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## **Technical Work Plan February 2021 – July 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 PIR 10,11,12: Post-implementation review of IFRS 10, IFRS 11 and IFRS 12: The request for information was published on 9 December 2020 by the IASB and discussion of the feedback is expected to begin in the second half of 2021.
- 7 PFS - Primary Financial Statements: The IASB decided on the project direction in the meeting on 26 January 2021. The IASB papers included no exact timing for the timing of the redeliberations. The redeliberations should be made in stages.
- 8 Disclosure initiative - Targeted Standards-level Review of Disclosures: The Project is recategorised in the IASB workplan from maintenance projects to standard-setting project.
- 9 FICE - Financial instruments with characteristics of equity: The Project is recategorised from research projects to standard-setting project. No expected date is given for an exposure draft.
- 10 The issuance of final amendments is expected now in February 2021 for the following (minor) projects: Accounting policies and accounting estimates (Amendments to IAS 8) and Disclosure initiative — Accounting policies.

- 11 Pension benefits that depend on asset returns: The review of the research was first discussed at the IASB's December 2020 meeting and detailed analysis is expected in February 2021.
- 12 Subsidiaries that are SME: The IASB decided to publish an ED instead of a DP.
- 13 In 2020 the IASB issued Classification of Liabilities as Current or Non-current (Amendment to IAS 1; classified in this workplan as being a minor project). In December 2020 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. After the discussion the consultation period on the DEA was extended by the EFRAG Secretariat and ended on 11 January 2021. Because of the ongoing discussions of the consequences of the amendments the impact on the FEA could be discussed. EFRAG TEG decided not to recommend the FEA at current stage to the EFRAG Board. Many EFRAG TEG members agreed to postpone the finalisation of the FEA until the IFRS IC consultation finishes and the EFRAG Secretariat can analyse the Comment Letters received by the IFRS IC.
- 14 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

- 15 Does the EFRAG Board want to classify the Amendment to IAS 1 – Classification of liabilities as current or non-current as significant and discuss the FEA in a meeting?
- 16 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*

- 17 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. The Discussion Paper was issued in June 2018 and the EFRAG Board approved the final comment letter at its meeting in January 2019.

##### *Primary Financial Statements*

- 18 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.
- 19 The EFRAG Board has approved a final comment letter on the Exposure Draft of the new standard in the meeting on October 30.

##### *Goodwill and Impairment*

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

- 21 The EFRAG Board was provided with an update on the development of the IASB's project at its meeting in December 2018 jointly with EFRAG TEG and in the meeting in December 2019. A Discussion Paper was issued in March 2020. The DCL by EFRAG Board was approved in the webcast meeting as of May 18 2020. Deadline for comments was the 30 November. Approval by the Board is planned in January 2021.

*Business Combination under Common Control*

- 22 The IASB is exploring ways to improve the reporting on combinations of businesses under common control. The IASB has completed its discussions of measurement approaches and disclosures and is preparing a discussion paper setting out its preliminary views on reporting these transactions. The IASB plans to publish the Discussion Paper in November 2020. The issuance of EFRAG DCL is planned for beginning of February 2021. In the meeting 16 June the Board has agreed to discuss the DCL in a dedicated meeting (rather than to adopt a written procedure).

*Management Commentary*

- 23 The IASB revises the IFRS Practice Statement 1 *Management Commentary* (Practice Statement). In undertaking the project, the IASB will consider how broader financial reporting could complement financial statements prepared applying IFRS Standards. The IASB has completed an initial round of consultations and is currently discussing what guidance to provide in the revised Practice Statement. The exposure draft is expected to be published in April 2021. The issuance of EFRAG DCL is planned for May 2021. In the October meeting 2020 the Board decided the project to be classified as significant.

*Dynamic risk management*

- 24 The IASB will start the field test of the core model with selected preparers in October. EFRAG will take part to this field test and focus on European preparers. The ultimate purpose of the project is for the IASB to pave the way of a discontinuation of use of IAS 39, which is still used by entities that apply the fair value hedge to interest rate risk. 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. EFRAG will also run a supplement of testing with European banks not included in the list by the IASB. EFRAG Board will consider the result of the EFRAG testing activity in a public meeting and a Report will be issued. The EFRAG Board agreed in the October 2020 meeting to classify the project as being significant.

*IASB Agenda Consultation and EFRAG research agenda consultation*

The IASB is currently discussing the content of a Request for Information. To assist stakeholders affected by the coronavirus pandemic, the publication of this Request for Information will be postponed to H1 2021 (estimated March 2021). The consultation will shape the IASB agenda for the next 5 years. At the same time, EFRAG will consult on its own Agenda, and in particular on proactive research projects. 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*

- 25 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. As a result of these discussions, the IASB made no fundamental changes to the proposed amendments but changed some of the wording of the amendments. The final amendments, clarify 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 and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability as current or non-current. That means that the classification is not affected by expectations about whether an entity will exercise its right to defer settlement of a liability and that any condition has to be met on the reporting date. In addition the amendments make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- 26 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. Earlier application of the January 2020 amendments continues to be permitted. In December 2020 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. In that meeting it was considered 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. The IFRS IC confirmed the analysis of the IASB staff and decided not to bring the topic on the agenda.

