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Primary Financial Statements Cover Note

Objective

- 1 The objective of the session is to:
 - (a) provide EFRAG FR TEG members an update on the IASB's latest tentative decisions; and
 - (b) discuss the materials for targeted outreach activities on a selection of tentative decisions made by the IASB.

Background of the IASB project

- 2 In December 2019, the IASB published the ED focused on improving on how information is communicated in the financial statements, with a focus on information about performance in the statement of profit or loss. The IASB's comment period ended in September 2020. Early in 2021, the IASB discussed the feedback received and has since made tentative decisions on key aspects of the proposals in response to the feedback received. Some of these tentative decisions result in changes from the proposals in the ED.
- 3 The IASB is now launching an outreach on a targeted selection of its tentative decisions through roundtable discussions. The topics selected for outreach are those where the IASB's tentative decisions change the proposals in the ED.

Background of the EFRAG discussions

- 4 In September 2022, the EFRAG FR TEG-CFSS discussed the targeted outreach activities and members expressed interest in cooperating with EFRAG on the targeted outreach events. Members also suggested more involvement of the users in the events and a clear communication of the importance of this outreach, which might be the last chance for constituents to provide their views on any of the tentative decisions to be included in a future IFRS Accounting Standard.
- 5 The EFRAG FR TEG also discussed the topics and specific questions raised by the IASB staff. In that meeting, members:
 - (a) called for illustrative examples of financial statements for financial institutions in accordance with the IASB's latest tentative decisions;
 - (b) members agreed to add a question on classification of hybrid contracts and derivatives to the outreach questions and further extend the question to also target corporate entities;
 - (c) raised questions on whether the IASB's tentative decision to extend the scope of MPMs to include numerators and denominators of ratios should be added to the outreach questions;

- (d) highlighted the importance of confirming with participants whether the revised definition of financing activities was clear and moving in the right direction;
- (e) expressed concerns regarding the timing of the outreach as there were many topics that the IASB still needed to deliberate.

Questions for EFRAG FR TEG

- 6 Do EFRAG FR TEG members have any general questions?

Next steps

- 7 The EFRAG Secretariat is planning to start its outreach activities soon after EFRAG FR TEG and EFRAG FR Board meetings. In December, the EFRAG Secretariat will bring a summary of the feedback received.

Agenda Papers

- 8 In addition to this cover note, agenda papers for this session are:
- (a) Agenda paper 06-02 – Issues Paper on PFS – IASB latest tentative decisions;
 - (b) Agenda paper 06-03 – Materials for Outreach - Corporates; and
 - (c) Agenda paper 06-04 – Materials for Outreach – Financial Institutions.