

# Analyze of IASB Futures Priorities Based on Responses at 2011 Agenda Consultation and IASB Actions

Melinda Timea FÜLÖP

Babes-Bolyai University, Cluj-Napoca, E-mail: [melinda.fulop@econ.ubbcluj.ro](mailto:melinda.fulop@econ.ubbcluj.ro)

**Abstract** *This paper analyzes the International Accounting Standards Board (IASB) Agenda for the period 2012-2015 from two points of views. The first one includes a detailed quantitative and qualitative analyze of the respondents opinion about IASB 2011 Agenda Consultation and the second one provide some comments about the topics included in the IASB future period plans and the progress of topics and concludes that the selected topics and them evolution is variable, partly due to the appearance of later priorities.*

**Key words** IASB, accounting, agenda, comment letters

DOI: 10.6007/IJARAFMS/v4-i1/620

URL: <http://dx.doi.org/10.6007/IJARAFMS/v4-i1/620>

## 1. Introduction

The International Accounting Standards Board (IASB) has achieved great success in extending the adoption of international financial reporting standards (Whittington, 2008), they become in now days the international recognized accounting and reporting standard setter. But in the same time, the IASB's story is not, however, one of unalloyed success. One of this concerns the long and difficult process of the acceptance of IFRS in Europe, especially the fair value option, of the provisions of IAS 39 Financial Instruments and the resistance of EU bodies (first the Commission and latter the Parliament) to lose the total control over the standard-setting process and moreover their fear that the IASB is dominated the English-speaking countries, accentuated by the convergence process with the FASB.

While many studies examine the lobbying or comment letter writing done, few focus on these activities during the development of standards under the IASC or IASB (Durocher, Fortin, & Cote, 2007; Cooper & Robson, 2006;).

In this context, our curiosity was to analyze the International Accounting Standards Board (IASB) Agenda for the period 2012-2015 from two points of views. The first one includes a quantitative and qualitative detailed assessment of the opinions regarding the shape of the future agenda of IASB, by analyzing the data obtained from 248 comment letters received from 40 different countries and 16 international organizations, review of the respondents opinion about IASB 2011 Agenda Consultation, finalized by checking if the major topics were included in the IASB Agenda for 2012-2015, and the second one is focused on the progress of agenda topics in the period 2012-2013, if the IASB actions are in line with Agenda 2011, so if established priorities were kept in the top of the list or other priorities appeared and becomes more important than the first ones.

Our approach is in line with other researchers questions about IASB. Barth (2000) suggests it is important to understand how international accounting standard setters make decisions, and Cooper and Robson (2006, p. 430) believe that the IASB is "worthy of further serious and sustained study."

The remainder of this paper proceeds as follows: the second section describes briefly the 2011 IASB Agenda Consultation; the third clarifies our methodology and explains our logic approach. Then, in the fourth we review the responses received and in the five sections we investigate the agenda for the period 2012-2013, and we mark some discussion points and note implications. The final section provides concluding remarks.

## 2. 2011 Agenda Consultation Paper

Without doubt, IFRSs have become one of the most important financial reporting languages in the world and while the community using it continues to grow and to develop, the standard-setting process needs also to be adapted to current needs and complexities, gaining a sense of direction and stability.

The role and legitimacy of International Accounting Standards Board's (IASB) as the international accounting standard setter has been a recent topic of debate (Burlaud and Colasse 2011; Richardson and Eberlein 2011; Danjou and Walton 2012).

The IASB was created in 2001 and it was designed to be an independent world standard-setter. The IASB is the successor of the IASC, and its legacy inherited from its predecessor body, increase in current period not only in terms of the promulgated standards but also in terms of its role recognition by international accounting profession and its stakeholders, legislators or government regulators.

There are voices in international literature claiming that it becomes apparent that the role of the IASB's public due process conducted during its standard setting is not necessarily well understood. For instance, some might view this public due process as intended to ensure that the IASB's standards reflect the 'will of the people' (Richardson and Eberlein 2011: 223, citing Scharpf 1999), while on the other hand Botzem (2012) suggests that it performs more of a communicative function for the IASB without any commitment to change its stance on the standards under consideration.

In July 2011, the International Accounting Standards Board (IASB) launched its first formal public agenda consultation on its future work plan, called Agenda Consultation 2011 and invites worldwide accounting institutions, users and preparers of financial statements to express their points of view and bring a broad input for setting the new plan of work for IASB.

The discussion paper issued by IASB raises 2 broad questions, concerning two areas regarded by the Board as important for establishing the future agenda, and it is a result of several meetings where the preliminary views of IASB were taken into consideration. As expected, the answers to the questions were not the same in all the comment letters received. Therefore, the aim of my study is to conduct a quantitative and qualitative analysis of these responses, with the final objective of highlighting the most urgent needs to be considered by the future actions of IASB and the direction of the work plan as proposed by the majority of different categories of organizations from all around the world.

