



# EFRAG UPDATE

OCTOBER 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 still 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;
- 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 for the maximum possible working from home and is contactable by email, Teams or phone. The EFRAG offices are closed.

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

## PUBLICATIONS

### Final Endorsement Advice

On 23 October 2020, EFRAG finalised its due process and submitted to the European Commission four letters providing advice to the European Commission on the endorsement of the following IASB’s amendments for their use in the European Union and European Economic Area:

- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets, Onerous Contracts — Cost of Fulfilling a Contract*;
- Amendments to IFRS 3 *Business Combinations, Reference to the Conceptual Framework*;

- Amendments to IAS 16 *Property, Plant and Equipment, Proceeds before Intended Use*; and
- Annual Improvements to IFRS Standards 2018–2020.

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

### **EFRAG Summary Report on joint DASB-EFRAG-IASB outreach event on the Exposure Draft *General Presentation and Disclosures* on 16 September 2020**

On 6 October 2020, EFRAG issued a report that summarises the discussions during the joint outreach event on the IASB proposals in the Exposure Draft *General Presentation and Disclosures*. The outreach event took place on 16 September 2020 - in close coordination with the DASB and the IASB. The Dutch and European stakeholders expressed their views on the IASB proposals including the potential implementation and application concerns.

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

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

### **Joint outreach event on *Business Combinations - Disclosures, Goodwill and Impairment*: ASCG/IASB/EFRAG - 2 November and 20 November 2020**

On 30 October, EFRAG together with DRSC (Accounting Standards Committee of Germany - ASCG) published an invitation to a joint outreach event in German language to consider the German views on the IASB's Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment*. The online event will take place, on Monday 2 November 2020 and a second time on Friday 20 November 2020.

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

### **Rate regulated activities – call for early-stage analysis of the likely impacts**

On 28 October, EFRAG invited users that undertake the fundamental analysis of rate-regulated entities to participate in an early-stage analysis of the likely impacts of possible changes to IFRS requirements. This will enable a better understanding of users' information needs. Expressions of interest in participating in this outreach are requested by close of business 7 December 2020.

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

### **Joint outreach event on *Business Combinations - Disclosures, Goodwill and Impairment*: reflections from Norway - 9 November 2020**

On 21 October 2020, EFRAG together with Norsk RegnskapsStiftelse (Norwegian Accounting Standards Board - NASB), the Norwegian Society of Financial Analysts (NFF) and the IFRS Foundation published an invitation to a joint outreach event to consider the Norwegian and European Stakeholders' views on the IASB's Discussion Paper *Business Combinations—*



*Disclosures, Goodwill and Impairment*. The online event will take place on Monday 9 November 2020.

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

**Joint outreach event - *Business combinations, disclosures, goodwill and impairment* (EFRAG EFFAS ABAF/BVFA IASB): what are the views of the investment community? – 12 November 2020**

On 15 October 2020, EFRAG together with EFFAS, ABAF/BVFA and the IFRS Foundation published an invitation to a joint outreach event on Thursday, 12 November 2020 to consider the views of users on the IASB's Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment*. A distinguished panel of users – Steve Cooper, Sue Harding, Maresa Mazo, Wouter Verlinden – will contribute to the joint online outreach event:

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

**Joint outreach event on *Business Combinations - Disclosures, Goodwill and Impairment* (FSR - Danish Auditors, DI, the IASB and EFRAG) - 23 October 2020**

On 23 October 2020, EFRAG organised a joint online outreach event together with the FSR – Danish Auditors, the Confederation of Danish Industry (DI) and the IASB and EFRAG on the IASB Discussion Paper *Business Combinations - Disclosures, Goodwill and Impairment*. The objective of this public webinar was to discuss the IASB proposals for new disclosures on business combinations and subsequent accounting for goodwill with Danish and other stakeholders. A summary report of the report will be made publicly available.

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

**Improving information regarding business combinations and subsequent accounting for goodwill – which way to go? - 16 October 2020**

On 16 October 2020, EFRAG organised a joint online outreach event '*Improving information regarding business combinations and subsequent accounting for goodwill – which way to go?*' The objective of the event was to collect input from the community of interested stakeholders (auditors, valuers, preparers, enforcers, users and academics) on the IASB's Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment* and EFRAG's Draft Comment Letter. A summary report of the report will be made publicly available.

