



IFRS® Foundation

# International Accounting Standards Board (IASB)'s technical activities' update

Anne McGeachin IASB Technical Staff  
Ana Simpson IASB Technical Staff  
Ann Tarca IASB Member

EAA Annual Congress  
Bergen May 2022

The views expressed in this presentation are those of the presenter, not necessarily those of the IFRS Foundation, International Accounting Standards Board or the International Sustainability Standards Board.  
Copyright © 2022 IFRS Foundation. All rights reserved.



# Overview

---

Update on the IASB's work plan

- Snapshot of what's on the horizon
- Update on major projects

Update on digital reporting issues

- About digital reporting
- IFRS Accounting Taxonomy
- Example – Primary Financial Statements project
- Feedback from Third Agenda Consultation


Research opportunities related to the IASB's standard-setting

# Update on the IASB's work plan

A grayscale world map is shown in the background. Overlaid on the left side of the map are several concentric, semi-circular lines that represent a horizon or a field of vision. The lines are composed of a solid gray arc and a dotted gray arc. The text "Snapshot of what's on the horizon" is written in white, sans-serif font on the right side of the map.

# Snapshot of what's on the horizon

# Upcoming deliberations (1/2)



Early stage projects	
Business Combinations under Common Control	
Dynamic Risk Management	Equity Method
Extractive Activities	Goodwill and Impairment
Post-implementation Review of IFRS 9—Classification and Measurement	
Later stage projects (closer to final amendment)	
Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures	Disclosure Initiative—Targeted Standards-level Review of Disclosures
Financial Instruments with Characteristics of Equity	Management Commentary
Primary Financial Statements	Rate-regulated Activities
Second Comprehensive Review of the IFRS for SMEs Standard	

## Upcoming deliberations (2/2)

---

### Narrow-scope projects

Lack of Exchangeability (Amendments to IAS 21)

Non-current Liabilities with Covenants (Amendments to IAS 1)

Provisions—Targeted Improvements

Supplier Finance Arrangements

### Strategy and governance project

Third Agenda Consultation

# Questions to the audience

---

## Question 1

TA0

- What is your primary reason for attending the session today?
  - Research
  - Teaching

## Question 2

- Which projects on the IASB workplan have you been following?
  - Primary Financial Statements
  - Goodwill and Impairment
  - Disclosure Initiative—Targeted Standards Level-review of Disclosures
  - Management Commentary

## Slide 7

---

**TA0** Assuming we seek feedback by show of hands, these questions should work. People can vote of each line item eg vote research if that's the reason. Next, also vote teaching if that's the reason. So no need for both. For Q2 people can vote for each item if they want to eg a person can follow all four projects listed.

Tarca, Ann, 2022-05-04T09:36:27.985

**SA0 0** Agreed and amended. I incorporated animations so that the sub-questions appear one by one and we ask for a show of hands

Simpson, Ana, 2022-05-04T09:53:48.299



A grayscale world map is centered in the background. Overlaid on the left side of the map are several concentric, curved lines that sweep from the bottom left towards the center. These lines are composed of a solid gray outer arc and a dotted gray inner arc. The text 'Update on major projects' is positioned in the center-right area of the slide, overlaid on the map.

# Update on major projects

# Business Combinations under Common Control

## Objective

- Develop reporting requirements to reduce diversity in practice and improve transparency

## Preliminary views in Discussion Paper (Nov 2020)

- Specify which method should be applied in which circumstances to reduce diversity in practice and improve transparency in reporting
- Use the **acquisition method** set out in IFRS 3 for combinations that affect investors outside the group
- Use a **book-value method** to be specified in IFRS Accounting Standards in all other cases

## Project update

- In March 2022 the IASB tentatively decided not to expand the project's scope
- Next focus of deliberations will be selecting the measurement method(s) to apply
- How to apply the measurement method(s) and other topics to be deliberated subsequently

## Next milestone

Decide project direction

# Dynamic Risk Management

## Objective

- Develop an accounting model that will better reflect a company's dynamic risk management process in the financial statements. The process involves understanding and managing the amount, timing and uncertainty caused by interest rate risks

## Overview of the DRM model

- Companies dynamically manage the **current net open risk position**—that is, the net of eligible assets and liabilities, including core demand deposits. The **risk mitigation intention** is the extent of current net open position that the company dynamically manages using derivatives
- When designated derivatives are successful in mitigating the repricing risk due to changes in interest rates and achieving the entity's **target profile**, changes in the fair value of such derivatives are recognised in OCI and reclassified to the statement of profit or loss over time

## Project update

- The IASB is currently considering the mechanics of the DRM model—which amounts to recognise and where to recognise them in financial statements

## Next steps

Continue the redeliberation of key issues identified in the meetings with preparers

# Equity Method

## Objective

- Assess whether application questions with the equity method as set out in IAS 28 *Investments in Associates and Joint Ventures* can be addressed in consolidated and individual financial statements by identifying and explaining the principles of IAS 28

## Project plan

- Identify application questions in the equity method and decide which of these problems to address
- Address application questions by identifying and explaining the principles that underlie IAS 28

## Project update

- The IASB directed the staff to research the implications of differences between the principles in IAS 28 and those in other IFRS Accounting Standards relating to business combinations and consolidation before considering the application questions

## Next milestone

Decide project direction

# Extractive Activities

## Objective

- Provide more useful information about exploration and evaluation expenditure and activities accounted for applying IFRS 6 *Exploration for and Evaluation of Mineral Resources* by improving the transparency and comparability of this information

## Project scope

- Explore developing requirements or guidance to a company's disclosures about its exploration and evaluation expenditure and activities
- Explore removing the temporary status of IFRS 6

## Project update

- Perform research to understand: users' information needs; why users do not currently get information they need; the costs of requiring entities to provide information that users need; and whether the comprehensive review of extractive activities as envisaged by the IASB in 2004 has been completed and, consequently, whether the temporary status of IFRS 6 can be removed

## Next steps

Decide project direction

# Goodwill and Impairment

## Objective

- Improve information companies provide about their acquisitions at a reasonable cost

## Preliminary views

- Disclose management's objectives for acquisitions and subsequently disclose the performance against those objectives
- Some targeted improvements to existing standards
- Retain impairment-only model for goodwill
- Simplify impairment test
- Do not change recognition of intangibles separately from goodwill

## Project update

- The IASB decided this information conceptually can be required in financial statements
- The staff are investigating practical concerns (eg about disclosing commercially sensitive information) with stakeholders using staff examples
- The staff are analysing specific aspects of the feedback on the subsequent accounting for goodwill
- Discussed feedback in May 2021

The IASB will redeliberate its preliminary views at future meetings, after considering the feedback on the staff's work on disclosures and the subsequent accounting for goodwill

## Next milestone

Decide project direction

# Post-implementation Review of IFRS 9— Classification and Measurement

## Objective

- Assess whether the classification and measurement requirements in IFRS 9 are working as intended

## Topics in the Request for Information (Sept 2021)

- Business model, SPPI, Fair value changes in equity instruments
- Presentation of own credit gains and losses
- Modifications to contractual cash flows, Effective interest method, Transition to IFRS 9

Financial assets

Financial liabilities

Other topics

## Discussion plan for the Feedback on the Request for Information

- The IASB discussed feedback on the Request for Information in March

April/May 2022	Q2/Q3 2022				
Contractual cash flow characteristics*	Business model assessment	Equity instruments and OCI	Modifications to contractual cash flows	Amortised cost and effective interest method	Other matters

## Next milestone

Discuss Request for Information Feedback

\*Including ESG, contractually linked instruments

# Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures

## Objective

- To permit eligible subsidiaries to apply the disclosure requirements in the draft Standard and the recognition, measurement and presentation requirements in IFRS Accounting Standards

## Features of proposals in Exposure Draft (July 2021)

- Sets out **reduced disclosure requirements** for eligible subsidiaries
- A **voluntary standard** forming part of the IFRS Accounting Standards
- Would **reduce costs** for preparers and **maintain usefulness** of the financial statements

## Project update

- In April 2022 the IASB discussed feedback received on the Exposure Draft.

## Next milestone

The IASB will discuss its plans for redeliberating the project proposals at a future meeting. The IASB will first redeliberate the main issues relating to the scope of the proposed Standard together with its discussion on the scope of *IFRS for SMEs* Accounting Standard.



