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International Accounting Standards Board
Columbus Building, 7 Westferry Circus
Canary Wharf, London, E14 4HD
United Kingdom

Comments on the Request for Information *Third Agenda Consultation*

To the IASB Board Members:

The Japanese Institute of Certified Public Accountants ("we" and "our") appreciates the continued efforts of the International Accounting Standards Board on this project, and welcomes the opportunity to comment on the Request for Information *Third Agenda Consultation* ("RFI").

Among the Board's main activities, we believe developing new IFRS Standards and major amendments to IFRS Standards are the most important. Thus, the current level of focus (40%-45%) should be maintained and not be reduced. In our previous comments on the 2015 Agenda Consultation, we insisted that the IASB put high priority on the following projects: Goodwill and Impairment; Disclosure Initiative—Principles of Disclosure (now under the project 'Disclosure Initiative—Targeted Standards-level Review of Disclosures'); Business Combinations under Common Control; Primary Financial Statements; Equity Method; Financial Instruments with Characteristics of Equity; and Provisions, Contingent Liabilities and Contingent Assets. Given that those projects were still not completed in March 2021, when the RFI was issued, and they continue to be high priority areas, we strongly suggest the projects should be completed first.

As the Board is currently undertaking, or plans to undertake, post-implementation reviews of major standards, we suggest the current level of focus (15%-20%) should be kept by the Board to maintain IFRS Standards and support their consistent application. In the area of improving the understandability and accessibility of the Standards, we recommend the Board continue holding webinars in multiple languages, including Japanese, for exposure drafts and discussion papers.

Of the 22 potential projects described in Appendix B of the RFI, we recommend the Board put high priority on Cryptocurrencies and related transactions, Intangible assets, and Climate-related risks.

Lastly, paragraph 5 of the RFI states the decisions of the Trustees on their review of the Foundation's strategy will be considered in finalising the Board's activities and work plan for 2022 to 2026. We have a comment on this matter as follows, as it will affect the IASB's activities and resource going forward.

On April 30, 2021, the Trustees of the IFRS Foundation issued an exposure draft to propose amendments to the IFRS Foundation Constitution, which would enable the creation of the International Sustainability Standards Board (ISSB) to set sustainability standards under the governance of the IFRS Foundation in line with the IASB. However, given that uncertainties still remain about the relationship between the ISSB and the IASB, we encourage respective roles of the IASB and the ISSB to be clarified first.[1]Once it becomes clear as to how much the IASB is expected to cooperate with the ISSB (e.g. jointly host meetings with the two Boards, dispatch some of the IASB staff to the ISSB), then, as a next step, we request the Board to consider increasing the IASB resources.

Please find our comments to the questions raised in the RFI, in the following pages.

[1] The Japanese Institute of Certified Public Accountants. Comments on the Consultation Paper on Proposed Targeted Amendments to the IFRS Foundation Constitution to Accommodate an International Sustainability Standards Board to Set IFRS Sustainability Standards, July 29, 2021.（https://jicpa.or.jp/specialized_field/files/4-11-0-2e-20210709.pdf）

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?

Comment:

(a) Please see our comments regarding the Board's main activities.

Developing new IFRS Standards and major amendments to IFRS Standards

Among the Board's main activities, we believe developing new IFRS Standards and major amendments to IFRS Standards are the most important. Thus, the current level of focus (40%-45%) should be maintained and not be reduced.

- In our previous comments on the 2015 Agenda Consultation, we insisted that the IASB put high priority on the following projects: (a) Goodwill and Impairment; (b) Disclosure Initiative—Principles of Disclosure (now under the project 'Disclosure Initiative—Targeted Standards-level Review of Disclosures'); (c) Business Combinations under Common Control; (d) Primary Financial Statements; (e) Equity Method; (f) Financial Instruments with Characteristics of Equity; and (g) Provisions, Contingent Liabilities and Contingent Assets. We understand many of the respondents to the 2015 Agenda Consultation also had the same view and placed high priority in these projects, except projects (e) and (g)[2]. Given that the projects were still not completed in March 2021, when the RFI was issued, and they continue to be high priority areas, we strongly suggest the projects should be completed first.