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

**Questionnaire for preparers - How could accounting for goodwill be improved - responses welcome till 13 November 2020**

On 7 October 2020, EFRAG extended its deadline to 13 November 2020 for its questionnaire for preparers with active M&A agendas or material goodwill amounts in the financial statements. The purpose is to collect input on the proposals in the Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment* and on EFRAG's suggestions included in its draft comment letter.

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



### Invitation to contribute to the ad personam mandate of EFRAG Board President Jean Paul Gauzès on non-financial reporting standard setting

On 1 October 2020, EFRAG Board President Jean-Paul Gauzès invited all interested stakeholders to contribute views and input to his ad personam mandate from the European Commission to develop proposals for possible changes to the governance and funding of EFRAG if it were to become the European non-Financial standard setter. Views and input can be provided until 30 October 2020.

See for details the section on the European Lab below.”

### European Parliament - Committee on Economic and Monetary Affairs - Scrutiny of delegated acts and implementing measures –Exchange of views on IFRS 17

On 27 October EFRAG TEG Chairwoman presented EFRAG endorsement activities and draft endorsement advice on IFRS 17 to the members of the Committee.

### Changes to the composition of the EFRAG Board

On 15 October 2020, EFRAG announced that Karin Dohm and Andreas Barckow had stepped down from the EFRAG Board and welcomed Ricardo Sanchez and Sven Morich as new EFRAG Board members and Hans Buysse as EFRAG Board Vice-President. Sven Morich stepped down from EFRAG TEG.

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

## OPEN CONSULTATIONS

### Title and description

### Closing date

Questionnaire for preparers - How could accounting for goodwill be improved - responses welcome till 13 November 2020

13 November 2020

EFRAG Draft Comment Letter on IASB Discussion Paper *DP/2020/1 Business Combinations — Disclosures, Goodwill and Impairment*

30 November 2020

EFRAG Draft Endorsement Advice on Amendments to IFRS 17 *Insurance Contracts*

29 January 2021

EFRAG Discussion Paper on *The Accounting for Crypto-Assets (Liabilities) - Holder and Issuer Perspective*

31 July 2021 (earlier input is welcome)



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

## EFRAG BOARD

### Webcast meetings

The EFRAG Board held a webcast meeting on [8 October 2020](#) and discussed the following topics:

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

The EFRAG Board members received an overview on EFRAG outreach activities and field-testing and an update on the latest developments. The EFRAG Board members commended the EFRAG Secretariat work during the consultation period, including the extensive outreach online programme, which had been impacted by the covid19 pandemic situation, as it would help the creation of a final EFRAG comment letter to the IASB that reflects the full breadth of European views.

#### **Update on work plan and any other matters**

The EFRAG Board approved the technical work plan as presented.

The EFRAG Board held a webcast meeting on [30 October 2020](#) and discussed the **IASB Project Primary Financial Statements**.

EFRAG Board discussed the changes to the final comment letter recommended by EFRAG TEG as a result of the feedback received during the outreach events, field tests and from the comment letters and approved the final comment letter subject to wording changes agreed during the meeting.

#### **Next meeting**

The EFRAG Board will hold a next webcast meeting on [17 November 2020](#).

### October 2020 written procedures

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

- Final Endorsement Advice on Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets, Onerous Contracts — Cost of Fulfilling a Contract*;
- Final Endorsement Advice on Amendments to IFRS 3 *Business Combinations, Reference to the Conceptual Framework*;
- Final Endorsement Advice on Amendments to IAS 16 *Property, Plant and Equipment, Proceeds before Intended Use*; and
- Final Endorsement Advice on *Annual Improvements to IFRS Standards 2018–2020*.



### Expected November 2020 written procedures

The EFRAG Board is expected to approve the following documents using written procedures in November:

- Draft Endorsement Advice on the *Classification of Liabilities as Current or Non-current*, Amendments to IAS 1 *Presentation of Financial Statements* and *Classification of Liabilities as Current or Non-current—Deferral of Effective Date*, Amendments to IAS 1.

## EFRAG TECHNICAL EXPERT GROUP (TEG)

### Webcast meetings

EFRAG held a webcast meeting on [15 October 2020](#) and discussed the following topics:

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

EFRAG TEG discussed the changes to questions 1 to 6 of the final comment letter proposed by the EFRAG Secretariat as a result of the feedback received during the outreach events, field tests and from the comment letters and provided comments and drafting suggestions.

No decisions were taken at the meeting.

