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Kris Peach  
Chair  
Australian Accounting Standards Board  
Podium Level, Level 14, 530 Collins Street  
Melbourne, VIC 3000  
Australia

Online submission: [www.aasb.gov.au](http://www.aasb.gov.au)

Dear Kris

### **Request for Views: 2015 Agenda Consultation**

CPA Australia welcomes the opportunity to respond to the above Consultation. CPA Australia represents the diverse interests of more than 155,000 members in 120 countries. Our vision is to make CPA Australia the global accountancy designation for strategic business leaders. We make this submission on behalf of our members and in the broader public interest.

CPA Australia welcomes the opportunity to provide input to the International Accounting Standards Board (IASB) work plan for the 2016-2020 period. We provide the following general comments in response to the Request for Views.

We support categorisation of the work plan into three stages. Although it is not evident from the Consultation, we presume the IASB applies recognised programme management methodologies to the various ongoing projects. Particularly, in our view it will be useful to apply programme management methodologies where there are interdependencies between multiple projects. For example, finalisation of the Conceptual Framework project is dependent on projects including the Financial Instruments with Characteristics of Equity project, the Disclosures Initiative project and the Equity project. A programme management methodology such as a Critical Path Analysis could help identify the interdependencies, deadlines, critical milestones and bottlenecks for each of the projects, allowing the IASB to more efficiently and effectively manage its projects and outputs. It will also be helpful to stakeholders to have access to the programme management documentation that illustrates how the IASB manages the multiple projects' interdependencies.

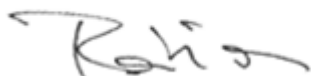
The IASB's work plan appears to focus solely on analysing financial reporting problems to develop suitable solutions. In our view this represents a reactive rather than proactive approach to standard setting. There should be an emphasis on also seeking opportunities to improve financial reporting through challenging the accepted norms of financial reporting in meeting user information needs. The IASB is already engaged in joint projects that challenge the status quo in corporate reporting, through cooperative work with the International Integrated Reporting Council (IIRC) and participation in the Corporate Reporting Dialogue (CRD). Standard setting projects that seek to address existing problems are a necessary and important component of the IASB's work plan. However, we suggest articulating

within the work plan, the IASB's current and future projects that will address aspirational goals that look beyond addressing existing problems in financial reporting.

With many of the major upcoming standards projects either completed or nearly complete, we recommend the IASB gives priority to completing the Conceptual Framework project within this agenda cycle. As the development of some of the concepts within the framework are dependent on outcomes from some current and future projects on the work plan, we recommend the IASB prioritises the completion of the relevant parts of those other projects that will assist with the finalisation of the Conceptual Framework project.

Our detailed responses to specific questions are included in the attached appendices. If you require further information on any of our views expressed in this submission, please contact Ram Subramanian, CPA Australia by email at [ram.subramanian@cpaaustralia.com.au](mailto:ram.subramanian@cpaaustralia.com.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ram', with a stylized flourish extending to the right.

Dr Eva Tsahuridu  
**Manager – Accounting Policy**

## APPENDIX

### The balance of the IASB's projects

1 The IASB's work plan includes five main areas of technical projects:

- (a) its research programme;
- (b) its Standards-level programme;
- (c) the *Conceptual Framework*;
- (d) the Disclosure Initiative; and
- (e) maintenance and implementation projects.

What factors should the IASB consider in deciding how much of its resources should be allocated to each area listed above?

CPA Australia supports the seven factors identified by the IASB to prioritise projects. We suggest the IASB includes an additional factor that requires the IASB to consider innovations that seek to meet evolving user information needs.

As stated in our cover letter, we recommend the IASB gives priority to the Conceptual Framework project, and other related projects whose outcomes are relevant to its completion. We are also of the view that progression of the Disclosures Initiative is fundamental to the IASB's work plan. Both the Conceptual Framework project and the Disclosures Initiative project are significant projects that affect many other IASB projects. The IASB and its stakeholders will benefit from clarity around how the IASB intends to manage the linkages and interdependencies between multiple projects whose development and outcomes will impact these two major projects.

As stated in paragraph 26 of the Consultation, the major standards-level projects in progress at the time of the previous agenda consultation have taken longer to complete than expected. With a view to eliminating such delays in future projects and ensuring realistic timeframes are set, we suggest the IASB explores and analyses the factors that have contributed to the delays that have occurred across the recent/soon to be completed major standards-level projects.

## Research projects

2 The IASB's research programme is laid out in paragraph 32 and a further potential research topic on IFRS 5 is noted in paragraph 33.

