

EFRAG SECRETARIAT PAPER FOR PUBLIC EFRAG BOARD MEETING

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EFRAG Research activities

Projects update

Objective

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

Project title	Goodwill and impairment
Key research question	Subsequent accounting treatment of goodwill
Current status	EFRAG published a feedback statement in March.
Next TEG discussion	No additional Research activities planned.

Project title	Equity instruments – impairment and recycling
Key research question	Investigating possible amendments to the accounting treatment for equity instruments carried at FV through OCI under IFRS 9
Current status	<p>EFRAG published a Discussion Paper open to comment until end of May.</p> <p>EFRAG Secretariat is currently engaged in a number of public presentations to constituents.</p> <p>In April, EFRAG published an academic literature review authored by an independent academic team.</p>
Next TEG discussion	In June, EFRAG TEG will discuss the preliminary summary of replies and discuss how to finalise its advice to the EFRAG Board.

EFRAG Research activities – projects update

Product envisaged or published, (anticipated) date of publication	Final technical advice to the EC to be issued in Q3.
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Project title	Transfers other than Exchanges of Equal Value
Key research question	Considering a specific accounting approach for transactions where entities do not directly receive (or give) approximately equal value. These transactions may be non-voluntary and frequently involve Governments in their capacity: direct and indirect taxes, grants and donations.
Current status	In April EFRAG TEG discussed a preliminary draft of the Discussion Paper. There was general support for the key parts of the model, but significant re-drafting was required to clarify the wording and ensure consistency and understandability. The proposed scope of the project will not include transactions with shareholders, rate-regulated activities and income taxes.
Next TEG discussion	In June, EFRAG TEG will discuss a revised and complete draft at the June TEG meeting.
Product envisaged or published, (anticipated) date of publication	Discussion paper in Q2 2018

Project title	Pensions
Key research question	Accounting treatment for plans with return-based promises.
Current status	The Pension Advisory Panel has discussed in March the allocation of changes in the net obligation between profit or loss and OCI, as well as information needs to be addressed by disclosures. It also clarified the scope of the project and suggested to restrict it to funded plans. The approaches currently considered are: <ul style="list-style-type: none"> • An approach where the variable promise is measured with reference to the assets to which the promise is linked • An approach where the expected rate of return is capped at the discount rate • A fulfilment model based on the principles in IFRS 17 <i>Insurance Contracts</i>.

EFRAG Research activities – projects update

Next TEG discussion	EFRAG TEG to review the full comparison of the different approaches.
Product envisaged or published, (anticipated) date of publication	Discussion paper in early 2019.

Project title	Discounting with current interest rates
Key research question	Investigating whether the current interest rate environment has raised conceptual or practical issues with discounting in financial reporting.
Current status	EFRAG has decided to co-sponsor an academic project on discounting in financial reporting together with the Institute of Chartered Accountants of Scotland. The study is expected to be completed in 2018.
Next TEG and Board discussion	The results of the academic project will be presented to EFRAG TEG and EFRAG Board.
Product envisaged or published, (anticipated) date of publication	To be decided