

EFRAG STAFF PAPER FOR PUBLIC MEETING

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Technical Work Plan February – July 2015

Objective

- 1 The objective of this session is for the EFRAG Board to conduct its monthly review of the technical work plan and advise of any necessary changes.

Background

- 2 In the past, the 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 implementation projects as significant. There are no new projects classified as significant.
- 4 Attachment 2 to this note contains the draft technical work plan, based on the IASB's work plan as at 27 January 2015 and the approved proactive technical work plan. It also identifies the expected timing of written procedures.

Questions for the EFRAG Board

- 5 Do you agree that the projects identified should remain classified as significant?
- 6 Do you have any comments on the revised technical work plan?

Attachment 1: Basis for classifying minor projects as significant

New projects classified as significant

7 No new projects were classified as significant.

Projects already classified as significant

Fair value measurement: unit of account

8 This project was classified as significant because of the split views between those who consider that the fair value should be the block of shares and those who consider that the fair value should be represented by the quoted price of the individual instrument multiplied by the number of instruments held.

9 This classification may change once the IASB has considered the comments received on the recent Exposure Draft.

Investment entities: applying the consolidation exception

10 This standard is classified as significant because of the concerns raised both to EFRAG and to the Accounting Regulatory Committee.

11 The key concerns relate to:

- (a) the potential loss of information from not requiring intermediate parent entities that are not investment entities to prepare consolidated financial statements; and
- (b) the potential conflict between this standard and the Accounting Directive requiring consolidated financial information. EFRAG staff are preparing a note as the basis for a discussion of this issue.

12 The European Commission has not yet requested endorsement advice.

Sale or contribution of assets between an investor and its associate or joint venture

13 This project is classified as significant because:

- (a) There is a technical loophole in IAS 28 *Investments in Associates and Joint Ventures*. This has been brought to the attention of the IASB and the Exposure Draft expected in Q2 2015 relating to the *Elimination of Gains or Losses arising from Transactions between an Entity and its Associate or Joint Venture* will contain a proposal to rectify the problem; and
- (b) Some members of EFRAG TEG are considering dissenting because, in their view:
 - (i) There is no justification in the Basis for Conclusions, or guidance in the IFRS literature, that addresses a loss of control of a subsidiary in different ways depending on whether the transaction is the sale of a business or a sale of assets; and/or
 - (ii) There is no justification for having only part of the revaluation gain on the remaining component recognised as the revaluation gain does not originate from a transaction with a third party.

Attachment 2: Work plan December 2014 – April 2015

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	Most recent status		2015					
			Feb. 10	March 11	April 22	June 3	June 24	July 22
IASB SIGNIFICANT PROJECTS								
<i>IASB major projects</i>								
Insurance contracts (EFRAG position considered Nov 2014)	ED DCL Aug 2013	ED FCL Dec 2013						
IFRS 9 <i>Financial Instruments</i> (IFRS issued July 2014)	EC request Dec 2014		Consider issues	Consider issues	DEA			
Leases (IFRS expected H2 2015)	ED DCL July 2013	ED FCL Oct 2013	Consider issues					

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			Feb. 10	March 11	April 22	June 3	June 24	July 22	
Macro hedging (DP comment period closed Oct 2014)	DP DCL July 2014	DP FCL Oct 2014							
IFRS 15 <i>Revenue from Contracts with Customers</i> (IFRS issued May 2014 DEA comment period closed 15 Dec 2014)	DEA Oct 2014		FEA						
Rate-regulated activities (DP comment period closed 15 Jan 2015)	DP DCL Oct 2014	DP FCL Jan 2015							
Disclosure initiative - Principles (DP expected Q2 2015)							Consider issues		
Conceptual Framework (ED expected Q1 2015)	DP DCL Sep 2013	DP FCL Feb 2014	Consider issues	Consider issues	ED DCL				
IASB minor projects									
Fair value measurement: unit of account	ED DCL Oct 2014	ED FCL Jan 2015							
Investment entities: applying the consolidation exception (IFRS issued December 2014)	ED DCL July 2014	ED FCL Oct 2014	Consider issues						
Sale or contribution of assets between an investor and its associate or joint venture (IFRS issued September 2014)	ED DCL Jan 2013	ED FCL April 2013							

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		Feb. 10	March 11	April 22	June 3	June 24	July 22
IASB PROJECTS THAT ARE NOT SIGNIFICANT							
Annual improvements 2012-2014 (IFRS issued September 2014)	DEA Oct 2014		FEA WP				
Annual improvements 2014-2016 (ED expected Q2 2015)							ED DCL WP
Clarifications of classification and measurement of share-based payment transactions (ED issued November 2014)	ED DCL 2 Dec 2014			ED FCL WP			
Classification of liabilities (ED expected Q1 2015)				ED DCL WP			ED FCL WP
Disclosure initiative – amend IAS 1 (IFRS issued December 2014)			DEA WP			FEA WP	
Disclosure initiative – amend IAS 7 (ED issued December 2014)			ED DCL WP		ED FCL WP		
Elimination of gains or losses arising from transactions between an entity and its associate or joint venture (ED expected Q2 2015)						ED DCL WP	

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Project	Most recent status		2015					
			Feb. 10	March 11	April 22	June 3	June 24	July 22
Recognition of deferred tax assets for unrealised losses (Comment period closed 18 Dec 2014)	ED DCL Sept 2014	ED FCL Jan 2015						
Amendments IAS 19, IFRIC 14 (ED expected Q2 2015)								ED DCL WP
PROACTIVE PROJECTS - Significant								
Goodwill amortisation and impairment						Consider issues		