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Technical Work Plan November 2024 - April 2025

Objective

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

Background

- 2 In the past, the EFRAG FRB requested that:
 - (a) an explanation be provided for any IASB implementation projects that are classified as significant; and
 - (b) the work plan is to 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 FRB agreed that, as responses to IASB post-implementation reviews EFRAG shall collate European views and normally do not include an EFRAG position. Post-implementation review responses should be finalised by EFRAG FR TEG. IASB proposed post-implementation reviews have been included in the work plan for the convenience of EFRAG FRB members, but no action is expected from the EFRAG FRB (decision reconfirmed in the meeting on 3 May 2023).
- 5 At its meeting in September 2016, the EFRAG FRB 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 the latest EFRAG FRB review of 25 June 2024 (updated as of 04 November 2024)

- 6 The IASB published the following documents:
 - (a) Annual Improvements to IFRS Accounting Standards – Final amendments were issued on 18 July 2024;
 - (b) Exposure Draft *Translation to a Hyperinflationary Presentation Currency* on 25 July 2024, as part of the Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity (IAS 21) project;
 - (c) Exposure Draft Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures* on 30 July 2024, as part of the Updating the Subsidiaries without Public Accountability: Disclosures Standard project;

- (d) Exposure Draft *Climate-related and Other Uncertainties in the Financial Statements* on 31 July 2024, as part of the Climate-related and Other Uncertainties in the Financial Statements project.
 - (e) On 8 May 2024 the International Accounting Standards Board (IASB) published for public comment the Exposure Draft *Contracts for Renewable Electricity*. The comment period ends on 7 August 2024;
 - (f) Exposure Draft *Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures (revised 202x)* on 19 September 2024.
 - (g) The IASB has completed its Post-implementation Review of IFRS 15 *Revenue from Contracts with Customers*. On 30 September 2024, the IASB published the Project Summary and Feedback Statement, in which it concluded that the requirements in IFRS 15 are working as intended.
 - (h) A feedback statement on the post-implementation review of IFRS 9 – Impairment was published on 4 July 2024.
- 7 The IASB added several projects to its work plan:
- (a) IFRS - Post-implementation Review of IFRS 16 Leases.
 - (b) Research project to review and improve the requirements for the statement of cash flows and related matters in IFRS Accounting Standards.
 - (c) Amortised cost measurement: The IASB made active a project following the IFRS 9 post-implementation review to consider clarifying and providing additional application guidance on the effective interest rate method and the modification of financial instruments.
- 8 The IASB specified the timing for several publications/projects:
- (a) For Financial Instruments with Characteristics of Equity FICE: The IASB decided on the future direction of the project in its July meeting. Final amendments are expected to be published in 2026.
 - (b) RRA: The IFRS Accounting Standard is expected in H2 2025.
 - (c) Updating the Subsidiaries without Public Accountability: Disclosures Standard – The exposure draft feedback is now expected to be discussed in Q1 2025.
 - (d) Provisions – Targeted Improvements: For the maintenance project an exposure draft is now expected in November 2024 (before Q4 2024).
 - (e) Power purchase agreements: Following the discussion of the received feedback the publication of the final amendments is expected in December 2024.
 - (f) Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity (IAS 21) after exposure draft consultation feedback is expected to be discussed in Q1 2025.
 - (g) Equity Method – Following the publication of an ED the feedback received is expected to be discussed in 2025;
 - (h) For BCGI feedback received and direction discussions will be continued.
 - (i) For the recently started research project Intangible Assets the review of research is expected to continue until Q1 2025.
- 9 EFRAG received in September 2024 a request for endorsement advice for IFRS 19 Subsidiaries without Public Accountability: Disclosures.
- 10 Following the feedback to the 2021 ED to revise the management commentary practice statement, the project had been on hold by the IASB as it awaited the feedback to the 2023 ISSB agenda consultation and the ISSB prioritisation decisions thereafter. On 19 June 2024,

the IASB decided to continue with and finalise the revision of the management commentary practice statement. Inter alia, this may provide a location for sustainability-related financial disclosures and facilitate their connectivity with financial statements information. A revised practice statement is expected in 2025.

- 11 In April 2024, the IASB has established a prioritisation framework for its projects. Both whether to add/remove a project and when to start a project – will now be supported by the application of the proposed prioritisation framework discussed in [Agenda Paper 8](#) at the IASB's April 2024 meeting. Although the IASB continues to seek feedback on this framework, as announced at the April 2024 meeting, it applies the framework at this time to test and refine it.

Basis of preparation of the workplan

Sessions to Update the EFRAG FRB

- 12 Several of the IASB projects currently active are currently or soon to be in the consultation phase, there are overall five ED consultations ongoing/still expected in 2024. Furthermore, several projects are in the re-deliberation phase, following the outcome of a consultation on the ED (or RFI). The Publication of IFRS 18 *Presentation and Disclosure in Financial Statements*, the publication of IFRS 19 (SwPA) and of Power Purchase Agreements amendments has an impact on the endorsement workplan of EFRAG. In addition to the workload to follow the timelines related to the IASB projects will be challenging in 2024. Considering the prioritisations given by EFRAG FRB in its meeting 11 September 2023, the EFRAG Secretariat is actively following the process per each project and performing activities: EFRAG FR TEG is regularly updated on the progress of the IASB deliberations/redeliberations; the IASB decisions are discussed also with the CFSS, in preparation of ASAF meetings. When appropriate, the EFRAG Secretariat undertakes selected initiatives to prepare for the next steps, such as impact analysis or similar activities. In this context, we plan to update the EFRAG FRB when the IASB decisions and/or the EFRAG FR TEG discussions show substantial progress on a given project. Accordingly, the attached schedule of updates is tentative and will be updated depending on the progress made on each project in the coming months.