**Attachment 2: Work plan 2021 – June 2021**

**Legend**

- Bold** = EFRAG Board decision point  
**WP** = Written procedure  
**DP** = Discussion paper  
**ED** = Exposure draft  
**DCL** = Draft comment letter  
**FCL** = Final comment letter  
**DEA** = Draft endorsement advice  
**FEA** = Final endorsement advice

Project (IASB next steps in brackets)	Most recent status							
			Mar 15	Mar 17	Mar 29 (IFRS 17)	May 5	June 9	July 7
Insurance Contracts IFRS amendment issued on 25 June 2020	DEA Sept 2020		Prepare FEA		FEA			
Rate-regulated Activities (ED expected Jan 2021)	DP DCL Oct 2014	DP FCL Jan 2015		DCL				FCL
Disclosure initiative – Targeted Standards-level Review of Disclosures (ED expected March 2021)						DCL		FCL

Technical Work Plan January 2021 – June 2021

Project (IASB next steps in brackets)	Most recent status							
			Mar 15	Mar 17	Mar 29 (IFRS 17)	May 5	June 9	July 7
Dynamic Risk Management (Core model Feedback Q2 2021)	DP DCL July 2014	DP FCL Oct 2014					Summary report about core model outreach -	
Financial Instruments with Characteristics of Equity (Decide project direction Dec 2020)	DP DCL Aug 2018	DP FCL Feb 2019						
Goodwill and Impairment (DP Feedback March 2021)	DP FCL Jan 2021							
Primary financial statements (ED issued Dec 2019, ED feedback expected H1 2021)	ED FCL Nov 2020							
Business Combinations Under Common Control (Feedback H2 2021)								
Management Commentary Practice Statement (ED expected April 2021)				Update		DCL		

Technical Work Plan January 2021 – June 2021

Project (IASB next steps in brackets)	Most recent status							
			Mar 15	Mar 17	Mar 29 (IFRS 17)	May 5	June 9	July 7
2020 Third Agenda consultation (Request for information expected March 2021)				Update				
<b>IASB PROJECTS BY WRITTEN PROCEDURE: Implementation</b>								
Accounting policies and accounting estimates (amend IAS 8) (IFRS amendment expected Feb 2021)	ED DCL Sep 2017	ED FCL Jan 2018			DEA (written procedure)			FEA (written procedure)
Availability of a refund (amend 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 (None - IFRS amendment January 2020; Amendment to postpone application date to 2023)	ED DEA Nov 2020			FEA (depending on recommend ation of TEG)				

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Project (IASB next steps in brackets)	Most recent status							
			Mar 15	Mar 17	Mar 29 (IFRS 17)	May 5	June 9	July 7
Deferred tax related to assets and liabilities arising from a single transaction (amend IAS 12) (ED issued July 2019, IFRS Amendment Q2 2021)	ED DCL Sept 2019	ED FCL WP Nov 2019						
Disclosure initiative – Accounting policies (ED issued August 2019, ED feedback discussed February 2020, IFRS amendment expected March 2021)	ED DCL Oct 2019	Dec 2019 FCL		DEA (written procedure)			DEA (written procedure)	
Provisions (Decide project direction)								
Subsidiaries that are SMEs (ED, no date given)								
Lease Liability in a Sale and Leaseback (amend IFRS 16) (ED Feedback Q2 2021)	DCL Dec 2020			FCL (written procedure)				
Lack of Exchangeability (Amendm. to IAS 21 March 2021)	ED					DCL (written procedure)		



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Project (IASB next steps in brackets)	Most recent status							
			Mar 15	Mar 17	Mar 29 (IFRS 17)	May 5	June 9	July 7
<b>IASB PROJECTS: Research</b>								
Extractive activities (Decide project direction Q2 2021)								
Equity Method (Decide project direction)								
Pension Benefits that Depend on Asset Returns (Review research Feb 2021)								
<b>IASB Post-implementation reviews</b>								
Consolidation package: IFRS 10, IFRS 11, IFRS 12 (review research Q4 2020)						Project update		
IFRS 9 – Classification and Measurement (review research Q4 2020)						Project update		
IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>								

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Project (IASB next steps in brackets)	Most recent status							
			Mar 15	Mar 17	Mar 29 (IFRS 17)	May 5	June 9	July 7
<b>EFRAG RESEARCH PROJECTS</b>								
General update							Update	
Better Information on Intangible Assets								
Crypto-assets								
Discounting with Current Interest Rates								
EFRAG Research Variable and Contingent Consideration								