Australian Government
Australian Accounting Standards Board

Staff Paper

Project:	**IASB Third Agenda Consultation**	**Meeting**	AASB June 2021 (M181)
Topic:	**IASB Request for Information on Third Agenda Consultation**	**Agenda Item:**	5.0
		Date:	21 June 2021
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Objective of this paper

1 The objective of this agenda item is:

(a) to **inform** the Board of the initial feedback received from stakeholders on the IASB's Request for Information on the Third Agenda Consultation;

(b) for the Board to **consider and decide** on the preliminary staff views for submission to the IASB's Third Agenda Consultation; and

(c) for the Board to **decide** on the next steps.

Attachments

Agenda Paper 5.1 IASB's Request for Information: *Third Agenda Consultation* (in the supplementary folder for reference)

Structure

2 This paper is structured as follows:

(a) Background to IASB Third Agenda Consultation

(b) Outreach undertaken to date

(c) Strategic direction and balance of the IASB's activities

(i) Background

(ii) Summary of initial feedback

(iii) Preliminary staff views

(d) Criteria for assessing the priority of financial reporting issues that could be added to the IASB's work plan

(i) Background

(ii) Summary of initial feedback

(iii) Preliminary staff view

(e) Financial reporting issues that could be added to the IASB's work plan

(i) Background

(ii) Summary of initial feedback

(iii) Preliminary staff views

(f) Next steps

(g) Appendix A: The IASB's main activities

(h) Appendix B: The IASB's work plan as at March 2021

(i) Appendix C: Potential projects that could be added to the IASB's work plan

Background to IASB Third Agenda Consultation

3 On 30 March 2021, the IASB published a request for information (RFI) on the *Third Agenda Consultation*.

4 The IASB undertakes public consultation on its activities and work plan every five years (agenda consultation). The objective of this agenda consultation is to gather views on the:

(a) Strategic direction and balance of the IASB's activities

(b) Criteria for assessing the priority of financial reporting issues that could be added to the IASB's work plan

(c) Financial reporting issues that could be added to the IASB's work plan

5 The IASB seeks feedback to help prioritise activities and new projects in its work plan for 2022 to 2026. This agenda consultation focuses on activities within the current scope of the IASB's work plan.[1]

6 The Trustees of the IFRS Foundation (Trustees) are separately assessing the future strategy for the Foundation through their five-yearly review of structure and effectiveness, which includes a consideration of whether to establish a new board to set sustainability reporting standards. However, this agenda consultation is different from the Trustees' review and therefore does not seek feedback on issues related to sustainability reporting, except to the extent that those issues relate to the current scope of the IASB's work.

7 The decisions arising from the Trustees' review could affect the scope of future work undertaken by the IASB. For example, if decisions from the Trustees' review identify the need for capacity from the IASB to support any interaction between the work of the IASB and any new sustainability standards board, such a need will be considered in finalising the IASB's priorities for 2022 to 2026.

Outreach undertaken to date

8 To date, staff has collected preliminary feedback on the IASB Agenda Consultation from:

(a) the AASB's Disclosure Initiative (DI) Panel at a meeting held on 25 May 2021 (8 members attended); and

(b) the AASB's User Advisory Committee (UAC) at a meeting held on 1 June 2021 (9 members attended).

Throughout this paper, the term 'panel members' is used to refer to both DI Panel members and UAC members.

[1] The current scope of the IASB work is focused on the development of financial reporting standards that support the objective of general purpose financial reporting – that is the provision of financial information about a reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions relating to providing resources to the entity.

9 The AASB also issued the ITC 44 *Request for Comment on the IASB Request for Information on Third Agenda Consultation*, which is open for comments to the AASB until 16 August 2021. However, to date, staff have not received any formal responses to ITC 44. Staff will continue monitoring any feedback received before the comment period closes.

10 Staff will continue to undertake outreach activities and provide further feedback on the IASB's Third Agenda Consultation at the September AASB meeting, including any responses to ITC 44.

Strategic direction and balance of the IASB's activities

<u>Background</u>

11 The main activities currently undertaken by the IASB are:[2]

(a) developing new IFRS Standards and major amendments to IFRS Standards;

(b) maintaining IFRS Standards and supporting their consistent application;

(c) developing and maintaining the *IFRS for SMEs* Standard;

(d) supporting digital financial reporting by developing and maintaining the IFRS Taxonomy;

(e) improving the understandability and accessibility of the Standards; and

(f) engaging with stakeholders.

12 As part of the agenda consultation, the IASB is seeking feedback on the overall balance of its main activities, including whether it should increase, leave unchanged or decrease its current level of focus on each activity. Refer to Appendix A for a detailed summary of each main activity, an indication of the IASB's current level of focus on that activity, and descriptions of what the IASB believes it could do if it were to increase its level of focus for each main activity.

13 The IASB is of the view that its current level of resources will remain substantially unchanged over the period of 2022-2026. As such, an increase in the allocation of resources to one activity would result in fewer resources available for other activities.

<u>Summary of initial feedback</u>

Summary of feedback received by panel members

14 The following table provides a summary of panel members' feedback and preliminary staff views on the strategic direction and balance of the IASB's activities. For the feedback received from panel members in columns 3 and 4, the percentage approximation who support an increase or decrease in the existing level of focus for each IASB activity is specified using collective terms[3].

Q1(a): Which of the main activities do you think the IASB should increase its focus on? If you think the IASB should maintain its current level of focus across all activities, please indicate so. Due to the resource restriction, any increase needs to be compensated by a decrease in a different activity.

[2] References to the IASB's activities or capacity relate to the technical resources of the IFRS Foundation, including the IASB and technical staff.

[3] Throughout this paper, collective terms are used with the following broad and approximate meanings: Most – almost all; approximately, 80%, Majority – approximately 60-80%, Many – approximately 40-60%, Several – approximately 20-40%, Few – approximately less than 20%. Unless explicitly stated, use of these terms does not necessarily indicate that the remaining participants expressed an opposing view.

IASB Activity	Current level %	Feedback from DI Panel	Feedback from UAC Meeting	Preliminary Staff Views
New IFRS Standards and major amendments to IFRS Standards	40-45%	**Increase** (Many) **Decrease** (Several)	**Increase** (Few) **Decrease** (Majority)	**Decrease**
Maintenance and consistent application of IFRS Standards	15-20%	**Increase** (Many) **Decrease** (Several)	**Increase** (Many) **Decrease** (None)	**Increase**
The *IFRS or SMEs* Standard	5%	**Increase** (Few) **Decrease** (Several)	**Increase** (None) **Decrease** (Few)	**Maintain**
Digital financial reporting	5%	**Increase** (None) **Decrease** (Several)	**Increase** (Many) **Decrease** (Few)	**Increase**
Understandability and accessibility of the Standards	5%	**Increase** (Several) **Decrease** (Few)	**Increase** (Several) **Decrease** (Few)	**Maintain**
Stakeholder engagement	20-25%	**Increase** (Few) **Decrease** (Few)	**Increase** (Few) **Decrease** (Several)	**Maintain**
Maintain current level of focus across all activities	-	(Many)	(Few)	**N/A**
Q1(b): Should the IASB undertake any other activities within the current scope of its work?				

