



May 2016

## EFRAG Update

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.

### May Publications

#### **Draft Endorsement Advice**

On 17 May, EFRAG issued a draft endorsement advice letter and a separate invitation to comment relating to the endorsement for use in the EU of *Clarifications to IFRS 15 Revenue from Contracts with Customers*. EFRAG is seeking comments on all aspects of its analyses supporting its preliminary conclusions. Comments are requested by 17 June 2016

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

#### **Feedback Statement**

On 31 May, EFRAG published a feedback statement on EFRAG Discussion Paper *The Statement of Cash Flows: Issues for Financial Institutions*. The feedback statement describes the main comments received by EFRAG in response to the discussion paper.

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

### May 2016 meetings and conference calls

This edition of EFRAG Update contains summaries of meetings held in May of:

- The EFRAG Board; and
- The EFRAG Technical Expert Group (EFRAG TEG).

## EFRAG Board meeting on 13 May

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At its meeting on 13 May, EFRAG TEG discussed:

- IASB Exposure Draft ED/2015/11 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
- IFRS 16 *Leases*
- EFRAG Proactive Work on Statement of Cash Flows for Financial Institutions
- EFRAG Work Plan

### IASB Exposure Draft ED/2015/11 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*

The EFRAG Board noted the comparison between the decisions taken by the IASB and the concerns raised in the EFRAG comment letter on the Exposure Draft. No decisions were taken at the meeting.

### IFRS 16 *Leases*

The EFRAG Board noted the provisional work plan related to preparing a draft endorsement advice on IFRS 16 *Leases*. The EFRAG Board also discussed the proposal by one constituent that the IASB should be asked to include an additional transitional provision in IFRS 16. No decisions were taken at the meeting.

### EFRAG Proactive Work on Statement of Cash Flows for Financial Institutions

The EFRAG Board noted the comments received on the Discussion Paper and requested the EFRAG Secretariat to develop a proposal for further work on the topic.

### EFRAG Work Plan

The EFRAG Board approved the Work Plan as presented.

## EFRAG Board – May written procedures

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

- EFRAG draft endorsement advice on the IASB's Publication *Clarifications to IFRS 15 Revenue from Contracts with Customers*

## EFRAG Board – expected June written procedures

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During June, the EFRAG Board is expected to approve the following documents using written procedures:

- EFRAG final endorsement advice on the IASB's Publication *Disclosure Initiative - Amendments to IAS 7*
- EFRAG final endorsement advice on the IASB's Publication *Recognition of Deferred Tax Assets for Unrealised Losses*

## Detailed meeting reports

### EFRAG TEG meeting on 26 - 27 May

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At its meeting on 26 - 27 May, EFRAG TEG discussed:

- IASB Publication *Recognition of Deferred Tax Assets for Unrealised Losses*
- IASB Publication *Disclosure Initiative - Amendments to IAS 7*
- IFRS 16 *Leases*
- IASB Exposure Draft ED/2015/11 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
- IASB Exposure Draft ED/2015/3 *Conceptual Framework for Financial Reporting*
- EFRAG Proactive Work on Application Issues in Discounting
- EFRAG Proactive Work on Goodwill Impairment and Amortisation
- IASB Research Project *Goodwill and Impairment*
- IASB Project *Insurance Contracts*

#### IASB Publication *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)*

EFRAG TEG considered the feedback received in response to EFRAG's draft endorsement advice. Considering the support received from constituents for the initial assessment, EFRAG TEG unanimously agreed to recommend a final endorsement advice to the EFRAG Board supporting the adoption of the Amendments.

#### IASB Publication *Disclosure Initiative - Amendments to IAS 7*

EFRAG TEG considered the feedback received in response to EFRAG's draft endorsement advice. Considering the support received from most constituents for EFRAG's initial assessment, EFRAG TEG unanimously agreed to recommend a final endorsement advice to the EFRAG Board supporting the adoption of the Amendments.

#### IFRS 16 *Leases*

EFRAG TEG had a preliminary discussion on the assessment of the cost and benefits expected to arise from implementing IFRS 16 and the additional input needed for that assessment to be considered in further public consultations with preparers and users. No decisions were taken at the meeting.

#### IASB Exposure Draft ED/2015/11 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*

EFRAG TEG was provided with an update of the latest deliberations of the IASB on the Exposure Draft. No decisions were taken at the meeting.

### IASB Exposure Draft ED/2015/3 *Conceptual Framework for Financial Reporting*

EFRAG TEG considered the IASB's tentative decisions related to the Conceptual Framework project. In addition, EFRAG TEG discussed a paper on how the Conceptual Framework could provide more guidance on the selection of measurement bases. No decisions were taken at the meeting.

### EFRAG proactive work on Application Issues in Discounting

EFRAG TEG members discussed possible improvements to the guidance in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* suggested by the EFRAG Secretariat in the areas of interactions between expected cash flows and discount rates, disclosure requirements and projecting long-term rates.

While acknowledging the merits of some of the proposals, overall EFRAG TEG did not express support for proceeding with the project in the proposed directions.

### EFRAG proactive work on Goodwill Impairment and Amortisation

EFRAG TEG discussed a paper containing quantitative data relating to goodwill and goodwill impairment trends in the financial statements of a sample of European entities for the period from 2007 to 2014. No decisions were taken at the meeting.

### IASB Research Project *Goodwill and Impairment*

EFRAG TEG discussed an IASB staff proposal to modify the impairment test to address investors' concerns about the late recognition of impairment losses on goodwill. No decisions were taken at the meeting.

### IASB Project *Insurance Contracts*

EFRAG TEG received an educational session on the application of the future insurance contracts standard. No decisions were taken at the meeting.