

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of the EFRAG Board. The paper does not represent the official views of EFRAG or any individual member of the EFRAG Board or EFRAG TEG. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in EFRAG Update. EFRAG positions as approved by the EFRAG Board are published as comment letters, discussion or position papers or in any other form considered appropriate in the circumstances.

Technical Work Plan June 2021 – December 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 The Exposure Draft for the Management Commentary project has been published end of May 2021 with a comment period until 23 November 2021. TEG will recommend a DCL for approval at its July meeting. There are no EFRAG Board meeting planned for August and to ensure that the DCL is approved within an appropriate time frame, EFRAG Secretariat recommends to EFRAG Board a written approval for this DCL. There would however be the possibility to discuss the FCL at EFRAG Board level.
- 7 Deferred tax related to assets and liabilities arising from a single transaction — The final amendments were issued on 7 May 2021.
- 8 Lease Liability in a Sale and Leaseback — feedback on the ED was discussed at the IASB's May meeting. A decision on the future project direction is now expected in Q3 2021.
- 9 The IASB is preparing a Request for Information on the PIR on IFRS 9. This is expected now Q3 2021.

- 10 Extractive Activities — a decision on the project direction is now expected in July 2021 (previously Q3 2021).
- 11 Goodwill and Impairment — the feedback on the DP was discussed at the IASB's May meeting. A decision on the future project direction is expected in Q3 2021.
- 12 Post-implementation Review of IFRS 10, 11 and 12 — feedback on the request for information is now expected to be discussed in July 2021.
- 13 End of May the IASB discussed the presentation of comparative information on initial application of IFRS 17 and IFRS 9. Insurers had raised concerns about an accounting mismatch between financial assets and insurance contract liabilities that could arise from the continued application of IAS 39. It was suggested by the IASB staff the IASB could consider adding a specific transition requirement to IFRS 17 to enable insurers to present comparative information on a basis that is consistent with how IFRS 9 would be applied going forward. The project is expected to come to the workplan soon. The project is expected to be finalised 2021 and will highly likely require EFRAG to set up an accelerated consultation and endorsement plan. We anticipate that EFRAG may need to issue a DCL already in the beginning of August.
- 14 Approaching the preparation of the DCL for the ED *Subsidiaries that are SMEs* (the ED is expected for July 2021) EFRAG Secretariat proposes to limit the discussion in EFRAG Board to the key aspects of the proposal (including the scope). This is due to the nature of the expected guidance: it is expected that the ED will include a detailed list of disclosure covering all the relevant IFRSs and making adaptations to meet the needs of users of financial statements of an SME. EFRAG Secretariat recommends that the discussion of the detailed disclosures is delegated to EFRAG TEG. EFRAG Board would provide its directions on the key aspects (including the scope) of the ED before the EFRAG TEG decision-making session and would be asked to approve in written the DCL resulting from the EFRAG TEG discussion.
- 15 As a reaction on the feedback received on the IASB research project on disclosures, the IASB undertook this project in response to demand for a simplified and less costly approach for subsidiaries that are SME. EFRAG Board decided in the meeting 5 May 2021 to discuss the key aspects of this project, based on the importance and implications of the project in some European jurisdictions.
- 16 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

- 17 Does the EFRAG Board agree to approve the DCL on the standard setting project, *Management Commentary* by written procedure?
- 18 Does the EFRAG Board agree to approve the DCL on the standard setting project, *Subsidiaries that are SME* by written procedure? Due to the summer break EFRAG TEG can only approve the DCL in its meeting mid of September. EFRAG Board will be informed about the project in July and will discuss the scope of the ED in detail. The discussion on the detailed disclosure requirements per IFRS standard will be covered by TEG. EFRAG Board members would be able to address issues by written procedure.
- 19 We expect that EFRAG will have to issue in August a DCL on a small amendment to the transition requirements of IFRS 17 (dealing with IFRS 9 comparatives). Considering the urgency of this amendments, do the EFRAG Board agree to adopt

a written procedure? The EFRAG Board will be informed by email as soon as details of the plan are available.