15 Overall, of the panel members who were supportive of a change to the IASB's current level of focus on its main activities (i.e. did not support the IASB maintaining its current level of focus across all activities), the majority were in favour of an increased focus on the maintenance and consistent application of IFRS Standards. Speficially, users were keen for the IASB to direct more of its focus towards recently implemented standards such as IFRS 16 to ensure their consistent application. Many members of the DI Panel suggested an increased focus on developing new standards is required to replace older and potentially outdated standards such as IFRS 6 . Nevertheless, they acknowledged that such a view may differ from country-to-country and it may have specific importance in Australia due to required guidance for extractives. However this view was not supported by users, who expressed no demand for new standards in the next few years as the market is still adjusting to the implementation of IFRS 16 *Leases* and IFRS 15 *Revenue from Contracts with Customers*.

16 Of the panel members who were supportive of a change to the IASB's current level of focus on its main activities, many (mainly users) were of the view that the IASB could reduce its

existing level of focus on the development of new IFRS Standards and major amendments to IFRS Standards to provide greater capacity for other activities.

17 Panel members did not express any strong views on the other main IASB activities, though a number of financial statement users were supportive of a greater focus on digital financial reporting through the development and maintenance of the IFRS Taxonomy.

Summary of feedback received by NZASB

18 During its meeting held on 14 April 2021, the NZASB discussed the IASB Agenda Consultation and considered a draft comment letter addressing the questions contained in the RFI. Additionally, the NZASB obtained preliminary feedback on the IASB Agenda Consultation from its board members at its joint board meeting with the NZAuASB in February 2021 and from its Technical Reference Group (TRG) in March 2021.

19 Preliminary feedback was also received from NZ constituents who attended the IASB Virtual Event – *Third Agenda Consultation* on May 26.

20 Based on feedback received to date, preliminary NZASB views on the strategic direction and balance of the IASB's activities are that the IASB should potentially increase its focus on:

(a) activities relating to the consistent application of IFRS Standards – particularly education activities; and

(b) activities to improve the understandability and accessibility of IFRS Standards.

<u>Preliminary staff views</u>

21 Staff have considered initial feedback received from panel members. Based on this, preliminary staff views are that the IASB should increase its focus on:

(a) **Digital financial reporting**, particularly on the increase in global adoption of the IFRS Taxonomy. Although digital reporting activity has not been selected by the majority of respondents as a priority, staff consider that progress in this area is necessary to ensure improved accessibility and quality of data available in the future. Electronic data is gaining significance globally, and the number of its users is steadily growing. Global adoption of the IFRS Taxonomy would support the transparency and consistency of financial information available worldwide.

(b) **Maintenance and consistent application of IFRS Standards**, in particular providing more educational materials. The consistency of application of IFRS Standards was prioritised by many panel members. We have continuously heard feedback over the years that the accounting standards are becoming increasingly complex, and that their application has been challenging. An increased focus on providing educational guidance would help to address preparers' concerns and help to mitigate any diversity in practice.

22 To compensate for the increased focus on the activities mentioned above, the IASB could potentially reduce focus on the development of new IFRS Standards and major amendments to IFRS Standards. Feedback received by staff indicates that panel members (mainly users) are more supportive of ensuring the consistency and comparability of reporting under existing standards rather than the development of new standards.

23 Staff's preliminary views are that the IASB should maintain the current level of focus for the remaining activities. Staff noted that a project addressing extractive activities is already on IASB's current work program and is likely to be addressed in the near future.

Question to Board members	
1	Do Board members agree with the preliminary staff views in paragraphs 21-23? If not, which of the main activities should the IASB increase, decrease or maintain its current level of focus on? Are there any other activities that the IASB should undertake within the current scope of its work?

Criteria for assessing the priority of financial reporting issues that could be added to the IASB's work plan

Background

24 The IASB adds new projects to its work plan when existing projects on the work plan are near completion. The current projects on the IASB's work plan (as of March 2021) are summarised in Appendix B.

25 The IASB evaluates potential projects for inclusion in its work plan based on whether the project will meet investors' needs, while also considering the costs of producing the information. The specific criteria considered by the IASB when determining whether to add a potential project to its work plan are:

(a) The importance of the matter to investors

(b) Whether there is any deficiency in the way companies report the type of transaction or activity in financial reports

(c) The type of companies that the matter is likely to affect, including whether the matter is more prevalent in some jurisdictions than others

(d) How pervasive or acute the matter is likely to be for companies

(e) The potential project's interaction with other projects on the work plan

(f) The complexity and feasibility of the potential project and its solutions

(g) The capacity of the IASB and its stakeholders to make timely progress on the potential project

26 As part of the agenda consultation, the IASB is seeking feedback on whether the criteria discussed in paragraph 25 are the right criteria to use going forward, and whether any other criteria should be considered.

Summary of initial feedback

Summary of feedback received from panel members

27 To ascertain panel members' views on the criteria used to assess the priority of financial reporting issues that could be added to the IASB's work plan, the following questions were posed:

Criteria for assessing the priority of financial reporting issues that could be added to the IASB's work plan
Q2(a): Do you think the IASB has identified the right criteria to use? Why or why not?
Q2(b): Should the IASB consider any other criteria? If so, what additional criteria should be considered and why?

28 All respondents from the AASB's DI Panel and most respondents from the AASB's UAC agreed with the existing criteria used by the IASB.

29 Several panel members were of the view that the IASB should ensure to always consider the potential burden on preparers of the outcomes of its proposed projects prior to undertaking

them. This would involve a consideration of the underlying relevance and level of complexity of a given project, which ties into the existing criteria *the complexity and feasibility of the potential project and its solutions*. However, panel members were additionally conscious that the relevance of a given project will ultimately depend on who the end-users are. As such, no major changes to the existing criterion were proposed.

Summary of feedback received by NZASB

30 Preliminary NZASB views on the criteria for assessing which projects to add to the IASB's work plan are that the existing criteria are very comprehensive. In the June Board papers, NZASB staff have suggested an additional criterion be added to reflect the need to consider the broader economic and regulatory environment. The paper acknowledges that the IASB has responded to the economic environment recently with *Covid-19-related rent concessions* and to the regulatory environment with *Interest Rate Benchmark Reform.*

Preliminary staff view

31 Based on feedback received to date, staff agrees with the existing criteria identified by the IASB.

Question to Board members

2 Do Board members agree with the preliminary staff view in paragraph 31? If not, which of the existing criteria should be reconsidered by the IASB and/or what additional criteria should be considered?

