

EFRAG  
Attn: Mr. Jean-Paul Gauzès  
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Our ref: RJ-EFRAG 609 B  
Date: Amsterdam, 15 September 2021  
Subject: EFRAG Consultation on IASB Agenda and EFRAG Research Agenda

Dear Jean-Paul,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond to the EFRAG Consultation on the IASB Agenda and EFRAG Research Agenda.

The DASB generally concurs with the EFRAG draft responses to the IASB's Request for Information (RFI) Third Agenda Consultation (EFRAG Consultation Part A). However, in our letter to IASB in response to the RFI (see Attachment), we have expressed not to fully agree with EFRAG's view on 'highest priorities' as stated in EFRAG Consultation Attachment A (Table 1). The key reason for not agreeing to EFRAG's view is that the projects on 'Discontinued operations and disposal groups' are of lesser importance and hence should in our opinion not be classified as 'highest priority'.

Regarding the EFRAG Research Agenda (EFRAG Consultation Part B) the DASB fully agrees with the purpose and strategic aims, as described in paragraph 1 (page 24).  
See below the DASB response to the Questions to constituents in the EFRAG Consultation (page 25).

*9) Do you agree that the most important projects for which EFRAG should perform proactive activities, would be those:*

- a) European constituents consider most important to address in relation to the IASB's agenda consultation (that is the projects listed in Attachment A (on page 18 above) and in Attachment B (on page 21 above); and/or*
- b) Those projects that are considered important by European constituents and for which European input is particularly important.*

*If you do not agree, how should EFRAG select the projects for its proactive agenda?*

*10) Do you agree with the list of projects in paragraph 4(b) above that are particularly important to provide European input on? If not, what four projects would you include on the list?*

*11) Do you agree that EFRAG should follow the procedure described in paragraphs 4–7 when selecting projects to be included on its proactive agenda? If not, why?*

*12) On average, what do you think the ratio between resources EFRAG spend on proactive work and reactive work should be?*

The DASB agrees that the EFRAG proactive activities should be based on those projects European constituents (Q9 (a)) consider most important in relation to the IASB's agenda and (Q9 (b)) for which European input is considered particularly important. The DASB would like to know whether EFRAG has any information about the actual impact of its research projects as performed in the past. For instance the impact on the IASB agenda, developments or publications. It seems very useful to know whether any factors for successful proactive research were or can be identified.

The DASB considers (Q10) a project for proactive work on connecting financial and sustainability reporting of major importance, which should be selected based on paragraph 4 (b). Although we note this may be very ambitious considering the (future) work and interaction with EU sustainability standard setting, we consider EFRAG, together with European constituents, to be in the ultimate position to address connectivity between financial and sustainability reporting. Furthermore, the DASB would like to suggest EFRAG to include a project for proactive work on going concern

The DASB agrees (Q 11) with the procedure on selecting proactive research projects described in paragraph 4 -7.

The DASB does not have an opinion (Q 12) on the ratio between EFRAG resources spent on proactive work and reactive work, although a target of one third share dedicated to proactive research seems rather ambitious. The latter most likely also largely depends on international developments including publications of IASB (and ISSB).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Gerard van Santen', with a long horizontal flourish extending to the right.

Gerard van Santen  
Chairman Dutch Accounting Standards Board

Attachment: RJ-IASB 503 B Request for Information Third Agenda Consultation.

Mr. Andreas Barckow  
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Our ref : RJ-IASB 503 B  
Date : 15 September 2021  
Re : Request for Information Third Agenda Consultation

Dear mr. Barckow, dear Andreas,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond to the Request for Information (RFI) Third Agenda Consultation.

EFRAG has issued a draft response to the RFI, in an EFRAG consultation document (i.e. part A), which is attached as an appendix. We generally concur with most responses by EFRAG, but do want to give some additional observations and provide our own input on the IASB priorities for the coming years.

The general observation of the DASB is that many projects are classified with 'highest' or 'high priority' This raises the question whether it would indeed be realistic, also considering the current ongoing projects of IASB. We would like to suggest that maybe the IASB could be more selective in prioritising its projects, for instance by first selecting projects which are of utmost importance. It was also suggested that it would be preferable when the IASB would separate the 'highest priority' projects into 'new projects' and 'maintenance. This in order to avoid that the discussion of priority may become rather more of a discussion between 'new' and 'maintenance', instead of a discussion which ('new' or 'maintenance') projects should be prioritized.

The DASB wants to stress that although 'climate related risks' are included in the (Trustees consideration of) sustainability reporting project (Appendix B, B8), it is also important (Appendix B, B9) to disclose and account for (when applicable) related climate risks in financial statements. In our opinion interconnection between financial and sustainability reporting is of major importance, in general this interconnectivity in corporate reporting should be given the highest priority (both of IASB and ISSB).

The DASB is of the opinion that the project on 'going concern' (Appendix B, B 35) is very

relevant and should be classified as 'highest priority'. There are, in the Netherlands, ongoing discussions about information on going concern and (potential) reporting consequences. Discussion which further inflamed by uncertainties related to the Covid-19 crisis and sustainability issues (including climate change). We consider further guidance and alignment (for instance in IAS 1) on going concern of major importance. Likewise the project 'Pollutant pricing mechanisms' (Appendix B, B 68) should be classified as 'highest priority'.

The DASB is of the opinion that the project on 'Statements of cash flow and related matters' (Appendix B, B 76) should be classified as 'high priority'. This also because users consider the alignment between classifications (operating/financial) or with the other elements in the financial statement to be unclear.

Unlike EFRAG, the DASB considers the projects on 'Discontinued operations and disposal groups' (Appendix B, B 17) to be less important. We acknowledge that the current standard (IFRS 5) imposes some difficulties, however most of these were already discussed (or unsolved) at the time this standard was developed and do not seem to cause any major problems at this moment in accounting practice.

