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Technical Work Plan November 2021 – Mai 2022

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 EFRAG shall collate European views and normally 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 (with the exception of the PIR of IFRS 9).
- 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 *Initial application of IFRS 17 and IFRS 9 - Comparative Information:* The IASB discussed the feedback received at the October 2021 meeting. Final amendments are expected now in December 2021.
- 7 *Management commentary:* Feedback on the ED will now be discussed in Q1 2022 (previously H1 2022).
- 8 *Goodwill and Impairment* project: A decision on the project direction is now expected in Q1 2022 (previously H1 2022).
- 9 *Pension benefits that depend on asset returns:* The IASB decided at the October 2021 meeting to discontinue this project. However, as a final step a project summary will be published (no date given).
- 10 *PIR IFRS 10-12:* The feedback statement is now expected in Q1 2022 (previously H1 2022).

- 11 *BCUCC*: Feedback received on the DP will now be discussed in December 2021 (previously Q4 2021).
- 12 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

- 13 As there are no decision making sessions scheduled for December 14 and we are proposing (see below) two additional short meetings in January, EFRAG Secretariat proposes to cancel the December meeting. The G&O EFRAG Board is confirmed for 14 December. Does EFRAG Board agree?
- 14 In July 2021 the EFRAG Board decided to classify the projects *Amendment to IAS 1 – Classification of liabilities as current or non-current* and the project *Supplier Finance Arrangements* as being significant. The Amendments are both expected to be issued end of November 2021. The DCLs will be discussed in EFRAG TEG end of Dec 2021. The next regular Board meeting is scheduled for 26 January 2022. Does the EFRAG Board agree to have an extra meeting to approve these two DCLs at the beginning of January? An alternative would be to approve in written.
- 15 The Amendments for *Initial Application of IFRS 17 and IFRS 9—Comparative Information* will be issued in December 2021. The plan is to anticipate the approval of the DEA already before the issuance of the Amendments, on the basis of the IASB staff papers. EFRAG TEG will approve this DEA in its meeting in December, subject to non-substantial changes following the issuance of the final Amendments. Does the EFRAG Board agree to approve the DEA through a written procedure? Alternatively an additional meeting will be necessary in January.
- 16 The comment period for EFRAG final comment letter to the *RFI on IFRS 9 C&M PIR* closes on 14 January 2022. In order to limit the delay in the submission to the IASB (the IASB comment period closes on 28 January), does the EFRAG Board agree to approve the final comment letter in a separate new meeting to be held jointly with EFRAG TEG (both the approvals of EFRAG TEG and EFRAG Board would be done in the same meeting)?
- 17 Does the EFRAG Board have any comments on the technical work plan?

Attachment 1: Basis for classifying projects as significant

Financial Instruments with Characteristics of Equity

- 18 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.
- 19 EFRAG secretariat is monitoring the developments of the IASB project.

Primary Financial Statements

- 20 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.

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

Goodwill and Impairment

22 The EFRAG Board decided to consider this project in public meeting, given the significant work undertaken by EFRAG in recent years.

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

Business Combination under Common Control

24 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 and its FCL in October 2021.

Management Commentary

25 The IASB is revising the IFRS Practice Statement 1 *Management Commentary* (Practice Statement). At the October 2020 meeting, the Board decided the project should be classified as significant. The EFRAG Board agreed at its meeting in June 2021 to adopt a written procedure approval for the DCL in order to be able to issue it before the summer break in July. The approval of the final comment letter will also be done through a written procedure.

Dynamic risk management

26 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

27 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

28 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.

29 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.

30 In December 2020 and in April 2021 the classification of liabilities was discussed in the IFRS IC meeting. The IASB decided in June 2021 to add a new project on its agenda that is expected to lead to new Amendments to IAS 1, effective from 2024. The initial Amendments were considered as “non-significant”, i.e., subject to approval by written procedure at the EFRAG Board level. A special focus was put on the project on the basis of the concerns emerging from the IFRIC consultation.

- 31 In July 2021 the EFRAG Board decided to classify the project as being significant.

Disclosure Initiative – Targeted Standards Level Review

- 32 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 without Public Accountability: Disclosures

- 33 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. In its June meeting EFRAG Board decided that the DCL will be approved by written procedure. Due to the summer break EFRAG TEG can only approve the DCL in its meeting mid of September. EFRAG Board was informed about the project in July 2021 and discussed the scope of the ED in detail. The discussion on the detailed disclosure requirements per IFRS standard will be covered by TEG.

Initial Application of IFRS 17 and IFRS 9—Comparative Information

- 34 The ED *Initial Application of IFRS 17 and IFRS 9—Comparative Information* Proposed amendment to IFRS 17 was issued end of July with a comment period of 60 days. EFRAG Board decided that the amendment related to IFRS 17 *Insurance Contracts* should be discussed in Board meetings.

