOC operates throughout the development of an IFRS Accounting Standard and that this is achieved through periodic reporting by, and dialogue with, representatives of the IASB and IFRS Foundation staff.
6. The following paragraphs indicate how the IASB has met these due process requirements for the Primary Financial Statements project. This section should be considered in conjunction with Appendix A of this paper, which provides a detailed account of the due process steps undertaken since the inception of the project¹.

Discussions in public meetings (mandatory)

7. Throughout the life of the project, all of the proposals have been discussed by the IASB in public meetings (see paragraph 3.44(a) of the *Due Process Handbook*). All staff papers have been posted, meetings recorded and the decisions documented in the relevant section of the project's [website](#).

Due process documents published and comment letters considered in a timely manner (mandatory and optional)

8. Paragraph 3.45 of the *Due Process Handbook* requires the IASB to consider whether to publish a discussion document before an Exposure Draft is developed for major projects. In May 2019 (see [Agenda Paper 21A](#)), the IASB decided not to publish a

¹ The due process steps taken in the development of the Exposure Draft for this project is summarised in the [Agenda Paper 21E](#) in July 2019.

discussion document because it had sufficient information and understood the problem and potential solution well enough to proceed to an Exposure Draft.

9. The following table summarises the document published for public comment, the comment period and the date on which the IASB considered the comment letters received.

Date issued	Name of the document	End of comment period	Comment letters	IASB votes and dissents	Comment letter summary considered
December 2019	Exposure Draft <i>General Presentation and Disclosures</i>	30 September 2020 Comment period: 288 days ²	216 ³	Approved: 14 of 14 Dissents: 0	December 2020 (Agenda Papers 21A–21H) and January 2021 (Agenda Papers 21B–21E)

Consideration of whether the proposals should be re-exposed (mandatory)

10. The re-exposure criteria set out in paragraphs 6.25–6.29 in the *Due Process Handbook* have been considered in Agenda Paper 21A of this meeting. In Agenda Paper 21A, we recommend that the IASB finalise IFRS X without re-exposure for another round of public comment because there are no substantive changes on which the respondents

² The original comment period of 196 days was revised due to the Covid-19 pandemic.

³ Of the 216 comment letters one comment letter was received in February 2021 after the designated comment period ended and therefore was not included in the Agenda Papers discussed by the IASB in December 2020 and January 2021.

have not had the opportunity to comment and, thus, it is unlikely that re-exposure will reveal any new information or concerns.

Consultations with IFRS Foundation bodies and consultative groups (mandatory and optional)

11. As required by paragraph 4.6 of the *Due Process Handbook*, we consulted with ASAF in July 2018 and the IFRS Advisory Council in September 2018 on moving the project from a research to the standard-setting phase (see [Agenda Paper 21E](#) of the September 2018 IASB meeting).
12. In September 2018, the IASB considered whether to establish a dedicated consultative group for the Primary Financial Statements project as required by paragraph 3.60 of the *Due Process Handbook* (see paragraphs 30–33 of [Agenda Paper 21E](#) of September 2018). The IASB decided not to establish a dedicated consultative group because:
 - (a) the project does not require detailed specialist knowledge; and
 - (b) the IASB’s existing consultative groups have the necessary practical experience and expertise on financial statement presentation to advise on this project.
13. In total, IASB members and the staff held 56 meetings with the Accounting Standards Advisory Forum (ASAF), the IFRS Advisory Council and IFRS Foundation consultative groups, up to July 2023 (see Appendix B of this paper and Appendix B of Agenda Paper 21A of this meeting).

Fieldwork and outreach activities (optional)

Fieldwork (optional)

14. In 2020, fieldwork was conducted to understand the impact of the requirements of the Exposure Draft. The methodology for the fieldwork is discussed in [Agenda Paper 21A](#)

of the December 2020 IASB meeting. 50 participants from Europe, Asia, North America and Latin America participated.

15. The staff conducted fieldwork to provide the IASB with evidence about:
 - (a) how entities would interpret the requirements proposed in the Exposure Draft;
 - (b) aspects of the Exposure Draft which may be unclear; and
 - (c) the extent of process or system changes that may be required to apply the requirements proposed in the Exposure Draft.
16. In addition to participation in our fieldwork, participants from the European Union were asked to complete a questionnaire and participate in workshops conducted by European Financial Reporting Advisory Group (EFRAG) to discuss the results of our fieldwork.
17. Fieldwork results were discussed by the IASB in December 2020 (see [Agenda Paper 21B](#), [Agenda Paper 21C](#), [Agenda Paper 21D](#), [Agenda Paper 21E](#), [Agenda Paper 21F](#), [Agenda Paper 21G](#), and [Agenda Paper 21H](#)) and January 2021 (see [Agenda Paper 21B](#) and [Agenda Paper 21C](#)).

