



# EFRAG UPDATE

APRIL 2020

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.

## Coronavirus – Update on EFRAG’s meetings and events

EFRAG will continue to monitor the impact of COVID-19 pandemic on its activities recognising the circumstances and priorities of our stakeholders and adapt its activities accordingly:

- All EFRAG public meetings of the EFRAG Board, EFRAG TEG and EFRAG CFSS are turned into webcast meetings until further notice. Due to the particular circumstances, the meetings have been shortened and the frequency has been increased. Digital access to these public meetings is provided as usual;
- All EFRAG public events and outreaches until further notice have been turned into electronic format (see below), postponed or cancelled;
- EFRAG has adjusted the timelines of several of its projects taking into account the priorities of its stakeholders during the pandemic and is flexible in obtaining input through outreaches, field tests and other means, recognising the availability and individual circumstances of the stakeholders concerned. Input of stakeholders is an essential part of EFRAG’s due process as public interest organisation.

EFRAG staff is working from home and is contactable by email, Teams or phone.

You can find contact details [here](#).

## PUBLICATIONS

### Draft Comment Letter and preparatory draft of the Endorsement Advice

On 30 April 2020, EFRAG published a draft comment letter and a preparatory draft of the endorsement advice on the IASB Exposure Draft *ED/2020/2 Covid-19 - Related Rent Concessions (amendment to IFRS 16)*. Comments on the draft comment letter are requested by 7 May 2020, and for the preparatory draft endorsement advice - by 20 May 2020.

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

### Draft Comment Letter

On 23 April 2020, EFRAG published its draft comment letter in response to the IASB Exposure Draft *ED/2020/1 Interest Rate Benchmark Reform - Phase 2 (proposed amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)* and seeks constituents' views on the proposals. Comments on the draft comment letter are requested by 15 May 2020.



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

### **Feedback statement**

On 28 April 2020, EFRAG has published a feedback statement on its Discussion Paper *Accounting for Pension Plans with an Asset-Return Promise*.

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

### **European Lab Project Task Force application deadline extended**

On 8 April 2020, EFRAG announced the extension of the call for candidates to become members of the new European Lab Project Task Force on reporting of non-financial risks and opportunities and linkage to the business model to 4 May 2020. Applications should be sent to [nominations@efrag.org](mailto:nominations@efrag.org).

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

## **WEBINARS AND ON-LINE OUTREACHES**

### **Public EFRAG Outreach on the IASB ED *Covid-19-Related Rent Concessions (amendment to IFRS 16)***

To facilitate input by European constituents to the accelerated due process on this amendment, on 7 May 2020, from 18.15 till 19.15 hrs, CET, EFRAG will host a public Outreach event on the IASB exposure draft *ED/2020/2 Covid-19-Related Rent Concessions (amendment to IFRS 16)* with participation of EFRAG CFSS. EFRAG draft comment letter and a preparatory draft endorsement advice will be discussed; the feedback will be used as formal input to EFRAG's due process.

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

### **Online joint outreach event on *Primary Financial Statements***

On 14 May 2020, EFRAG will host an online joint outreach event with the FSR – Danish Auditors, the Confederation of Danish Industry (DI) and the IASB on the Exposure Draft *General Presentation and Disclosures*. The main objective of this public webinar meeting is to discuss the IASB proposals for a new shape of the primary financial statements and EFRAG's preliminary views with Danish and other stakeholders.

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

### **Online joint user outreach event on the IASB Exposure Draft *General Presentation and Disclosures***

On 19 and 26 of May 2020, EFRAG will hold two joint user outreach webinars, with EFFAS, BVFA/ABAF and IFRS Foundation, on the IASB Exposure Draft *General Presentation and Disclosures* and on EFRAG's preliminary views.