The discussion paper issued by IASB contains 2 open-ended questions, dealing with a tentative view on what the Board considers to be the key elements that will shape the overall strategic approach and structure of the agenda for the upcoming 5 years. The wording of the questions is listed below:

- *Question 1: What do you think should be the IASB's strategic priorities, and how should it balance them over the next three years?*

- *Question 1(a): Do you agree with the two categories we identified and the five strategic areas within them? If you disagree, how do you think the IASB should develop its agenda, and why?*

- *Question 1(b): How would you balance the two categories and five strategic areas? If you have identified other areas for the IASB's agenda, please include these in your answer.*

- *Question 2: What do you see as the most pressing financial reporting needs for standard-setting action from the IASB?*

- *Question 2(a): Considering the various constraints, to which projects should the IASB give priority, and why? Where possible, please explain whether you think that a comprehensive project is needed or whether a narrow, targeted improvement would suffice?*

- *Question 2(b): Adding new projects to the IASB's agenda will require the balancing of agenda priorities with the resources available. Which of the projects previously added to the IASB's agenda but deferred (see table page 14) would you remove from the agenda in order to make room for new projects, and why? Which of the projects previously added to the IASB's agenda but deferred do you think should be reactivated, and why? Please link your answer to your answer to question 2(a).*

The IASB allowed a period of comment of 120 days, starting on 26<sup>th</sup> of July 2011 and ending on 30<sup>th</sup> of November 2011, respecting in this way the common period for the consultation documents, as stated in the Due Process Handbook. The Board also made additional efforts for attracting the input of investors, the main group target of the standards, through developing outreach activities and holding an on-line survey between November and December 2011.

### 3. Research Methodology

This research implies both a quantitative and a qualitative approach. The data used for the analysis come from the answers to the 2 main questions expressed within the 248 comment letters received by the IASB and published on their website.

One first observation is that the design of the two open-ended questions implies the identification of two main categories: question 1 seeks input on the overall strategic direction of IASB's agenda, while question 2 asks for opinions regarding a prioritization of current and future projects of the Board, taking into consideration the limited resources available. An open-ended question means that the response will have an unstructured format, allowing in this way the respondents to have a greater freedom of expression. In addition, by using open-ended questions, biased answers are avoided, due to the fact that there is not an imposed or limited range of response. Moreover, in our case, not all the questions addressed by the IASB in its paper allow a yes or no answer possibility, the respondents being required to give comprehensive and targeted answers, providing also flawless arguments that sustain their points of view. The two questions are each divided into 2 sub-questions (denoted with "a" and "b"), meant to provide further details on the main categories identified above and assign a qualitative character to the survey.

Thus, for the development of the research paper, we used the answers for a total number of 6 questions. The first step was to collect the data and construct a centralization of all the responses, which were recorded and codified, in order to identify a similar pattern that would allow me to easily work with the unstructured character of data due to the open questions. Each comment letter was inspected through a qualitative analysis of the text. Due to the fact that not all the respondents gave a specific answer to each IASB's question, limiting themselves only to the expression of a general opinion regarding the work plan of the Board, I standardized the answers as follows: Y (yes) if the comment letter addresses each question from the discussion paper and N (no), if the respondent did not include a detailed answer to each question raised by the Board. There were also cases when some of the respondents gave only a partial answer to the discussion paper, preferring to express an opinion regarding a sole issue of concern (either question 1 or question 2). In this situation, the answer was codified as P (partial).

In the analysis are included all the 248 letters published on the IASB's website, no matter if the comments came from individual private persons, organizations, standard-setting organisms or even commercial entities. As IASB stated, its objective was to gather an insight from all those affected by the financial statements and standards.

In order to achieve an uniformization of the responses, the respondents are grouped into 5 categories, as indicated in the following figure:

*Table 1. Categories of respondents*

1.	AAP-Accounting and audit profession	60
2.	AS: Accounting standards setter	40
3.	BFS: Banking and financial services	51
4.	IS: Industry and service	80
5.	Other	17
<b>Total</b>		<b>248</b>

Through the help of Microsoft Excel, we constructed a summary and description spreadsheet of the data and used graphical figures in order to display the answers for the questions both at the entire level of the sample and for each type of category identified. For the interpretation of the results, we employed descriptive statistics with numerical descriptors such as percentiles and frequency. The choice of the method of my analysis was not random, its validity being confirmed also by other international studies.

Besides the analysis of the quantitative part of the responses, it was performed also a qualitative analysis of the data, in order to reach a relevant conclusion. Therefore, we analyzed the answers given to all the 6 questions and tried to identify the most frequent responses provided to each of them, and are presented the strongest supportive arguments given by the respondents, in order to highlight the relevance of their point of view.

## 4. Responses analysis

### 4.1. Quantitative analysis

As it is mentioned before, IASB received 248 letters in response to the raised questions. The table below presents the countries that submitted a comment. A respondent did not specify the country it belongs to, therefore it was not considered it for the following classification.