Maintaining IFRS Standards and supporting their consistent application

As the Board is currently undertaking, or plans to undertake, post-implementation reviews (PIR) of major standards, we suggest the current level of focus (15%-20%) should be kept by the Board.

- PIR projects currently in process are the classification and measurement requirements in IFRS 9 *Financial Instruments*, IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, and IFRS 12 *Disclosure of Interests in Other Entities.* Further, forthcoming PIR projects in the years from 2022 to 2026 include the impairment and hedge accounting requirements in IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers*, and IFRS 16 *Leases*. Given that major standards are, or will be, subject to PIR, maintaining IFRS Standards and supporting their consistent application continue to be very important activities.
- According to paragraph 8.4 of the Due Process Handbook, explanatory material in agenda decisions derives its authority from the IFRS Standards themselves. However, Standards do not always seem to explain themselves without taking into account agenda decisions and IFRIC meeting agenda papers. That being said, we recommend final agenda decisions made in the past should be revisited and reflected as appropriate in amendments to Standards as well as the Basis for Conclusions. For example, the amendment to IAS 19 in 2011 actually incorporated related agenda decisions (i.e. IFRIC rejection notices issued back then[3]). Likewise, we recommend the IASB consider amending IFRS 11 in order to appropriately reflect agenda decisions related to the Standard. (Refer to our comment letter for the 'IASB Request for Information *Post-implementation Review of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12*

[2] IASB. IASB Work Plan 2017-2021: Feedback Statement on the 2015 Agenda Consultation, November 2016. (https://cdn.ifrs.org/content/dam/ifrs/project/2015-agenda-consultation/educational-materials/2016-feedback-statement.pdf)

[3] IAS 19 (amended 2011) includes the following areas of targeted improvements submitted to IFRIC for interpretation: i) IFRIC rejection March 2007－Special wage tax; ii) IFRIC rejection November 2007－Treatment of employee contributions; iii) IFRIC rejection January 2008－Pension promises based on performance hurdles; and iv) IFRIC rejection May 2008－Settlements. (See paragraph BC10(f) of IAS 19)

Disclosure of Interests in Other Entities' issued on April 15, 2021.)

Improving the understandability and accessibility of the Standards

In the area of improving the understandability and accessibility of the Standards, we recommend the Board continue holding webinars in multiple languages, including Japanese, for exposure drafts and discussion papers.

- We, as nonnative English speakers, find webinars in Japanese very useful to correctly understand proposals made by the IASB.

(b) No comments.

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?

Comment:

(a) The first four criteria among the seven in Table 2 of the RFI are based on paragraph 5.4 of the Due Process Handbook, which seem to be reasonable. The fifth criterion mentions about 'the potential project's interaction with other projects on the work plan,' which can be interpreted as assessing only interaction between projects already put on the work plan and potential projects. As we think interaction among potential projects should also be taken into account, we suggest the criterion be modified as 'the potential project's interaction with other projects on the work plan <u>and other potential projects</u>.' Furthermore, if respondents broadly support the remaining three criteria, then we should consider including them in the Due Process Handbook going forward.

- Some projects may have interaction with other projects. When exploring an issue interrelated among several projects (i.e. cross-cutting issue), the scope of the issue should be clarified to determine which project is the most suitable for taking the issue into account. Also, when exploring cross-cutting issues, there could be cases where it is better putting them under a single project for deliberation purposes.

- Not only interaction with other projects on the work plan but also with other potential projects should be assessed. That said, we recommend reflecting the phrase used in the 2015 Agenda Consultation, 'interactions with other current or possible projects.'

(b) We propose adding the following three criteria: 1) the length of time the Standard is around without going through major amendments; 2) the number of agenda decisions issued in the past; and 3) the consideration of a cost-benefit analysis.

Also, we recommend developing a new criterion for taking down agendas that are still active but actually involve little activities for a long period (i.e. sunset reviews).