# Disclosure Initiative—Targeted Standards-level Review of Disclosures

## Objective

- Improve the IASB's approach to developing disclosure requirements in a way that enables companies to enhance their judgement and provide more decision-useful information for investors

## Main proposals in Exposure Draft (Mar 2021)

- New approach to developing disclosure requirements—requiring compliance with disclosure objectives instead of prescriptive items of information, thus requiring companies to apply judgement
- A new set of disclosure requirements in IFRS 13 and IAS 19 applying the new approach

## Project update

- The IASB discussed feedback from fieldwork and feedback from outreach with and comment letters from users:
  - Support for early engagement of the IASB with users and integrated development of disclosure requirements with the rest of the accounting model
  - Some scepticism about whether the proposals would change the behaviours towards applying the disclosure requirements
  - Concerns about the proposals on non-mandatory items of information, including cost to preparers, comparability of information and enforceability of the proposals

## Next milestone

Discuss Exposure Draft Feedback

# Financial Instruments with Characteristics of Equity

## Purpose

- Improve the information that companies provide in their financial statements about financial instruments that they have issued and address challenges with applying IAS 32 *Financial Instruments: Presentation*

## Approach

- Explore clarifying IAS 32 classification principles (rather than rewriting IAS 32) to address practice issues
- Provide classification guidance and illustrative examples
- Improve presentation and disclosure

## Project update

- The IASB made tentative decisions on classification for the following practice issues: financial instruments with contingent settlement provisions; the effects of applicable laws on contractual terms of financial instruments; and financial instruments with contractual obligations to deliver cash (or to settle in such a way that it would be a financial liability) at the discretion of the issuer's shareholders

## Next milestone

Publish Exposure Draft

# Management Commentary

## Objective

- Overhaul IFRS Practice Statement 1 to provide a **comprehensive framework** for preparing management commentary—building on innovations in narrative reporting and focusing on capital market needs

## Features of proposals in Exposure Draft (May 2021)

- Focus on information needs of **investors** and **creditors**
- Disclosure objectives + supporting guidance
- Would bring together in one report **financial**, **sustainability** and **other** information about matters fundamental to entity's long-term prospects

## Project update

- The IASB discussed feedback in March and April
- Strong **investor support** for the project, as it addresses common shortcomings in reporting practice
- Support for **focus on investors' information needs**, but some call for focus on other stakeholders
- Support for proposed **objectives-based approach**, disclosure objectives and areas of content
- Call to **work together with the ISSB** with suggestions to pause the project to enable that connectivity
- Some suggestions for further integration with **other reporting frameworks** (e.g. <IR> Framework<sup>1</sup>)

## Next milestone

Consider path forward for the project in Q2 2022

<sup>1</sup> International Integrated Reporting Council (IIRC, now Value Reporting Foundation)'s International Integrated Reporting Framework

# Primary Financial Statements

## Objective

- Improve communication in financial statements
- Focus on information included in the statement of profit or loss

## Main proposals in Exposure Draft (Dec 2019)

- Require additional **defined subtotals** in statement of profit or loss
- Strengthen requirements for **disaggregating information**
- Require disclosures about **management performance measures**

EAA Congress  
2022 session

## Project update

- IFRS Foundation Breakfast Update: Primary Financial Statements, Thursday, 12 May 7:30 – 9:00

## Next milestone

Issue IFRS Accounting Standard

# Rate-regulated Activities

## Objective

- Provide information about the effects of regulatory income, regulatory expense, regulatory assets and regulatory liabilities on companies' financial performance and financial position

## Main proposals in Exposure Draft (Jan 2021)

- Require recognition of **regulatory assets**, **regulatory liabilities**, **regulatory income** and **regulatory expense**
- Reflect **compensation** for goods or services supplied as part of a company's reported financial performance for the period in which it supplies those goods or services
- Measure regulatory assets and regulatory liabilities using a **cash-flow-based** measurement technique

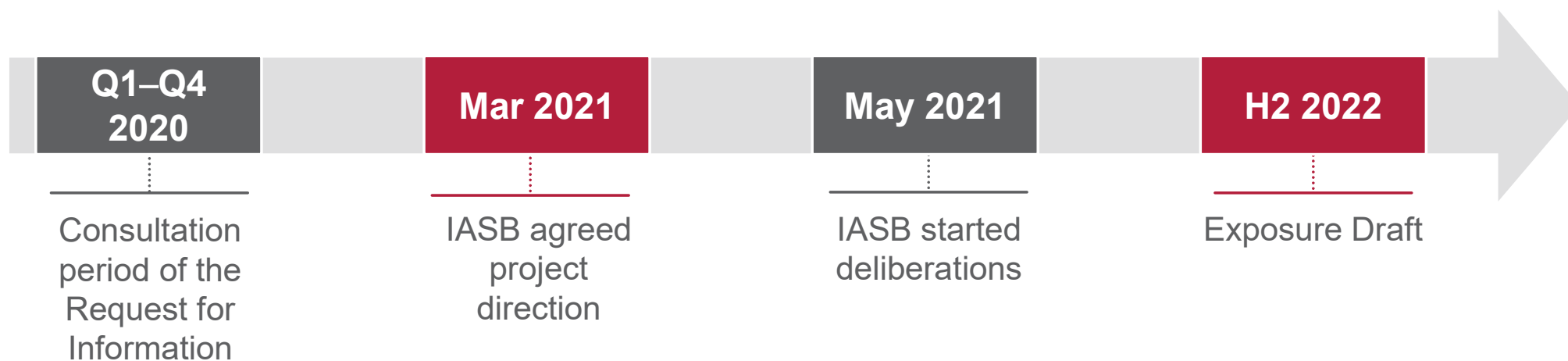
## Project update

- The IASB discussed feedback received on the Exposure Draft (October and November 2021 meetings)
- Discussed plans for redeliberating the proposals in the Exposure Draft (December 2021 IASB meeting)
- Redeliberated proposals in the Exposure Draft relating to the scope (February 2022 IASB meeting)

