

IASB's Third Agenda consultation

Talking points for episode 117



[PwC's comment letter](#) on the International Accounting Standards Board's third agenda consultation is available on the IASB's website. In summary:

- We support the Board continuing to put priority on maintaining and supporting existing standards and the work of the IFRS Interpretations Committee. We also support the IASB's activities on digital financial reporting, in particular a focus on considering the way investors consume digital information in all its projects.
- We also support the criteria suggested for prioritising projects and urge the Board to apply these criteria holistically and in a way that maximises value for effort.



We understand many investors share these views. In addition, investors suggest the IASB's stakeholder engagement activities should be focussed on investors as the **primary user of financial reporting**.



Investor priorities for the IASB's agenda indicate where investors find that deficiencies in financial reporting impede their ability to make well-informed investment decisions. Priorities include:

- **Operating segments**, reflecting a view that the recent amendments are a missed opportunity to require granular information suitable for a bottom-up analysis of a business.
- The **cash flow statement**, in particular inconsistent category definitions across the primary financial statements and excessive aggregation.
- **Intangible assets**, reflecting a view that accounting hasn't kept pace with the trend for businesses to become less capital intensive over time.



The PwC comment letter also prioritises the statement of cash flows and intangible assets (and incorporating crypto asset considerations into that project). In addition, we prioritise disclosures about going concern, and variable and contingent consideration linked to the acquisition of PPE or intangibles.



While ESG and sustainability reporting are important, there is already helpful educational material on how the existing IFRS standards incorporate climate related risks. In particular climate risk affecting the financial performance or position of a company should be reflected in the assumptions underlying the financial statements, such as the useful lives of PP&E, and resulting depreciation and impairment considerations.



Information about the longer term climate risk exposure of a company should be considered by the ISSB once it's in place. We note the importance of connectivity and collaboration between the IASB and the soon to be established ISSB, and think accounting requirements for Pollutant Pricing Mechanisms and Climate-Related Risks should be developed in the context of those considerations.