20 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

- 21 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.
- 22 EFRAG secretariat is monitoring the developments of the IASB project.

Primary Financial Statements

- 23 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.
- 24 EFRAG secretariat is monitoring the developments of the IASB project.

Goodwill and Impairment

- 25 The EFRAG Board decided to consider this project in public meeting, given the significant work undertaken by EFRAG in recent years.
- 26 EFRAG secretariat is monitoring the developments of the IASB project.

Business Combination under Common Control

- 27 The IASB is exploring ways to improve the reporting on combinations of businesses under common control. In November 2020 the IASB issued a discussion paper. EFRAG issued its DCL on 9 February. The IASB comment period ends at the beginning of September. The approval by EFRAG TEG and EFRAG Board is planned respectively for mid-September and beginning of October.

Management Commentary

- 28 The IASB is revising the IFRS Practice Statement 1 *Management Commentary* (Practice Statement). In the October meeting 2020 the Board decided the project to be classified as significant. EFRAG Secretariat is proposing at this EFRAG Board session to adopt a written approval for the DCL in order to be able to issue it before the summer break in July.

Dynamic risk management

- 29 The IASB has tested in 1H21 the core model with selected preparers; EFRAG took part to this field test and focused on European preparers. 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. The EFRAG Board agreed in the October 2020 meeting to classify the project as being significant.

IASB Agenda Consultation and EFRAG research agenda consultation

- 30 The IASB has published in March 2021 a Request for Information. EFRAG is consulting jointly on the IASB Agenda and on its own proactive research agenda. The EFRAG Board agreed in the October 2020 meeting to classify the project as being significant.

Amendment to IAS 1 – Classification of liabilities as current or non-current

- 31 Because of diversity in practice on the classification of liabilities as current and non-current and an apparent contradiction between IAS 1 paragraph 69(d) and IAS 1 paragraph 73 the IASB published amendments to IAS 1 on January 23, 2020. This issue was originally addressed as part of the annual improvements project 2010 - 2012 cycle. An Exposure Draft was published in February 2015. The IASB discussed feedback on the ED from December 2015 to September 2019, pausing the project between 2016 and 2018 while it finalised revisions to the definition of a liability in the Conceptual Framework.
- 32 The IASB issued as part of the issues related to COVID19 Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1) deferring the effective date of the January 2020 amendments to IAS 1 by one year to annual reporting periods beginning on or after January 1, 2023.
- 33 In December 2020 and April 2021 the classification of liabilities was discussed in the IFRS IC meeting based on three examples that illustrate the principle that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The feedback received on the tentative agenda decision includes that for some the outcome of whether it has "the right to defer settlement" when a long-term liability is subject to a condition and its compliance with the condition is tested at dates after the reporting date, applying the amended IAS 1 was a kind of unexpected. EFRAG Board decided on 3 February 2021 to consider this project being significant.

Disclosure Initiative – Targeted Standards Level Review

- 34 As a reaction on the feedback received on the IASB research project on disclosures, the IASB undertook this project in response to stakeholder demand for addressing the overall disclosure problem. In March 2021, the IASB published the Exposure Draft *Disclosure Requirements in IFRS Standards—A Pilot Approach*. In the Exposure Draft, the IASB proposes a new approach to developing disclosure requirements in individual Standards (proposed Guidance for the Board) that would address better investors' information needs and clearly explains those needs in the Standards, give greater prominence to disclosure objectives, requiring companies to apply judgement and provide information that meets the described investor information needs and minimise requirements to disclose particular items of information to help companies focus on disclosing material information only. The approach is tested on IFRS 13 *Fair Value Measurement* and IAS 19 *Employee Benefits*. EFRAG Board decided to qualify the project as significant based on the potential impact on standard setting.

Disclosure Initiative – Subsidiaries that are SME

- 35 As a reaction on the feedback received on the IASB research project on disclosures, the IASB undertook this project in response to demand for a simplified and less costly approach for subsidiaries that are SME. EFRAG Board decided in the meeting 5 May 2021 to discuss the key aspects of this project, based on the importance and implications of the project in some European jurisdictions.