Table 2. Countries with responses (no of responses)

North America(51)	South America (9)	Europe (120)	Asia (39)
Mexico (1)	Brazil (5)	Belgium(14)	China (6)
Canada (28)	South America (1)	EU (2)	Hong-Kong (3)
USA (22)	Chile (1)	France (6)	India (3)
	Argentina (2)	Finland (1)	Indonesia (1)
		Ireland (2)	Japan(8)
		Austria (3)	Malaysia (12)
		Germany (13)	Rep. of Korea (3)
		Italy (1)	Singapore (2)
		England (5)	United Arab E (1)
		Netherlands (4)	
		Norway (2)	
		Poland (1)	
		Portugal (1)	
		Russia (2)	
		Spain (5)	
		Sweden (4)	
		Switzerland (6)	
		UK (48)	

Africa (4)	Australia (11)	Oceania (7)	International
South Africa (3)	Australia (11)	Asia-Oceania (1)	(6)
Zambia (1)		New Zealand (5)	
		Papua New Guinea (1)	

As we can see, opinions regarding the future agenda of IASB have been expressed from organizations and entities from all across the world and this will enhance the Board’s ability to form a solid viewpoint regarding the community affected by IFRSs.

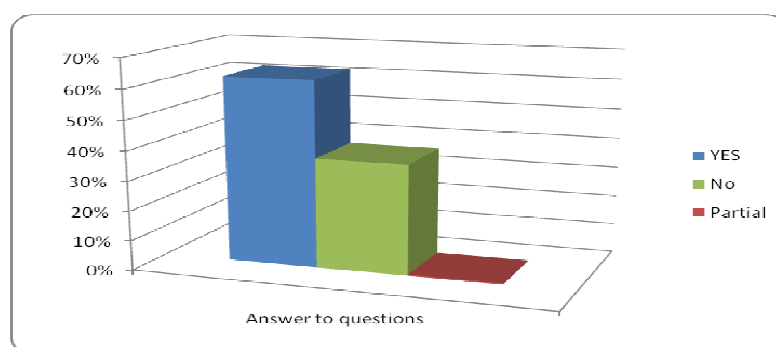


Figure 1. Answer to questions

Out of the 248 comment letters received, 63% of them provided a specific and clear answer to the questions raised by the IASB, while 37% did not provide an answer, but just a general guideline for the Board’s work plan or general comments regarding some specific areas of interest for them. Considering the traditional classification of accounting systems existing in the world, we can observe that the greatest number of comment letters was received from countries belonging to Anglo-Saxon cluster (69%), while the Continental Cluster recorded a level of 31% of responses.

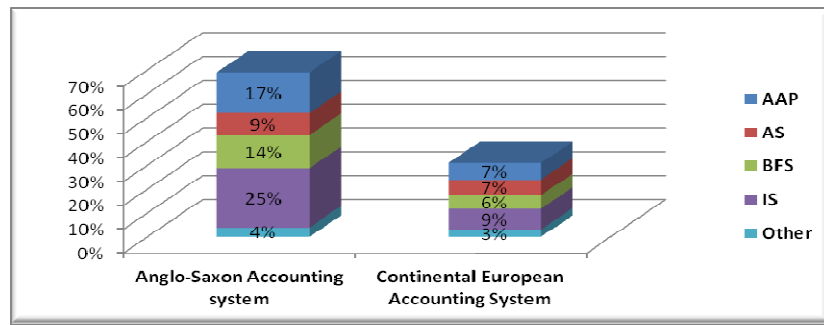


Figure 2. Countries grouped by the accounting system

To the *first question*, regarding the strategic priorities of the Board and their balance, 105 respondents, representing 42% of the entire sample, sustained that for the next period, the IASB should focus on the completion and refinement of the Conceptual Framework. In the same time, 9% of the respondents (21 responses) agreed that post-implementation reviews are also very important and should be included in the list of strategic priorities of the Board, while in a proportion of 9%, the urgent demand of amending IAS 41 regarding accounting treatment of biological assets was expressed throughout the comment letters.

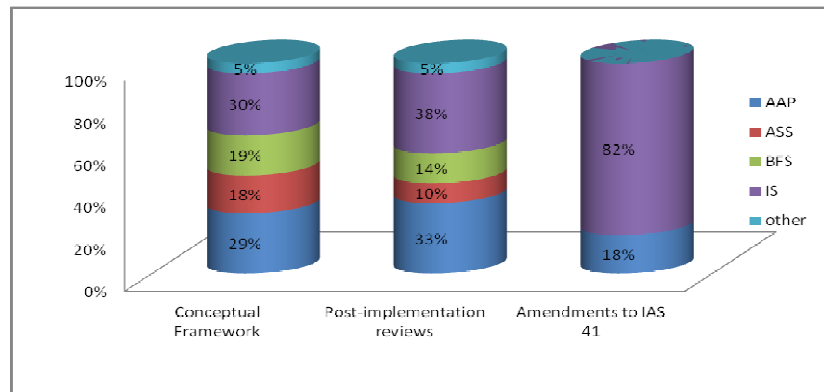


Figure 3. Answer to Question 1

Responses to *question 1(a)* reflect that most of the respondents (61%, 152 responses) agree with the two main categories identified by IASB and the five strategic areas that are proposed. A proportion of 4% (10 responses) tend to disagree with the categories suggested by the IASB and present their own view regarding the way the Board should develop its agenda, while 35% (86 responses) of those that submitted a comment did not give a clear or specific answer to this question.