## Next milestone

Issue IFRS Accounting Standard

# Second Comprehensive Review of the *IFRS for SMEs* Standard—Timeline (1/3)

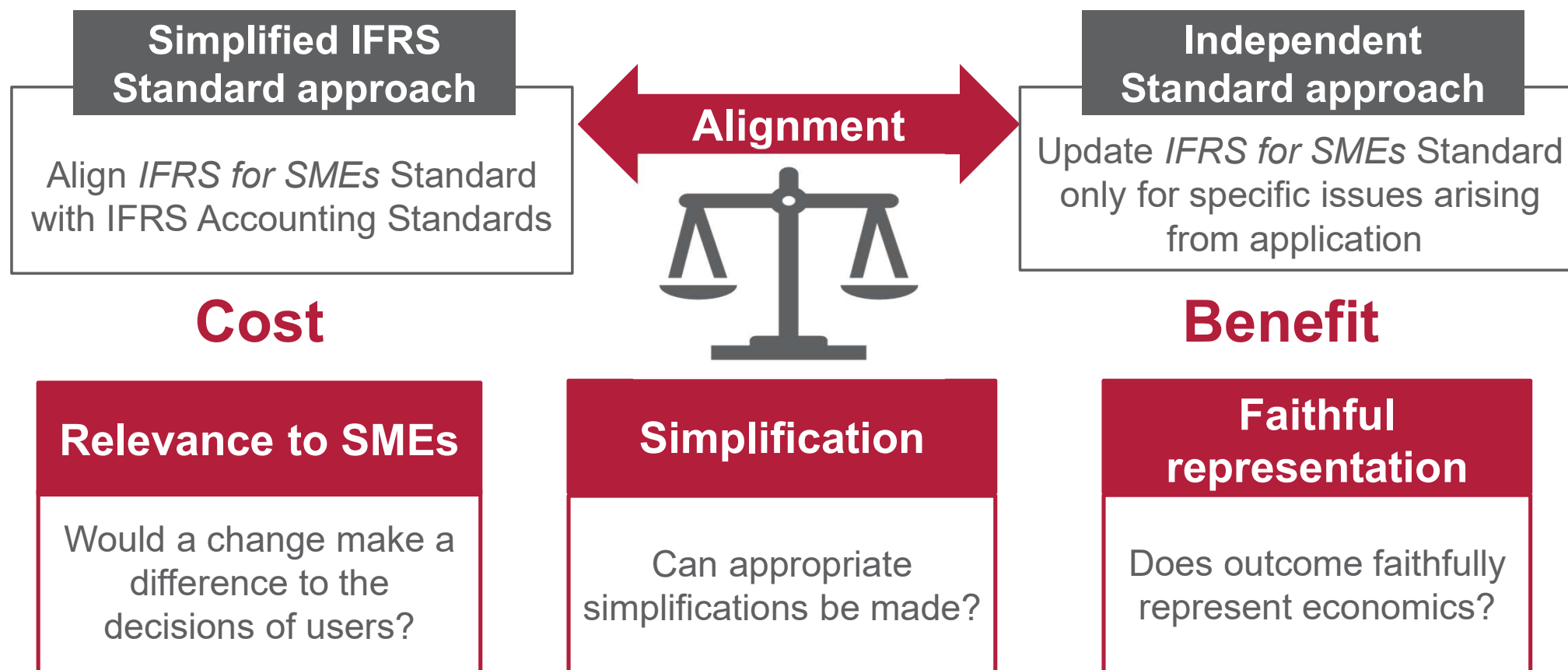


## Objective

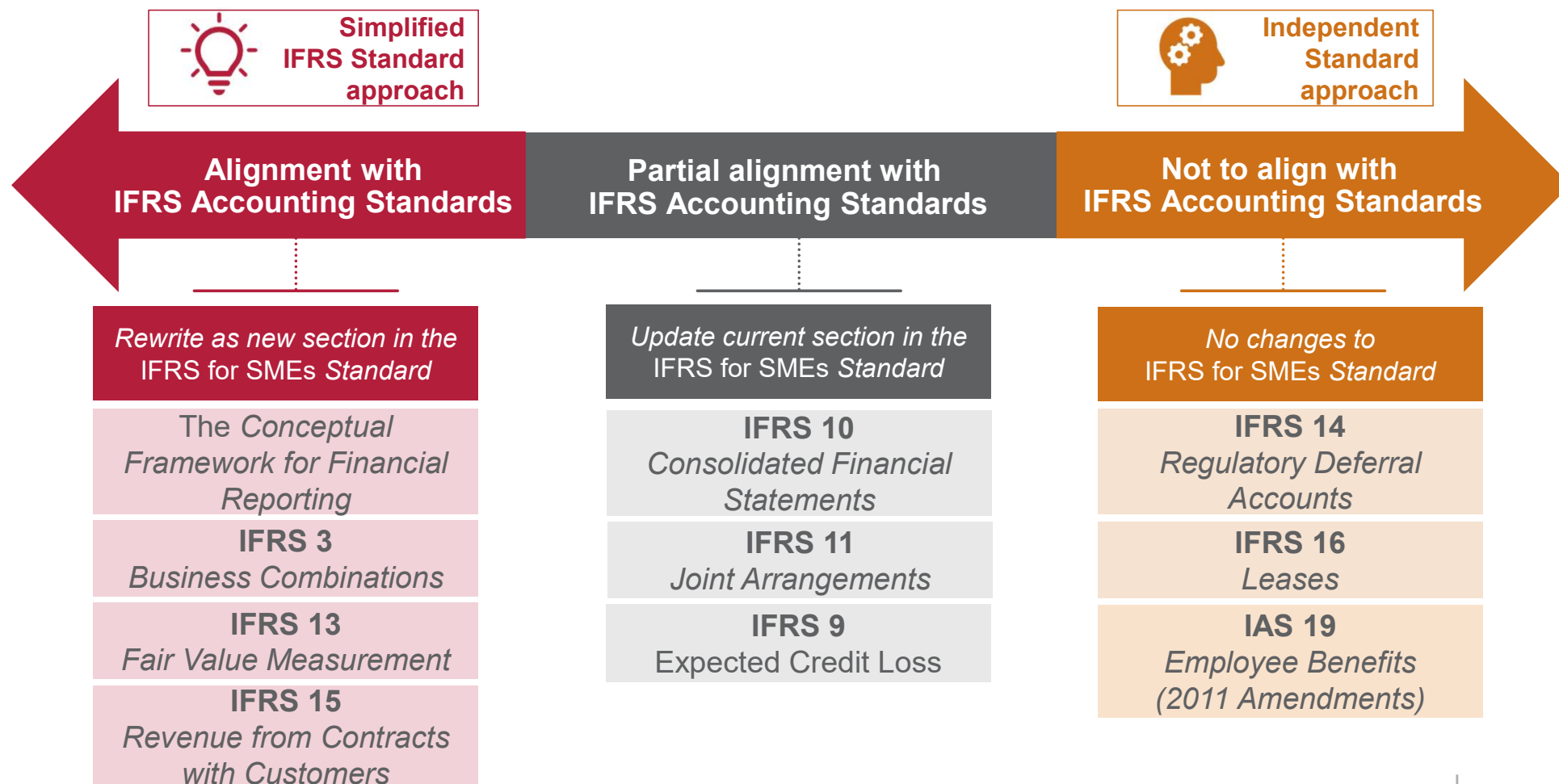
Update the *IFRS for SMEs* Standard using the alignment approach the IASB consulted on

Alignment is using IFRS Accounting Standards as the starting point, and applying the principles of relevance, simplicity and faithful representation, including the assessment of costs and benefits

# Second Comprehensive Review of the *IFRS for SMEs* Standard—Framework (2/3)



# Second Comprehensive Review of the *IFRS for SMEs* Standard—Main tentative decisions (3/3)





# Lack of Exchangeability (Amendments to IAS 21)

## Objective

- Improve usefulness of information provided by requiring a consistent approach to determining whether a currency is exchangeable into another currency and the exchange rate to use when it is not

## Proposed amendments to IAS 21

- Specify when exchangeability between two currencies is lacking and **how to make** that assessment
- **Estimate the spot exchange rate** when exchangeability is lacking
- **Disclose** how the lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position, and cash flows

## Project update

- At its January 2022 meeting the IASB discussed a summary of the feedback on the Exposure Draft. The IASB was not asked to make any decisions

## Next milestone

Decide project direction

# Non-current Liabilities with Covenants (Amendments to IAS 1)

## Objective

- Improve the information about liabilities with covenants provided through classification (as current or non-current), presentation and disclosure in financial statements

## Proposed amendments to IAS 1



Comment period ended on 21 March 2022

- Specify that covenants with which an entity must comply **after the reporting period** do not affect classification of a liability as current or non-current at the end of the reporting period
- Add **presentation and disclosure requirements** for non-current liabilities subject to covenants
- Clarify situations in which an entity **does not have a right to defer settlement**

## Next milestone

Discuss Exposure Draft Feedback

# Provisions—Targeted Improvements

## Objective

- Develop proposals for three targeted amendments to *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*

## Targeted amendments

- **Align requirements** for identifying liabilities with *Conceptual Framework*
- Clarify which **costs** to include in measure of a provision
- Specify whether **discount rates** used should reflect entity's own credit risk

## Project update

- Staff have started developing recommendations for future discussion by the IASB

## Next steps

Staff will prepare a project plan for consideration by the IASB

# Supplier Finance Arrangements

## Objective

- Provide information that enable investors to assess the effects of supplier finance arrangements on a company's liabilities and cash flows

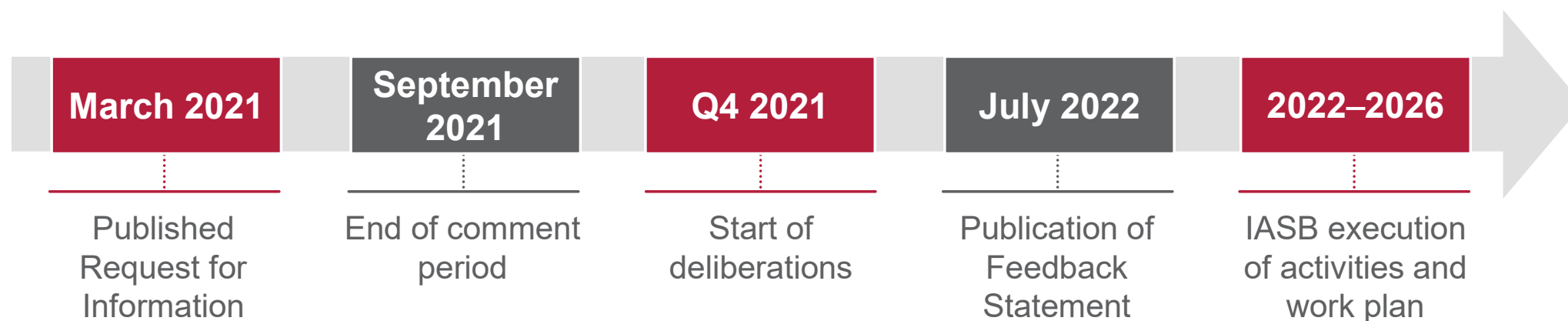
## Proposed amendments to IAS 7 and IFRS 7 Comment period ended on 28 March 2022

- **Describe** the characteristics of an arrangement for which an entity would be required to provide the proposed disclosure
- Add **qualitative and quantitative disclosure** requirements for supplier finance arrangements to meet the disclosure objective
- **Highlight** the required disclosure of liquidity risk and risk management and of non-cash changes in financing liabilities arising from supplier finance arrangements

## Next milestone

Discuss Exposure Draft Feedback

# Third Agenda Consultation



Feedback will help the IASB determine its priorities and work plan from 2022 to 2026.

