



# EFRAG UPDATE

March 2021

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 (see below);
- 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. The EFRAG offices are closed for visitors.

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

## PUBLICATIONS

### Final Endorsement Advice

On 31 March 2021, EFRAG completed its due process and submitted its endorsement advice relating to IFRS 17 *Insurance Contracts*, as amended in July 2020, for use in the European Union and European Economic Area to the European Commission.

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



### **Draft Endorsement Advice**

#### **Amendments to IAS 8**

On 15 March 2021, EFRAG published its draft endorsement advice and separate invitation to comment relating to the endorsement for use in the European Union and European Economic Area of *Definition of Accounting Estimates (Amendments to IAS 8)*. Comments are requested **by 7 June 2021**.

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

#### **Amendments to IAS 1 and IFRS Practice Statement 2**

On 15 March 2021, EFRAG published its draft endorsement advice and separate invitation to comment relating to the endorsement for use in the European Union and European Economic Area of *Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*. Comments are requested **by 7 June 2021**.

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

### **New EFRAG TEG composition**

The EFRAG Board approved the appointment of three new EFRAG TEG members: Sylvie Koppes and Malgorzata Matusiewicz, effective 1 April 2021; and Pierre Phan Van Phi, effective 1 May 2021.

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

### **New EFRAG Board appointed**

The EFRAG General Assembly unanimously agreed the new composition of the EFRAG Board.

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

### **Austrian Group of Standard Setters joins EFRAG**

EFRAG welcomes the Austrian Group of Standard Setters as its latest Member Organisation.

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

### **EFRAG is recruiting an academic fellow with corporate reporting expertise**

EFRAG is seeking an academic fellow with experience in financial reporting and IFRS and good understanding of broader corporate reporting to work with EFRAG during a sabbatical leave period of between 6 months and two years. Applications welcome by **15 April 2021**.

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

### **EFRAG calls for new members of its Financial Instruments Working Group**

EFRAG is renewing the membership of its Financial Instruments Working Group (EFRAG FIWG). Candidates with strong technical expertise on financial instruments issues, along with a sound understanding of more general IFRS issues and practice should send their applications by **15 April 2021**.



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

## WEBINARS AND ON-LINE OUTREACHES

### **The EFRAG podcast series: PIR of IFRS 10, IFRS 11 and IFRS 12**

During March 2021, EFRAG released three podcasts out of its four-episode series dedicated to the post-implementation review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*.

The podcasts can be consulted here: [the second episode](#); [the third episode](#); [the fourth episode](#).

### **Explanatory webinar: *Post-Implementation Review of Consolidated Financial Statements, Joint Arrangements and Disclosures - A User's Perspective***

On 8 March 2021, EFRAG published the recordings of the EFRAG, EFFAS, ABAF/BVFA and IASB explanatory webinar on the post-implementation review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*. The objective of the public webinar was to collect input from users of financial statements on the application of IFRS 10, IFRS 11 and IFRS 12.

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

### **University of Ferrara, EFFAS, EFRAG, ICAS joint case study-based survey on intangibles**

On 2 March 2021, EFRAG published an invitation to participate in a new research project conducted by the University of Ferrara and supported by EFFAS, EFRAG and ICAS on reporting practices for intangible assets by completing the related case-study-based survey. The research project aims at collecting information on the preparation and use of the information on intangibles.

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



## OPEN CONSULTATIONS

Title and description	Closing date
EFRAG survey on the <i>Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12</i>	16 April 2021
EFRAG Draft Endorsement Advice on <i>Definition of Accounting Estimates (Amendments to IAS 8)</i>	7 June 2021
EFRAG Draft Endorsement Advice on <i>Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)</i>	7 June 2021
EFRAG Draft Comment Letter on the IASB Discussion Paper DP/2020/2 <i>Business Combinations under Common Control</i>	30 July 2021
EFRAG Discussion Paper <i>Accounting for Crypto-Assets (Liabilities) - Holder and Issuer Perspective</i>	31 July 2021