EFRAG TEG held a webcast meeting on [21-22 October 2020](#) and discussed the following topics:

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

EFRAG TEG discussed the changes to questions 7 to 14 of the final comment letter proposed by the EFRAG Secretariat as a result of the feedback received during the outreach events, field tests and from the comment letters and provided comments and drafting suggestions. EFRAG TEG recommended the final comment letter for approval to the EFRAG Board.

#### **IASB Project *Rate Regulated Activities***

EFRAG TEG discussed the sweep issues (definitions of a regulatory asset and a regulatory liability, regulatory returns on assets not yet available for use, effective date and comment period) that were discussed by the IASB at its meeting in September 2020. EFRAG TEG also received a short update on the next steps for the project.

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

The IASB's Discussion Paper ('DP') is due to be issued in November 2020 and so EFRAG TEG discussed the IASB's tentative decisions on the project in order to form a basis of EFRAG's draft comment letter in response to the IASB's DP.

#### **The IASB Due Process Handbook**

EFRAG TEG received an update from the IFRS Foundation on the Revised Due Process Handbook which was issued in August 2020.





### Next meeting

EFRAG TEG will hold webcast meeting on [10 November 2020](#).

### October 2020 written procedures

The EFRAG TEG recommended the following documents for approval to the EFRAG Board, using written procedures:

- Draft Endorsement Advice on the *Classification of Liabilities as Current or Non-current*, Amendments to IAS 1 *Presentation of Financial Statements* and *Classification of Liabilities as Current or Non-current—Deferral of Effective Date*, Amendments to IAS 1.



## EUROPEAN REPORTING LAB

### European Lab Steering Group

The European Lab Steering Group (European Lab SG) held a webcast meeting on 27 October 2020.

In its meeting of 13 October, EFRAG's General Assembly decided to extend the term of mandate of the current members of the European Lab Steering Group for a maximum period of one year (i.e. term before or on 14 November 2021).

Members received an update from the chair of the project Task Force on preparatory work for the elaboration of possible EU non-financial reporting standards (PTF-NFRS) (see below).

Members also received an update on the progress on the project from the co-chair of the project task force on Reporting of non-financial risks and opportunities and linkage to the business model (PTF-RNFRO - see below).

### Preparatory work for the elaboration of possible EU non-financial reporting standards

During October, the PTF-NFRS had two plenary meetings, on 12 October and on 26 October.

The objective of those plenary meetings was to share the progress and findings of the different workstreams. In addition, at the meeting on 26 October a first draft was shared of the progress report called for by the mandate to update the European Commission on the progress of the project. The final version of the progress report will be approved at the next plenary meeting on 2 November 2020.



## **Reporting of non-financial risks and opportunities and linkage to the business model**

In October, the Project Task Force on reporting of non-financial risks and opportunities (PTF-RNFRO) and linkage to the business model had two plenary meetings on 7 October and 21 October. At these meetings, the PTF-RNFRO refined its scope and had an update on the progress made across different workstreams. This discussion will be continued in the next plenary meeting that will take place on 4 November.

## **Other involvement in sustainability reporting**

### **Ad personam mandate of EFRAG Board President Jean Paul Gauzès on non-financial reporting standard setting**

On 1 October 2020, EFRAG Board President Jean-Paul Gauzès [invited all interested stakeholders to contribute](#) views related to his ad personam mandate from the European Commission to develop proposals for possible changes to the governance and funding of EFRAG if EFRAG were to become the EU non-financial reporting standard setter. Responses were requested by 30 October 2020. The proposals will be subject to further public consultation. For more details, please see the [EFRAG website](#).

### **Platform on Sustainable Finance**

On 1 October, EFRAG was appointed as observer to the new Platform on Sustainable Finance launched by the European Commission (as per the EU Taxonomy Regulation requirement). The Platform will primarily focus on the technical screening criteria and the EU Taxonomy Regulation and advising on further measures to improve data availability and quality. Its mandate is for two years. EFRAG has been appointed observer in the Platform on Sustainable Finance Subgroup 5 Data and Usability.

## **NEXT STEPS**

The European Lab SG will hold its next meetings on 8 December 2020 and 27 January 2021.

The next plenary meetings of the PTF-RNFRO are scheduled to take place on 4 and 19 November 2020 and 2 and 16 December, respectively.

Plenary meetings of the PTF-NFRS are scheduled to take place on 2, 10, 18 and 30 November 2020; 15 and 16 December 2020; and finally, on 12 and 26 January 2021 for the conclusion of the project.