## Objective of the consultation—to seek views on

- 1 the strategic direction and balance of the IASB's activities
- 2 the criteria for assessing the priority of financial reporting issues that could be added to the IASB's work plan
- 3 new financial reporting issues that could be given priority in the IASB's work plan

# 1 Strategic direction and balance of the IASB's activities



After considering cross-cutting themes, such as implications of connectivity with the International Sustainability Standards Board (ISSB), and consistent with stakeholders' feedback, the IASB decided:

- to begin no new activities within the current scope of its work; and
- to leave its current level of focus on its main activities largely unchanged.

Activity	Current level of focus	IASB's decision
New Accounting Standards and major amendments	40%–45%	Slightly decrease
Maintenance and consistent application	15%–20%	Leave unchanged
The <i>IFRS for SMEs</i> Standard	5%	Leave unchanged
Digital financial reporting	5%	Slightly increase
Understandability and accessibility of Accounting Standards	5%	Slightly increase (indirect support of maintenance and consistent application)
Stakeholder engagement	20%–25%	Leave unchanged

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



The IASB decided:

- not to reprioritise projects on its current work plan, but to continue working on those projects.
- not to make any changes to the list of criteria but to proceed with the list as proposed in the Request for Information.

### Overarching consideration

whether a potential project will meet investors' needs, while taking into account the costs of producing the information

- ① the importance of the matter to **investors**
- ② whether there is a **deficiency** in current reporting
- ③ the **type of companies** affected and jurisdictions where the matter is more prevalent
- ④ how **pervasive or acute** the matter is likely to be for companies
- ⑤ the potential project's **interaction with other projects**
- ⑥ the **complexity and feasibility** of the potential project and its solutions
- ⑦ the **capacity** of the IASB and its stakeholders to progress the potential project

### 3 Financial reporting issues that could be added to the IASB's work plan—feedback received



- The IASB should not add too many **new projects** to the work plan as it will need capacity to deal with emerging issues and interaction with the ISSB
- Some projects are related and could be worked on at the same time—for example, intangible assets and cryptocurrencies
- The IASB should work on climate-related risks and pollutant pricing mechanisms (PPM) together with the ISSB

Some of the most commonly suggested projects (in alphabetical order)

Climate-related risks (incl. PPM)



Cryptocurrencies and related transactions



Going concern disclosures



Intangible assets



Operating segments (highly rated among users)



Statement of cash flows and related matters



For the IASB's decisions, see slide 63.



## Questions to the audience

---

### Question 3

- Which projects do you think the IASB had made most progress on?

### Question 4

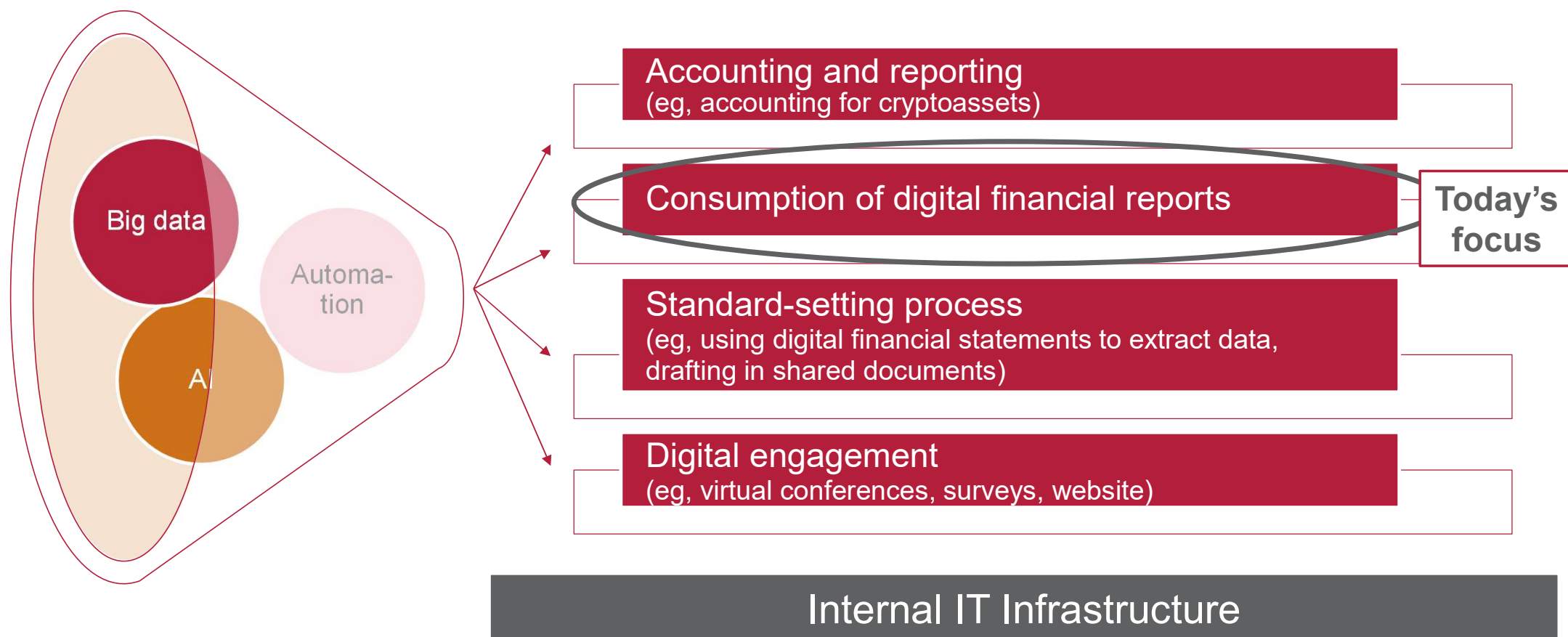
- Which projects on the IASB workplan do you think are most challenging?

# Update on digital reporting issues



# About digital reporting

# What is 'digital'?



# What are ‘digital financial reports’?



Refers to the digital representation of a company’s general-purpose financial reports

Used by capital market participants (investors)



Includes both accounting and sustainability information\*



Throughout this slide deck:


IFRS Accounting Standards + IFRS Sustainability Disclosure Standards = IFRS Standards or Standards


IFRS Accounting Taxonomy + IFRS Sustainability Disclosure Taxonomy = IFRS Taxonomies or Taxonomies

# What does digital financial reporting look like? (1/2)

## *Example 1—better navigation and accessibility*

Disclosure of reconciliation of liabilities arising from financing activities [text block]      text block      IAS 7.44D Example








**CALCBENCH**  
 Disclosures & Footnotes Query

Select Calendar Period and Year: YEAR 2017

Show Disclosure Pattern for Peer Group  

All Hide

- Advanced Semiconductor Engineering Inc. (ASX) ☒
- Aegion Nv (AEG) ☒
- Agnico Eagle Mines Ltd (AEM) ☒
- Agrium Inc (AGU) ☒
- Aluminum Corp Of China Ltd (ACH) ☒
- ArcelorMittal (MT) ☒
- Asia Pacific Wire & Cable Corp Ltd (APWC) ☒
- Astrazeneca Plc (AZN) ☒
- Biogen Inc (BIIB) ☒
- Brazilian Electric Power Co (EBR) ☒
- Brookfield Business Partners L.P. (BBU) ☒
- Brookfield Infrastructure Partners L.P. (BIP) ☒
- Buenaventura Mining Co Inc (BVN) ☒
- Cameco Corp (CCJ) ☒
- Can-Fite BioPharma Ltd. (CANF) ☒

Add Previous Period  
 Show All History  
 Compare To Previous Period  
 Remove Links

Period Ending: 12/31/2017 | From: 20-F Filed On: 3/28/2018 | Advanced Semiconductor Engineering Inc (ASX)


The table below details changes in the Group's liabilities arising from financing activities, including both financing activities are those for which cash flows were, of future cash flows will be, classified in the Group's cash flows from financing activities.