- When a standard is outdated without going through major amendments on a timely basis, it is more likely the standard becomes less capable of addressing the latest economic events and transactions, such as cryptocurrencies.
- Agenda decisions are published when it is determined that no amendments are made to IFRS Standards. This may, in fact, be indicating the difficulty of applying a specific Standard and warranting a broad project. Accordingly, when a number of agenda decisions are published, we may need to think about the possibility of amending the applicable IFRS Standard as an appropriate solution. For example, a large number of agenda decisions are published for IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* and IFRS 11 *Joint Arrangements*, which should be reflected as appropriate in amendments to the Standards as well as the Basis for Conclusions.
- Paragraph 21 of the RFI states that 'the Board evaluates a potential project for inclusion in its work plan primarily by assessing whether the project will meet investors' needs, while taking into account the costs of producing the information.' Accordingly, the Board addresses the issue of investors' needs by including 'the importance of the matter to investors' as one of the Board's proposed criteria. However, no criterion is proposed for the costs of producing the information. Even when new IFRS Standards and amendments to IFRS Standards are developed to provide users of financial statements with more decision-useful information, we think they still need to be evaluated from the perspective of cost effectiveness, auditability and enforceability. For example, when the Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment* was issued in March 2020 and proposals were made to provide information about the strategic rationale and

management's objective for an acquisition, the subsequent performance of the acquisition, and associated pro forma information, many respondents raised concerns from the perspective of preparers' cost and auditability.

- Also, another example can be given in one of the maintenance projects, which is the 'Availability of a Refund' project as described in Appendix A of the RFI. According to Appendix A, the Board published an Exposure Draft in June 2015 setting out its proposals to amend IFRIC 14 *IAS 19–The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, but later decided not to finalise those proposed amendments to IFRIC 14 to consider the next step. Since that decision was made in February 2020, no deliberation has been provided, and it is uncertain as to whether it is an active project as of today. If little responses are received for the RFI, and no decisions can be made after considering it for such a long time, we may need to think about taking the project down from the agenda list.

Question 3— Financial reporting issues that could be added to the Board's work plan
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.

Comment:

(a) Rankings of each project based on its relative importance are presented in the following table with proposed scope and related comments. We especially highlighted Cryptocurrencies and related transactions, Intangible assets, and Climate-related risks.

Cryptocurrencies and related transactions (Importance: High)

The only IFRS-related document that explicitly states about the accounting treatment for cryptocurrencies is the Agenda Decision 'Holdings of Cryptocurrencies,' which was issued in June 2019 and discussed about the classification of cryptocurrencies as an asset. It was concluded in the Agenda Decision that if IAS 2 *Inventories* does not apply to cryptocurrencies, then they should be accounted for as intangible assets. Consequently, we understand the accounting for cryptocurrencies and related transactions should be determined in accordance with IAS 8 requirements in many cases. Therefore, comparability of financial information among entities is not always maintained under such circumstances.

One of the purposes to invest in cryptocurrencies is to gain profit arising from price increases and decreases in those crypto assets. When cryptocurrencies are classified as intangible assets, though, entities are no longer allowed to measure holdings of cryptocurrencies at fair value and recognise changes in the fair value of those holdings in profit or loss, which seem to be against an accounting treatment best suited for the purpose of holding cryptocurrencies.

Thus, as a short-term solution to address the issue, we suggest amending the current IFRS Standard related to cryptocurrencies. In detail, we recommend the Board to undertake a medium-sized project to develop targeted amendments of IAS 38, under which entities holding cryptocurrencies as assets and accounting for them as intangible assets are allowed to measure such holdings of cryptocurrencies at fair value and recognise changes in the fair value of those holdings in profit or loss.

Given that new types of cryptocurrency transactions are emerging every day for both holders and issuers, we suggest the Board assess whether or not to develop a new standard tailored to the accounting of cryptocurrencies. If determined necessary, then we recommend the Board to launch a medium-sized project over a longer period.