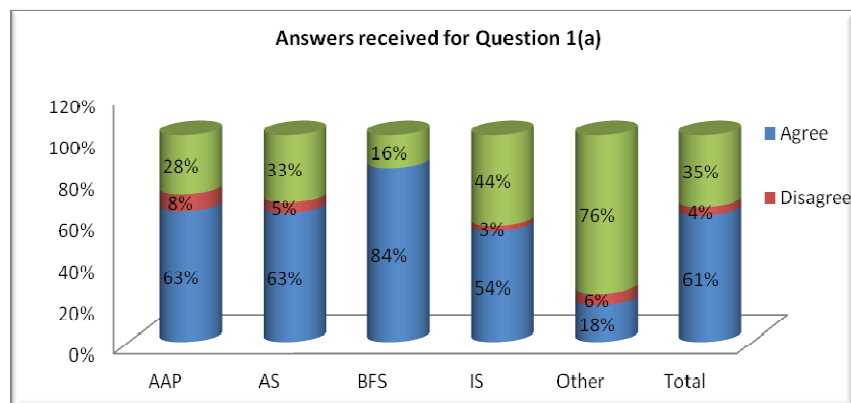


Figure 4. Answers received for Question 1(a)

The answers to *question 1(b)*, which requires a point of view upon the way IASB should balance the two main categories identified, Developing financial reporting and Maintaining Existing IFRSs, revealed that the Board should focus on maintaining IFRSs and emphasize the work on Conceptual Framework (36% of the respondents agreed on focusing on Maintenance category). A proportion of 30% of the respondents consider that the two categories are equally important, while 34% of the respondents argue in favour of Developing category as the most urgent and important one. As we can see, the differences among the percentages are not very high, meaning that there is a clear uniformization of opinion among the users and preparers of financial information.

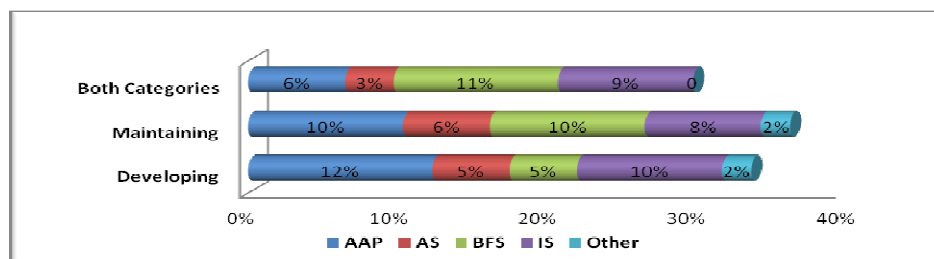


Figure 5. Answers to Question 1(b)

*Question 2* is one of the core questions addressed by IASB and seeks to get an insight of the most urgent demands of users regarding financial reporting. This question records one of the highest levels of answers (169). The cluster analysis reveals that 46% of the respondents reach an agreement and choose the completion of Conceptual Framework as one of the most urgent needs for the standard setting action. In the same time, 24% of the respondents consider that concluding the four active projects on the agenda should be a pressing requirement.

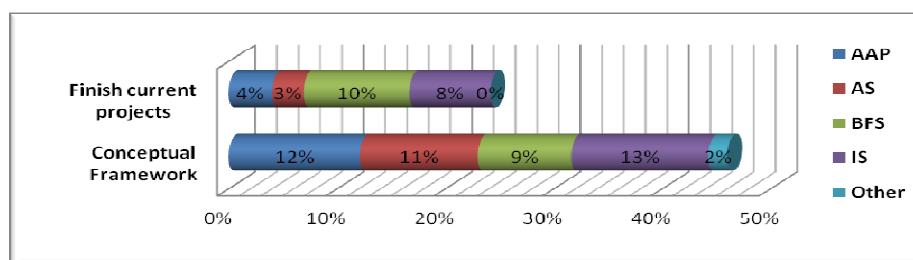


Figure 6. Answers to Question 2

*Question 2(a)* seems to address the thorniest issue of the consultation paper, namely the requirement of specifying which projects should be given priority. On the level of the entire sample, the highest percentage of agreement is for Other Comprehensive Income project, 27% of the respondents considering that OCI should be on the priority list of the Board. On the groups' level, the highest percentage in favor of prioritizing the OCI project pertains to the Accounting and Audit Profession Group and Accounting Standards Setter Group. Reactivation of projects, such as Emission Trading Schemes, Business Combinations between Entities and Extractive Activities is demanded by approximately 16% of the respondents each, while Discount Rate project gathered almost 14% favorable votes from the respondents.