For the year ended December 31, 2017

	Short-term borrowings	Bor
	NTS	
Balance at January 1, 2017	\$ 20,955,522	\$
Financing cash flows	(2,038,993)	
Non-cash changes		
Amortization of issuance cost	-	
Converted to ordinary shares in current period	-	
Effects of exchange rate changes	(954,058)	
Balance at December 31, 2017		\$

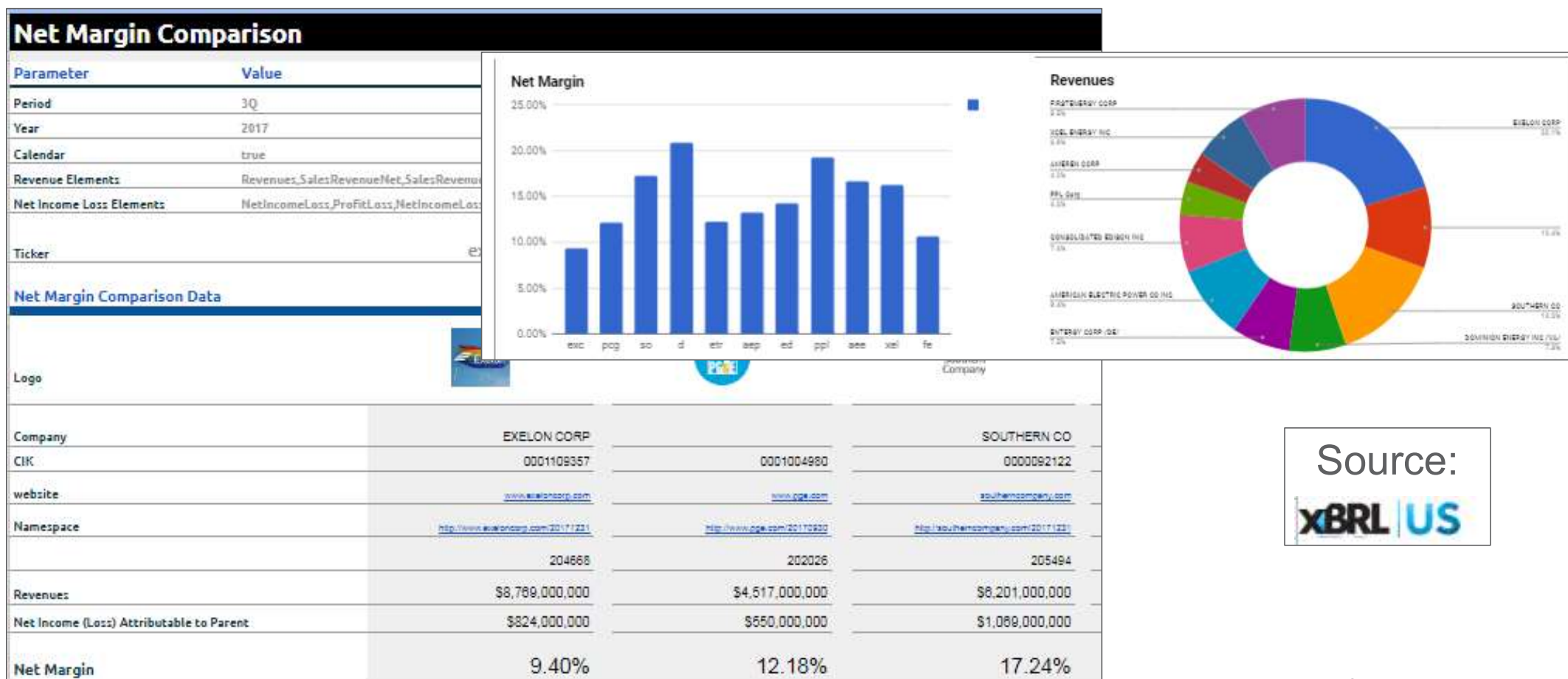
[Export Table](#)
[Export History](#)

37

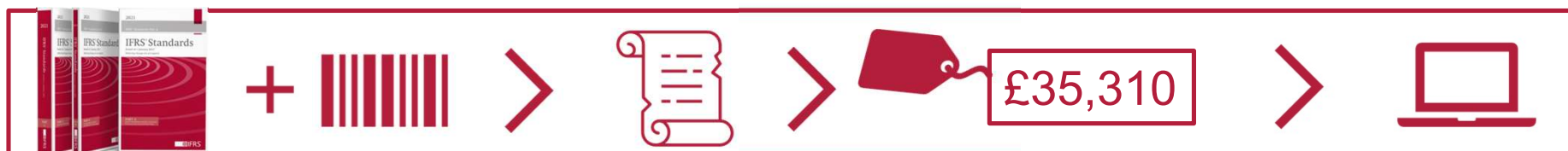


# What does digital financial reporting look like? (2/2)

## Example 2—faster comparisons between companies



# How do digital financial reports get to investors?



Who	Standard-setter		Companies		Investors*
What	Standards	Taxonomy (see Appendix A)	Financial reports	Tag disclosures in financial reports (due to regulatory mandate)	Digital consumption
Why	Provides requirements for company disclosures in financial reports	Provides tags derived from the Standards to make disclosures machine-readable	Makes paper reports machine-readable		Digital comparison and analysis of financial reports for more efficient investment decision-making

\* Investors often obtain digital financial reports by paying data aggregators. This digital information may not necessarily be the same as that provided on paper or tagged with the Taxonomy. See slide 29.



# Benefits of digital financial reporting

---



Capital market  
transparency



Reduced cost of  
capital



Level playing field for  
investors



Increased analyst  
coverage and access  
to capital



Increased efficiency



Reduced language  
barrier

# We are now two standard-setters

## *How does the ISSB fit into all of this?*

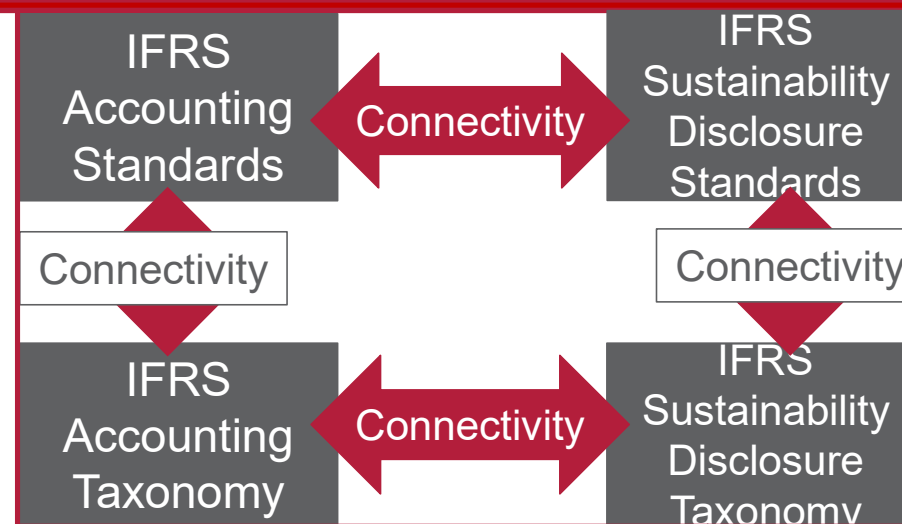
Digital financial reporting includes both accounting and sustainability information

Unlike the IASB in 2001, we assume the ISSB will take a digital approach from day one

We believe the digital considerations for the IASB and ISSB are largely the same

Therefore:

- We believe that there will be significant connectivity and synergies for digital financial reporting – both for the Boards and our stakeholders
- We plan to have a single staff team supporting IASB and ISSB digital activities
- We assume both Boards will largely take the same strategic direction for digital financial reporting



## Vision – where the world needs to be

---

### At a minimum

Realise the benefits of today's high-quality globally comparable financial reporting on paper in a digital world

### Ideally

Leverage opportunities provided by digitalisation to improve usefulness of financial reports – enhancing transparency, accountability and efficiency of capital markets

Democratise digital financial reports – *all investors have digital access to all aspects of financial reporting for all companies*

A grayscale world map is visible in the background, showing the continents. Overlaid on the left side of the map are several concentric, curved lines that sweep across the frame from the bottom left towards the top right. These lines are composed of a solid gray outer arc and a dotted gray inner arc.