Outreach (optional)

18. IASB members and staff participated in 117 outreach meetings between February 2016 and June 2019 (see paragraph 14 of [Agenda Paper 21E](#) of the July 2019 IASB meeting) to establish the goals of the project and gather early feedback for the proposals to be published in the Exposure Draft.
19. IASB members and staff conducted extensive outreach during the consultation period on the Exposure Draft. Overall, in the period between January 2020 and October 2020, IASB members and staff participated in 139 events with stakeholders from over 20 jurisdictions (see paragraphs 18–19 of [Agenda Paper 21A](#) of the December 2020 IASB meeting). This feedback was discussed by the IASB in December 2020 (see

[Agenda Paper 21B](#), [Agenda Paper 21C](#), [Agenda Paper 21D](#), [Agenda Paper 21E](#), [Agenda Paper 21F](#), [Agenda Paper 21G](#), and [Agenda Paper 21H](#)) and January 2021 (see [Agenda Paper 21B](#), [Agenda Paper 21C](#), [Agenda Paper 21D](#) and [Agenda Paper 21E](#)).

20. During the redeliberations from March 2021 to July 2023, IASB members and staff conducted limited outreach on specific topics. The topics discussed in these limited outreach activities were⁴:
- (a) disclosure of operating expenses by nature (see [Agenda Paper 21A](#) of the April 2022 IASB meeting);
 - (b) classification of income and expenses from associates and joint ventures accounted for using the equity method (see [Agenda Paper 21D](#) of the May 2022 IASB meeting, [Agenda Paper 21B](#) of the September 2022 IASB meeting and [Agenda Paper 21A](#) of the May 2023 IASB meeting);
 - (c) disclosure of the tax effect and the effect on non-controlling interests for each reconciling item in the management performance measure reconciliation (see [Agenda Paper 21A](#) of the May 2022 IASB meeting);
 - (d) definition of unusual income and expenses (see [Agenda Paper 21B](#) of the May 2022 IASB meeting);
 - (e) classification of interest expense on lease liabilities for entities that sublease assets as an intermediate lessor (see [Agenda Paper 21F](#) of the March 2023 IASB meeting); and
 - (f) the transition period and effective date (see [Agenda Paper 21B](#) of this meeting).
21. Between October 2022 and December 2022, IASB members and staff conducted outreach on a targeted selection of the IASB's tentative decisions to assess whether

⁴ The Agenda Papers mentioned contains the limited outreach feedback on these topics and are not all the Agenda Papers discussed related to these topics.

those decisions will function as intended and achieve the intended balance of costs and benefits. 36 targeted outreach meetings were held including one jurisdiction that provided written feedback only. Feedback from these targeted outreach meetings was discussed by the IASB in January 2023 (see [Agenda Paper 21A](#)).

Reporting to the Due Process Oversight Committee (DPOC)

22. In accordance with paragraph 2.9 of the *Due Process Handbook*, the DPOC has been regularly informed of the progress of the project since October 2014⁵. The DPOC will also conduct a due process lifecycle review of the development of IFRS X in H2 2023.

Permission to begin the balloting process

23. At this meeting, the IASB will complete the redeliberations needed to finalise IFRS X, including discussion of transition and effective date (see Agenda Paper 21B of this meeting). As discussed in paragraphs 7–21, we think that:
- (a) all of the required steps in the *Due Process Handbook* have been complied with. Also, the IASB has complied with applicable optional due process steps set out in the *Due Process Handbook* or explained if not; and
 - (b) the proposed requirements in IFRS X *General Presentation and Disclosures* are sufficiently developed in response to the feedback and therefore, the staff can proceed to begin the balloting process.
24. Accordingly, we are asking for permission to begin the balloting process. As usual, we will consider the need for future IASB discussion of sweep issues that may arise during the balloting process.

⁵ The project was added to the IASB's research agenda in July 2014 (it was originally called the Performance Reporting project) (see [Agenda Paper 3B](#) of the October 2014 DPOC meeting). DPOC agendas, staff papers and recordings are documented on the [website](#).

Questions for the IASB

1. Is the IASB satisfied that all the mandatory due process steps have been met in this project?
2. Does the IASB grant the staff permission to begin the balloting process for IFRS X?
3. Do any IASB members intend, at this time, to dissent from IFRS X?
If so, on what grounds?