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

Background

32 In preparation for this agenda consultation, the IASB conducted outreach in order to identify potential projects to describe in the RFI. The objective of 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 focussed feedback. Descriptions of the potential projects identified during outreach and estimates of the size (small, medium or large) of such projects are included in Appendix C.

33 The IASB additionally has some remaining research pipeline projects which originally arose from the 2015 Agenda Consultation but were not started due to the need to devote resources to other projects. As such, the IASB is seeking feedback on whether these projects are still a priority. The projects relate to:

(a) Discontinued operations and disposal groups (Post-implementation Review of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*)

(b) Inflation (High Inflation: Scope of IAS 29 *Financial Reporting in Hyperinflationary Economies*)

(c) Pollutant pricing mechanisms

(d) Variable and contingent consideration

34 The IASB has indicated that, if its current level of focus on activities related to new IFRS Standards and major amendments to IFRS Standards remains unchanged, it expects to be able to start:

(a) two to three large projects;

(b) four to five medium-sized projects;

(c) seven to eight small projects; or

(d) an equivalent combination of large, medium and small projects.

35 As part of the agenda consultation, the IASB is seeking feedback on the priority that should be given to each of the identified potential projects, considering the IASB's capacity to add financial reporting issues to its work plan for 2022 to 2026. Additionally, the IASB is seeking feedback on whether any additional financial reporting issues not identified in Appendix C should be added to its work plan.

Summary of initial feedback

Summary of feedback received from panel members

36 To obtain panel members' views on the financial reporting issues that could be added to the IASB'work plan, the following questions were posited:

Financial reporting issues that could be added to the IASB's work plan
Q3(a): Which of the proposed potential projects would you consider to be the highest priority for addition to the IASB's work plan for 2022 to 2026?
Q3(b): Should the IASB add any other financial reporting issues to its work plan for 2022 to 2026? If so, please explain the nature of the issue and why you think the issue is important.

Other comments
Q4: Do you have any other comments on the IASB's activities and work plan?

37 The following table provides a summary of panel members' feedback on the financial reporting issues and proposed scopes that could be added to the IASB's work plan, in order of priority[4]. The percentage approximation of panel members who support an increase or decrease in each IASB activity is specified in columns 1 and 2 using collective terms.

[4] Only those potential projects specified by stakeholders as a priority during outreach are included in the table. For the full list of potential projects identified by the IASB through its outreach, refer to Appendix C.

Potential project and stakeholders composition	Potential scope identified by IASB (S—small project, M—medium project, L—large project)	Preliminary Staff Views
Intangible assets DI – Most (7) UAC – Many (3)	• Require improved disclosures about intangibles not recognised as assets (M) • Require disclosures about the fair value of some intangible assets, especially those held for investment (M) • Undertake a comprehensive review of the intangible assets Standard, including the recognition and measurement requirements (L)	**High priority** The Board agreed at prior meetings to initiate research into stakeholders' needs for the recognition/disclosures of internally generated assets. Based on the preliminary result of the research, staff suggest developing improved disclosures about intangibles not recognised as assets (medium sized project).
Statement of cash flows and related matters DI – Few (1) UAC – Majority (8)	• Develop more effective disclosures about ongoing maintenance expenses and growth expenditure (S) • Consider whether to remove the requirement for financial institutions to produce a statement of cash flows (S) • 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 (M) • Seek to develop a statement of cash flows for financial institutions (M) • Undertake a comprehensive review of the Standard for cash flow statements (L)	**Medium priority** The users are repeatedly showing concerns relating to the statement of cash flows and inconsistency of information. One of the key areas of concern is insufficient disclosures about maintenance expenses and growth expenditure. Therefore, staff suggest the IASB develop more effective disclosures about ongoing maintenance expenses and growth expenditure (small project).
Climate-related risks DI – Many (3) UAC – Majority (5)	• Lower the threshold for disclosure of information about sources of estimation uncertainty, including the effect that climate-related risks have on that uncertainty (M) • 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 (S) • Develop accounting requirements for pollutant pricing mechanisms (L)	**Medium priority** Staff suggest the provision of further information on the effect of climate-related risks on the carrying amounts of assets and liabilities in the financial statements. (medium sized project).

Pollutant pricing Mechanisms DI – Many (3) UAC – Several (2)	• Develop accounting requirements for various types of pollutant pricing mechanisms (L)	
Discount Rates DI – Several (2) UAC – Several (2)	• Reconsider discount rate requirements in all IFRS Standards and, when appropriate, eliminate variations in present value measurement techniques (L)	
Going concern DI – Few (1) UAC – Many (3)	• Develop enhanced requirements on how management should assess whether the going-concern basis of preparation is appropriate (M) • Develop enhanced specific disclosure requirements about the going concern assumption (M) • Develop requirements to specify the basis of accounting that applies when an entity is no longer a going concern (L)	**High priority** Over the past year, the Board heard concerns from stakeholders relating to the adequacy of disclosure requirements when assessing a going concern and a lack of guidance for the basis of preparation of financial statements when the going concern assumption is no longer adequate. The Board agreed that these issues are not Australia-specific and should be addressed at a global level. For the detailed feedback from outreach, refer to agenda item 10. (large project)
Interim financial reporting DI – Few (1) UAC – Many (3)	• Develop enhanced disclosure requirements to provide an update on the latest complete set of annual financial statements (S) • Clarify what transition disclosures are required in interim financial statements in the first year of applying a new Standard or major amendment (S) • Address interim accounting issues in each new IFRS Standard or major amendment as it is developed (M) • Undertake a comprehensive review of the Standard (L)	
Operating segments DI – Several (2) UAC – Several (2)	• Undertake targeted improvements to the segment aggregation criteria and develop enhanced disclosure requirements about operating segments (M)	