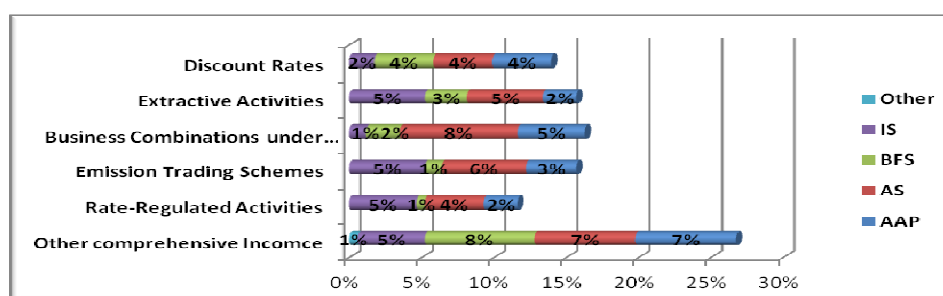


Figure 7. Answers to Question 2(a)

Question 2(b) records the lowest level of answers (82), many of the respondents stating that they do not have specific comments regarding the projects that should be totally removed from the current IASB’s Agenda, preferring rather to specify which projects should be reactivated are. Moreover, the answers to this question show relatively high differences between the opinions pertaining to different groups and it is very difficult to find an agreement point.

We can notice that question one received the greatest number of answers from those that submitted a question, recording a level of 94%.

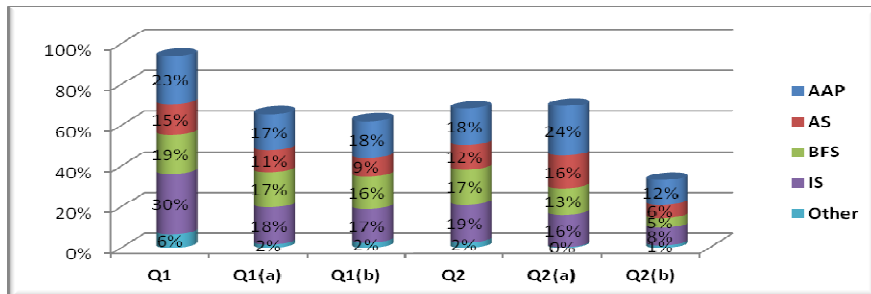


Figure 8. Percentage of answers to each question

It is interesting to notice that the highest level of responses to the questions raised by the IASB through its consultation paper is recorded by the Industry and Service category. It seems that organizations and entities pertaining to this category manifested the greatest interest in reflecting their views upon the future agenda of the Board, submitting 32% of the total comment letters that were received.

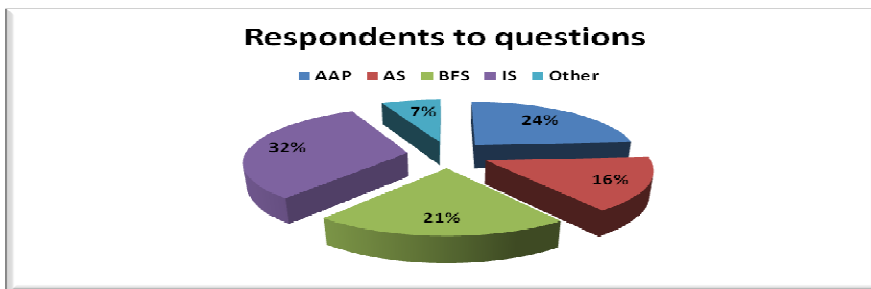


Figure 9. Percentage of responses on categories

#### 4.2. Qualitative analysis

In order to reach a relevant conclusion, we will proceed with a qualitative analysis of the full questionnaire, aiming to represent the most significant arguments brought in favor of specific responses. We also took into consideration the negative feedback provided by several respondents in their comment letters.

Regarding Question 1, we could notice that a high level of respondents consider that it is central and of due importance for the IASB to *finalize and reinvigorate the Conceptual Framework*. Most of the respondents claim that there are certain areas of financial reporting which are prone to difficulties. Many of the users and prepares of financial reports encounter problems when it comes to consistent disclosures, classification or accounting treatment of certain categories of assets, liabilities and equity or the specific accounting treatment for certain entities. According to their opinion, these impediments to comply with IFRSs can be traced down to the absence of comprehensive underlying principles, absence which can be eliminated through the completion of Conceptual Framework. Moreover, many of the respondents in favor of prioritizing the work on this framework argue that no new accounting standards can be developed without having a solid base. Therefore, the Conceptual Framework will decrease the level of risk of loopholes that can be perceived in the individual accounting standards and it will also encourage regulators all around the world to apply consistent principle based standards.

Many of the respondents propose the commitment of resources to the performance of *post-implementation reviews* in parallel to the development of Conceptual Framework. The initiation of post-

implementation reviews will result in a consistent implementation and application of newly-developed financial reporting standards and it will also help address the unexpected or unpredicted implementation issues.

Answers to question 1 revealed also the fact that some of those that submitted a comment letter are concerned with the current accounting treatment of biological assets presumed by IFRSs and they are utterly convinced that *amendments to IAS 41* should be included as one of the strategic priorities of the Board for the future agenda.

*Question 1(a)* is the only yes-or-no question from the questionnaire and as we pointed out earlier, it is the question with the highest percentage of responses. Most of those that submitted an answer to this question expressed their agreement with the 2 key categories proposed by IASB and the five strategic priorities, considering that the chosen division of tasks is appropriate. However, in spite of the general agreement with the identified areas and categories, several of the respondents argue that the proposal reflects a long-term perspective, rather than a 3 years period envisaged by the current agenda of the Board.