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



## OPEN CONSULTATIONS

| Title and description   | Closing date                   |
|---|--------------------------------|
| EFRAG draft comment letter on the IASB Exposure Draft <i>ED/2019/7 General Presentation and Disclosures (Primary Financial Statements)</i>  | Postponed to 28 September 2020 |
| EFRAG extends the application period for the field-tests on <i>Primary Financial Statements</i>   | Postponed to 31 July 2020      |
| EFRAG preparatory draft endorsement advice on the IASB's Exposure Draft <i>ED/2020/2 Covid-19-Related Rent Concessions (proposed amendment to IFRS 16)</i>                            | 20 May 2020                    |
| EFRAG draft comment letter on the IASB's Exposure Draft <i>ED/2020/1 Interest Rate Benchmark Reform - Phase 2 (proposed amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)</i> | 15 May 2020                    |
| EFRAG draft comment letter on the IASB's Exposure Draft <i>ED/2020/2 Covid-19-Related Rent Concessions (proposed amendment to IFRS 16)</i>  | 7 May 2020                     |

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

## EFRAG BOARD

### Webcast meeting

The EFRAG Board held a webcast meeting on [21 April 2020](#) and discussed the following topics:

#### **Providing a platform to National Standard Setters and EFRAG Member Organisations**

The EFRAG Board welcomed the initiative to host a platform of exchange dedicated to National Standard Setters that are members of EFRAG CFSS and to EFRAG Member Organisations, for discussing the implementation challenges in the application of IFRS Standards and National GAAP in the current uncertain pandemic crisis circumstances and to exchange views and experience.

#### **IFRS 17 Insurance contracts**

The EFRAG Board discussed a preparatory draft endorsement advice on the temporary exemption from applying IFRS 9 (Amendments to IFRS 4). The EFRAG Board agreed to



shorten the comment period for the advice for the postponement of IFRS 17 to 2023 and to adopt a written procedure for the EFRAG Board approval, if needed to further accelerate the issuance of the endorsement advice, as preparers need to apply this amendment in their 2021 accounts. The EFRAG Board also discussed and agreed to include in the DEA for IFRS 17 the contents of an issues paper on the interactions of IFRS 9 and IFRS 17. The EFRAG Board noted the Updated Economic Study, agreed to receive a presentation by the consultant at a future meeting, and to provide written comments on the study to the EFRAG Secretariat.

### **IASB Project *Covid-19-Related Rent Concessions (amendment to IFRS 16 Leases)***

The EFRAG Board decided to open a new project and to run an accelerated due process with a comment period reduced to one week in relation to amendment to IFRS 16 *Leases*, providing preparers with an emergency relief and support in dealing with emerging issues due to modifications of leases arising from the Covid-19 crisis. The issuance of a final amendment to IFRS 16 is expected already in May 2020 and will be immediately applicable.

### **IASB Project *Primary Financial Statements***

The EFRAG Board agreed to postpone to the 28 September 2020 the end of comment period for EFRAG draft comment letter on the IASB Exposure Draft *ED/2019/7 General Presentation and Disclosures (Primary Financial Statements)*, following a similar decision by the IASB, to support European constituents facing the emergency situation of the Covid-19.

### **IASB Research Project *Goodwill and Impairment***

The EFRAG Board discussed the first part of the draft comment letter in response to the IASB Discussion Paper *DP/2020/1 Business Combinations—Disclosures, Goodwill and Impairment* issued on 19 March 2020. The discussion will be finished in an additional webcast in May.

### **EFRAG Research Project *Crypto Assets***

The EFRAG Board received an update on the contents of the discussion paper approved and decided to finalise the discussion and approval of the discussion paper at a future meeting, with the aim of issuing it prior/during the summer.

### **Next meeting**

The EFRAG Board decided to schedule other meetings in addition to the prescheduled next meeting on [26 May 2020](#). The EFRAG Board agreed that more frequent webcast meetings shorter in duration would be more effective and efficient in the present working environment.

### **April 2020 written procedures**

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

- EFRAG draft comment letter to the IASB's Exposure Draft *ED/2020/1 Interest Rate Benchmark Reform - Phase 2 (proposed amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*;
- EFRAG draft comment letter to the IASB's Exposure Draft *ED/2020/2 Covid-19-Related Rent Concessions (proposed amendment to IFRS 16)*; and
- EFRAG preparatory draft endorsement advice to the IASB's Exposure Draft *ED/2020/2 Covid-19-Related Rent Concessions (proposed amendment to IFRS 16)*.



### Expected May 2020 written procedures

The EFRAG Board is not expected to approve any documents using written procedures in May.

