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Technical Work Plan October 2020 – March 2021

Objective

- 1 The objective of this session is for the EFRAG Board to conduct its regular review of the technical work plan and advise of any necessary changes.

Background

- 2 In the past, the EFRAG Board requested that:
 - (a) an explanation be provided for any IASB implementation projects that are classified as significant; and
 - (b) the work plan be updated and presented for approval at every meeting.
- 3 Attachment 1 to this note contains the reasoning behind classifying IASB projects as significant.
- 4 At its June 2017 meeting, the EFRAG Board agreed that, as responses to IASB post-implementation reviews collate European views and do not include an EFRAG position, post-implementation review responses should be finalised by EFRAG TEG. IASB proposed post-implementation reviews have been included in the work plan for the convenience of EFRAG Board members, but no action is expected from the EFRAG Board.
- 5 At its meeting in September 2016, the EFRAG Board agreed that the classification of IASB research projects as significant or for processing by written procedure should be deferred until the significance of each project emerges.

Changes to the workplan since last EFRAG Board review

- 6 Rate Regulated Activities: Considering the postponed date for the issuance of exposure draft to the beginning of Q1 2021 the approval of the DCL is now postponed to March next year.
- 7 Dynamic Risk Management: Core model outreach is now expected in October 2020 (previously Q4 2020). The IASB will not issue a due process document at this stage, however there will be a presentation by the IASB Staff of the results of the field-testing. Similarly, EFRAG Secretariat plans to discuss in public meetings the results of the field test with European preparers, both at TEG and at the Board and to issue a Report with the summary of the feedback. These discussions are tentatively planned for December but may be postponed depending on the effective timing of the IASB discussion.
- 8 IFRS 17: EFRAG has issued a draft endorsement advice letter and a separate invitation to comment relating to the endorsement for use in the EU of IFRS 17 Insurance Contracts as resulting from the June 2020 Amendments ('IFRS 17' or 'the Standard') as of September 30. Comments are requested until 29 January 2021. The issuance of the final endorsement advice is expected for March 2021. A

Dedicated supplementary meeting(s) (in addition to those already planned so far) may be needed in March.

- 9 Attachment 2 to this note contains the draft technical work plan, based on the IASB's work plan at the time of preparing this paper (excluding the IFRS Taxonomy and the *IFRS for SMEs* projects) and the EFRAG research work plan. It also identifies the expected timing of written procedures.

Questions for the EFRAG Board

- 10 Does the EFRAG Board agree to qualify the project IFRS Practice Statement 1 *Management Commentary* (Practice Statement) as significant?
- 11 Does the EFRAG Board agree to qualify the project DRM as significant (see also paragraph 21 below)?
- 12 Does the EFRAG Board agree to qualify the project IASB Agenda Consultation and EFRAG Research Consultation as significant (see also paragraph 22 below)?
- 13 Does the EFRAG Board have any comments on the technical work plan?

Attachment 1: Basis for classifying research projects or minor projects as significant

Financial Instruments with Characteristics of Equity

- 14 Given the potential impact of this project, especially for financial institutions, the EFRAG Board decided that the EFRAG position on the IASB's Discussion Paper *Financial Instruments with Characteristics of Equity* should be **considered in a public meeting** rather than by written procedure. The Discussion Paper was issued in June 2018 and the EFRAG Board approved the final comment letter at its meeting in January 2019. The IASB will decide the project direction before the end of 2020.

Primary Financial Statements

- 15 At its meeting in April 2017, the EFRAG Board decided that the EFRAG comment letter on the IASB's *Primary Financial Statements* project should be **considered in a public meeting**. The *Primary Financial Statements* project is likely to lead to significant changes to the presentation of financial performance.
- 16 The EFRAG Board has approved a draft comment letter on the Exposure Draft of the new standard in the meeting on February 18. Feedback will be received until September 28 2020. The Board is regularly informed on the outreach activities.

Goodwill and Impairment

- 17 The EFRAG Board decided to **consider this project in public meeting**, given the significant work undertaken by EFRAG in recent years.
- 18 The EFRAG Board was provided with an update on the development of the IASB's project at its meeting in December 2018 jointly with EFRAG TEG and in the meeting in December 2019. A Discussion Paper was issued in March 2020. The DCL by EFRAG Board was approved in the webcast meeting as of May 18 2020. Deadline for comments is the 30 November. Approval by the Board is planned in January 2021.

Business Combination under Common Control

- 19 The IASB is exploring ways to improve the reporting on combinations of businesses under common control. The IASB has completed its discussions of measurement approaches and disclosures and is preparing a discussion paper setting out its preliminary views on reporting these transactions. The IASB plans to publish the Discussion Paper in November 2020. The issuance of EFRAG DCL is planned for end of December 2020. In the meeting 16 June the Board has agreed to discuss the DCL in a dedicated meeting (rather than to adopt a written procedure).

Management Commentary

- 20 The IASB revises the IFRS Practice Statement 1 *Management Commentary* (Practice Statement). In undertaking the project, the IASB will consider how broader financial reporting could complement financial statements prepared applying IFRS Standards. The IASB has completed an initial round of consultations and is currently discussing what guidance to provide in the revised Practice Statement. The exposure draft is expected to be published in February 2021. The issuance of EFRAG DCL is planned for March 2020. The Board should decide whether the project should be classified as significant.