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

## EFRAG BOARD

### Webcast Meeting

The EFRAG Board held a webcast meeting on [15 March 2021](#) and discussed the following topic:

#### **IFRS 17 Insurance Contracts**

The EFRAG Board discussed the feedback received on the draft endorsement advice to prepare the final endorsement advice on the topic. The objective of the session was to discuss and approve Appendices I, II and III of the final endorsement advice as recommended by EFRAG TEG. The EFRAG Board approved Appendix I without changes and Appendix II subject to drafting suggestions proposed during the session. In relation to Appendix III the EFRAG Board provided additional drafting suggestions and postponed the approval to the next session.

### Webcast Meeting

The EFRAG Board held a webcast meeting on [29 March 2021](#) and discussed the following topic:



### **IFRS 17 Insurance Contracts**

The EFRAG Board continued its discussion on the final endorsement advice and specifically, the objective of this session was to discuss and approve Appendix III, Annex 1 and the Cover letter of the final endorsement advice as recommended by EFRAG TEG. The EFRAG Board approved the updated Appendix III without changes as well as Annex 1 and the Cover letter subject to drafting changes. The final endorsement advice was delivered to the European Commission and published on 31 March 2021.

### Next meeting

The EFRAG Board will hold a next webcast meeting on [7 April 2021](#).

### March 2021 written procedures

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

- EFRAG Draft Endorsement Advice on Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*; and
- EFRAG Draft Endorsement Advice on Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*.

### Expected April 2021 written procedures

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

## **EFRAG TECHNICAL EXPERT GROUP (TEG)**

### Webcast meeting

EFRAG TEG held a webcast meeting on [3-4 March 2021](#) and discussed the following topics:

#### **IFRS 17 Insurance Contracts**

EFRAG TEG members considered the comments received to the Invitation to Comment on the DEA of IFRS 17 and agreed on a number of changes to Appendix II (true and fair view) and Appendix III (European public good). Subsequently, EFRAG TEG members unanimously recommended Appendix I (summary of the Standard), II and III to the EFRAG Board.

#### **IASB Publication *Classification of Liabilities as Current and Non-current (Amendments to IAS 1)***

EFRAG TEG considered the comment letters received from European constituents in response to the IFRS Interpretations Committee (IFRS IC) December 2020 consultation with regards to the *Classification of Debt with Covenants as Current or Non-current*.

EFRAG TEG proposed to wait for the April IFRS IC discussion to discuss and recommend a FEA to the EFRAG Board.

No decisions were taken at the meeting.



### **IASB Publication *Definition of Accounting Estimates (Amendments to IAS 8)***

EFRAG TEG agreed to recommend a draft endorsement advice, subject to minor drafting improvements, for approval to the EFRAG Board by written procedure.

### **IASB Publication *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)***

EFRAG TEG agreed to recommend a draft endorsement advice for approval to the EFRAG Board by written procedure.

### **IASB Project *Disclosure Initiative - Subsidiaries that are SMEs***

EFRAG TEG received an update on the IASB's latest discussions on its *project Disclosure Initiative — Subsidiaries that are SMEs*.

EFRAG TEG members generally agreed with the scope of the project and the IASB's key principles on how to adapt the disclosure requirements for the reduced-disclosure IFRS Standard. EFRAG TEG noted that considering all the disclosure requirements in IFRS Standards in the light of paragraph BC157 of IFRS for SMEs was perhaps the most appropriate approach, however it would be time consuming.

Finally, EFRAG TEG members highlighted the importance of having a reduced-disclosure IFRS Standard which is aligned with the implementation dates of full IFRS Standards, so that subsidiary and its parent could present the same information.

No decisions were taken at the meeting.

### **IASB Agenda Consultation**

EFRAG TEG members provided their preliminary views on the strategic direction of the IASB's activities, the IASB's criteria for assessing the priority of financial reporting and potential priority projects to recommend.

Members also provided their views on possible interactions of the IASB's agenda consultation with EFRAG's own consultation on its proactive agenda.