Intangible assets (Importance: High)

As discussed above in the 'Cryptocurrencies and related transactions' section, there could be some amendments made to IAS 38, given that the current IAS 38 may not have the right capacity to account for various new types of cryptocurrency transactions. We may even suggest the Board consider taking a more holistic approach, covering intangible assets, cryptocurrencies, commodities and emission allowances, which would likely become a large project over a mid- to long-term time frame.

As stated in paragraph B49(b) of the RFI, with economies becoming knowledge based, resources such as brands, efficient business processes and big data are playing a greater role than before in creating value. Amid such circumstances, instead of expanding the scope of recognition by easing the recognition criteria in IAS 38, we recommend the Board to develop enhanced disclosure requirements for intangible assets not recognised in the financial statements, such as internally generated brand, so that financial statements can provide relevant information.

Needless to say, general purpose financial reports are not designed to show the value of a reporting entity; but they provide information to help existing and potential investors, lenders and other creditors to estimate the value of the reporting entity (paragraph 1.7 of the Conceptual Framework). That said, we are strongly against the idea of recognising internally generated goodwill in the financial statements.

Climate-related risks (Importance: High)

We highly recommend the Board to continuously work on the improvement of IFRS Standards to address the following: clarify accounting treatments to appropriately reflect pervasive and long-term effects of climate-related risks in the financial statements; and enhance disclosures about such effects on the financial statements.

As stated in a series of educational material on the effects of climate-related matters published by the IFRS Foundation, companies must consider climate-related matters in applying IFRS Standards when the effect of those matters is material in the context of the financial statements taken as a whole. Such matters are already partly covered as requirements in the current IFRS Standards, including IAS 1, IAS 36, IAS 37, IFRS 9, and IFRS 13.

However, given the nature of pervasive and long-term effects of climate-related risks as well as the ambiguity in pervasiveness and cause-and-effect understanding of climate change, it is difficult to reasonably predict the effect of such climate-related risks. For example, when deriving accounting estimates in the process of financial reporting, it may become hard to quantify the amount and reflect it into a scenario for measurement purposes. Further, even if an estimated amount can be measured somehow, it would be highly subjective, which means it could be difficult to justify the rationale behind the estimate without a thorough disclosure.

As mentioned, a number of current IFRS Standards, including IAS 1, IAS 36, IAS 37, IFRS 9, and IFRS 13, provide accounting treatments and disclosures that require future assumptions to be considered and reflected in assets and liabilities in the financial statements. That said, we further suggest the Board to consider amending those requirements and providing more guidance to clarify how future assumptions for climate-related risks can be practically incorporated in assets and liabilities and what kind of disclosures should be provided in that regard.

Investors' information needs on climate change are increasingly growing. The ISSB, which is expected to be established shortly, will likely put climate change matters as a top priority when developing sustainability standards. The ISSB is also expected to move quickly in developing sustainability-related disclosure requirements. Against this backdrop, it is essential that the IASB collaborate with the ISSB to make sure the ISSB-based non-financial disclosures do not conflict with the IASB-based financial reporting. Also, we recommend the Board to continuously work on improving IFRS Standards to appropriately incorporate the effect of climate-related risks into financial reporting.

[Table: Priority rating on potential projects]

Potential projects	Rating	Comment
Cryptocurrencies and related transactions	High	We suggest the Board consider the following (see detail above): • Develop targeted amendments of IAS 38 to allow intangible assets, including cryptocurrencies, to be measured at fair value and recognise changes in the fair value in the statement of profit or loss. (medium-sized project) • Assess whether or not to develop a new standard tailored to the accounting of cryptocurrencies. If determined necessary, launch a medium-sized project over a longer period.
Intangible assets	High	We recommend the following (see detail above): • Develop targeted amendments of IAS 38. Further, take a more holistic approach, covering intangible assets, cryptocurrencies, commodities and emission allowances. (large project over a mid- to long-term time frame) • Develop enhanced disclosure requirements for intangible assets not recognised in the financial