Attachment 2: Work plan 2021 – November 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 | | | | | |
|---|-----------------------|---------------------------|--------|------------|---|---------|
| | | | Dec 14 | Jan 26 | March 2 | April 4 |
| Rate-regulated Activities (ED Feedback Nov 2021) | ED DCL April 2021 | ED FCL Sept 2021 | | | | |
| Disclosure Initiative – Subsidiaries without Public Accountability (ED Feedback H1 2022) | ED DCL Sept 2021 | | | | FCL (or earlier in Febr. separate meeting) | |
| Disclosure Initiative – Targeted Standards-level Review of Disclosures (ED Feedback Q1 2022) | ED DCL May 2021 | | | FCL | | |

Technical Work Plan November 2021 – Mai 2022

| Project (IASB next steps in brackets) | Most recent status | | | | | |
|---|--|--------------------------|--------------------------------|--------|---------|---------|
| | | | Dec 14 | Jan 26 | March 2 | April 4 |
| Financial Instruments with Characteristics of Equity (ED) | DP DCL Aug 2018 | DP FCL Feb 2019 | | | | Update |
| Primary financial statements (IFRS Standard) | ED DCL Feb 2020 | ED FCL Nov 2020 | | | | |
| Management Commentary Practice Statement (ED Feedback Q1 2022) | ED DCL July 2021 | | FCL (written procedure) | | | |
| Dynamic Risk Management (Decide Project Direction H1 2022) | Summary report about Core model Outreach June 2021 | | | | Update | |
| Goodwill and Impairment (Decide Project Direction H1 2022) | DP DCL May 2020 | DP FCL Jan 2021 | | | Update | |
| Business Combinations Under Common Control (DP Feedback Dec 2021) | DP DCL Feb 2021 | DP FCL Oct 2021 | | | | |

Technical Work Plan November 2021 – Mai 2022

| Project (IASB next steps in brackets) | Most recent status | | | | | |
|--|--------------------|---------------------------|--------|--|-----------------------|------------|
| | | | Dec 14 | Jan 26 | March 2 | April 4 |
| 2020 Third Agenda consultation (Request for information Feedback Nov 2021) | | RFI FCL Oct 2021 | | To consider EFRAG's proactive work | | |
| Initial Application of IFRS 17 and IFRS - Comparative Information - Amendments to IFRS 17 (Amendment Dec 2021) | ED DCL Aug 2021 | ED FCL Oct 2021 | | DEA [WP or separate meeting on earlier date | FEA (February, WP) | |
| Classification of liabilities as current or non-current (amend IAS 1) – Amendments with follow up Amendments (IFRS follow up amendment Classification of Debt with Covenants as Current or Non- current (IAS 1) ED will be issued in Nov 2021) | ED DEA Nov 2020 | | | DCL | | FCL |
| Supplier Finance Arrangements (ED Nov 2021) | | | | DCL | | FCL |
| IASB PROJECTS BY WRITTEN PROCEDURE: Implementation | | | | | | |

Technical Work Plan November 2021 – Mai 2022

| Project (IASB next steps in brackets) | Most recent status | | | | | |
|---|---------------------|----------------------------|--------|--------------|---------|---------|
| | | | Dec 14 | Jan 26 | March 2 | April 4 |
| Availability of a refund (Amendm IFRIC 14) (IFRS amendment rejected, decide project direction) | ED DCL July 2015 | ED FCL Nov 2015 | | | | |
| Lack of Exchangeability (ED Feedback Jan 2022) | ED DCL June 2021 | FCL Sept 2021 | | | | |
| Lease Liability in a Sale and Leaseback (amend IFRS 16) (Decide project direction in Dec21) | ED DCL Dec 2020 | ED FCL April 2021 | | | | |
| Provisions – Targeted Improvements (Decide project direction) | | | | | | |
| IASB PROJECTS: Research | | | | | | |
| Extractive activities (Decide project direction H1 2022) | | | | TBC- Update | | |
| Equity Method (Decide project direction) | | | | TBC - Update | | |

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| Project (IASB next steps in brackets) | Most recent status | | | | | |
|---|--------------------|------------------|--------|---|---------|----------------|
| | | | Dec 14 | Jan 26 | March 2 | April 4 |
| IASB Post-implementation reviews | | | | | | |
| Consolidation package: IFRS 10, IFRS 11, IFRS 12 (Feedback Statement Q1 2022) | DCL Jan 2021 | FCL RFI Jun 2021 | | | | |
| IFRS 9 – Classification and Measurement ¹ (Request for Information Sept 2021) | DCL Nov 2021 | | | Approval RFI FCL (joint meeting with TEG to be doodled) | | |
| IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> | | | | | | |
| EFRAG RESEARCH PROJECTS | | | | | | |
| General update | | | | | | General Update |
| Better Information on Intangibles | DP published | | | | | |

¹ For the approval of the DCL on the RFI a doodle will soon be sent for a new short session in the second half of October.

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| Project (IASB next steps in brackets) | Most recent status | | | | | |
|--|--|--|--------|-----------------------------------|---------|---------|
| | | | Dec 14 | Jan 26 | March 2 | April 4 |
| Crypto-assets | Consultation period and outreach activities closed | | | Feedback Statement and next steps | | |
| Discounting with Current Interest Rates | | | | | | |
| EFRAG Research Variable and Contingent Consideration | | | | | Update | |