No decisions were taken at the meeting.

### **EFRAG Research Project *Variable and Contingent Consideration***

EFRAG TEG members were asked to provide input in advance of a future EFRAG TEG meeting, on the approaches to account for variable consideration they would expect could receive some support.

No decisions were taken at the meeting.

### **[Webcast Meeting](#)**

EFRAG TEG held a webcast meeting on [23 March 2021](#) and discussed the following topic:

### **IFRS 17 *Insurance Contracts***

EFRAG TEG members considered the comments received to the Invitation to Comment on the DEA of IFRS 17 and agreed on a number of changes to Annex 1 (Application of annual



cohorts to intergenerationally-mutualised and cash-flow matched contracts) and the Cover letter. Subsequently, EFRAG TEG members recommended these documents to the EFRAG Board, together with a Note from EFRAG TEG to EFRAG Board presenting the outcome of their vote on the endorsement advice.

### [Webcast Meeting](#)

EFRAG TEG held a webcast meeting on [26 March 2021](#) and discussed the following topic:

#### **IASB Project *Rate-regulated Activities***

EFRAG TEG discussed and agreed to recommend for approval to the EFRAG Board the Draft Comment Letter on the IASB Exposure Draft *ED/2021/1 Regulatory Assets and Regulatory Liabilities* subject to EFRAG TEG members' comments and drafting suggestions.

### [Webcast Meeting](#)

EFRAG TEG held a webcast meeting on [30 March 2021](#) and discussed the following topics:

#### **IASB Project *Lease Liability in a Sale and Leaseback***

EFRAG TEG discussed the feedback received in response to the draft comment letter consultation and agreed to recommend a final comment letter for the consideration of the EFRAG Board.

#### **EFRAG Research Project *Better information on Intangibles***

EFRAG TEG discussed some of the chapters for a Discussion Paper on better information on intangibles. EFRAG TEG will continue its discussion of the remaining chapters of the Discussion Paper at a future meeting.

No decisions were taken at the meeting.

#### **Next meeting**

EFRAG TEG will hold a next webcast meeting [8 April 2021](#).

## **EFRAG CFSS AND EFRAG TEG**

### [Webcast meeting](#)

EFRAG TEG and EFRAG Consultative Forum of Standard Setters (EFRAG CFSS) held a webcast meeting on [3 March 2021](#) and discussed the following topics:

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

EFRAG CFSS and EFRAG TEG members briefly discussed the key messages from the feedback received by the IASB on its Exposure Draft *General Presentation and Disclosures* issued in 2019 and discussed the IASB's planning for re-deliberations of the project proposals in the light of feedback received.

In general, members welcomed the IASB's plan for re-deliberations and agreed to have a stage approach for some topics and to give priority to topics supported by stakeholders. Nonetheless,



members noted that it may be more efficient to first focus on the statement of profit or loss, particularly when considering that disclosure is, to some extent, a contentious topic.

### **IASB Project *Rate-regulated Activities***

EFRAG CFSS and EFRAG TEG received an update on the pre-ED early-stage effects analysis outreach and discussed the proposed extended-outreach plan (objectives and activities) after the issuance of the ED.

### **IASB Research Project *Extractive Activities***

EFRAG CFSS and EFRAG TEG received an update on the *Extractive Activities* research project and discussed the scope and direction of the project in preparation for the IASB's discussion in Q2 2021. EFRAG TEG-CFSS acknowledged that the project is not urgent and noted that a Standard for extractives should be developed in the long term by considering IAS 38 *Intangible Assets*.

### **IASB Research Project *Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12***

EFRAG CFSS and EFRAG TEG members discussed the initial responses to the IASB's Request for Information on IFRS 10, IFRS 11, and IFRS 12 from their jurisdictions.

### **IASB Research Project *Post-implementation Review of IFRS 9 - Classification and Measurement***

EFRAG CFSS and EFRAG TEG discussed the outcome of the issues raised on the Post-implementations review of IFRS 9 from the different working groups (EFRAG Academic Panel, EFRAG User Panel, EFRAG FIWG and EFRAG IAWG).