## EFRAG TECHNICAL EXPERT GROUP (TEG)

### Webcast meetings 6 and 8 April

EFRAG held two webcast meetings on [6 and 8 April 2020](#) and discussed the following topic:

#### **IASB Research Project *Goodwill and Impairment***

EFRAG TEG discussed and agreed to recommend for approval to the EFRAG Board the draft comment letter in response to the IASB Discussion Paper *2020/1 Business Combinations—Disclosures, Goodwill and Impairment* issued on 19 March 2020, subject to drafting suggestions.

### Webcast meeting 16 April

EFRAG TEG held webcast meeting on [16 April 2020](#) and discussed the following topics:

#### **IFRS 17 *Insurance contracts***

EFRAG TEG members discussed a paper on issues relating to Appendix II of the IFRS 17 draft endorsement advice and relating to the interaction between IFRS 9 and IFRS 17. EFRAG TEG members also discussed an issues paper in preparation for a draft endorsement advice on the amendments to IFRS 4 on the deferral of applying IFRS 9.

No decisions were taken at the meeting.

#### **IASB Project *IBOR Reform and its Effects on Financial Reporting – Phase 2***

EFRAG TEG members discussed and agreed recommend for the approval to the EFRAG Board the draft comment letter on the IASB Exposure Draft *ED/2020/1 - Interest Rate Benchmark Reform - Phase 2. Proposed amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16* subject to drafting suggestions.

#### **IASB Research Project *Business Combination under Common Control***

EFRAG TEG members discussed how to apply aspects of a predecessor approach to business combinations under common control (BCUCC). In particular, members discussed how to measure the consideration paid under the predecessor approach and how to account for transaction costs and the difference between the consideration paid and the carrying amounts of assets and liabilities received when the predecessor approach is used to report for the transaction. In addition, EFRAG TEG discussed the disclosure requirements for BCUCC under both the acquisition and the predecessor approach. Members expressed broad support for the proposals on the project.

No decisions were taken at the meeting.



### **EFRAG Research Project *Better Information on Intangible Assets***

EFRAG TEG received an update from the first meeting of the Advisory Panel on Intangibles, discussed the tentative contents of a first discussion paper on problem definition, together with an updated scope of the project. EFRAG TEG members reiterated support for the project's objective to improve reporting on intangibles by looking at how to provide useful information to users about creation, maintenance and enhancement of value. Members noted the importance of the project for users and its interactions with other initiatives such as the revision of the *Management Commentary Practice Statement*.

Members also discussed the extent to which non-financial information should be addressed in the project and the timelines and content of the project deliverables.

No decisions were taken at the meeting.

### [Webcast meeting 29 April](#)

EFRAG held webcast meeting on [29 April 2020](#) and discussed the following topic:

### **IASB Project *Covid-19-Related Rent Concessions (amendment to IFRS 16 Leases)***

EFRAG TEG discussed and agreed to recommend for approval to the EFRAG Board the draft comment letter and a preparatory draft endorsement advice on the IASB Exposure Draft *ED/2020/2 Covid-19-Related Rent Concessions amendment to IFRS 16*, issued on 24 April 2020 subject to drafting amendments.



## **EUROPEAN REPORTING LAB**

Due to the special COVID-19 related circumstances, on 8 April 2020 the European Reporting Lab announced the extension of the deadline for applications to 4 May 2020 to receive candidatures to [join the Project Task Force \(PTF\)](#) of its new project on reporting of non-financial risks and opportunities and their linkage to the business model.

The aim of the project is to identify good reporting practices from a sustainability perspective and addressing what is commonly known as ESG factors. The project is expected to consider the information needs and expectations of a wide range of users and other stakeholders, the extent to which they are addressed by current reporting practices, and the challenges faced by companies in providing that information.

The European Lab SG will decide on the composition of the PTF in its meeting of 28 May 2020.

**European Lab Steering Group (European Lab SG) meeting on 22 April 2020**

The European Lab SG members were informed of the applications received, as at the date of the meeting, in response to the call for candidates for the PTF of the new project. They also discussed and approved the PTF member selection and PTF Chair nomination process. Members were encouraged to stimulate additional candidatures for the PTF from amongst their stakeholders. In its meeting of 28 May, the European Lab SG will approve the composition of the PTF. In addition, members discussed developments in the non-financial reporting domain.

**Next Steps**

The European Lab SG will hold its next meeting on 28 May 2020.

The first meeting of the PTF is tentatively scheduled for 10 June 2020.