

## EFRAG SECRETARIAT PAPER FOR PUBLIC MEETING

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### **Technical Work Plan June - October 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 Implementation projects classified as significant in the work plan.
- 4 Attachment 2 to this note contains the draft technical work plan, based on the IASB's work plan as at 5 May 2015 and the 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**

*Clarifications to IFRS 15*

- 7 This project was classified as significant by the EFRAG Board at its March 2015 meeting. The forthcoming exposure draft will reflect the IASB's decisions resulting from the discussions in its first Transition Resource Group which will include both:
- (a) decisions to change IFRS 15; and
  - (b) decisions not to change IFRS 15 and to differ from the FASB's changes to the US GAAP equivalent to IFRS 15.

*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 investment entities to prepare consolidated financial statements; and
  - (b) the potential conflict between this standard and the Accounting Directive requiring consolidated financial information.

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

- 12 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) The EFRAG Board has recommended to the European Commission that the endorsement process on this amendment be deferred and addressed at the same time as the forthcoming Exposure Draft.

**Attachment 2: Work plan June – October 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						
			June 3	June 24	July 21-22	July 29	Sept 1	Sept 21	Oct 28
<b>IASB SIGNIFICANT PROJECTS</b>									
<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)	DEA May 2015				Consider FEA	Consider FEA	<b>FEA</b>		

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Project	Most recent status		2015						
			June 3	June 24	July 21-22	July 29	Sept 1	Sept 21	Oct 28
Leases (IFRS expected Q4 2015)	ED DCL July 2013	ED FCL Oct 2013							Consider issues
Macro hedging (DP comment period closed Oct 2014)	DP DCL July 2014	DP FCL Oct 2014							
Rate-regulated activities (DP comment period closed Jan 2015)	DP DCL Oct 2014	DP FCL Jan 2015							
Disclosure initiative - Principles (DP expected Q4 2015)									Consider issues
Conceptual Framework (ED issued May 2015)	DP DCL Sep 2013	DP FCL Feb 2014	Consider issues	<b>ED DCL</b>					<b>ED FCL</b>
<b>IASB implementation projects</b>									
Clarifications to IFRS 15 <i>Revenue from Contracts with Customers</i> (ED expected Q2 2015)						<b>ED DCL</b>			
Fair value measurement: unit of account (DP comment period closed Jan 2015)	ED DCL Oct 2014	ED FCL Jan 2015							
Investment entities: applying the consolidation exception (IFRS issued December 2014)	FEA May 2015			<b>DEA</b>					

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Project	Most recent status		2015						
			June 3	June 24	July 21-22	July 29	Sept 1	Sept 21	Oct 28
Sale or contribution of assets between an investor and its associate or joint venture (IFRS issued September 2014 – DEA deferred)	ED DCL Jan 2013	ED FCL April 2013							
<b>IASB PROJECTS BY WRITTEN PROCEDURE</b>									
Annual improvements 2014-2016 (ED expected Q3 2015)									
Clarifications of classification and measurement of share-based payment transactions (ED issued November 2014)	ED DCL Dec 2014	ED FCL April 2015							
Classification of liabilities (ED issued Q1 2015)	ED DCL Mar 2015			<b>ED FCL WP</b>					
Disclosure initiative – amend IAS 7 (ED issued December 2014)	ED DCL Feb 2015	ED FCL May 2015							
Effective date of IFRS 15	ED DCL May 2015			<b>ED FCL WP</b>					

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Project	Most recent status		2015						
			June 3	June 24	July 21-22	July 29	Sept 1	Sept 21	Oct 28
Elimination of gains or losses arising from transactions between an entity and its associate or joint venture (ED expected Q2 2015)					ED DCL WP				
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			
Transfer of investment property (ED expected Q3 2015)									
<b>PROACTIVE PROJECTS</b>									
Goodwill amortisation and impairment					Status report				
Distinguishing between profit or loss and OCI			Approve paper						
Cash flow statements for financial institutions					Approve paper				
Unit of account								Consider issues	