EFRAG CFSS and EFRAG TEG identified a number of issues which will be communicated to the IASB at the upcoming ASAF meeting.

### **Outreach Activities on Various Projects**

EFRAG CFSS and EFRAG TEG discussed possible outreach activities on a number of the IASB forthcoming consultation documents. Some members expressed initial interest to host or participate in the events (separately or in combination with other topics, such as *Rate Regulated Activities*, *Business Combination under Common Control* or the *Post-implementations review of IFRS 9 or IFRS 10, IFRS 11 and IFRS 12*).

### **Next meeting**

EFRAG CFSS and EFRAG TEG will hold a next webcast meeting on [16 June 2021](#).





## EUROPEAN REPORTING LAB

### Development of EU sustainability reporting standards

On 8 March 2021, EFRAG published two reports, submitted to the European Commission on 4 March, setting out recommendations on the development of EU sustainability reporting standards.

The reports were prepared in line with the European Commission mandates received by EFRAG and EFRAG Board President Jean-Paul Gauzès on 25 June 2020. The first mandate was a request for technical advice mandating EFRAG to undertake preparatory work for possible EU sustainability reporting standards in a revised EU Non-Financial Reporting Directive. The second mandate was an invitation to EFRAG Board President Jean-Paul Gauzès to provide recommendations on the possible need for changes to the governance and funding of EFRAG if it were to become the EU sustainability reporting standard setter.

After five months of very intensive work, the multistakeholder Project Task Force on preparatory work for the elaboration of possible EU non-financial reporting standards established by EFRAG, submitted its final report proposing a roadmap for the development of a comprehensive set of EU sustainability reporting standards.

Jean-Paul Gauzès' report proposes reforms to EFRAG's governance structure and funding, if it were to become the European non-financial reporting standard setter, to ensure that future EU sustainability reporting standards are developed using an inclusive and rigorous process. For his recommendations, Jean-Paul Gauzès considered feedback from two public consultations and input from extensive outreach. The publication of Jean-Paul Gauzès' report was accompanied by a feedback statement summarising the main feedback he received from his second public consultation and explaining how this feedback had been considered in preparing his final recommendations.

A meeting with leading international sustainability reporting standard setters and other related initiatives was held on 22 March 2021, to present the published recommendations for the development of EU sustainability reporting standards and explore possible cooperation in a co-constructive spirit, promoting convergence and maintaining momentum.

For more information, please see the EFRAG website on the [non-financial reporting standards project](#) and the [ad personam governance mandate](#).



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

The Project Task Force on reporting of non-financial risks and opportunities and linkage to the business model (PTF-RNFRO) completed its fieldwork in February 2021 (i.e. development of an assessment criteria, outreach on stakeholder needs and expectations, selection and review of reporting examples). Thereafter, a drafting team that conducts weekly meetings is in the process of preparing the final report. A draft report is expected early May and a targeted outreach to stakeholders will be conducted in May before the issuance of the final report envisioned to occur in June.

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

### **Other involvement in sustainability reporting – Platform on Sustainable Finance (PSF)**

In March 2021, EFRAG attended the sixth plenary meeting of the PSF in which:

- updates and progress reports of the different Subgroups were presented by their respective rapporteurs; and
- the Platform's proposed recommendations to the European Commission on Transition Financing were presented and discussed.

EFRAG also participated in meetings and breakout sessions of the Subgroup on Data and Usability and the 'Accounting' work stream in which the content of the interim report and plans for an internal workshop event were discussed.

### **Next steps**

The date of the next meeting of the European Lab Steering Group in April 2021 is in the process of being set.

A plenary meeting of the PTF-NFRS is scheduled for 4 May 2021, for members to be informed by the European Commission on the proposal for revision of the EU Non-Financial Reporting Directive when published.

Plenary meetings of the PTF-RNFRO are scheduled for May 2021 after the completion of the draft report.