Appendix A—Due process steps

A1. This table shows how the IASB has complied to date with the due process steps required to finalise IFRS X in accordance with the *Due Process Handbook*.

Due Process Handbook	Step	Required/Optional	Actions
Consideration of information gathered during consultation			
3.68	The IASB posts all comment letters received in relation to the Exposure Draft on the project page	Required if request issued	The Exposure Draft attracted 216 comment letters. All comment letters received and relevant statistics were posted on the website . The staff’s overall comment letter summary (see Agenda Paper 21A of the December 2020 of the IASB meeting) and comment letter summaries by topic are available in the relevant section of the project’s website .
3.2–3.13	IASB meetings are held in public, with papers being available for observers. All decisions are made in public sessions	Required	<p>IASB meetings</p> <p>The IASB discussed 147⁶ agenda papers at 50 IASB meetings between June 2015 and June 2023. All staff papers are posted, meetings were recorded and the decisions documented in the relevant section of the project pages of the IFRS Foundation website.</p> <p>In addition, there is also an IASB podcast that summarises the key points of IASB meetings where there were substantial or important discussions on IFRS X, and places those discussions in context.</p> <p>The DPOC has been regularly updated regarding the IASB’s progress with IFRS X. This has included updates at public DPOC meetings and as applicable in the monthly report on due process matters submitted by the staff to the DPOC.</p> <p>Project website</p> <p>The project website contains up-to-date information on the project.</p> <p>In addition to the posting of agenda papers, the ‘Current stage’ section of the website includes regularly updated material as follows:</p>

⁶ 72 agenda papers were discussed by the IASB from June 2015 to November 2019 which was prior to issuing the Exposure Draft. 75 agenda papers were discussed by the IASB from December 2020 to June 2023 which was after the Exposure Draft was issued (The agenda papers are available on the [website](#)).

Due Process Handbook	Step	Required/Optional	Actions
			<ul style="list-style-type: none"> • <i>Project update</i>: A high level summary of progress of the project, describing the main IASB proposals. • Project news about updated materials and upcoming meetings. <p>Throughout the life of the project, there were no agenda papers which were distributed less than five working days before they were scheduled for discussion in the IASB meetings.</p>
3.44(e)	Consultation with the IFRS Advisory Council and ASAF	Required	<p>IASB members discussed the project with the IFRS Advisory Council in six meetings, including as part of the regular update to them on IASB activities (see Appendix B of this paper).</p> <p>IASB members and staff provided project updates to and discussed project proposals with ASAF members in 16 meetings (see Appendix B of this paper and Appendix B of Agenda Paper 21A of this meeting).</p>
3.59–3.66	Consultative groups used, if formed	Optional	<p>The IASB decided not to establish a consultative group for the primary financial statements project (see Agenda Paper 21E of September 2018). The DPOC was informed of this decision in September 2018.</p> <p>IASB members and staff provided project updates and discussed project proposals with the Capital Market Advisory Committee (CMAC), Emerging Economies Group (EEG) and Global Preparers Forum (GPF) in 27 meetings (see Appendix B of this paper and Appendix B of Agenda Paper 21A of this meeting)</p>
3.76–3.81	Analysis of likely effects of forthcoming Standard or major amendment, for example, costs or on-going	Required	<p>Information relating to the potential costs and benefits of IFRS X was included in the Exposure Draft, including questions for stakeholders to provide comments (see question 14 of the Exposure Draft).</p> <p>The IASB and the staff have also met with stakeholders, including ASAF, GPF, CMAC and EEG members, to understand the effect of the proposals, including the cost of implementing the proposals, as well as the benefits from improved financial reporting.</p> <p>The IASB will publish the Effects Analysis when IFRS X is issued. The IASB will review this Effects Analysis as part of the balloting process.</p>

Due Process Handbook	Step	Required/Optional	Actions
	associated costs		
3.69, 3.75	Outreach meetings to promote debate and hear views on proposals that are published for public comments	Optional	<p>IASB members and staff participated in:</p> <ul style="list-style-type: none"> • 117 outreach meetings between February 2016 and June 2019 prior to issuing the Exposure Draft (see Agenda Paper 21E of the July 2019 IASB meeting); • 139 outreach events between January 2020 and October 2020 to understand the issues raised in comment letters on the Exposure Draft (see Agenda Paper 21A of the December 2020 IASB meeting); • limited outreach on specific topics (see paragraph 20); and • 36 targeted outreach meetings between October 2022 and December 2022 to assess whether selected tentative decisions will function as intended and achieve the intended balance of costs and benefits (see Agenda Paper 21A of the January 2023 IASB meeting). <p>Participants in these outreach meetings included individuals and groups of preparers, users of financial statements, auditors and regulators across all regions and a variety of industries.</p>
N/A	Email alerts are issued to registered recipients	Optional	<p>An email alert is sent out before every IASB meeting or representative group meeting.</p> <p>As of June 2023, approximately 57,000 users are following “all” categories on the website and 18,000 follow “accounting standards development”.</p>
3.70–3.74	Fieldwork	Optional	<p>In 2020, fieldwork was conducted to understand the impact of the requirements of the Exposure Draft. 50 participants from Europe, Asia, North America and Latin America participated (see Agenda Paper 21A of the December 2020 IASB meeting).</p>