Attachment 2: Work plan 2021 – June 2021

Legend

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|--|---------------------------------------|
| 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						
			July 7	Sept 7 (Joint TEG- Board)	Oct 6	Nov 18	Dec 14
Rate-regulated Activities (ED Feedback)	ED DCL April 2021			FCL			
Disclosure initiative – Targeted Standards-level Review of Disclosures (ED Feedback)	ED DCL May 2021					FCL	

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Project (IASB next steps in brackets)	Most recent status						
			July 7	Sept 7 (Joint TEG- Board)	Oct 6	Nov 18	Dec 14
Dynamic Risk Management (Core model Feedback Q2 2021)	Summary report about Core model Outreach June 2021					Update	
Financial Instruments with Characteristics of Equity (ED)	DP DCL Aug 2018	DP FCL Feb 2019					
Goodwill and Impairment (DP Feedback Q3 2021)	DP DCL May 2020	DP FCL Jan 2021				Update	
Primary financial statements (IFRS Standard)	ED DCL Feb 2020	ED FCL Nov 2020				Update	
Business Combinations Under Common Control (DP Feedback H2 2021)	DP DCL Feb 2021				FCL		

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Project (IASB next steps in brackets)	Most recent status						
			July 7	Sept 7 (Joint TEG- Board)	Oct 6	Nov 18	Dec 14
Management Commentary Practice Statement (ED Feedback H1 2022)				DCL (Written procedure)			
2020 Third Agenda consultation (Request for information Feedback Q3 2021)					FCL		
IASB PROJECTS BY WRITTEN PROCEDURE: Implementation							
Definition of Accounting Estimates – Amendment to IAS 8 (None - IFRS amendment March 2021)	DEA March 2021		FEA (written procedure)				
Disclosure initiative – Accounting Policies - Amendm IAS 1 and IFRS PS 2 (None - IFRS amendment March 2021)	DEA March 2021		FEA (written procedure)				

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Project (IASB next steps in brackets)	Most recent status						
			July 7	Sept 7 (Joint TEG- Board)	Oct 6	Nov 18	Dec 14
Availability of a refund (Amendm 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 will be rediscussed in June 2021)	ED DEA Nov 2020		Update				
Deferred tax related to assets and liabilities arising from a single transaction (amend IAS 12) (None - IFRS Amendment May 2021)	ED DCL Sept 2019	ED FCL WP Nov 2019	DEA (written procedure)		FEA (written procedure)		
Provisions (Decide project direction)							
Subsidiaries that are SMEs (ED expected July 2021)					DCL (written procedure)		

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Project (IASB next steps in brackets)	Most recent status						
			July 7	Sept 7 (Joint TEG- Board)	Oct 6	Nov 18	Dec 14
Lease Liability in a Sale and Leaseback (amend IFRS 16) (Decide project direction in 3Q21)	DCL Dec 2020	FCL April 2021					
Lack of Exchangeability (Amendm. to IAS 21 March 2021) (ED Feedback H2 2021)				FCL (written procedure)			
IASB PROJECTS: Research							
Extractive activities (Decide project direction Q3 2021)							
Equity Method (Decide project direction)							
Pension Benefits that Depend on Asset Returns (Review research Feb 2021)							

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Project (IASB next steps in brackets)	Most recent status					
		July 7	Sept 7 (Joint TEG- Board)	Oct 6	Nov 18	Dec 14
IASB Post-implementation reviews						
Consolidation package: IFRS 10, IFRS 11, IFRS 12 (Request for Information Feedback July 2021)					Update	
IFRS 9 – Classification and Measurement (Request for Information Q3 2021)					Update	
IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>						
EFRAG RESEARCH PROJECTS						
General update				General Update		General Update
Better Information on Intangibles			Approve DP			

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Project (IASB next steps in brackets)	Most recent status						
			July 7	Sept 7 (Joint TEG- Board)	Oct 6	Nov 18	Dec 14
Crypto-assets					Project Update – Decision about next steps		
Discounting with Current Interest Rates							
EFRAG Research Variable and Contingent Consideration						Approve DP	