



Mr. Andreas Barckow
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Response to the Request for Information: Third Agenda Consultation

Dear Mr Barckow,

In the present letter ICAC gives its view on the Request for Information (the RFI) issued by the International Accounting Standards Board on 20 March 2021 regarding the Third Agenda Consultation.

First of all, ICAC supports the public consultation undertaken every five years by the International Accounting Standards Board with the objective to review the strategic direction and balance of the Board's activities, the criteria for assessing the priority of financial reporting issues that could be added to the work plan and new financial reporting issues that could be given priority in the Board's work plan. We consider it an opportunity to provide input to improve financial reporting globally and to identify the priorities.

Regarding Question 1 of the RFI about the strategic direction and balance of the Board's activities, we agree with the overall balance of the activities and the current level of focus for each activity, and we do not see necessary their modification over the 2022-2026 period. That been said, we support the need to prioritize the finalisation of the major projects in its active work plan and conducting, on a timely basis, the Post-Implementation Reviews of IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers, IFRS 16 Leases and, towards the end of the period under consideration, IFRS 17 Insurance Contracts.



As we said in our response to the Proposed Targeted Amendments to the IFRS Foundation Constitution to Accommodate an International Sustainability Standards Board to Set IFRS Sustainability Standard, ensuring a high level of connection between sustainability reporting standards and financial reporting standards should be an objective of the Foundation. In our opinion, the amendments on IFRS Foundation Constitution should ensure the collaboration between the IASB and ISSB to develop links and create synergies between financial reporting and sustainability reporting. Subsequently, the IASB should take into account that the developments around Sustainability Reporting could impact the activities and the current work plan.

In response to Question 2 about the criteria for assessing the priority of financial reporting issues, ICAC agrees with the use of the four criteria contained in the Due Process Handbook and encourages IASB to continue using them during the period 2022-2026 to decide whether to add a potential project to its work.

However, regarding the use of three additional criteria developed by IASB on its own (the last three in the RFI list) we suggest the IASB formalise the process for adding them to the Due Process Handbook, because so far these additional criteria have not been submitted. Therefore, precedence should be always given to the four official criteria and IASB might consider whether these additional criteria could be included into the Due Process Handbook as part of the next consultation on that document.

Finally, regarding the financial reporting issues that could be added to the Board's work plan, there are a number of emerging issues that are not properly addressed in current IFRS and identified areas of deficiencies.

We suggest the IASB considers the following projects as high priority in its 2022-2026 workplan:

(a) Sustainability in IFRS standards (including climate-related disclosures). We suggest the IASB takes a comprehensive approach in addressing sustainability topics in financial reporting analysing current IFRS standard with sustainability factors;



(b) Crypto-assets and related transactions. We suggest the IASB addresses the topic in a comprehensive project to develop guidance for these items and transactions;

(c) Discontinued operations and disposal groups (PIR of IFRS 5);

(d) Intangible assets, in order to better reflect the importance of intangibles to improve comparability;

(e) Statement of cash flows and related matters; to address current practical issues in a comprehensive review of IAS 7 Statement of Cash Flows.

(f) Variable and contingent consideration. There are application inconsistencies in this area.

Also, there are other projects which should be included in the IASB's agenda with high priority:

(a) Connectivity between financial and non-financial information;

(b) Digital Reporting;

(c) Dynamic risk management other than for interest rate by banks;

(h) Reverse factoring.

That been said, we encourage IASB to collaborate with EFRAG and other organizations about the implementation of these projects to create synergies. In fact, EFRAG has already started some research projects on its own in relation to variable and contingent considerations, crypto-assets, the statement of cash flows, intangibles, and non-exchange transactions.

Please, don't hesitate to contact us if you would like to clarify any point of this letter.

Yours sincerely,

Santiago Durán Domínguez
Chairman of ICAC