# IFRS Accounting Taxonomy

# IFRS Accounting Taxonomy

IFRS Accounting Taxonomy facilitates communication between preparers and users 



consists of '**elements**' used by preparers to mark-up the information in IFRS financial statements

makes IFRS disclosures **more accessible to users** of electronic information

IFRS Accounting Taxonomy reflects the presentation and disclosure *requirements of IFRS Accounting Standards* and related common *reporting practice* in a timely and accurate manner

# IFRS Accounting Taxonomy: focus areas in 2022

---

## New and amended IFRS Accounting Standards improvements

keeping the taxonomy in line with the issued standards

looking ahead to significant changes (eg Primary Financial Statements)

## Content improvements

enabling high-quality tagging of the primary statements

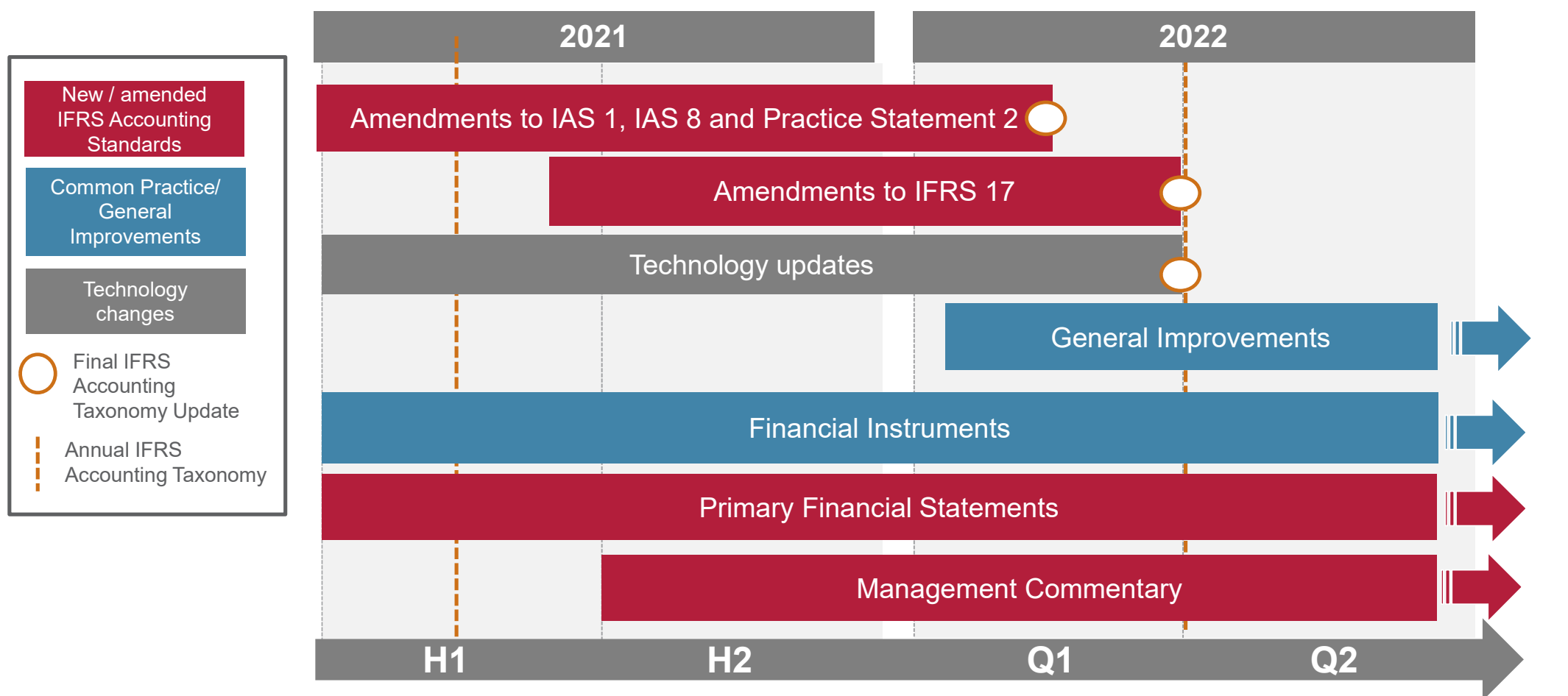
analysing reporting practice of IFRS electronic filers

## Implementation support

supporting regulators adopting the IFRS Accounting Taxonomy, including translations

updating supporting materials

# 2021–22 updates to the IFRS Accounting Taxonomy





# Digital reporting and standard-setting

Primary Financial Statement project



## Challenges for users of electronic reporting\*

---



Lack of  
comparability

Difficult to communicate  
entity-specific information

Not available in a  
usable format

Inconsistent  
availability

Data errors\*\*

The next slides analyse how the PFS proposals may address some of these challenges

\*Described in more detail in [Agenda Paper 7](#) for the September 2018 IFRS Advisory Council

\*\* We do not think the PFS proposals will significantly reduce data errors.

# How might the PFS proposals address challenges? (1)

## Lack of comparability



### Current situation

- **Different reporting practices** result in different companies tagging:
  - comparable data in different ways; and
  - non-comparable data in the same way.
- Users may assume information tagged using the same IFRS Accounting Taxonomy element is **comparable** across companies **when it is not**.
- See examples on slides 51-53

### PFS proposals

- New structure for the statement(s) of financial performance and illustrative examples may reduce diversity in reporting practices, which in turn will reduce diversity in tagging.
- New defined subtotals will be comparable across companies.

## How might the PFS proposals address challenges? (2)

### Difficult to communicate entity-specific information



#### Current situation

Unusual items and alternative performance measures are:

- tagged using **extensions**; or
- **not tagged** at all—some are reported outside financial statements and therefore not required to be tagged by some regulators.

This means such information is **difficult to extract and analyse**.

#### PFS proposals

- Unusual items and management performance measures (MPMs) will be included in financial statements, so are more likely to be tagged.
- IFRS Accounting Taxonomy elements may replace some extensions.

## How might the PFS proposals address challenges? (3)

Not available in a usable format 

### Current situation

Users need to spend **significant resources**—using XBRL calculations and manual adjustments:

- to make subtotals comparable;
  - to identify unusual items and ‘normalise’ data.
- or they use data aggregator services.

### PFS proposals

May reduce the cost of electronic data through:

- enhanced comparability of subtotals across companies.
- required disclosure of unusual items in a single note, which makes them easier to find.

## How might the PFS proposals address challenges? (4)

### Inconsistent availability



#### Current situation

- IFRS Accounting Taxonomy elements exist for commonly reported line items and subtotals such as operating profit.
- However such line items or subtotals are **not consistently available** across companies due to different reporting practices.
- See example on slide 51, company Z.

#### PFS proposals

Defined subtotals and operating expenses disaggregated by nature will be required, so will be available for all companies.

## Example 1—subtotals

Company X	Company Y	Company Z
Revenue	Revenue	Revenue
Operating expenses	Operating expenses	Operating expenses
Net interest on net pension liability		
	Share of result of associates/ JVs	
<b>Operating profit</b>	<b>Operating profit</b>	(no operating profit presented)
Finance income/ expenses	Finance income/ expenses	Finance income/ expenses
	Net interest on net pension liability	Net interest on net pension liability
Share of result of associates/ JVs		Share of result of associates/ JVs
Tax	Tax	Tax
<b>Profit</b>	<b>Profit</b>	<b>Profit</b>

An investor wanting to **compare** these companies' **operating profit**:

- needs to spend time trying to **identify operating profit** for company Z (and may not succeed due to use of extensions)
- needs to spend time to understand the **definition of operating profit** by reading the notes or use XBRL calculations—or may wrongly assume operating profit is comparable for X and Y and be **misled**.

The Board has tentatively decided to define and require all companies to present operating profit

## Example 2—line items (1)

- Companies X and Y are identical with restructuring expenses of 900, consisting of termination benefits of 700 and impairments of PPE for factory X of 200.
- Company X includes the restructuring expenses in 'Employee benefits expense' and 'Impairment of PPE', Company Y presents them as a separate line item:

Company X	
Revenue	16,500
Changes in inventories	(1,000)
Raw material and consumables used	(6,000)
Employee benefits expense:	(4,400)
Impairment of PPE:	(600)
Depreciation & amortisation expense	(1,200)
<b>Operating profit</b>	<b>3,300</b>

Company X would use the IFRS Accounting Taxonomy line items 'Employee benefits expense' and 'Impairment loss [...], property, plant and equipment' to tag the (4,400) and (600).

Company Y	
Revenue	16,500
Changes in inventories	(1,000)
Raw material and consumables used	(6,000)
Employee benefits expense	(3,700)
Impairment of PPE	(400)
Depreciation & amortisation expense	(1,200)
<b>Adjusted operating profit</b>	<b>4,200</b>
Restructuring expense	(900)
<b>Operating profit</b>	<b>3,300</b>

Company Y could use the same IFRS Accounting Taxonomy elements as Company X to tag the (3,700) and (400), **or** create extensions (see next slide)

## Example 2—line items (2)

An investor wanting to compare these two companies' employee benefits expense and impairments of PPE would get the following results when **extracting the values for the IFRS Accounting Taxonomy line items**:

If company Y uses IFRS Accounting Taxonomy line items to tag (3,700) and (400):

IFRS Taxonomy line item	Value for Company X	Value for Company Y
Employee benefits expense	4,400	3,700
Impairment loss [...] property, plant and equipment	600	400

**Could be misleading**—electronic users could wrongly assume the data is comparable.

If company Y creates extensions to tag (3,700) and (400):

IFRS Taxonomy line item	Value for Company X	Value for Company Y
Employee benefits expense	4,400	No value reported
Impairment loss [...] property, plant and equipment	600	No value reported

**Missing data**—Electronic users would need to derive the amounts for company Y from XBRL calculations and/or anchoring of extensions.