Expenses—Inventory and cost of sales DI – Few (1) UAC – Several (2)	• Undertake a comprehensive review of the accounting for inventory costs and cost of sales (L)	
Separate financial Statements DI – Few (1) UAC – Several (2)	• Develop more disclosure requirements in separate financial statements (S) • Address some of the specific application questions about separate financial statements (M) • Undertake a comprehensive review of the Standard for separate financial statements (L)	
Variable and contingent consideration DI – Few (1) UAC – Several (2)	• Make targeted changes to the Standards that describe the accounting for transactions that involve variable or contingent consideration (M) • Develop a consistent approach to reporting variable and contingent consideration for all IFRS Standards (L)	
Borrowing costs DI – None UAC – Several (2)	• Undertake a targeted project to improve, clarify or simplify aspects of the borrowing costs Standard (S) • Undertake a comprehensive review of the Standard (M)	
Commodity transactions DI – Several (2) UAC – None	• Develop requirements for some of the most common types of transactions involving commodities—for example, commodity loans (M) • Undertake a broader project on commodity transactions (L) • Develop a Standard to set out accounting requirements for a range of non-financial tangible or intangible assets held solely for investment purposes (L)	
Cryptocurrencies and related transactions	• Develop educational materials to help companies apply IFRS Standards to cryptocurrencies	

DI – Few (1) UAC – Few (1)	• Develop additional disclosure requirements for information on the fair value of cryptocurrencies (S) • 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 (M) • Consider amending the scope of the Standards for financial instruments to include cryptocurrencies (M) • Develop a Standard to set out accounting requirements for a range of non-financial tangible or intangible assets held solely for investment purposes (L)	
Income taxes DI – None UAC – Several (2)	• Develop educational materials to help companies apply the Standard on income taxes • Develop accounting requirements for emerging types of taxes (S) • Develop enhanced disclosures about income taxes (M) • Undertake a comprehensive review of income tax accounting (L)	
Negative interest rates DI – Several (2) UAC – None	• Undertake targeted improvements to the segment aggregation criteria and develop enhanced disclosure requirements about operating segments (M)	
Employee benefits DI – Few (1) UAC – Few (1)	• Review the requirements in the employee benefits Standard on the rate used to discount pension liabilities in the absence of a deep market in high-quality corporate bonds (M) • Develop accounting requirements for hybrid pension plans (L) • Undertake a comprehensive review of the Standard (L)	

Discontinued operations and disposal groups DI – Few (1) UAC – None	• Reconsider the single line-item presentation of discontinued operations and the disclosure requirements (M) • Undertake a comprehensive review of the Standard (M)	

38 Overall, most DI Panel members and many UAC members identified intangible assets as a high priority project for addition to the IASB's work plan. Panel members were especially concious of the inconsistency in reporting and valuation of internally generated vs acquired intangibles and the amortisation of goodwill. As such, several panel members expressed support for the IASB developing improved disclosures about intangibles not recognised as assets.

39 Additionally, many DI Panel members and the majority of UAC members proposed climate-related risks as a priority area for the IASB's consideration. Specifically, these panel members were supportive of more guidance on addressing and disclosing climate-related risks in the financial statements. Panel members were additionally conscious of the upcoming IFRS Foundation Trustees' review (see paragraph 6), which will include the consideration of whether to establish a new board to set sustainability reporting standards.

40 Though only a few DI Panel members were supportive of the IASB undertaking a project related to the statement of cash flows and related matters, nearly all UAC members were in favour of such a project. Specifically, these users were in favour of the IASB developing more effective disclosures about ongoing maintenance expenses and growth expenditure due to the existing lack of separation of what is considered maintenance versus growth. UAC members were additionally supportive of better mapping of the statement of cash flows to other primary financial statements such as the statement of profit and loss as a means of enhancing the usefulness and relevance of such information to financial statement users. A few UAC members also supported a potential holistic review of IAS 7 *Statement of Cash Flows*.

41 Some panel members also identified the potential for several cross cutting issues (for example intangible assets, extractives and discount rates) to be addressed by a single project rather than separate projects as currently proposed. As such, panel members were supportive of the IASB looking to address multiple cross cutting issues as part of a single project to more efficiently utilise the limited capacity available (as specified in paragraph 34).

Summary of feedback received by NZASB

42 Preliminary NZASB views are that the IASB should focus on the following projects as part of its upcoming work plan, which would ultimately be narrowed down to the 'top three' highest priorities:

(a) IAS 38 *Intangible Assets* – holistic review of the requirements for intangible assets

(b) Going Concern

(c) Climate-related-risks and other emerging risks (as they relate to the user-needs of general purpose financial statements)

(d) IAS 36 *Impairment of Assets* – holistic review of impairment requirements

(e) IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*

(f) Pollutant pricing mechanisms

43 The three high priority projects in the NZASB June Board papers are Intangible Assets, Going Concern and Climate-related risks.

<u>Preliminary staff views</u>

44 Based on initial feedback received by panel members, preliminary staff views are that the IASB should add the following projects to its upcoming work plan as a high priority:

(a) **Intangible assets:** At previous meetings, the Board agreed to initiate research into stakeholders' needs for the recognition and disclosure of internally generated assets.

The preliminary results of such research have identified a need for improved disclosures about intangibles not recognised as assets. Furthermore, during outreach, most DI Panel members and many UAC members identified intangible assets as one of their top priorities for inclusion on the IASB's work plan for 2022-26. Panel members specifically raised concerns around the current inconsistency in reporting and valuation of internally generated vs acquired intangibles and the amortisation of goodwill. As such, staff suggest the IASB develop requirements for disclosure of information on intangible assets not recognised under the current standard. This would likely be a **medium sized** project.

(b) **Going concern:** Throughout the past year, the Board has noted stakeholder concerns surrounding the adequacy of disclosure requirements when assessing a going concern and a lack of guidance for the basis of preparation of financial statements when the going concern assumption is no longer adequate. The Board previously agreed that these issues should be addressed at a global level as they are not specific to the Australian reporting environment. Though not prioritised by panel members as highly as other potential projects identified by the IASB, staff still consider this to be a high priority for inclusion on the IASB's upcoming work plan for the following reasons:

(i) As many entities were able to successfully navigate the reporting challenges associated with the 2019/20 financial year-end, thanks in part to the additional IASB guidance issued, many stakeholders may not consider the existing lack of requirements in IAS 1 to be as much of a pressing issue compared to 12 months ago. However, AASB staff understand that many of the concerns previously raised by stakeholders still exist, and that the economic impacts of COVID-19 will continue to be felt in the coming reporting periods, which may impact the assessment of the going concern assumption.

(ii) AASB staff conducted separate outreach with a range of Australian and international stakeholders between October 2020 and March 2021 to gauge opinions on the existing IFRS going concern reporting requirements. Additionally, the AUASB held a going concern roundtable in November 2020 which also sought feedback on the existing going concern requirements. This feedback, received from a range of stakeholders including preparers, auditors, regulators, standard-setters and users, provided support for the IASB to revisit the requirements for reporting on going concern, and for further research on the non-going concern basis of preparation. For the detailed feedback from outreach, refer to agenda item 10.

(iii) One of the recommendations contained in the Parliamentary Joint Committee's (PJC) final report[5] suggested a review of reporting requirements in relation to management's assessment of going concern.

