

EFRAG 2018 Research agenda consultation

Response ID:157 Data

2. General information about the respondent

1. Please tell us:

Your name:

Karina Vasstveit Hestås

Email address:

karina.vasstveit.hestas@hydro.com

If you are responding for an organisation, please indicate the name and type of organisation and a short description of activity/industry:

Norsk RegnskapsStiftelse (the Norwegian Accounting Standards Board - NASB) is the national standard setter in Norway.

Job title/role:

Chair of the technical committee on IFRS in NASB

Country:

Norway

Please state which country:

2. Main countries of operation:

Our focus is companies incorporated in Norway. Many of our listed companies have widespread international presens, reflected in the accounting and reporting issues they face.

3. General questions

3. Do you have suggestions on how EFRAG could substantiate the influence of its Research activities in general, and individual projects in particular, on the IASB's work?

4. What is your assessment on the use of evidence by EFRAG in its recent Research? Do you have suggestions on how to improve it?

We believe it is challenging to add value through empirical studies with a reasonable use of resources. We suggest that EFRAG carefully considers whether there is a reasonable probability for gaining significant additional insight from use of particular types of evidence before initiating this type of work. In our view, it is less burdensome to provide decision useful information through analysis of such issues as types of transactions or measurement basis that can be envisaged for a particular topic than what can be provided from quantitative studies and analysis of impact of a particular measurement basis or disclosure requirement on prices or transactions.

4. List of potential topics

5. For each project listed above, please indicate how important or urgent you consider it to be for European constituents (5

being most important) and how likely you consider that the project could reach a useful conclusion within a reasonable time frame (5 being most likely).

	Importance to European constituents	Likely to reach a useful conclusion in time
Better information on intangible assets	1	1
Cryptocurrencies	4	4
Derecognition	3	3
Transaction-related costs	3	3
Variable and contingent payments	3	3

6. Please provide any additional comments or explanation of your rating for the projects listed above.

Better information on intangible assets

We believe this matter is of limited importance to constituents. As discussed by EFRAG, several initiatives have taken steps in this area, however, we see limited interest and debate on these topics. Further, we see limited possibilities for reaching a useful conclusion that might impact financial reporting, whether recognition, measurement, or disclosure. We believe this topic is better dealt with through the other reporting initiatives already in process.

Cryptocurrencies

We believe that cryptocurrencies, or even more relevant the wider topic of crypto assets, whether labelled a currency or something else, is a topic where accounting needs to improve. We believe research is needed in the areas of what these assets may represent, which wider asset categories they may belong to, and how these assets should be accounted for.

We find it important that any research activity on this topic is coordinated with the IASB to avoid duplicative efforts. As a basis for future IASB work, and also supplementing any work initiated by the IASB in this area, we believe that EFRAG can provide valuable input.

Derecognition

We believe that a project on derecognition may bring useful insight. As described, recognition criteria are much more thoroughly discussed than derecognition. Turning the recognition criteria around and derecognizing an item once the recognition criteria are not met is often relevant, however, it would be useful to debate whether this is the right solution for all situations. As further described, gains and losses, sometimes resulting from long-term involvement, will arise as a consequence of derecognition. A research project on this topic is in our view probable to bring useful insight.

Transaction-related costs

We believe that a project on transaction related costs may bring useful insight. As described, there is a significant number of terms and solutions applied in this area, and a debate on whether the diversity is needed would be valuable.

Variable and contingent payments

We believe that a project on variable and contingent payment may bring useful insight. As described, there is significant diversity for solutions for different items, and a debate on whether the current regulation appropriately depicts the economic content of variability may bring the accounting forward.

7. Are there other topics that you advise EFRAG to add to its Research agenda? If so, please provide a description of the topic and what the objective of an EFRAG Research project should be.

Agriculture:

We find that the current IAS 41 Agriculture does not make a distinction between production where animals primarily transform nutrients fed, such as in fish farming and production of certain types of livestock such as chicken and pigs, versus plants growing from natural resources with lower levels of added input factors, and the livestock feeding on such plants in a natural environment. In our view, the model in IAS 41 is more aimed at the latter type of production, while there are challenges

applying the model on the first type of production, which in our view has more similarities to industrial transformation processes.

Taxes:

While there are identified issues with the current IAS 12 Income Taxes, we think there is a need for a broader debate on government take through various mechanisms. Government share in the value creation in businesses through various means such as levies and various types of indirect taxes, even benefits in kind in extractive industries, in addition to more traditional taxes on net results or value of assets. Accounting for such contributions to society is very different depending on form and basis. As companies are involved in business in different countries and parts of the world, many companies are exposed to a variety of taxes and levies, and comparison both within a company and between companies may be challenging. We believe that a debate on whether the various types of contribution is appropriately reflected in the current accounting basis would be interesting, and is well suited for a research project.

6. Thank You!

New Send Email

Jun 01, 2018 02:28:43 Success: Email Sent to: cristina.rodriquez@efrag.org

New Send Email

Jun 01, 2018 02:28:43 Success: Email Sent to: karina.vasstveit.hestas@hydro.com