Those that are against the IASB's view regarding the categories and areas identified believe that maintaining and developing categories do not represent a consistent and appropriate split of IASB's work. According to their point of view, it would be more efficient to treat the two categories as an integrated process, instead of separating them into two unrelated activities. In addition, among those that expressed a negative answer to this question, there is a group of respondents that recommend a different labeling of the categories. They claim that the names attributed by IASB to the identified categories are either "artificial" or misleading or confusing. Names like "safeguarding and improving the quality of the IASB Conceptual Framework" and "enabling convergence in the adoption and implementation of IFRSs" are recommended.

Regarding the *Question 1(b)*, we realized that the most frequent encountered answer inclined the balance in favor of the "Maintaining existing IFRSs" category. Most of the respondents brought as an argument for their choice the fact that there is no point in issuing new standards, while ignoring the urgent demands for reviews or the negative feedback. Some others consider that more emphasis should be put on the maintenance part due to the fact that it is highly important to continuously reassess the existing standards and make efforts to eliminate the excessive and burdening disclosure requirements that do not bring any added value.

It is very interesting to notice that there are respondents that consider that there should be equilibrium between the resources dedicated to the two categories, rather than choosing to focus only on the development of a single area.

Although the number of the respondents sustaining the focus on the maintenance category outreach the number of those arguing in favor of the other category, their arguments cannot be totally overlooked. According to their views, the current state of the standards requires a concentration of resources of the developing category.

In my opinion, one of the most important questions addressed by IASB in its consultation paper is *Question 2*, regarding the most pressing needs for the standard setting action. As the quantitative analysis revealed, the highest level of agreement was recorded for the focus on the completion of Conceptual Framework. The strongest argument sustaining the urgency of completion of the framework resides in the fact that it plays a key role in the standard setting process, by providing guidance to preparers, auditors, regulators and others when there is no specific guidance in an IFRS for a particular transaction or circumstance. Moreover, the conceptual framework also assists the IASB in setting standards that are principle-based and internally consistent. According to respondents' points of view, the future ability to develop or amend standards is based only on a complete and fully functioning framework.

Regarding this question, not few were the comment letters that sustained that the most pressing requirement that the IASB should accomplish is represented by the finalization of the four main projects listed on its current agenda (*Financial Instruments, Insurance Contracts, Leases and Revenue Recognition*). In this respect, the respondents noted that since significant work has been conducted by the Board on these projects, bringing them in an advanced stage of development, it is imperative to complete them before committing to other projects. Moreover, many of the respondents consider that due to the



importance of these standards for the financial reporting framework, efforts should be oriented towards the completion of high-quality IFRS in the areas stated above, before considering engaging in other major projects.

It is worth noticing also that many comment letters emphasize the imperious need of the Board to strive for a period of calm, without further changes and new enforcements of standards.

Answers to *question 2(a)* indicate a level of agreement among the stakeholders of IFRSs over 6 projects: the priority list of the future work table of the Board should include projects like Other Comprehensive Income, Rate-Regulated activities, Emission Trading Schemes, Business Combinations between Entities under Common Control, Discount Rates and Extractive Activities. As we have mentioned in the quantitative analysis we conducted, these are the projects that record the highest level of frequencies among the submitted answers.

Without doubt, the project that should be considered as a top priority in the future agenda of the IASB according to the respondents' point of view is the one dealing with Other Comprehensive Income. The received responses state that in practice there are numerous concerns regarding what circumstances of gains recognized in OCI should be recycled in the Profit or Loss Account and many other questions regarding what the part of total income of an entity can qualify as performance income. Therefore, it is the priority of the Board to deal with all these issues and address the concerns at conceptual levels. Many of those that favor the prioritization of this project argue that the failure to conduct and complete OCI project has been already sufficiently blocked the appropriate development of numerous other standards.

Many answers to this question revealed as a priority project the "business combinations under common control". The most frequent argument for this project highlights the absence of specific guidance for accounting treatment in this area and the need to meet the financial reporting needs of the increasing number of organizations currently concerned with this issue.

Claims for focusing on Extractive Activities as a high-priority project also came from a wide range of comment letters. Those sustaining this cause argue that the current *IFRS 6-Exploration for and Evaluation of Mineral Resources* does not represent a sufficient and comprehensive basis for offering investors comparable and high-quality information. Therefore, integral *IFRS* providing complete information on how to account for these activities is of high and urgent demand.

A controversial answer provided to this question is the Emission Trading Scheme project, because it is considered by several respondents as one of the projects that merits priority and viewed by other respondents as an issue that can be deferred or removed from the future work-plan of the IASB.

Throughout the analysis of the comment letters, we could observe that another project regarded by many respondents as a priority element on the Board's agenda is the "Rate-Regulated Activity" one. The most frequent arguments for the sustainment of this project come from the industry and service sector and they justify that it is essential to have a standard that can faithfully represent the economic reality of this type of activities.