As such, staff suggest the IASB develop specific examples and explicit step-by-step guidance for preparers on how to assess going concern and undertake a research project to better understand the extent of underlying issues regarding the preparation of financial statements on a non-going concern basis (refer to agenda item 10 for details). This would likely be a **large** project.

[5] In 2019, the Australian Senate referred an inquiry into the regulation of auditing to the Parliamentary Joint Committee on Corporations and Financial Services (PJC). As a result of the inquiry, the PJC issued its final report in November 2020.

45 Additionally, based on feedback received by panel members to date, preliminary staff views are that the following projects should be assigned a medium priority for addition to the IASB's upcoming work plan:

(a) **Climate-related risks:** Panel members have provided support for the provision of further information on the effect of climate-related risks on the carrying amounts of assets and liabilities in the financial statements. Such a project would be timely for the IASB as it would coincide with the IFRS Foundation Trustees' consideration of sustainability reporting as part of the Trustees' upcoming review. This would likely be a **medium sized** project.

(b) **Statement of cash flows and related matters:** Panel members, particularly financial statement users, have provided significant support for improved disclosure requirements around operating expenses and capital expenditure, split into maintenance, growth and acquisition spend. As such, staff suggest the IASB develop more effective disclosures about ongoing maintenance expenses and growth expenditure. This would likely be a **small** project.

46 In addition to the 22 potential projects identified by the IASB during its outreach (see Appendix C), staff are conscious that a project related to audit engagement-related disclosures may be recommended for addition to the IASB's work plan dependent on the Board's discussions surrounding agenda item 9 of the June 2021 AASB meeting.

Question to Board members

3 Do Board members agree with the preliminary staff views in paragraphs 44-46? If not, which of the proposed potential projects should be considered a high priority for addition to the IASB's work plan? Are there any other financial reporting issues that should be considered for addition to the IASB's work plan?

Next steps

47 Staff suggest the following timeline should the Board agree with the preliminary staff views throughout this paper.

Task	Timing
Board members to consider preliminary staff views and provide feedback	June 2021 AASB meeting
Staff to consider any additional feedback received to ITC 44	June – August 2021
Staff to draft comment letter to IASB on Third Agenda Consultation	June – August 2021
Board members to approve draft comment letter to IASB on Third Agenda Consultation	September 2021 meeting
Staff to submit AASB comment letter to IASB on Third Agenda Consultation	Before 27 September 2021

Question to Board members

4 Do Board members have any comments on the suggested next steps and timeline in paragraph 47?

Appendix A

The IASB's main activities

<table>
<tr><th colspan="2">New IFRS Standards and major amendments to IFRS Standards</th></tr>
<tr><td colspan="2">Objective: Research issues and, if appropriate, develop major new financial reporting requirements

Current level of focus: 40%–45%</td></tr>
<tr><th>What the IASB currently does</th><th>Examples of what more the IASB could do</th></tr>
<tr><td>The IASB develops new IFRS Standards and major amendments to IFRS Standards through research and standard-setting projects.

The IASB also undertakes post-implementation reviews of new IFRS Standards and major amendments to IFRS Standards. The objective of a post-implementation review is to assess the effects of a new Standard or major amendment to a Standard on investors, companies and auditors after the requirements have been widely applied for some time.[6] The IASB has started the required post-implementation review of (a) the classification and measurement requirements in IFRS 9 Financial Instruments, and (b) IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. Between 2022 and 2026, the IASB intends to conduct the required post-implementation reviews of the impairment and hedge accounting requirements in IFRS 9, and the requirements in IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases.</td><td>The IASB could take on new projects to address financial reporting issues.</td></tr>
<tr><th colspan="2">Maintenance and consistent application of IFRS Standards</th></tr>
<tr><td colspan="2">Objective: Help stakeholders obtain a common understanding of financial reporting requirements

Current level of focus: 15%–20%</td></tr>
<tr><th>What the IASB currently does</th><th>Examples of what more the IASB could do</th></tr>
<tr><td>Together with the Interpretations Committee (Committee), the IASB maintains and supports the consistent application of IFRS Standards as a single set of high-quality global Standards by:</td><td>Within the context of addressing application questions with widespread effect, and considering the IASB's role as standard-setter in supporting consistent application of IFRS Standards, the IASB could:</td></tr>
</table>

[6] The term 'investors' refers to primary users of financial statements, defined in the *Conceptual Framework for Financial Reporting (Conceptual Framework)* as existing and potential investors, lenders and other creditors, while the term 'companies' refers to entities that report applying IFRS Standards or the IFRS for SMEs Standard.

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<td>
monitoring the consistent application of IFRS Standards;
developing narrow-scope amendments to, and interpretations of, IFRS Standards;
publishing agenda decisions that improve consistency in the application of IFRS Standards;
using transition resource groups to support the implementation of new IFRS Standards;
providing educational materials such as webinars, webcasts and articles; and
supporting regulators and national standard-setters in their role to support consistent application of IFRS Standards.
</td>
<td>
work more with investors, companies, auditors, regulators and others to identify challenges in applying the Standards.
address those application challenges by:

providing more support for consistent application of IFRS Standards through agenda decisions published by the Committee, narrow-scope amendments to, and interpretations of, IFRS Standards.
providing more educational materials and initiatives on the application of IFRS Standards to support high-quality and consistent application of those Standards by companies, auditors, regulators and national standard-setters. Such materials and initiatives could relate to increased capacity-building efforts to support emerging economies, jurisdictions that have recently adopted IFRS Standards or jurisdictions that are planning to adopt IFRS Standards.

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<tr>
<td colspan="2">The IFRS for SMEs Standard</td>
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<tr>
<td colspan="2">Objective: Provide financial reporting requirements tailored for companies that do not have public accountability (SMEs)

Current level of focus: 5%</td>
</tr>
<tr>
<td>What the IASB currently does</td>
<td>Examples of what more the IASB could do</td>
</tr>
<tr>
<td>Together with the SME Implementation Group (SMEIG), the IASB:

develops and maintains the IFRS for SMEs Standard by undertaking a comprehensive review of the Standard no sooner than two years after the effective date of amendments from the previous review. Such a review may result in amendments to requirements in the IFRS for SMEs Standard.
publishes educational materials, such as SMEIG Q&As that respond to application questions on the IFRS for SMEs Standard, and modules— with explanations, self-assessment questions and case studies—on each section of the Standard to support understanding and use of the Standard
</td>
<td>The IASB could:

work with auditors, national standard-setters and regulators to support consistent application of the IFRS for SMEs Standard.
provide more educational materials and programmes to support the understanding and use of the IFRS for SMEs Standard, including for micro-sized entities that are not publicly accountable.
work more with national standard-setters and other bodies to increase global adoption of the IFRS for SMEs Standard.
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<tr><th colspan="2">Digital financial reporting</th></tr>
<tr><td colspan="2">Objective: Facilitate the digital consumption of financial information

