

EFRAG SECRETARIAT PAPER FOR PUBLIC EFRAG BOARD MEETING

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EFRAG Research activities

Research activities update

Objective

- 1 The objective of this session is to provide a short update on status of the various projects in the Research activities.

Research project – Goodwill Impairment and Amortisation

- 2 The comment period on the EFRAG Discussion Paper *Goodwill Impairment test: can it be improved?* has now ended. At the date of this report, 18 comment letters have been received. The Secretariat is currently compiling the feedback statement that will be presented at the March EFRAG TEG meeting.
- 3 We do not anticipate any additional research work on the topic. The IASB is moving ahead with their own project and is expected to issue a publication (either a Discussion Paper or an Exposure Draft) in 2018. The EFRAG DP covered many of the issues that the IASB is expected to address in its publication.
- 4 As a consequence, the EFRAG Research project will be terminated after the approval and publication of the feedback statement.

Research project – Equity instruments: Impairment and Recycling

- 5 EFRAG published the report on the assessment phase on 17 January. EFRAG TEG has discussed the draft consultation document on the possible solutions phase in its January meeting.
- 6 The EFRAG Board is being asked to approve the consultation document for issue in session 7 of this February meeting.
- 7 The EC has asked in its May 2017 letter that EFRAG provides its technical advice on possible improvements to the accounting treatment of equity instruments under IFRS 9 *Financial Instruments* by mid-2018. Depending on the date when the consultation document is issued and the length of the consultation period, the EFRAG Secretariat considers that the project could be completed immediately before or after the summer holidays.
- 8 EFRAG has also commissioned an academic literature review on the topic. The EFRAG Secretariat is currently discussing the draft report with the academic team. The EFRAG Secretariat considers that it would be helpful to issue the consultation document at the earliest. The academic literature review could be published as a background document on the EFRAG website.

Research project – Pensions Plans

- 9 EFRAG TEG discussed the status of the project at its December meeting. The scope of the project – which currently addresses return-based plans (pension plans where the benefit depends on the return of a specified portfolio) – is still an issue for some, who suggested a wider perspective may be needed in view of the changes in legislation and career patterns, such as people changing jobs more frequently over their lives.
- 10 EFRAG TEG also recommended to restrict the analysis to a limited number of alternatives and clarify how the various assessments are applied to each alternative.
- 11 The next Advisory Panel meeting will be held in March and one session will focus on the measurement of service cost under the different alternatives (so far the main focus of the project has been the measurement of the pension obligation).
- 12 The EFRAG Secretariat thinks that two additional Panel meetings are needed to complete the technical analysis and finalise the presentation of the alternatives. After that, EFRAG TEG will need to assess the results and deliberate if the Secretariat should consider some other aspects. At this stage it is expected that the project will continue until the end of the year.

Research project – Transactions other than Exchanges of Equal Value

- 13 EFRAG TEG discussed the status of the project at its November meeting. EFRAG TEG was overall supportive of the conceptual model although it required to make clearer what the scope of application is. In practical terms, the targeted transactions are indirect taxes and Government grants, but the scope definition still needs to be refined.
- 14 EFRAG TEG also recommended to develop a number of examples to illustrate the application of the model.
- 15 The EFRAG Secretariat will bring back the draft of the Discussion Paper at the April TEG meeting to be recommended to the EFRAG Board. The EFRAG Secretariat assesses that the DP could be published before the summer.