Considering the project on 'Crypto currencies' the DASB assumes the priority much depends on the developments. This also considering the current discussions about regulation and the actual use as substitution for common currencies. Obviously, high level guidance would be useful, also considering the possible relation with the project on 'Statements of cash flow'. At this moment the DASB believes there is no urgency to develop a new standard, but given the (potential) rapid changes we suggest the IASB to continue to closely monitor developments in this area to determine priority in developing a new standard.

Please do not hesitate to contact us should you require further information on these comments.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Gerard van Santen', written over a light grey grid background.

Gerard van Santen  
Chairman Dutch Accounting Standards Board

Appendix 1: Answers to individual questions

Appendix 2: EFRAG Consultation on IASB Agenda and EFRAG Research Agenda

## Appendix 1

### **Question 1 – Strategic direction and balance of the Board’s activities**

*The Board’s main activities include:*

- *developing new IFRS Standards and major amendments to IFRS Standards;*
- *maintaining IFRS Standards and supporting their consistent application;*
- *developing and maintaining the IFRS for SMEs Standard;*
- *supporting digital financial reporting by developing and maintaining the IFRS Taxonomy;*
- *improving the understandability and accessibility of the Standards; and*
- *engaging with stakeholders.*

*Paragraphs 14–18 and Table 1 provide an overview of the Board’s main activities and the current level of focus for each activity. We would like your feedback on the overall balance of our main activities.*

- (a) *Should the Board increase, leave unchanged or decrease its current level of focus for each main activity? Why or why not? You can also specify the types of work within each main activity that the Board should increase or decrease, including your reasons for such changes.*
- (b) *Should the Board undertake any other activities within the current scope of its work?*

The DASB considers the developments in the last five years, related to the large projects of IASB (including IFRS 9, IFRS 15, IFRS 16 and IFRS 17) to have been quite successful. For the coming years it will be important to maintain and support the consistent application of the current IFRS standards and not to focus too much on new ‘major projects’.

The main focus should be on the connectivity between financial and sustainability reporting. The DASB strongly suggests that the IASB and ISSB will interact as much as possible in order to develop interconnected standard setting. It is considered important that the both boards will coordinate their efforts in regards to the (future) projects on ‘climate related / sustainability related (financial) disclosures’ and ‘going concern’.

### **Question 2 – Criteria for assessing the priority of financial reporting issues that could be added to the Board’s work plan**

*Paragraph 21 discusses the criteria the Board proposes to continue using when assessing the priority of financial reporting issues that could be added to its work plan.*

- (a) *Do you think the Board has identified the right criteria to use? Why or why not?*
- (b) *Should the Board consider any other criteria? If so, what additional criteria should be considered and why?*

The DASB considers the (seven) proposed criteria, in deciding whether to add a potential project to the IASB work plan, to be sufficient. We noted that the first four criteria were mentioned as such in the (Due Process) Handbook, whilst the other three criteria were mentioned as ‘practical criteria’ in the previous (2015) Agenda Consultation. It would indeed be useful to also add the latter criteria to the Handbook. The DASB considers priority setting to be very important, also due to the time-constraints there needs to be a

balance between (sense of) urgency and (awaited) practical impact. We suggest the IASB to consider whether some (qualitative) ranking would need to be applied between the criteria and for example rank the first four criteria as the primary criteria and the three other, more practical criteria, as secondary/confirmatory.

### Question 3

*Paragraphs 24–28 provide an overview of financial reporting issues that could be added to the Board’s work plan.*

- (a) *What priority would you give each of the potential projects described in Appendix B—high, medium or low—considering the Board’s capacity to add financial reporting issues to its work plan for 2022 to 2026 (see paragraphs 27–28)? If you have no opinion, please say so. Please provide information that explains your prioritisation and whether your prioritisation refers to all or only some aspects of the potential projects. The Board is particularly interested in explanations for potential projects that you rate a high or low priority.*
- (b) *Should the Board add any financial reporting issues not described in Appendix B to its work plan for 2022 to 2026? You can suggest as many issues as you consider necessary taking into consideration the Board’s capacity to add financial reporting issues to its work plan for 2022 to 2026 (see paragraphs 27–28). To help the Board analyse the feedback, when possible, please explain:*
- (i) *the nature of the issue; and*
  - (ii) *why you think the issue is important.*

The DASB is of the opinion that there is an urgent need to address the considerations and disclosures regarding ‘going concern’, this should be classified as highest priority.

We refer to the table below (based on Table 5 of RFI, Appendix B) for the DASB’s level of priority:

<b>Project</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
Borrowing costs			√
Climate-related risks <sup>1</sup>	√		
Commodity transactions		√	
Crypto currencies and related transactions		?	
Discontinued operations and disposal groups		√	
Discount rates		√	
Employee benefits			√
Expenses - inventory and cost of sales		√	
Foreign currencies		√	

<sup>1</sup> Related to connecting financial and sustainability reporting

Going concern	√		
Government grants		√	
Income taxes		√	
Inflation			√
Intangible assets	√		
Interim financial reporting			√
Negative interest rates		√	
Operating segments		√	
Other comprehensive income		√	
Pollutant pricing mechanisms <sup>2</sup>	√		
Separate financial statements		√	
Statement of cash flows and related matters	√		
Variable and contingent consideration	√		

As set out in our cover letter, our highest priorities are based on a) climate and sustainability related matters in financial reporting and their interconnectivity with sustainability reporting and b) topics that have been specific identified based on user needs.

**Question 4**

*Do you have any other comments on the Board's activities and work plan?  
Appendix A provides a summary of the Board's current work plan.*

Not at this moment.

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<sup>2</sup> Related to connecting financial and sustainability reporting