Current level of focus: 5%</td></tr>
<tr><th>What the IASB currently does</th><th>Examples of what more the IASB could do</th></tr>
<tr><td>The IASB develops and maintains the IFRS Taxonomy, which facilitates the effective and efficient electronic communication and analysis of financial reports prepared applying the Standards (IFRS Standards and the IFRS for SMEs Standard) and IFRS Practice Statement 1 Management Commentary. These activities include:
• updating the IFRS Taxonomy to reflect new or amended requirements in IFRS Standards, the IFRS for SMEs Standard and IFRS Practice Statement 1;
• updating the IFRS Taxonomy to reflect common reporting practice that is consistent with the requirements of IFRS Standards; and
• publishing educational materials to support companies, regulators and others who use the IFRS Taxonomy.</td><td>The IASB could:
• work with auditors, national standard-setters and regulators to support consistent application of the IFRS for SMEs Standard.
• work more with regulators and other bodies to increase global adoption of the IFRS Taxonomy. This work would support the transparency, accountability and efficiency of financial markets given the trend towards digital financial reporting.
• work more with companies, regulators, auditors, investors, data aggregators and others to improve the quality of electronic data and consistency in application of the IFRS Taxonomy.
• provide more educational materials and programmes to support the understanding and use of the IFRS Taxonomy.</td></tr>
<tr><th colspan="2">Understandability and accessibility of the Standards</th></tr>
<tr><td colspan="2">Objective: Improve the understandability and accessibility of our financial reporting requirements

Current level of focus: 5%</td></tr>
<tr><th>What the IASB currently does</th><th>Examples of what more the IASB could do</th></tr>
<tr><td colspan="2">Understandability</td></tr>
<tr><td>In undertaking its activities, the IASB focuses on understandability by:
• reducing unnecessary complexity so the Standards are less onerous and costly for companies to apply, while improving the quality of information provided to investors.
• drafting clear Standards. The IASB does this through the involvement of editorial and translation teams and external reviewers.</td><td>A 2017 survey report on the reputation of the IFRS Foundation identified stakeholders’ need for simple, practical and workable Standards.[7] To respond comprehensively to such needs, the IASB could:
• create an inventory of possible areas of unnecessary complexity in applying financial reporting requirements, and assess whether improvements can be made to those areas.
• improve the understandability of the Standards in those areas by undertaking projects that:</td></tr>
</table>

[7] See Perceptions of the IFRS Foundation—Reputation Research Findings, published in July 2017, at: https://www.ifrs.org/-/media/feature/groups/trustees/ifrs-reputation-research-report-jul-2017.pdf? la=en.

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- developing supporting materials such as snapshots, project summaries, feedback statements and Board member articles.

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  - amend existing requirements to reduce unnecessary complexity.
  - make changes to the way in which Standards are drafted so that Standards are more clearly articulated and consistent terminology and structure are used. This approach could be applied to amend existing Standards or to develop new Standards.

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<tr><td colspan="2">Accessibility</td></tr>
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The IASB also strives to make the Standards and related materials accessible. The IASB does so, for example, by:

- publishing Annotated IFRS Standards (IFRS Standards with annotations and cross-references to other materials);
- publishing semi-annual compilations of Committee agenda decisions; and
- providing tools to make IFRS Standards and other materials easier to navigate.

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The IASB could further improve accessibility by using technology and other tools to help stakeholders find materials that are most relevant to them, and understand how those materials relate to each other.

</td></tr>
<tr><td colspan="2">Stakeholder engagement</td></tr>
<tr><td colspan="2">

Objective: Obtain views to support the development of high-quality financial reporting requirements and promote acceptance of the Standards

Current level of focus: 20%–25%

</td></tr>
<tr><td>What the IASB currently does</td><td>Examples of what more the IASB could do</td></tr>
<tr><td>

The IASB engages with stakeholders affected by the Standards through: by:

- general and project-specific meetings with stakeholders from various backgrounds and regions. These engagements include meetings with the IASB's advisory bodies and consultative groups, external events and conferences, project outreach, the IFRS Foundation annual conference and the World Standard-setters conference.
- materials that support meetings with stakeholders and dedicated stakeholder content on the IFRS website.
- comments letters received from stakeholders in response to formal consultation documents.

</td><td>

The IASB could:

- increase engagement with a broader range of stakeholders through standing consultative groups, informal dialogue and events.
- increase engagement on formal consultations by further exploring, and using, digital-friendly approaches, such as surveys to supplement the comment letter process.
- arrange more investor-focused educational materials and initiatives to increase investor engagement across the IASB's activities.

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Appendix B

The IASB's work plan as at March 2021

Project	Description
Research projects[8]	
Business Combinations under Common Control	Business combinations under common control are mergers and acquisitions involving companies within the same group. No IFRS Standard specifically applies to how the company that receives the transferred business (the receiving company) should account for the combination. This lack of guidance has resulted in diversity in practice. In addition, companies often provide insufficient information about these combinations. The objective of this project is to explore whether the IASB can develop requirements that would improve the comparability and transparency of reporting by the receiving company in a business combination under common control. The IASB published a Discussion Paper setting out its preliminary views in November 2020 with a comment deadline of 1 September 2021.
Dynamic Risk Management	Many companies use hedging to manage exposure to financial risks such as changes in foreign exchange rates, interest rates or commodity prices. However, companies manage those risks 'dynamically'—for example, the hedged position frequently changes as new financial assets and liabilities are added and others mature over time. Companies sometimes struggle to reflect their risk management adequately in their financial statements, so investors cannot easily understand the effects of hedging on a company's financial position and future cash flows. The objective of this project is to explore whether the IASB can develop an approach that would enable investors to understand a bank's dynamic management of interest rate risk and evaluate the effectiveness of those activities. The IASB has developed a core accounting model which it is discussing with stakeholders before determining how to proceed.
Equity Method	IFRS Standards require investors with significant influence over an investee, or joint control of a joint venture, to apply the equity method. Stakeholders have reported problems in applying the equity method of accounting set out in IAS 28 *Investments in Associates and Joint Ventures* in investors' financial statements. The objective of this project is to assess whether these application problems can be addressed by identifying and explaining the principles of IAS 28. The IASB is conducting outreach on the equity method concurrently with its consultation activities on the postimplementation review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*.

[8] Projects that gather evidence about the problem to be solved and assess whether a feasible solution can be found before the IASB starts a standard-setting or maintenance project.