The last question, *Question 2(b)* regarding the projects that should be removed from the IASB agenda, recorded the lowest number of answers, as it was revealed by the quantitative analysis. We could notice that most of the respondents did not have a specific comment regarding projects that should be totally eliminated from the future work plan. Generally, it is specified that priority and attention should be focused on the projects enumerated at answers provided to previous questions. Thus, the other projects proposed by the IASB in their consultation paper and not mentioned in the answer of a specific respondent should be categorized as "low priority". Also, many respondents consider that given to the limited resources available, the number of projects developed by the Board in the future should be restricted and diminished.

Among the several respondents that gave a clear answer to this question, we could notice that the most frequent project recommended for removal from the Board's agenda is "Country-by-Country reporting". Some of those against the development of this project argue that it is not issue which is to be addressed by the Board in its role of accounting standard-setter. Moreover, this project is not viewed as a core financial reporting issue and does not contribute to the extension of the areas of reporting and that is why it deserves to be taken off the agenda.

## 5. Major themes included in IASB Agenda 2012-2015 and its implementation till now

After one year, on 18 December 2012 the IASB concluded its consultation and published a *feedback statement* that maps out its future priorities, which also include the majority of our qualitative analysis. The priority projects of IASB for 2012-2015 period, on the basis of the views received are the follows: Emissions Trading Schemes, Business Combinations under Common Control, Discount Rates, Equity Method of Accounting, Intangible Assets, Extractive Activities, and Research & Development Activities, Financial Instruments with the Characteristics of Equity, Foreign Currency Translation, Non-financial Liabilities (amendments to IAS 37); and Financial Reporting in High Inflationary Economies. An important change in the IASB strategy is the fact that these topics will be included first of all in an IASB research programme, and only after the research has been published in a discussion paper, which would be open for public comment, a project to develop a new IFRS will be considered.

*Emissions Trading Schemes:* There are a certain number of governments which have developed schemes to encourage a reduction in the production of greenhouse gases with financial reporting consequences. The Discussion Paper will provide an inventory of trading schemes, an analysis of the common economic characteristics of those schemes and an initial assessment of the potential financial reporting solutions.

*Business Combinations under Common Control:* The transactions between combined entities controlled by the same party are excluded from the scope of IFRS 3 Business Combinations. The research project will aim to identify common features of different types of restructurings as a first step towards identifying when an entity should continue to use the previous carrying amounts of the transferred subsidiary and when it should use new amounts, presumably a current value.

*Discount Rates:* Many Standards specify, or refer to, the discount rate that must be used for estimates of future cash flows, but there isn't a consensus about this. Views received during the Agenda Consultation suggest that it is not quite clear the reason for which is not specified a single discount rate in all standards. The research project will examine discount rate requirements in IFRS, explaining why those differences exist and assessing whether there are any inconsistencies that the IASB should address.

*Equity Method of Accounting:* The equity method of accounting for some investments is often criticized. Some question whether it provides helpful information to users, while others note the complexities and inconsistencies it creates when it interacts with other requirements in IFRS—such as goodwill impairment, share based payments and joint arrangements. The research project will involve a fundamental assessment of the equity method in terms of its usefulness to investors and difficulties for preparers.

*Intangible Assets; Extractive Activities; and Research & Development Activities:* The research results about this topic were published by IASB in 2010, but several respondents to the Agenda Consultation suggested that the IASB should examine extractive activities as part of a broader consideration of intangible assets and research & development activities. The research project will assess the feasibility of developing one set of financial reporting requirements for investigative, exploratory and developmental activities across a wide range of activities

*Financial Instruments with the Characteristics of Equity:* Any consideration of the distinction between liabilities and equity needs to be undertaken in conjunction with the Conceptual Framework work on elements. The research project will focus on identifying financial instruments that are difficult to classify under the current requirements, or for which preparers or users question the classification. These instruments will provide test cases for the staff developing the elements chapter of the Conceptual Framework.

The same result were obtained in our qualitative analyze concerning the question 2.

*Foreign Currency Translation:* The Korea Accounting Standards Board (KASB) has been examining the volatility of reported income on long-term construction contracts that are associated with movements in foreign currency exchange rates. The research project will examine the work of the KASB and assess whether any work on IAS 21 the Effects of Changes in Foreign Exchange Rates would be appropriate.

*Non-financial Liabilities and IAS 37 Provisions, Contingent Liabilities and Contingent Assets* deals with when, or if, liabilities should be recognized as a result of some of the less certain events an entity might be associated with, such as being a part of a lawsuit or having some responsibility for environmental

remediation. IASB revised this standard in 2005 and 2010, and now IASB has already stated that it will not amend IAS 37 without a full reexposure. The research project will focus on identifying examples that are continuing to cause difficulty in practice, initially to provide test cases for the staff developing the elements and measurement chapters of the Conceptual Framework

Focused on the progress of agenda topics, if the IASB actions are in line with Agenda 2011, so if established priorities were kept in the top of the list or other priorities appeared and becomes more important than the first ones. The analysis we found that the following items on the agenda were applied together with some new entries and in progress projects:

