

This paper has been prepared by EFRAG Secretariat for discussion at a public meeting of the EFRAG Board. The paper does not represent the official views of EFRAG or any individual member of the EFRAG Board or EFRAG TEG. The papers are made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG Board, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

EFRAG Research activities

Projects update

Objective

- 1 The objective of this session is to provide a short update on status of the various projects in the Research activities.

Project title	Goodwill and impairment
Key research question	Subsequent accounting treatment of goodwill
Current status	Following the joint Board-TEG discussion in December, EFRAG Secretariat will focus its work on improvements to the IAS 36 requirements for the impairment test of goodwill.
Next TEG discussion	In March, EFRAG TEG will discuss a new issue paper on recognition of deferred taxes in business combinations and its impact on the initial measurement of goodwill. Based on the outcome of the discussion, EFRAG Secretariat will prepare a final package of the agreed recommendations and ask TEG to issue their advice to the EFRAG Board.
Use of evidence	EFRAG Secretariat has collected and analysed data on the trend of goodwill and impairment for the companies in the S&P 350 Index and compared then to international trends. The quantitative study was published in September 2016.
Product envisaged or published, (anticipated) date of publication	<p>PRIOR PUBLICATIONS</p> <ul style="list-style-type: none"> • Joint Research Team Paper with Accounting Standards Board of Japan and Organismo Italiano di Contabilita (2014) <p>Expected discussion paper before the end of 2017</p>

EFRAG Research activities – projects update

Field of research (status)	Equity instruments – impairment and recycling
Key research question	Impairment model for equity instruments carried at FV through OCI under IFRS 9
Current status	<p>EFRAG Secretariat has discussed the content and objective of the project with the User Panel and the Financial Instruments Working Group.</p> <p>In January, EFRAG TEG had an initial discussion on the possible alternatives to develop.</p> <p>EFRAG TEG supported a general model applicable to all equity instruments carried at FVOCI, rather than identifying a sub-group (such as long-term or strategic investments).</p>
Next TEG discussion	In March, EFRAG Secretariat will present some quantitative data and discuss how these could be used in the development of the analysis.
Use of evidence	<p>EFRAG Secretariat has collected information on the amount of equity instruments held by European banks and their classification.</p> <p>EFRAG Secretariat has also reviewed the annual accounts of a sample of financial institutions and engaged the FIWG members to obtain evidence on the current practices in applying the IAS 39 requirements for the impairment of AFS instruments.</p>
Product envisaged or published, (anticipated) date of publication	Discussion paper in the 1 st half of 2018

Field of research (status)	Transactions other than Exchanges of Equal Value
Key research question	Considering a specific accounting approach for transactions where entities do not directly receive (or give) approximately equal value. These transactions may be compulsory and frequently involve Governments in their capacity: direct and indirect taxes, grants and donations.
Current status	<p>EFRAG TEG had an initial discussion on an accounting model for cost-generating and income-generating transactions in the scope of the project.</p> <p>EFRAG TEG noted that the ‘imposed transaction’ criterion previously used to define the scope of the project may need to be reconsidered. Also, it was suggested that some of the</p>

EFRAG Research activities – projects update

	principles in IFRS 15 Revenue from Contracts with Customers could be helpful for some income-generating transactions, but additional work was needed on the matter.
Next TEG discussion	EFRAG Secretariat will present a revised version of the model in consideration of the comments received. Expected in May.
Product envisaged or published, (anticipated) date of publication	Discussion paper in 2018

Field of research (status)	Pensions
Key research question	Accounting treatment for plans with promises linked to returns on specified assets
Current status	<p>EFRAG TEG has discussed a quantitative analysis of accounting data on pensions plans in Europe and tentatively agreed to focus the analysis on plans with specific characteristics.</p> <p>EFRAG TEG had an initial discussion on the possible range of alternatives, based also on the models considered in the past by the IASB.</p>
Next TEG discussion	The first meeting of the Pension Advisory Panel will take place in April. Based on the input, EFRAG Secretariat will bring back a revised version of an illustrative example of the possible alternatives.
Use of evidence	EFRAG Secretariat presented in December 2016 a paper with quantitative data and trends on pension liabilities, pension costs and actuarial gains/losses for a sample of about 2.000 European public companies.
Product envisaged or published, (anticipated) date of publication	Discussion paper in 2018

Field of research (status)	Implications of current interest rate environment
Key research question	<p>Considering whether a zero-floor should be introduced in present value calculations.</p> <p>Considering presentation requirements for remeasurements of liabilities due to revisions of discount rates.</p>

EFRAG Research activities – projects update

Current status	In January, EFRAG TEG discussed and rejected the idea to introduce a zero-floor for discount rates.
Next TEG and Board discussion	In April, EFRAG Secretariat will present a paper to the Board to summarise the past topics and discussion.
Product envisaged or published, (anticipated) date of publication	To be decided

- 2 In addition to the Research agenda projects, EFRAG presented a joint paper with the Malaysian Accounting Standards Board at the recent IFASS meeting in Taipei on the role of evidence in standard-setting and accounting research. Consideration should be given on how to further develop the paper - for instance, to develop a framework on the use of different types of evidence at different stages.