Should the IASB:

- (a) add any further projects to its research programme? Which projects, and why? Please also explain which current research projects should be given a lower priority to create the capacity for the IASB to make progress on the project(s) that you suggested adding.
- (b) remove from its research programme the projects on foreign currency translation (see paragraphs 39–41) and high inflation (see paragraphs 42–43)? Why or why not?
- (c) remove any other projects from its research programme?

3 For each project on the research programme, including any new projects suggested by you in response to Question 2, please indicate its relative importance (high/medium/low) and urgency (high/medium/low).

Please also describe the factors that led you to assign those rankings, particularly for those items you ranked as high or low.

The IASB's approach to progressing research projects is premised on developing solutions to identified financial reporting problems. Whilst the need to address existing problems in financial reporting is important, limiting the focus of the research stage of the IASB's work plan to just problem solving projects overlooks innovative projects that seek to broaden the horizons of corporate reporting to meet evolving users information needs (e.g. Integrated Reporting). We suggest the IASB's research programme includes projects that not only seek to address identified problems in financial reporting but also projects that seek to bring positive "disruption" to IFRS based financial reporting.

We have set out below the priority research projects and reasons we believe the IASB should prioritise these in its work plan:

- Projects relevant to the completion of the Conceptual Framework project including the Disclosure Initiative, Equity Method and Financial Instruments with Characteristics of Equity
  - Elements of these projects that are instrumental to the development of outstanding concepts within the Conceptual Framework project should be given priority. This should assist the completion of the long running Conceptual Framework project and make available to the IASB and its stakeholders an updated framework of robust concepts for financial reporting.
- Definition of a Business
  - Clarity has been sought on this issue since 2008 when the revised IFRS 3 *Business Combinations* was published. We believe this agenda cycle presents the IASB an ideal opportunity to address the long standing issues through this project.
- Primary Financial Statements (formerly Performance Reporting)
  - We believe this project provides the IASB with an ideal opportunity to explore reporting solutions beyond the boundaries of traditional financial reporting.

Feedback we have received indicates that there may be inconsistencies between IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* and IFRS 15 *Revenue from Contracts with Customers*. We also understand that the requirements of IAS 20 may not be compatible with the

accounting for Pollutant Pricing Mechanisms. In addition to the research projects listed in the Consultation, we recommend the IASB considers adding a further project to the work plan, to consider whether IAS 20 is still fit for purpose within the IFRS framework.

### Major projects

4 Do you have any comments on the IASB's current work plan for major projects?

We suggest the IASB should finalise the Insurance Contracts project. As stated above, we are also of the view that the IASB should focus on those projects that will impact on the completion of the Conceptual Framework project.

We recommend the IASB commences its next review of the IFRS for SMEs, with a view to aligning the requirements in the standard with the updated full IFRS to the extent possible.

### Maintenance and implementation projects

5 Are the IASB and the Interpretations Committee providing the right mix of implementation support to meet stakeholders' needs and is that support sufficient (see paragraphs 19–23 and 50–53)?

### Level of change

6 Does the IASB's work plan as a whole deliver change at the right pace and at a level of detail that is appropriate to principle-based standard-setting? Why or why not?

### Any other comments

7 Do you have any other comments on the IASB's work plan?

In addition to the major projects involving development of significant new standards, the IASB undertakes a number of standards amendment projects that aim to address minor, industry or jurisdiction specific issues. We suggest careful selection of project proposals to ensure substantial resulting benefit to the global IFRS community, and not only to a specific geographic or industry cohort.

Similarly, the IASB should consider the potential impact of ongoing or forthcoming projects on minor amendment projects before commencing them. For example, Exposure Draft 2014/2 led to a minor amendment relating to consolidation exceptions under IFRS 10 and IAS 28 but a subsequent Exposure Draft 2015/7 proposes to indefinitely defer the effective date of the previous amendments on the basis that the IASB is undertaking a research project, the outcome of which could affect the initial amendments. Through more effective project planning, the IASB could have avoided dedicating these resources to develop the minor amendments and the subsequent proposal to defer the amendments. The IASB should also consider compiling minor amendments and other sweep issues into annual improvements projects that seek to address multiple and related issues through one project. In our view, this approach is likely to give rise to more efficiencies not only for the IASB but also for other stakeholders who participate in the consultation and project development process. We also suggest a similar approach be considered by the IFRS Interpretations Committee in its development of interpretations.

## Frequency of Agenda Consultations

- 8 Because of the time needed to complete individual major projects, the IASB proposes that a five year interval between Agenda Consultations is more appropriate than the three year interval currently required. Do you agree? Why or why not?
- If not, what interval do you suggest? Why?

CPA Australia supports the continuation of a three year agenda period. This allows for the additional time required for stakeholder input and subsequent development of the work plan.