Applying the PFS proposals, Company Y's reporting practice would not be allowed, because entities will be required to present expenses either by function or by nature and 'restructuring' is a functional line item.



A grayscale world map is visible in the background, showing the continents. Overlaid on the left side of the map are several concentric, curved lines that sweep across the frame from the bottom left towards the top right. These lines are composed of a solid gray line and a dotted gray line, creating a sense of motion or a stylized globe.

# Feedback from Third Agenda Consultation

# Feedback from respondents to the IASB's Third Agenda Consultation

Many respondents said the IASB should increase its current level of focus on digital financial reporting

## *IFRS Accounting Standards*

Ensure the IASB's approach to digital financial reporting responds to investors' needs

Research whether changes to the standard-setting process are needed to facilitate the reporting of financial information in a digital format

## *IFRS Accounting Taxonomy*

Improve the quality of the IFRS Accounting Taxonomy to better meet investors' needs

Provide illustrative examples to support the application of the IFRS Accounting Taxonomy

Include common-reporting practices from a wide range of countries

## *Digital ecosystem*

Strengthen the IASB's dialogue with regulators and standard-setters to increase the adoption of the IFRS Accounting Taxonomy

Identify partners and work jointly with them to develop financial markets, where high-quality, comparable information is easily accessible in a digital format

# The IASB's response to the feedback



At its March 2022 meeting, the IASB decided to leave its current level of focus on its main activities largely unchanged but to *slightly increase* its current level of focus on digital financial reporting. Thus the IASB could improve the usefulness, quality, accessibility and comparability (where appropriate and necessary) of digital financial information and support connectivity with the work of the ISSB. This would further facilitate the digital consumption of financial information by users. To achieve that, the IASB could, for example:

- consider whether increased digital consumption of financial information should drive changes in financial reporting requirements
- identify and address causes of errors and unnecessary extensions
- engage with and support stakeholders to facilitate digital consumption of financial reports

# Questions to the audience

---

## Question 5

- Do you have any comments about the IASB's vision for digital reporting (Slide 42)?

## Question 6

- Do you have any comments about the way the IASB is responding to challenges of electronic reporting (Slide 48) in the PFS project?

# Research opportunities related to the IASB's standard-setting

# Research on Materiality

The [#IASB](https://www.ifrs.org/news-and-events/news/2022/04/iasb-call-for-research-on-making-materiality-judgements/) is looking to partner with a small number of national standard-setters to obtain research evidence about the effects of recent changes and additions to its literature applicable to making materiality judgements. For more information, visit: <https://www.ifrs.org/news-and-events/news/2022/04/iasb-call-for-research-on-making-materiality-judgements/>

## IASB call for research: Making Materiality Judgements





# Research on Financial Instruments, Leases and Revenue Recognition

A Joint Conference of the Financial Accounting Standards Board (FASB), the International Accounting Standards Board (IASB), and *The Accounting Review* (TAR)  
The deadline to submit papers is 15 May 2022. Find the [call for papers here](#).  
More information can be found on the [conference website](#).

## ACCOUNTING FOR AN EVER-CHANGING WORLD

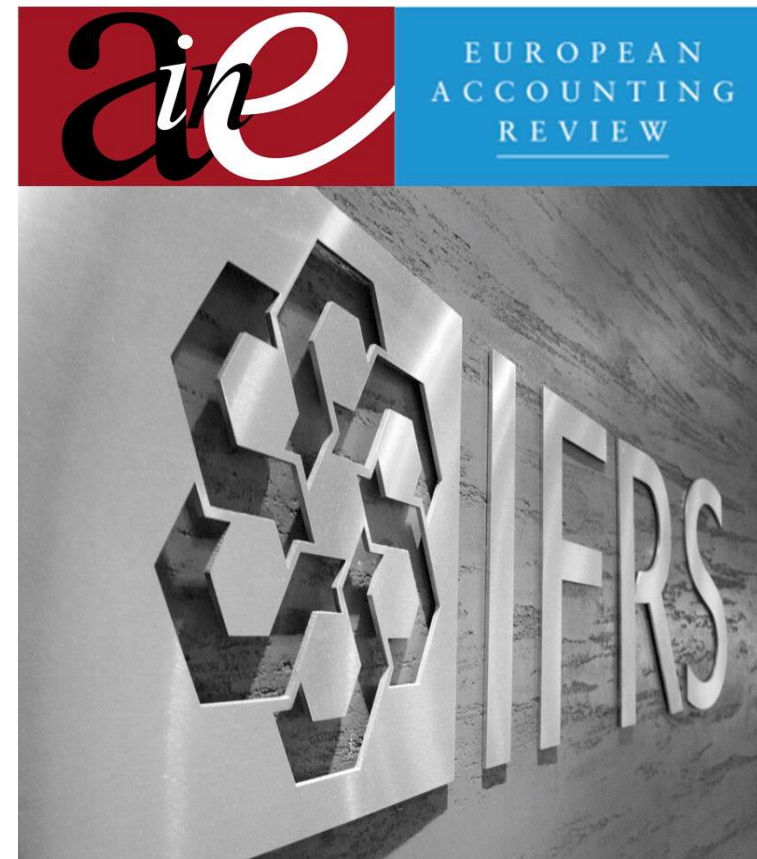
NEW YORK / NOVEMBER 2022



# IASB Research Forum 2023

Submit your research by 30 June 2023

The #IASB and its partnering journals for the 2023 Research Forum, Accounting in Europe and European Accounting Review, have issued a call for papers on the theme of accounting for *intangible assets*. For more information, read here: <https://lnkd.in/e9AeYzF2> #IFRS



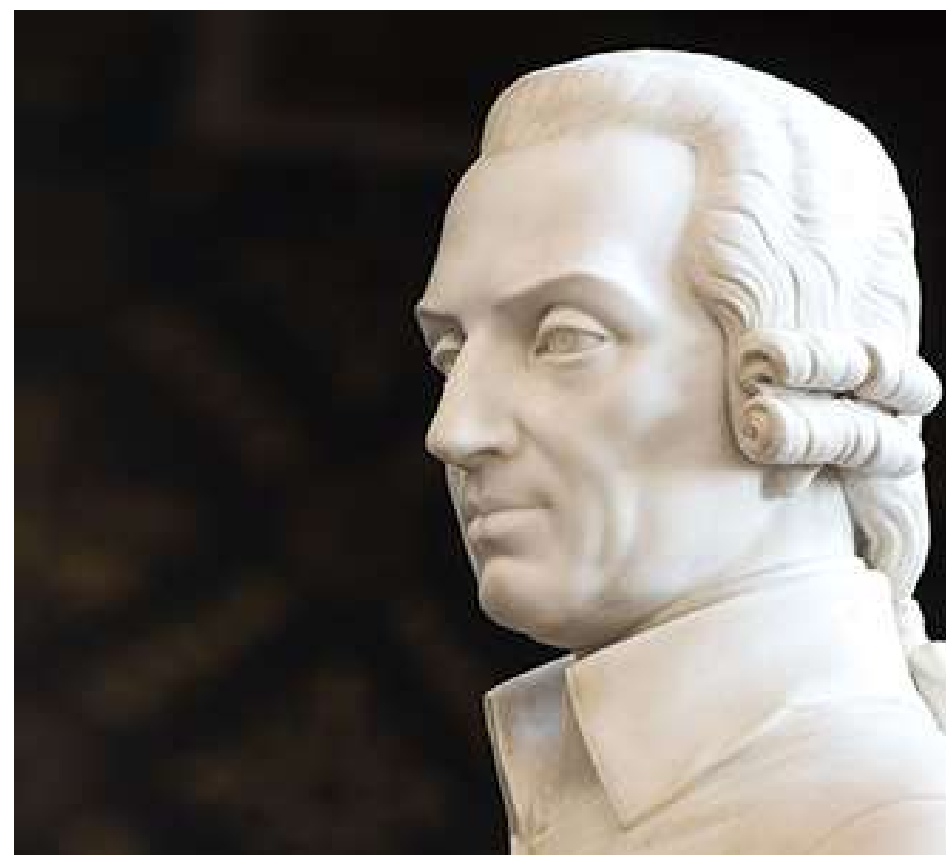


# Special issue on corporate disclosures

---

## Online workshop 27 June 2022

- To present selected successful submissions to *Accounting in Europe* and *The British Accounting Review*
- Zoom online event hosted by Adam Smith Business School
- [Register on Event Brite](#)
- More details about the closed call for papers on the IFRS website:
- [IFRS: Call for research papers](#)



