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## **Technical Work Plan September 2021 – March 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 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 In July 2021, the IASB published the Exposure Draft *Subsidiaries without Public Accountability: Disclosures*. The Exposure Draft sets out the IASB's proposals for a new IFRS Standard that would permit eligible subsidiaries to apply IFRS Standards with reduced disclosure requirements in their financial statements. The deadline for submitting comments on the Exposure Draft is 31 January 2022. EFRAG Board agreed to approve the DCL by written procedure.
- 7 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.
- 8 Disclosure Initiative: Targeted Standards-level Review of Disclosures: The IASB decided to extend the comment period for the Exposure Draft *Disclosure Requirements in IFRS Standards — A Pilot Approach* in light of feedback received from stakeholders to 290 days. The comment period ends now on 12 January 2022.

- 9 PIR IFRS 9: The IASB met on 20 July 2021 to discuss feedback from outreach in the first phase of the post-implementation review of the classification and measurement requirements in IFRS 9 *Financial Instruments* and to decide on matters to examine further in the second phase. The IASB will consult publicly on these matters through a request for information (expected to be published end of September).
- 10 Supplier Finance Arrangements ED is now expected in Oct 2021. This project is currently classified as non-significant (written approval by the EFRAG Board).
- 11 Goodwill and Impairment: The IASB will decide about the project direction in September 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 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*

- 14 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.
- 15 EFRAG secretariat is monitoring the developments of the IASB project.

*Primary Financial Statements*

- 16 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.
- 17 EFRAG secretariat is monitoring the developments of the IASB project.

*Goodwill and Impairment*

- 18 The EFRAG Board decided to consider this project in public meeting, given the significant work undertaken by EFRAG in recent years.
- 19 EFRAG secretariat is monitoring the developments of the IASB project.

*Business Combination under Common Control*

- 20 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. The IASB comment period ends at the beginning of September. The approval by EFRAG TEG and EFRAG Board is planned respectively for mid-September and beginning of October.

*Management Commentary*

- 21 The IASB is revising the IFRS Practice Statement 1 *Management Commentary* (Practice Statement). In the October meeting 2020 the Board decided the project to be classified as significant. EFRAG Board agreed at the EFRAG Board meeting in June to adopt a written approval for the DCL in order to be able to issue it before the summer break in July.

*Dynamic risk management*

- 22 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*

- 23 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*

- 24 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.
- 25 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.
- 26 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.
- 27 In July 2021 the EFRAG Board decided to classify the project as being significant.

*Disclosure Initiative – Targeted Standards Level Review*

- 28 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*

- 29 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.

**Attachment 2: Work plan 2021 – September 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						
			Oct 6	Nov 18	Dec 14	Jan 26	March 2
Rate-regulated Activities (ED Feedback Oct 2021)	ED DCL April 2021						
Disclosure Initiative – Subsidiaries without Public Accountability (ED Feedback H1 2022)			<b>DCL</b> (written procedure end of Sept)				<b>FCL</b> (or earlier in Febr separate meeting)
Disclosure Initiative – Targeted Standards-level Review of Disclosures (ED Feedback Q1 2022)	ED DCL May 2021			Update on outreach activities including field testing		<b>FCL</b>	

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Project (IASB next steps in brackets)	Most recent status						
			Oct 6	Nov 18	Dec 14	Jan 26	March 2
Financial Instruments with Characteristics of Equity (ED)	DP DCL Aug 2018	DP FCL Feb 2019					
Primary financial statements (IFRS Standard)	ED DCL Feb 2020	ED FCL Nov 2020		Update			
Management Commentary Practice Statement (ED Feedback H1 2022)	ED DCL July 2021				<b>FCL</b>		
Dynamic Risk Management (Decide Project Direction H1 2022)	Summary report about Core model Outreach June 2021			Update	Update		
Goodwill and Impairment (Decide Project Direction Sept 2021)	DP DCL May 2020	DP FCL Jan 2021		Update			
Business Combinations Under Common Control (DP Feedback Q4 2021)	DP DCL Feb 2021		<b>FCL</b>				

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Project (IASB next steps in brackets)	Most recent status						
			Oct 6	Nov 18	Dec 14	Jan 26	March 2
2020 Third Agenda consultation (Request for information Feedback Q4 2021)			<b>RFI FCL</b> 8 Oct meeting				
Initial Application of IFRS 17 and IFRS - Comparative Information - Amendments to IFRS 17 (ED expected July 2021)	ED DCL Aug 2021		FCL		<b>DEA</b> (meeting to be doodled for end of Nov)		
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 4Q 2021)	ED DEA Nov 2020				<b>DCL</b>		<b>FCL</b>
<b>IASB PROJECTS BY WRITTEN PROCEDURE: Implementation</b>							
Availability of a refund (Amendm IFRIC 14) (IFRS amendment rejected, decide project direction)	ED DCL July 2015	ED FCL Nov 2015					

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Project (IASB next steps in brackets)	Most recent status						
			Oct 6	Nov 18	Dec 14	Jan 26	March 2
Deferred tax related to assets and liabilities arising from a single transaction (amend IAS 12) (None - IFRS Amendment May 2021)	DEA July 2021			FEA (Written Procedure)			
Lack of Exchangeability (Amendm. to IAS 21 March 2021) (ED Feedback Q4 2021)	ED DCL June 2021		FCL (written procedure)				
Lease Liability in a Sale and Leaseback (amend IFRS 16) (Decide project direction in 4Q21)	ED DCL Dec 2020	ED FCL April 2021					
Provisions (Decide project direction)							
Supplier Finance Arrangements (ED Oct 2021)					DCL (written procedure)		
<b>IASB PROJECTS: Research</b>							
Extractive activities (Decide project direction Sept 2021)							



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Project (IASB next steps in brackets)	Most recent status						
			Oct 6	Nov 18	Dec 14	Jan 26	March 2
Equity Method (Decide project direction)							
Pension Benefits that Depend on Asset Returns (Review research Oct 2021)							
<b>IASB Post-implementation reviews</b>							
Consolidation package: IFRS 10, IFRS 11, IFRS 12 (Feedback Statement H1 2022)							
IFRS 9 – Classification and Measurement <sup>1</sup> (Request for Information Sept 2021)			Update	<b>Approval RFI DCL (2 Nov)</b>		<b>Approval RFI FCL</b>	
<i>IFRS 5 Non-current Assets Held for Sale and Discontinued Operations</i>							

<sup>1</sup> 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						
			Oct 6	Nov 18	Dec 14	Jan 26	March 2
<b>EFRAG RESEARCH PROJECTS</b>							
General update					General Update		
Better Information on Intangibles							
Crypto-assets	DP published			Project Update – Decision about next steps			
Discounting with Current Interest Rates							
EFRAG Research Variable and Contingent Consideration					Update		Update