Potential projects	Rating	Comment
		statements, such as internally generated brand. (medium-sized project)
Climate-related risks	High	We recommend the following (see detail above): • Given that a number of current IFRS Standards, including IAS 1, IAS 36, IAS 37, IFRS 9, and IFRS 13, provide accounting treatments and disclosures that require future assumptions to be considered and reflected in assets and liabilities in the financial statements, we further suggest the Board to consider amending those IFRS Standards and providing more guidance to clarify how future assumptions for climate-related risks can be practically incorporated in assets and liabilities and what kind of disclosures should be provided in that regard.
Other comprehensive income	High	• By referring to the Conceptual Framework, we recommend the Board should take the OCI recycling matter as a cross-cutting issue over a mid- to long-term time frame.
Discontinued operations and disposal groups	Medium	• In the 2015 Agenda Consultation, we expressed our concerns that narrow-scope amendments and annual improvements could be short-sighted solutions for addressing certain issues submitted to the Interpretations Committee, as they might bring unintended solutions or not be able to provide fundamental solutions. • As concluded in the Agenda Decision 'IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*—Other various IFRS 5- related issues,' published in January 2016, a broad-scope project is recommended to holistically review alignment among various IFRS Standards.
Employee benefits	Medium/ Partially High	• In light of the practice in Japan, addressing the issue of Cash Balance Pension Plans (hybrid pension plans) is not on our top list. • We recommend the Board to undertake a

Potential projects	Rating	Comment
		comprehensive review, including OCI recycling of remeasurement items, over a mid- to long-term time frame. • OCI recycling should be considered as part of the broad-scope OCI project (priority is high for this matter).
Statement of cash flows and related matters	Medium/ Partially High	• In practice, we recognise supply chain finance arrangements, such as reverse factoring, are becoming an issue, which should be addressed by the IASB immediately (priority is high for this matter). At the IASB meeting in June 2021, we understand that was tentatively added to one of the narrow-scope standard-setting projects. • Should a linkage be sought between the statement of profit or loss and the statement of cash flows, we recommend discussing it as a large project over a mid- to long-term time frame.
Operating segments	Medium	• While the Primary Financial Statements project is currently reviewing the structure of the statement of profit or loss, we recommend consideration should be given to conglomerates (e.g. when an entity's main business activities consist of manufacturing and financing). In such cases, we suggest replacing the requirement for business segment disclosures based on a management approach in accordance with IFRS 8 with a presentation in the statement of profit or loss or disclosure in the notes of disaggregation information in accordance with IFRS Standards.
Foreign currencies	Medium	• We think it is appropriate to undertake the project as a long-term research project. Given that companies' business activities are becoming more globalised these days, it is likely that factors used to determine a company's functional currency are getting more complex in some jurisdictions. Furthermore, consideration should be given when the currency

Potential projects	Rating	Comment
		system of each jurisdiction is mainly built around national currencies.
Commodity transactions	Medium	• In the Agenda Decision 'Commodity loans' published in June 2017, it is concluded that a wide range of transactions involving commodities means that any narrow-scope standard-setting activity would be of limited benefit to entities. • Accordingly, we recommend the IASB to conduct wide-scope research on commodity transactions. • In addition, according to the criterion 'the potential project's interaction with other projects on the work plan and other potential projects' (see our comment on Question 2), we may even suggest the Board consider taking a more holistic approach, covering intangible assets, cryptocurrencies, commodities and emission allowances, which would likely become a large project over a mid- to long-term time frame.
Pollutant pricing mechanisms	Medium	• Based on the results of the Board's research conducted in jurisdictions on pollutant pricing mechanisms, we first recommend determining the scope of the project as to whether the Board should address all types of pollutant pricing mechanisms or only some. • In addition, according to the criterion 'the potential project's interaction with other projects on the work plan and other potential projects' (see our comment on Question 2), we may even suggest the Board consider taking a more holistic approach, covering intangible assets, cryptocurrencies, commodities and emission allowances, which would likely become a large project over a mid- to long-term time frame.
Variable and contingent consideration	Medium	• In the Agenda Decisions 'IAS 16 *Property, Plant and Equipment and IAS 38 Intangible Assets*—Variable payments for asset purchases' (published in March 2016) and 'IFRIC 12 *Service Concession*