Dynamic risk management

- 21 IASB will start the field test of the core model with selected preparers in October. EFRAG will take part to this field test and focus on European preparers. The ultimate purpose of the project is for the IASB to pave the way of a discontinuation of use of IAS 39, which is still used by entities that apply the fair value hedge to interest rate risk. The topic has a direct relevant impact for European stakeholders as the continuation of use of IAS 39 (paragraphs related to the macrohedge) is also linked to the use of the carve-out. EFRAG will also run a supplement of testing with European banks not included in the list by the IASB. EFRAG Board will consider the result of the EFRAG testing activity in a public meeting and a Report will be issued.

IASB Agenda Consultation and EFRAG research agenda consultation

- 22 The Board is currently discussing the content of a Request for Information. To assist stakeholders affected by the coronavirus pandemic, the publication of this Request for Information will be postponed to H1 2021 (estimated March 2021). The consultation will shape the IASB agenda for the next 5 years. At the same time, EFRAG will consult on its own Agenda, and in particular on proactive research projects.

Attachment 2: Work plan October 2020 – March 2021

Legend

- Bold** = EFRAG Board decision point **DCL** = Draft comment letter
WP = Written procedure **FCL** = Final comment letter
DP = Discussion paper **DEA** = Draft endorsement advice
ED = Exposure draft **FEA** = Final endorsement advice

Project (IASB next steps in brackets)	Most recent status						
		Oct 30	Dec Beg	Dec 17	Jan Mid	Feb 3	Mar 17
IASB SIGNIFICANT PROJECTS							
Insurance Contracts IFRS amendment issued on 25 June 2020	DEA Sept 2020						FEA
Rate-regulated Activities (ED expected Q1 2021)	DP DCL Oct 2014	DP FCL Jan 2015				Project Update	DCL
Disclosure initiative – Targeted Standards-level Review of Disclosures (ED expected H1 2021)							

Technical Work Plan October 2020 – March 2021

Project (IASB next steps in brackets)	Most recent status							
			Oct 30	Dec Beg	Dec 17	Jan Mid	Feb 3	Mar 17
Dynamic Risk Management (Core model outreach discussion Q4 2020)	DP DCL July 2014	DP FCL Oct 2014			Report on results of field test of core model			
Financial Instruments with Characteristics of Equity (Decide project direction H2 2020)	DP DCL Aug 2018	DP FCL Feb 2019						
Goodwill and Impairment (End of comment period 31 December)	DP DCL May 2020			Project Update		FCL		
Primary financial statements (ED issued Dec 2019, ED feedback expected H1 2021)	ED DCL Feb 2020		FCL					
IASB Agenda consultation (Request for information expected H1 2021) EFRAG Research Agenda consultation		RFI in 1Q21						Project Update
IASB PROJECTS BY WRITTEN PROCEDURE: Implementation								

Technical Work Plan October 2020 – March 2021

Project (IASB next steps in brackets)	Most recent status							
			Oct 30	Dec Beg	Dec 17	Jan Mid	Feb 3	Mar 17
Accounting policies and accounting estimates (amend IAS 8) (IFRS amendment expected Q4 2020)	ED DCL Sep 2017	ED FCL Jan 2018			DEA (written procedure)			FEA (written procedure)
Availability of a refund (amend IFRIC 14) (IFRS amendment rejected, decide project direction)	ED DCL July 2015	ED FCL Nov 2015						
Classification of liabilities as current or non-current (amend IAS 1) – 2 amendments (IFRS amendment January 2020; ED to postpone application date to 2023)	ED DCL Mar 2015 ED DCL May 2020	ED FCL Jun 2015 ED FCL June 2020	DEA (written procedure)		FEA (written procedure)			
Deferred tax related to assets and liabilities arising from a single transaction (amend IAS 12) (ED issued July 2019, Decide Project Direction)	ED DCL Sept 2019	ED FCL WP Nov 2019						

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Project (IASB next steps in brackets)	Most recent status							
			Oct 30	Dec Beg	Dec 17	Jan Mid	Feb 3	Mar 17
Disclosure initiative – Accounting policies (ED issued August 2019, ED feedback discussed February 2020, IFRS amendment expected Q4 2020)	ED DCL Oct 2019	Dec 2019 FCL			DEA (written procedure)			FEA (written procedure)
Management Commentary Practice Statement (ED expected Q1 2021)							Project Update	DCL
Provisions (Decide project direction)								
Subsidiaries that are SMEs (Discussion Paper or ED decision Q4 2020)								
Lease Liability in a Sale and Leaseback (amend IFRS 16) (ED Q4 2020)					DCL (written procedure)			
Lack of Exchangeability (Am. to IAS 21)							DCL (written procedure)	

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Project (IASB next steps in brackets)	Most recent status						
		Oct 30	Dec Beg	Dec 17	Jan Mid	Feb 3	Mar 17
IASB PROJECTS: Research							
Business Combinations Under Common Control (DP Nov 2020)					DCL		
Extractive activities (Decide project direction H1 2021)							
Pension Benefits that Depend on Asset Returns (Review research Q4 2020)							
IASB Post-implementation reviews							
Consolidation package: IFRS 10, IFRS 11, IFRS 12 (review research Q4 2020)				Project update			DCL
IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>							

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Project (IASB next steps in brackets)	Most recent status							
		Oct 30	Dec Beg	Dec 17	Jan Mid	Feb 3	Mar 17	
EFRAG RESEARCH PROJECTS								
General update					Update			Update
Better Information on Intangible Assets							Approve DP	
Crypto-assets								
Discounting with Current Interest Rates								
EFRAG Research Variable and Contingent Consideration								