



EFRAG UPDATE

JANUARY 2019

The EFRAG Update is published on a monthly basis to inform constituents about due process publications, public technical discussions held and decisions taken during that month.

PUBLICATIONS

Draft Endorsement Advice

On 14 January EFRAG published its Draft Endorsement Advice on the IASB's *Definition of a Business (Amendments to IFRS 3)*. EFRAG is consulting on both its assessment of the Amendments against the technical criteria in the EU and on its assessment of whether the Amendments are conducive to the European public good. Comments are requested by 4 March 2019.

For more details, please see the [EFRAG website](#).

Draft Comment Letter

On 25 January EFRAG published its Draft Comment Letter in response to the IASB's Exposure Draft 2018/2 *Onerous Contracts - Cost of Fulfilling a Contract (Proposed amendments to IAS 37)* and seeks constituents' views on the proposals. Comments are requested by 5 April 2019.

For more details, please see the [EFRAG website](#).

Summary Report of Outreach Event

On 8 January EFRAG and the Organismo Italiano di Contabilità (OIC) published a summary report on the joint outreach event held in Milan on 7 November 2018 on the IASB's Discussion Paper *Financial Instruments with Characteristics of Equity*.

For more details, please see the [EFRAG website](#).

OPEN CONSULTATIONS

Title and description	Closing date
Draft Endorsement Advice on <i>Definition of Material (Amendments to IAS 1 and IAS 8)</i>	1 February 2019
Draft Endorsement Advice on <i>Definition of a Business (Amendments to IFRS 3)</i>	4 March 2019
Draft Comment Letter on the IASB's Exposure Draft 2018/2 <i>Onerous Contracts - Cost of Fulfilling a Contract (Proposed amendments to IAS 37)</i>	5 April 2019
EFRAG Discussion Paper <i>Non-exchange Transfers ('NETs'): A role for societal benefit?</i>	30 April 2019



For more information please see [EFRAG's consultations page](#).

EFRAG BOARD

Meeting

The EFRAG Board met on [29 January 2019](#) and discussed the following topics:

IFRS 17 Insurance Contracts

The EFRAG Board approved the proposed project plan and tentatively decided to consider a draft endorsement advice as soon as possible after the likely changes to IFRS 17 become clear.

IASB Research Project *Financial Instruments with Characteristics of Equity*

The EFRAG Board approved the EFRAG comment letter on the IASB Discussion Paper.

The EFRAG Board agreed that the early-stage analysis of the impact of the proposals in the Discussion Paper should be posted on the EFRAG website as an EFRAG Secretariat working document.

Update of work plan and any other matters

The EFRAG Board approved the work plan subject to classifying the IASB's IBOR project as significant.

Next meeting

The EFRAG Board will next meet on 27 February 2019.

January 2019 written procedures

The EFRAG Board approved the following documents, using written procedures:

- EFRAG's Draft Endorsement Advice on the IASB's Publication *Definition of a Business (Amendments to IFRS 3)*.
- EFRAG's Draft Comment Letter on the IASB's Exposure Draft ED/2018/2 *Onerous Contracts - Cost of Fulfilling a Contract (Proposed amendments to IAS 37)*.

Expected February 2019 written procedures

The EFRAG Board not expected to approve the following document using written procedures in February.

- EFRAG's Final Endorsement Advice on *Definition of Material (Amendments to IAS 1 and IAS 8)*.



EFRAG TECHNICAL EXPERT GROUP (TEG)

Meeting

EFRAG TEG met on [16-17 January 2019](#) and discussed the following topics:

IFRS 17 *Insurance Contracts*

EFRAG TEG approved the work programme on the proposed activities relating to insurance over the first half of 2019. EFRAG TEG noted the dangers in assessing any proposed alternatives to IFRS 17 as this does not normally form part of an endorsement advice, although it may form part of a comment letter process. The duration of the deferral of the application date of IFRS 17 could be considered both in responding to the forthcoming Exposure Draft and in EFRAG's endorsement advice on the revised version of the standard.

IASB Project *Rate-regulated Activities*

EFRAG TEG discussed the proposed project timeline based on the IASB's December 2018 timeline to develop EFRAG TEG's preliminary views on the main aspects of the accounting model for defined rate regulation. The planned discussions on the rate-regulated activities project were aligned with the project plan of the upcoming consultation document expected in H2 2019.

No decisions were taken at the meeting.

IASB Exposure Draft ED/2018/2 *Onerous Contracts - Cost of Fulfilling a Contract (Proposed amendments to IAS 37)*

EFRAG TEG agreed to recommend a draft comment letter for consideration by the EFRAG Board subject to drafting improvements. In the draft comment letter EFRAG suggested further consideration by the IASB on the potential impact of the amendments on contracts in the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* that were not in the scope of IAS 11 *Construction Contracts*.

IASB Research Project *Financial Instruments with Characteristics of Equity*

EFRAG TEG agreed to recommend a final comment letter for consideration by the EFRAG Board subject to drafting improvements.

Respondents to EFRAG draft comment letter and participants in the outreach events expressed either disagreement with or only limited support for the IASB's preferred approach. Some constituents called for a more conceptual and less rule-based approach to distinguishing debt from equity. However, there was no consensus among constituents on what the best approach is. Thus, EFRAG TEG suggested the IASB to focus at this stage on targeted improvements to IAS 32 *Financial Instruments: Presentation*.

EFRAG TEG also agreed that the project's Early-stage Analysis will be presented as an EFRAG Secretariat working paper and suggested some drafting improvements.

EFRAG Research Project *Equity Instruments – Research on Measurement*

EFRAG TEG discussed a draft version of the forthcoming Discussion Paper and provided editorial suggestions to improve the clarity and the understandability of the paper.

No decisions were taken at the meeting.



EFRAG Research Project *Pensions*

EFRAG TEG discussed a draft of the forthcoming Discussion Paper and provided comments on the types of the plans considered in the document, the suggested alternative approaches to IAS 19 *Employee Benefits*, and the assessments of these alternative approaches.

No decisions were taken at the meeting.

Next meeting

EFRAG TEG will next meet on 13-14 February 2019.