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EFRAG
35 Square de Meeûs
B-1000 Brussels
Belgium

Submitted via EFRAG's "Express your views" website

Comments on EFRAG'S Request for Input on Its Proactive Research Agenda

Dear Madam, dear Sir,

On behalf of the Austrian Financial Reporting and Auditing Committee (AFRAC), the privately organised standard-setting body for financial reporting and auditing standards in Austria, we appreciate the opportunity to comment on "EFRAG's Request for Input on Its Proactive Research Agenda." Principal authors of this comment letter were Erich Kandler, Gerhard Margetich, Gerhard Prachner, Anita Seiwald, and Alfred Wagenhofer. In order to ensure a balanced Austrian view on the consultation, the professional background of these authors is diverse.

For your information, we also forward to you our response to the IASB's Third Agenda Consultation.

Best regards,
Romuald Bertl
Chairman

Comments on EFRAG'S Request for Input on Its Proactive Research Agenda

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?

We do not necessarily agree with the view that EFRAG should consider the most important projects identified by European constituents in the IASB's agenda consultation. Important projects for the IASB include also projects that are practically important and need a quick solution. EFRAG should consider more fundamental research-based projects that look into the future, which includes issues that are hard to resolve and may not be on the IASB's agenda for this reason.

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?

Based on our response above, we do not agree with all the projects listed in paragraph 4(b). We support the following projects included in Table 1:

- Digital reporting
- Other comprehensive income

Regarding the proposed project "Connecting financial and sustainability reporting, starting from climate-related financial implications," we agree that this is of enormous importance, but we believe that starting such a project not before mid-2022 comes too late to be in line with the time table of developing ESRS.

In addition to the two projects listed above, we suggest the following projects with no implied order of priority, which EFRAG may pursue, provided it has sufficient resources:

- Discounting in financial reporting
- Deferred taxes
- Special purpose financial statements

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?

We agree with the strategic aims set for EFRAG's proactive research (see paragraph 1):

- Engage with European constituents to ensure we understand their issues and how financial reporting affects them;
- Influence the development of global financial reporting standards;
- Provide thought leadership in developing the principles and practices that underpin financial reporting; and
- Promote solutions that improve the quality of information, are practical, and enhance transparency and accountability.

Applying these aims to the list provided in Attachment A and Attachment B reflects a mixed fit. We believe several of the listed possible projects are relatively narrow and do not require proactive research. While practically important, these should be left to the IASB, whereas the strength of EFRAG's proactive research activities are more fundamental issues that do not easily lend themselves to immediate solutions and standards.

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

The percentage of resources spent on proactive activities of one third of total resources for EFRAG's financial reporting activities seems appropriate.