Topic	Period	Content
Mandatory purchase of non - controlling interests in a business combination	March 2013	New items for initial consideration
IFRS 8 Operating Segments	January 2012	Launch a public consultation
	April 2013	Post-implementation review
Equity method of accounting	May 2013	Allowed to be use in separate financial statement.
IAS 27 Separate Financial Statements	May 2013	Amend paragraph 10 of to allow an entity to use equity method in their separate financial statements.
IAS 16 Property, Plant and Equipment	June 2013	ED of proposals include bearer plants within the scope of IAS 16
Conceptual Framework for Financial Reporting	July 2013	DP exploring possible changes
Business combinations under common control	September 2013	The staff commences research on the topic

## 6. Conclusions

IFRS adoption in 122 jurisdictions all around the world provides solid evidence that IASB became the worldwide recognized standard setter and that IFRS has already become the de facto global language for financial reporting (Pacter, 2013).

According with IASB responsibility for developing IFRS and promoting the use and application of these standards, IFRS are developed through an international consultation process, called the "due process", which involves interested individuals and organizations from around the world. IASB encouraged broad participation in its agenda consultation. IASB Agenda Consultation 2011 was its far-reaching public consultation on its future agenda. The public consultation program includes analyze of responses received and public discussions, public round tables, meetings with investors, with standard-setters around the world, online discussion forums that involved thousands of interested parties across more than 80 countries.

Analyzing the responses received the main results of our qualitative study reflect the follows ideas.

A high level of respondents consider that it is central and of due importance for the IASB *to finalize and reinvigorate the Conceptual Framework*, which would provide a consistent and practical basis for standard setting. Also, many of the respondents propose the commitment of resources to the performance of *post-implementation reviews* in parallel to the development of Conceptual Framework. The respondents consider more benefic a long-term perspective, rather than a 3 years period envisaged by the current agenda of the Board.

Not few were the comment letters that sustained that the most pressing requirement that the IASB should accomplish is represented by the finalization of the four main projects listed on its current agenda (*Financial Instruments, Insurance Contracts, Leases and Revenue Recognition*).

Claims for focusing on Extractive Activities as a high-priority project also came from a wide range of comment letters. Those sustaining this cause argue that the current *IFRS 6-Exploration for and Evaluation of Mineral Resources* does not represent a sufficient and comprehensive basis for offering investors comparable and high-quality information. *The amendments to IAS 41* should be included as one of the strategic priorities of the Board for the future agenda.

A new idea arise, about an *integral IFRS* which should provide complete information on how to account for these activities is of high and urgent demand.

Our results are not totally reflected in the approved 2011 Agenda due to the fact that analyze of responses received it was just one element token into consideration in the establishment of the agenda future priorities. We used these responses as a base of our research because we consider them less influenced by institutional factors, lobby and politics.

A general conclusion resulted from our study and accepted by IASB is the need of stability, after a decade of almost continuous change in financial reporting. In this sense, the IASB was asked to pay greater attention to the implementation and maintenance of the Standards.

As we have shown in the last part of our paper a significant part of the IASB's Agenda has already been done. But there are parts that are still in the process of review and approval, and new elements were included. Therefore, our results are in line with Dick and Walton (2007) concluding that evolution is variable, partly due to the appearance of later priorities.

## References

1. Barth M.E. (2000). Valuation-based accounting research: Implications for financial reporting and opportunities for future research, *Accounting and Finance*, 40 (1) (2000), pp. 7–31.
2. Botzem, S. (2012). *The Politics of Accounting Regulation*, Edward Elgar Publishing Ltd, UK.
3. Burlaud, A. and Colasse, B. (2011). 'International Accounting Standardization: Is Politics Back?', *Accounting in Europe*, 8 (1): 23–47.
4. Cooper D.J., Robson K. (2006). Accounting, professions and regulation: Locating the sites of professionalism, *Accounting, Organizations and Society*, 31 (2006), pp. 415–444
5. Danjou, P. and Walton, P. (2012). 'The Legitimacy of the IASB', *Accounting in Europe*, 9 (1): 1–15.
6. Dick W., Walton P. (2007). The IASB Agenda — A Moving Target, *Australian Accounting Review*, Volume 17, Issue 42, pages 8–17, July 2007.
7. Durocher S., Fortin A., Cote L. (2007). Users' participation in the accounting standard-setting process: A theory-building study, *Accounting, Organizations and Society*, 32 (2007), pp. 29–59.
8. Richardson, A.J. and Eberlein, B. (2011). 'Legitimizing Transnational Standard-setting: The Case of the International Accounting Standards Board', *Journal of Business Ethics*, 98: 217–45.
9. Pacter, P. (2013). Global Accounting Standards—From Vision to Reality, IFRS Foundation, <http://www.ifrs.org/Use-around-the-world/Pages/Jurisdiction-profiles.aspx>
10. Scharpf, F.W. (1999), *Governing in Europe: Effective and Democratic?*, Oxford University Press, Oxford.
11. Whittington G., (2008). Harmonization or discord? The critical role of the IASB conceptual framework review, *Journal of Accounting and Public Policy* Volume 27, Issue 6, November–December 2008, pp. 495–502.