Extractive Activities	Extractive activities consist of exploring for, evaluating, developing and producing natural resources such as minerals, oil and gas. Companies use various accounting models to report the resources and expenditures associated with these activities. IFRS 6 *Exploration for and Evaluation of Mineral Resources*, an interim Standard, allows companies adopting IFRS Standards to continue to apply some aspects of their previous accounting policies for exploration and evaluation expenditures until the IASB reviews the accounting practices of companies engaged in extractive activities. The objective of this project is to gather evidence for the IASB to decide whether to amend or replace IFRS 6, and the scope of such a project.
Goodwill and Impairment	As part of the post-implementation review of IFRS 3 Business Combinations, stakeholders raised concerns about the accounting for acquisitions, including that investors receive insufficient information about acquisitions and their subsequent performance. The objective of this project is to improve the information companies provide to investors, at a reasonable cost, about the acquisitions those companies make. To achieve this objective, the IASB is exploring whether improvements can be made to the disclosures companies provide about the performance of acquisitions and whether to change how a company accounts for goodwill subsequent to acquisition, including whether to reintroduce amortisation of goodwill.
Pension Benefits that Depend on Asset Returns	The objective of this project is to explore whether the IASB could feasibly develop targeted amendments to how companies determine the ultimate cost of pension benefits that vary with the returns of a defined pool of assets, applying IAS 19 *Employee Benefits*.
Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12	The IASB developed IFRS 10, IFRS 11 and IFRS 12 to provide a single basis for consolidation and robust requirements for a company applying that basis to assess control, improve the accounting for joint arrangements and provide enhanced disclosure requirements for consolidated and unconsolidated structured companies. The objective of this post-implementation review is to assess the effects of these Standards on investors, companies and auditors after the requirements have been widely applied for some time. The IASB published a Request for Information in December 2020 with a comment deadline of 10 May 2021.
Post-implementation Review of IFRS 9—Classification and Measurement	IFRS 9 *Financial Instruments* includes requirements for classifying and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. When developing IFRS 9, the IASB divided the project into three phases—classification and measurement, impairment and hedge accounting. The IASB also decided to divide the post-implementation review of the Standard into phases, starting with the review of the classification and measurement requirements. The objective of this post-implementation review is to assess the effects of this aspect of IFRS 9 on investors, companies and auditors after the requirements have been widely applied for some time.

Second Comprehensive Review of the *IFRS for SMEs* Standard	The IASB is carrying out its periodic comprehensive review of the *IFRS for SMEs* Standard. As a first step, the IASB published a Request for Information in January 2020 to seek views on whether and how aligning the *IFRS for SMEs* Standard with IFRS Standards would benefit investors, without causing undue cost for companies applying the *IFRS for SMEs* Standard. The IASB is considering feedback on that document. If the IASB were to identify possible amendments to the *IFRS for SMEs* Standard, it would publish an Exposure Draft inviting comments on proposed changes to the Standard.
Standards-setting projects[9]	
Disclosure Initiative—Subsidiaries that are SMEs	When a parent company applies IFRS Standards in preparing its consolidated financial statements, its subsidiaries also apply IFRS Standards when reporting to the parent for consolidation purposes. However, for their own financial statements, those subsidiaries may find it costly to apply all the disclosure requirements in IFRS Standards, which are designed for publicly accountable companies. The objective of this project is to develop an IFRS Standard that permits subsidiaries that do not have public accountability to apply IFRS Standards with reduced disclosure requirements. The IASB expects to publish an Exposure Draft in the third quarter of 2021.
Disclosure Initiative—Targeted Standards-level Review of Disclosures	Stakeholders have expressed concerns about the usefulness of disclosures provided in financial statements. The objective of this project is to improve the usefulness of disclosures for investors by improving the way the IASB develops and drafts disclosure requirements in IFRS Standards. The IASB has developed draft guidance for itself to use when developing and drafting disclosure requirements in future (proposed approach) and is testing that approach by applying it to the disclosure sections of IFRS 13 *Fair Value Measurement* and IAS 19. After testing on IFRS 13 and IAS 19, the IASB will decide whether, and how, to use the proposed approach in its future standard-setting activities—that is, activities to amend the disclosure sections of other IFRS Standards or to develop a disclosure section for a new IFRS Standard. The IASB published an Exposure Draft in March 2021 with a comment deadline of 21 October 2021.
Financial Instruments with Characteristics of Equity	IAS 32 *Financial Instruments: Presentation* does not always provide a clear rationale for its classification requirements and presents challenges in determining whether to classify some complex financial instruments as financial liabilities or equities. These challenges have resulted in diversity in practice. The objective of this project is to address those challenges by clarifying some underlying principles in IAS 32 and adding application guidance to facilitate consistent application of those principles. The IASB is also exploring whether to develop additional presentation and disclosure requirements to help

[9] projects that develop a new Standard or substantially amend an existing Standard.

	investors understand the effects that financial instruments have on a company's financial position and financial performance.
Management Commentary	Since the IASB issued IFRS Practice Statement 1 *Management Commentary* (Practice Statement) in 2010, narrative reporting has evolved. Demand has increased for information about intangible resources, environmental, social and governance matters, and matters affecting a company's long-term prospects. The objective of this project is to revise the Practice Statement to help companies prepare management commentary that better meets the information needs of investors. The Practice Statement would remain principle-based so a company could meet some of those investor information needs by applying industry- or topic-specific guidance published by other bodies. The IASB expects to publish an Exposure Draft in April 2021.
Primary Financial Statements	Investors have expressed concerns about the comparability and transparency of performance reporting. The objective of this project is to improve the way information is communicated in the financial statements, with a focus on information included in the statement of profit or loss. The IASB has developed proposals that would require companies to present new defined subtotals in the statement of profit or loss, disaggregate information in a better way and disclose information about some management-defined performance measures. The IASB published an Exposure Draft in December 2019 and is considering the feedback on that document.
Rate-regulated Activities	Some companies are subject to rate regulation that determines the amount of compensation to which a company is entitled for goods or services supplied in a period. Such rate regulation can cause differences in timing when part of that compensation is included in the regulated rates charged to customers, and hence in revenue, in a period other than the period in which the company supplies the goods or services. The objective of this project is to develop requirements for companies to provide information about the effects of those differences in timing on their financial position and financial performance. That information would supplement the information companies currently provide by applying IFRS 15 *Revenue from Contracts with Customers* and other IFRS Standards, and provide investors with a clearer and more complete picture of the relationship between the revenue and expenses of those companies. The IASB published an Exposure Draft in January 2021 with a comment deadline of 30 July 2021.
Maintenance projects[10]	
Availability of a Refund	The objective of this project is to clarify how a company determines the economic benefits available in the form of a refund when other