Due Process Handbook	Step	Required/Optional	Actions
Finalisation			
2.12	Due process steps are reviewed by the IASB	Required	<p>This table provides an overview of the due process steps followed and will be reviewed by the IASB at this meeting.</p> <p>This paper will also be presented to the DPOC in H2 2023 as part of its lifecycle review of the due process for the project.</p>
6.25–6.29	Need for re-exposure of a Standard is considered	Required	<p>The IASB will consider if there is a need to re-expose any of its proposals at its July 2023 meeting (see Agenda Paper 21A of this meeting). In Agenda Paper 21A of this meeting we are recommending that the IASB does not re-expose the IFRS X for another round of public comment because there are no substantive changes on which the respondents have not had the opportunity to comment and, thus it is unlikely that re-exposure will reveal any new information or concerns.</p> <p>The DPOC will have the opportunity to discuss the IASB’s decision on re-exposure with the IASB leadership as part of its lifecycle review.</p>
6.35–6.36	The IASB sets an effective date for the Standard, considering the need for effective implementation, generally providing at least 18 months	Required	<p>The IASB will consider transition requirements and the effective date of IFRS X and whether amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> are required at this month’s IASB meeting (see Agenda Paper 21B of this meeting). We recommend an effective date of 1 January 2026/2027 for IFRS X which will be at least 18 months after the issue of IFRS X.</p>

Due Process Handbook	Step	Required/Optional	Actions
Drafting			
3.28, 3.31–3.33	Drafting quality assurance steps are adequate	Required	<p>This step will be completed toward the end of the project.</p> <p>The Translation team, Editorial team and the Taxonomy team have been involved in the review process. We intend to send a draft of IFRS X to external parties for review before finalisation. This process allows external parties to review and report back to the staff on the clarity and understandability of the draft, mainly with editorial comments.</p> <p>The development of the IFRS Accounting Taxonomy for IFRS X is in progress and will be available soon after the publication of IFRS X. The Taxonomy team have consulted with the IFRS Taxonomy Consultative Group on the progress of the development of the IFRS Accounting Taxonomy for IFRS X on seven occasions from 2016 to 2023 (see Appendix B of this paper).</p>
Publication			
6.37	Press release to announce final Standard	Required	This step will be completed toward the end of the project.
6.38	A Feedback Statement is provided which provides high level executive summaries of the Standard and explains how the IASB has responded	Required	This step will be completed toward the end of the project.

Due Process Handbook	Step	Required/Optional	Actions
	to the comments received		
6.38	Podcast to provide interested parties with high level updates or other useful information about the Standard	Optional	Podcasts on educating the stakeholders about IFRS X will be issued toward the end of the project.
N/A	Standard is published	Required	This step will be completed toward the end of the project.

Appendix B—Summary of meetings with IFRS Foundation bodies and consultative groups

B1. This table shows the number of meetings IASB members, and the staff participated in with the Accounting Standards Advisory Forum (ASAF), the IFRS Advisory Council and consultative groups up to July 2023. The list of topics discussed in these meetings is included in Appendix B of Agenda Paper 21A of this meeting.

Description	Number of meetings held prior to publication of the Exposure Draft	Number of meetings held post publication of the Exposure Draft	Total
Accounting Standards Advisory Forum (ASAF)	9	7	16
IFRS Advisory Council ⁷	2	4	6
Capital Market Advisory Committee (CMAC) ⁸	6	4	10
Emerging Economies Group	1	2	3
Global Preparers Forum (GPF) ⁹	3	4	7
IFRS Taxonomy Consultative Group	3	4	7
Joint GPF and CMAC meetings	4	3	7
Total	28	28	56

⁷ IASB members and staff met with the IFRS Advisory Council in [October 2016](#), [September 2018](#), [March 2019](#), [May 2021](#), [April 2022](#) and [April 2023](#) to discuss the progress of the project.

⁸ Excluding joint CMAC and GPF meetings.

⁹ Excluding joint CMAC and GPF meetings.