# Projects to add to the IASB's work plan for 2022 to 2026

---

Maintenance  
and consistent  
application  
project

Research pipeline projects

Reserve list

Climate-related  
risks



Intangible  
assets



Statement of cash  
flows and related  
matters



Pollutant pricing  
mechanisms



Operating  
segments



# Research opportunities

---



Annual call for research:  
IASB Research Forum (<https://www.ifrs.org/academics/#iasb-research-forum>)



Examples of past calls for research (<https://www.ifrs.org/academics/#evidence-based-standard-setting>):  
Special issue with *Australian Accounting Review*  
Special issue with *British Accounting Review* and *Accounting in Europe*



Open calls for research:  
Materiality research with national standard-setters  
(<https://www.ifrs.org/news-and-events/news/2022/04/iasb-call-for-research-on-making-materiality-judgements/>)  
IASB Research Forum 2023  
(<https://www.ifrs.org/news-and-events/news/2021/12/2023-iasb-research-forum-call-for-papers/> )

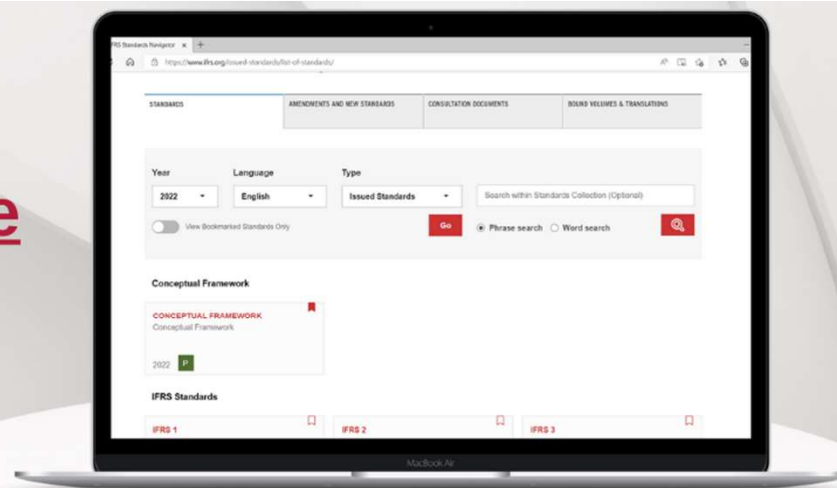


Stay in touch:  
Follow IASB's work plan changes (<https://www.ifrs.org/projects/work-plan/>) and subscribe to  
<https://www.ifrs.org/academics>  
Send us your research (currently to [asimpson@ifrs.org](mailto:asimpson@ifrs.org); through submission portal in the future)

A grayscale world map is visible in the background, showing the continents. Overlaid on the left side of the map are several concentric, curved lines that sweep from the bottom left towards the center. These lines are composed of a solid gray outer arc and a dotted gray inner arc.

# Questions?

# Accessing IFRS Digital via a License



## Managed list of users

This feature is available for all subscribers

- Access is via username and password for registered users as part of the unique licence
- User access is granted via a managed list of users
- The user list is maintained by the nominated administrator(s)

## Domain Name Access

This feature is available for subscribers with 25+ users

- Access is granted via the domain name of the organisation for registered users.
- To be used by organisations that can direct users to register with an organisational email address.
- The license is registered with a domain name(s) – for example “abc.com, abc.co.uk”.

## API Access

This feature is available for licensees with 300+ users

- The API (Application Programming Interface) is an electronic way of using the same functionality that is available for adding or removing users from your license.
- Once the licensee assigns a user, by default they will receive the invitation email and will verify their account with the ifrs.org web site, accept our terms and define their password for future login.
- It requires the appropriate skills and knowledge in the licensee's IT department to wire into the licensee's primary web site or web application.

## API Access via SSO (Single Sign On)

This feature is available for licensees with 1500+ users

- This approach means that whilst the user has an IFRS account they will not have a password. In order to gain **full subscriber access** the user must come through the licensee's web application/site.
- Users can access the IFRS Digital from within the licensee's own web site.
- To use single sign on, you will need to call our API to sign the user on. We will then return you a login token, in which you will redirect the user to the IFRS Single Sign On passing on the login token. We will then sign the user into our web site.



# IFRS Digital and Print Subscription Service

The new IFRS Digital and Print Subscription Service keeps you completely up-to-the minute with IFRS® Standards, IAS® Standards, IFRIC® and SIC® Interpretations and, any revisions just as soon as they are available.



Annually printed IFRS® Standards books by the IFRS Foundation  
(English language only)



An exclusive combined digital and printed copy service



Access to the New IFRS Standards Navigator via the new integrated platform



A discount on the Major Publications Bundle

For more information please contact the team:  
[customerservices@ifrs.org](mailto:customerservices@ifrs.org) or call +44 (0)20 7332 2730





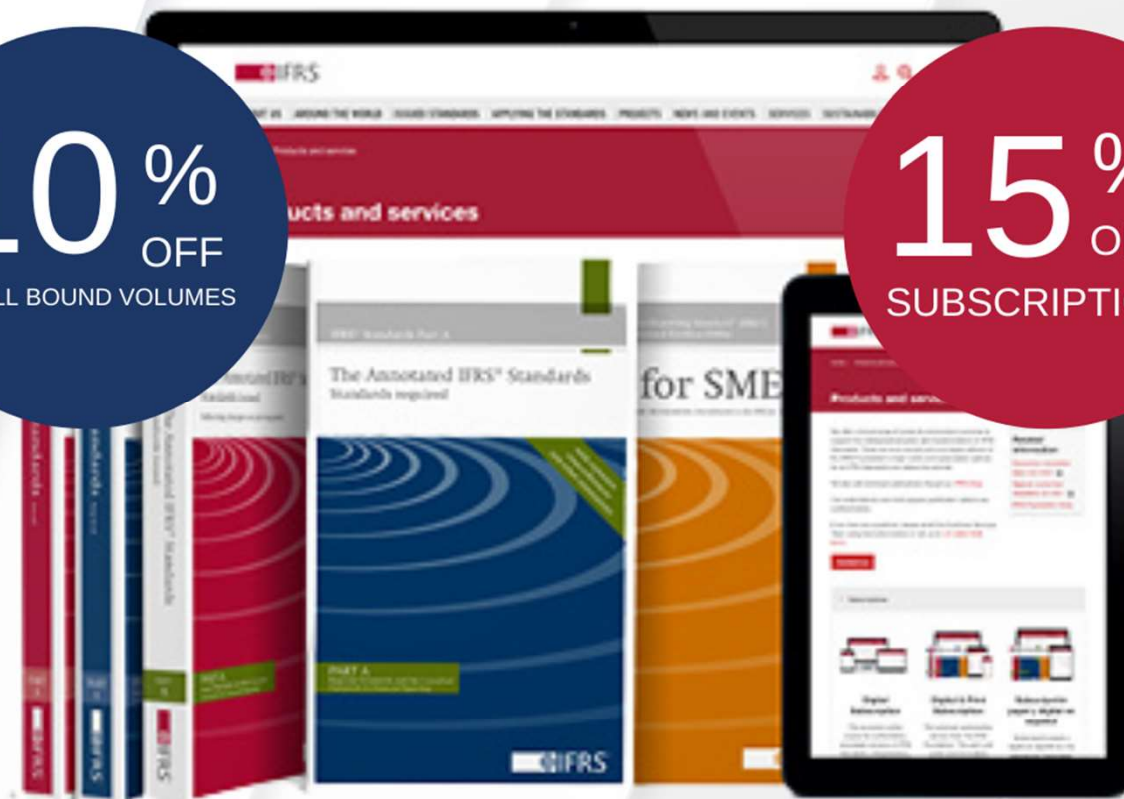
# Delegate Offer

Enjoy an exclusive **15%** discount on all **Subscriptions** and **10%** on all **Bound Volumes**

**Code: EAA22**

**10%** OFF  
ON ALL BOUND VOLUMES

**15%** OFF  
SUBSCRIPTIONS



## Find us online

---



[ifrs.org/academics](https://ifrs.org/academics)



[@IFRSFoundation](https://twitter.com/IFRSFoundation)



[IFRS Foundation](https://www.youtube.com/IFRSFoundation)



[IFRS Foundation](https://www.linkedin.com/company/ifrs-foundation)



[International Accounting Standards Board](https://www.linkedin.com/company/international-accounting-standards-board)



[International Sustainability Standards Board](https://www.linkedin.com/company/international-sustainability-standards-board)