[10] projects on the maintenance and consistent application of IFRS Standards. These projects address application questions about IFRS Standards. Such projects involve the Board or the Committee developing narrow-scope amendments to, and interpretations of, IFRS Standards.

	parties, such as trustees have rights to make particular decisions about the company's defined benefit plan. The IASB published an Exposure Draft in June 2015 setting out its proposals to amend IFRIC 14 IAS 19—*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The IASB has decided not to finalise those proposed amendments to IFRIC 14 and is considering whether to develop new proposals to address the matter
Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The objective of this project is to amend the requirements in IAS 12 *Income Taxes* to clarify how a company accounts for deferred tax on transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The IASB expects to issue final amendments in May 2021.
Lack of Exchangeability	IAS 21 The *Effects of Changes in Foreign Exchange Rates* specifies the exchange rate to use in reporting foreign currency transactions when exchangeability is temporarily lacking. However, there are no specific requirements on the exchange rate to use in other situations in which exchangeability is lacking, which has resulted in diversity in reporting practices. The objective of this project is to specify requirements for companies to determine whether a currency is exchangeable and if it is not exchangeable, the exchange rate to use. The IASB expects to publish an Exposure Draft in April 2021.
Lease Liability in a Sale and Leaseback	Sale and leaseback transactions occur when a company sells an asset and leases that same asset back from the new owner. IFRS 16 *Leases* includes requirements for accounting for sale and leaseback transactions at the time those transactions take place; however, the Standard does not specify how to measure the lease liability when reporting after that date. The objective of this project is to improve the sale and leaseback requirements in IFRS 16 by providing greater clarity for the company selling and leasing back an asset both at the date of the transaction and subsequently. The IASB published an Exposure Draft in November 2020, and is considering the feedback on that document.
Provisions—Targeted Improvements	The objective of this project is to develop proposals for three targeted improvements to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. These improvements would align the requirements for identifying liabilities in IAS 37 with the *Conceptual Framework for Financial Reporting*, clarify which costs to include in measuring a provision and specify whether the discount rates a company uses should reflect that company's own credit risk.

Appendix C

Potential projects that could be added to the IASB's work plan

Project title	What the IASB could do and the project size estimation (S—small, M—medium, L—large)
Borrowing costs	• Undertake a targeted project to improve, clarify or simplify aspects of the borrowing costs Standard (S) • Undertake a comprehensive review of the Standard (M)
Climate-related risks	• Lower the threshold for disclosure of information about sources of estimation uncertainty, including the effect that climate-related risks have on that uncertainty (M) • 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 (S) • Develop accounting requirements for pollutant pricing mechanisms (L)
Commodity transactions	• Develop requirements for some of the most common types of transactions involving commodities—for example, commodity loans (M) • Undertake a broader project on commodity transactions (L) • Develop a Standard to set out accounting requirements for a range of non-financial tangible or intangible assets held solely for investment purposes (L)
Cryptocurrencies and related transactions	• Develop educational materials to help companies apply IFRS Standards to cryptocurrencies • Develop additional disclosure requirements for information on the fair value of cryptocurrencies (S) • 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 (M) • Consider amending the scope of the Standards for financial instruments to include cryptocurrencies (M) • Develop a Standard to set out accounting requirements for a range of non-financial tangible or intangible assets held solely for investment purposes (L)
Discontinued operations and disposal groups	• Reconsider the single line-item presentation of discontinued operations and the disclosure requirements (M) • Undertake a comprehensive review of the Standard (M)
Discount rates	• Reconsider discount rate requirements in all IFRS Standards and, when appropriate, eliminate variations in present value measurement techniques (L)
Employee benefits	• Review the requirements in the employee benefits Standard on the rate used to discount pension liabilities in the absence of a deep market in high-quality corporate bonds (M) • Develop accounting requirements for hybrid pension plans (L) • Undertake a comprehensive review of the Standard (L)

Expenses—Inventory and cost of sales	• Undertake a comprehensive review of the accounting for inventory costs and cost of sales (L)
Foreign currencies	• Undertake a targeted project to improve aspects of the accounting for foreign currencies (M) • Undertake a comprehensive review of the Standard (L)
Going concern	• Develop enhanced requirements on how management should assess whether the going-concern basis of preparation is appropriate (M) • Develop enhanced specific disclosure requirements about the going concern assumption (M) • Develop requirements to specify the basis of accounting that applies when an entity is no longer a going concern (L)
Government grants	• Undertake a comprehensive review of the accounting requirements for government grants (M)
Income taxes	• Develop educational materials to help companies apply the Standard on income taxes • Develop accounting requirements for emerging types of taxes (S) • Develop enhanced disclosures about income taxes (M) • Undertake a comprehensive review of income tax accounting (L)
Inflation	• Assess whether accounting requirements for hyperinflationary economies could be extended to economies subject to high inflation (S) • Undertake a comprehensive review of the accounting requirements for hyperinflationary and high-inflation economies (L)
Intangible assets	• Require improved disclosures about intangibles not recognised as assets (M) • Require disclosures about the fair value of some intangible assets, especially those held for investment (M) • Undertake a comprehensive review of the intangible assets Standard, including the recognition and measurement requirements (L)
Interim financial reporting	• Develop enhanced disclosure requirements to provide an update on the latest complete set of annual financial statements (S) • Clarify what transition disclosures are required in interim financial statements in the first year of applying a new Standard or major amendment (S) • Address interim accounting issues in each new IFRS Standard or major amendment as it is developed (M) • Undertake a comprehensive review of the Standard (L)
Negative interest rates	• Develop specific accounting requirements for negative interest rates (M)
Operating segments	• Undertake targeted improvements to the segment aggregation criteria and develop enhanced disclosure requirements about operating segments (M)
Other comprehensive income	• Consider whether to amend the requirements for income and expenses that are classified in other comprehensive income (L)

Pollutant pricing mechanisms	• Develop accounting requirements for various types of pollutant pricing mechanisms (L)
Separate financial statements	• Develop more disclosure requirements in separate financial statements (S) • Address some of the specific application questions about separate financial statements (M) • Undertake a comprehensive review of the Standard for separate financial statements (L)
Statement of cash flows and related matters	• Develop more effective disclosures about ongoing maintenance expenses and growth expenditure (S) • Consider whether to remove the requirement for financial institutions to produce a statement of cash flows (S) • 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 (M) • Seek to develop a statement of cash flows for financial institutions (M) • Undertake a comprehensive review of the Standard for cash flow statements (L)
Variable and contingent consideration	• Make targeted changes to the Standards that describe the accounting for transactions that involve variable or contingent consideration (M) • Develop a consistent approach to reporting variable and contingent consideration for all IFRS Standards (L)