

EFRAG SECRETARIAT PAPER FOR PUBLIC EFRAG BOARD MEETING

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IASB 2015 Agenda Consultation

Objective

- 1 The EFRAG Board received in its July 2016 meeting a briefing on the tentative work plan of the IASB based on the IASB discussions and considered how it may affect the EFRAG research work plan. The EFRAG Board concluded that the existing EFRAG research work plan should be maintained and that the discussion at the IASB had not provided any indication of additional topics that were considered to be important for Europe.
- 2 The objective of this session to consider the IASB's 2017-2021 Work Plan published in November 2016 and its implications for EFRAG activities.

Background

- 3 In August 2015, the IASB published for public comment a Request for Views with comments due by the end of December. The purpose of the IASB 2015 Agenda Consultation was to gather views on the strategic direction and balance of the IASB's work plan over the next three to five years. In November 2016 the IASB published its Feedback Statement on the 2015 Agenda Consultation (paper 11.02): IASB Work Plan 2017-2021.
- 4 In October 2015 EFRAG issued its draft comment letter for public consultation and held outreaches in Q4. In January 2016 EFRAG issued its final comment letter on the IASB's Request for Views. EFRAG's main messages were:
 - (a) EFRAG agreed in general with the factors proposed to prioritise projects, but noted that the IASB should clarify how they are using them in practice;
 - (b) Finalisation of the Insurance Standard, the Conceptual Framework and the Disclosure Initiative have the highest priority. The IASB should also make progress on the Dynamic Risk Management project. EFRAG also indicated that Financial Statements Presentation (especially performance reporting) was very important;
 - (c) The IASB should build on the work done by other organisations and create synergies, notably with members of the ASAF;
 - (d) EFRAG suggested that the IASB should explain more clearly the objective of each research project and suggested an alternative categorisation;
 - (e) EFRAG noted that Post-implementation Reviews (PIR) should play a significant role, and that sometimes input from the PIR provides sufficient evidence to support adding a standards-level project to the active agenda;
 - (f) EFRAG noted that a greater consistency in application had high priority but saw having a strong system of quality control in finalisation of standards before publication as the best way to achieve this objective, rather than subsequent amendments and clarifications;

- (g) EFRAG was concerned about frequent small changes to standards and believed that IFRS should maintain their principles-based approach; and
- (h) EFRAG indicated the priority for EFRAG for each of the IASB projects.

IASB Work Plan 2017-2021

- 5 The key themes in the IASB Work Plan for the coming five years are:
- (a) **Completion of the remaining standard-setting projects** (Insurance Contracts and Conceptual Framework);
 - (b) **Better communication in financial reporting** (improving presentation and disclosure, placing less emphasis on changes to recognition and measurement requirements - projects in Work Plan: Primary Financial Statements; Disclosure Initiative–Principles of Disclosure; Disclosure Initiative-Materiality Practice Statement; and IFRS Taxonomy);
 - (c) **Continued development of implementation support** (implementation support of newly issued standards; supporting application of existing standards; Post-implementation reviews (PIR IFRS 13; PIR IFRS 10,11 and 12; and PIR IFRS 5));
 - (d) **A more focused research programme** (decisions were taken on the individual projects: on work plan (research programme or maintenance) or not on work plan (research pipeline or no further work).
- 6 The table below compares the priorities assigned in the EFRAG comment letter for each of the projects with the IASB Work Plan 2017- 2021:

Project	EFRAG priority <i>High/Medium/Low</i>	IASB Work Plan 2017-2021
Financial Instruments with Characteristics of Equity	High	Research Programme
Primary Financial Statements	High	Research Programme
Goodwill and Impairment	High	Research Programme
Definition of a business	Medium	Maintenance
Business Combinations under Common Control	Medium	Research Programme
Disclosure Initiative – Principles of Disclosure	High	Research Programme
Macro-hedge accounting (Dynamic Risk Management)	High - to move to active projects	Research Programme
Discount Rates	High	Research Programme (substantially completed- research summary first half 2017)
Share-based Payments	Low	Research Programme (substantially completed- research summary first quarter 2017)
Pollutant Pricing Mechanisms	Low	Research Pipeline

Project	EFRAG priority High/Medium/Low	IASB Work Plan 2017-2021
Extractive Activities/Intangible Assets/ Research and Development (R&D)	Low	Project on extractive in Research Pipeline
		Project on Intangibles and R&D removed
Variable and contingent consideration	Not rated – not in the consultation document	Research Pipeline
Equity Method	High ¹	Research Pipeline
Provisions, Contingent Liabilities and Contingent Assets	Low	Research Pipeline
Post-employment Benefits	Medium	Pension Benefits that Depend on Asset Returns: Research Pipeline (feasibility study)
		General project: no further work
High Inflation	Remove from the agenda	High Inflation: Scope of IAS 29 (feasibility study)
		General project: no further work
Foreign Currency Translation	Remove from the agenda	No further work
Income Taxes	Low	No further work
IFRS 5 – Discontinued operations	Medium	PIR to be performed
SMEs that are subsidiaries	Not rated – not in the consultation document	Research Pipeline (feasibility study)

- 7 The final decisions taken by the IASB at the end of the Agenda consultation process are substantially in line with the preliminary decisions discussed by the EFRAG Board in July 2016, and used when the EFRAG 2017 work plan was developed and agreed upon. EFRAG Secretariat does not recommend any changes at this time.
- 8 EFRAG Secretariat will continue to monitor changes in the timing and content of the IASBs work plan and propose modifications to EFRAG's work plan accordingly, for approval by the EFRAG Board.

Question for the EFRAG Board

- 9 Does the EFRAG Board consider that the final IASB 2017-2021 IASB Work Plan requires to make some amendments to the EFRAG 2017 Work Plan? If so, which changes does the EFRAG Board recommend and why?

¹ Provided that the scope of the project is defined in accordance with EFRAG's proposals for the scope of the project presented at the December 2015 ASAF meeting. Any comprehensive reconsideration of the use of the equity method would be classified as very low.