Potential projects	Rating	Comment
		Arrangements—Payments made by an operator to a grantor in a service concession arrangement' (published in July 2016), it is concluded that the accounting for variable payments for asset purchases is linked to broader issues. • We recommend undertaking the project as a cross-cutting issue across IFRS Standards.
Separate financial statements	Low	• Although the Discussion Paper 'Business Combinations under Common Control' mainly focuses on a transferring company's consolidated financial statements, we believe it should also cover accounting treatments for separate financial statements of transferring companies and receiving companies. (Refer to our comment letter for the Discussion Paper 'Business Combinations under Common Control' issued on August 19, 2021.)
Borrowing costs	Low	—
Discount rates	Low	• We understand the research paper feedback statement, which looked into measurement bases and discount rates adopted by different IFRS Standards, is already completed.[4] Thus, we are not sure if further consideration is needed at the moment. As follow-up matters are already listed up in the feedback statement, we recommend the Board address the matters first. • If the project were to be initiated, we may suggest considering both Discount rates project and Negative interest rates project together as a cross-cutting issue related to measurement under the Conceptual Framework.
Negative interest rates	Low	• If the project were to be initiated, we may suggest considering both Discount rates project and Negative interest rates project together as a cross-cutting issue

[4] IASB. Project Summary: Discount rates in IFRS Standards, February 2019. (https://cdn.ifrs.org/content/dam/ifrs/project/discount-rates/project-summary.pdf)

Potential projects	Rating	Comment
		related to measurement under the Conceptual Framework.
Expenses — Inventory and cost of sales	Low	—
Government grants	Low	—
Going concern	Low	• As we find the educational material on disclosures relating to going concern published by the IFRS Foundation to be very useful, we do not think it is necessary to amend any IFRS Standards. • The International Auditing and Assurance Standards Board (IAASB) is currently deliberating in one of its projects about switching the initial date to assess an entity's ability to continue as a going concern from the end of the reporting period to the date of the auditor's report. However, before going there, we believe the IASB should first determine whether or not it needs to amend IFRS Standards. We strongly recommend the IASB and the IAASB collaborate on this matter.
Income taxes	Low	—
Inflation	Low	• We agree with the tentative decision made in the IASB meeting in April 2015 not to extend the application scope of IAS 29, because lowering the inflation threshold would change the nature of IAS 29 from an accounting standard for high inflation economies to that covering general inflation.
Interim financial reporting	Low	—

(b) No particular comments.

Question 4— Other comments

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.

Comment:

- In our previous comments on the 2015 Agenda Consultation, we insisted that the IASB put high priority on the following projects: (a) Goodwill and Impairment; (b) Disclosure Initiative—Principles of Disclosure (now under the project 'Disclosure Initiative—Targeted Standards-level Review of Disclosures'); (c) Business Combinations under Common Control; (d) Primary Financial Statements; (e) Equity Method; (f) Financial Instruments with Characteristics of Equity; and (g) Provisions, Contingent Liabilities and Contingent Assets. We understand many of the respondents to the 2015 Agenda Consultation also had the same view and placed high priority in these projects, except projects (e) and (g). Given that the projects were still not completed in March 2021, when the RFI was issued, and they continue to be high priority areas, we strongly suggest the projects should be completed first. (See our comment on Question 1(a) above)

- It is uncertain as to whether the 'Availability of a Refund' project is still an active project as of today. If little responses are received for the RFI, and no decisions can be made after considering it for such a long time, we can think about taking the project down from the agenda list. (See our comment on Question 2(b) above)

Yours faithfully,

Takako Fujimoto
Executive Board Member － Business Accounting Standards and Practice/Corporate Disclosure
The Japanese Institute of Certified Public Accountants