

This paper provides the technical advice from EFRAG TEG to the EFRAG Board, following EFRAG TEG's public discussion. The paper does not represent the official views of EFRAG or any individual member of the EFRAG Board. This paper is made available to enable the public to follow the EFRAG's due process. Tentative decisions are 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.

IASB 2020 Agenda Consultation

Issues Paper

Objective

- 1 To discuss the IASB's 2020 Agenda Consultation and identify the priority projects to be recommended to the IASB staff for its Request for Information.

Background

- 2 The IASB is required to undertake a public consultation on its work plan every five years. The primary objective of agenda consultation is to seek formal public input on the strategic direction and balance of the IASB work plan.
- 3 In the context of the forthcoming 2020 Agenda Consultation, the IASB Staff is currently reaching out to ASAF members (including EFRAG) and IFRS Advisory Council members to identify a shortlist of no more than five potential projects. These shortlisted projects will be included in the Request for Information ('RFI') planned for the first half of 2020 to elicit more focussed feedback. The RFI will continue to provide the vehicle for the IASB's formal, broad-based consultation for all interested stakeholders, such as:
 - (a) To provide additional information on the shortlist of potential projects;
 - (b) To describe other potential projects not covered in the RFI shortlist; and
 - (c) To make prioritisation recommendations.
- 4 In this context, the IASB staff requested that ASAF members provide a description of no more than five potential projects to include in the shortlist in the RFI.
- 5 ASAF members (including EFRAG) will discuss suggested potential projects for the shortlist in the RFI at the 17 December ASAF meeting. The same suggestion will be shared with the IFRS Advisory Council.
- 6 It has to be noted that the short list to be recommended to the IASB Staff has not been submitted to a complete due process by EFRAG and in particular no public consultation was conducted. Therefore, it does not necessarily indicate the conclusions that would be reached by EFRAG after a proper due process is completed; and in particular does not pre-empt or limit EFRAG's ability to identify additional or alternative priorities when responding to the 2020 Agenda Consultation.

Prior discussions and consultations

- 7 At its 6 November meeting, EFRAG TEG discussed the identification of priority projects. In forming a view, EFRAG TEG considered in particular the following :
- (a) The feedback provided by EFRAG CFSS members at the joint TEG-CFSS meeting held on 26 September 2019 and the subsequent additional feedback provided by some European Standard Setters.
 - (b) The projects identified by EFRAG as priorities in the 2015 Agenda Consultation that have not been successfully addressed and completed.
 - (c) Other possible projects identified as part of recent discussions, in particular regarding issues raised by some in the context of IFRS 17 *Insurance Contracts* (Hedge accounting for insurance entities, accounting for mutual companies etc...).

EFRAG TEG Recommendation to the EFRAG Board

- 8 EFRAG TEG recommends that, before considering additional projects, the IASB should first consider the finalisation of its ongoing projects (such as Dynamic Risk Management, Goodwill and Impairment, Financial Instruments with Characteristics of Equity, Rate Regulated Activities etc...) and ensure that it has the necessary resources to do so before engaging into new projects.
- 9 The IASB should also consider starting on a timely basis the post-implementation review of IFRS Standards and in particular:
- (a) IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*;
 - (b) IFRS 9 *Financial Instruments*;
 - (c) IFRS 15 *Revenue from Contracts with Customers*;
 - (d) and 16 *Leases*.
- 10 As a reminder the IASB normally carries out a post-implementation review of each new IFRS or major amendments two years after the new requirements have become mandatory and been implemented. The IFRS Due Process Handbook further indicates a timeline of 30 to 36 months after effective date due to statutory year-ends differing across IFRS jurisdictions.
- 11 However, in some instances the IASB has been late in performing this exercise: for example the post-implementation reviews of IFRSs 10, 11 and 12 (effective since January 2013) is only expected to start this year.
- 12 To the extent that resources are available, the IASB may also address some additional emerging matters that have been identified in recent discussions such as:
- (a) Accounting for reverse factoring (financing of the supply chain);
 - (b) Hedge accounting for insurance entities;
 - (c) Dynamic risk management for corporates and banks other than for interest rate risk (e.g. foreign exchange rates, commodity risk);
 - (d) Research on accounting effects of negative interest rates.
- 13 Some EFRAG TEG members also suggested to consider:
- (a) IAS 38 *Intangible Asset* to assess whether the standard can be adapted to address challenges arising in the current knowledge, service and technology economy.
 - (b) IAS 28 *Investments in Associates and Joint Ventures* which has raised many application issues;

- (c) Accounting for expenses which is not currently addressed by any specific IFRS Standards.

EFRAG User Panel Meeting

- 14 At its 7 November meeting the EFRAG User Panel considered possible priority projects.
- 15 Members generally supported EFRAG TEG's recommendation giving priority to the completion of the ongoing IASB Projects (see Paragraph 8, above) and the timely post-implementation reviews of recent IFRS Standards.
- 16 Some Members also identified the following possible additional topics:
 - (a) Better information about the effects of acquisitions (comparability of information, use of proformas, information on subsequent performance of acquisitions,...);
 - (b) Improving information about Segment Reporting;
 - (c) Information about gross debt (currently not defined under IFRS Standards);
 - (d) Reverse factoring (see above);
 - (e) Reconsider the existing accounting options across IFRS Standards to see whether they could be reduced.

Questions for the EFRAG Board

- 17 Does the EFRAG Board agree with the short list of priority projects recommended by EFRAG TEG for inclusion in the 2020 IASB's Agenda Consultation?
- 18 Does the EFRAG Board have any other comments or recommendations that they would like to be conveyed to the December ASAF meeting?