Projects that we expect to add soon to the workplan

- 13 The IASB added a number of projects in the last 6 months (Intangibles; PIR IFRS 16; the Research Projects: Amortised Cost Measurement, Statement of Cash Flows and Related Matters). There are still some projects in the pipeline like the maintenance projects: IFRS 16 / IFRS 10 Sale and Lease Back – Subsidiaries, and IAS 12 – International Tax Reform Phase 2 and Pollutant Pricing Mechanisms. In 2025 the IASB is expected to start an agenda consultation.

EFRAG proactive agenda

- 14 In June 2022, the FRB - following the agenda consultation and in light of the decisions made by the IASB – added two new EFRAG proactive research projects on the EFRAG's workplan. The initiated active projects are on the connectivity between financial and sustainability reporting, and cash flow reporting. EFRAG FRB also approved the addition to a reserve list, projects on pollutant pricing mechanisms and operating segment reporting. A feedback statement on the Variable Consideration Discussion Paper was recently published.
- 15 In light of the IASB taking on Intangible Assets to its workplan and considering that EFRAG has published its Recommendation and Feedback Statement on Better information on Intangibles, the EFRAG Secretariat will focus its resources on the IASB project and no longer update EFRAG FRB on any activities related to the EFRAG research project. EFRAG

Secretariat will propose a significant / non-significant classification of the Intangible Asset project when more information on the proposed scope of the IASB project is known.

Updating the Subsidiaries without Public Accountability: Disclosures

- 16 In developing the reduced disclosure requirements in the new IFRS Accounting Standard *Subsidiaries without Public Accountability: Disclosures*, the IASB considered the disclosure requirements in other IFRS Accounting Standards as at 28 February 2021. As IFRS 18 was published and amendments to IFRS Standards occurred after the ED consultation, it does not contain reduced versions of any disclosure requirements that were added or amended after the publication date of the ED. Consequently, the IASB currently consults by publishing an exposure draft setting out whether and how to reduce these post-28 February 2021 additions and amendments to disclosure requirements in the new Standard. The exposure draft to update the new IFRS 19 *Subsidiaries without Public Accountability: Disclosures* was issued in July 2024 (after the publication of the new standard) with the purpose of amending it before its effective date for all the new or amended disclosure requirements in other IFRS Accounting Standards after 28 February 2021.
- 17 As the exposure draft covers changes to disclosure requirements on projects that are classified as being significant by the FRB, the FRB decided to classify the project as being significant in its meeting in January 2024. However so far, the ED received very positive feedback by EFRAG FRB TEG and FRB members. The DCL was approved by written procedure. The comment period ends end of November. The EFRAG Secretariat would have to organise one additional EFRAG FRB meeting for the approval before the comment period end. The EFRAG Secretariat would like to confirm with EFRAG FRB which approval process to be followed.

Equity method

- 18 Over the years, the IFRS Interpretations Committee has received numerous requests to clarify various aspects of accounting under the equity method in IAS 28 *Investments in Associates and Joint Ventures*. The IASB has considered these requests and, via an ED in Q3 2024, will aim to propose narrow-scope amendments to IAS 28 with the aim of reducing diversity in practice. The IASB ED was published in September 2024. And based on some significant amendments (e.g., the introduction of a complex layered approach for accounting for acquisition of additional ownership interests while retaining significant influence; introducing requirements for non-exchange changes in ownership while retaining significant influence; the required recognition of full gains or losses for transactions with associates and joint ventures which is a departure from the current restriction in recognition of the investor's own share of gains or losses; and requiring a single equity method to be applied across the consolidated financial statement), on 8 October 2024, the EFRAG FRB agreed to classify the project as significant.

Attachment 2

- 19 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. The timing presented in Attachment 2 is an estimate and may change over time.

Questions for the EFRAG FRB

- 20 Does the EFRAG FRB have any comments on the technical work plan?
- 21 Based on the support from EFRAG FR TEG and from other constituents, does the EFRAG FRB consider it necessary to approve the FCL for Updating the Subsidiaries without Public Accountability: Disclosures in a meeting or can written procedure being used?

Attachment 1: Basis for classifying projects as significant

Financial Instruments with Characteristics of Equity

- 22 Given the potential impact of this project, especially for financial institutions, the EFRAG Board decided in 2017 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.

IFRS 18 Presentation and Disclosure in Financial Statements (Previously known as the Primary Financial Statements project)

- 23 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. IFRS 18 was issued 9 April and is likely to lead to significant changes to the presentation of financial performance. We received in April 2024 an endorsement advice request from the EC.

Business Combinations – Disclosures, Goodwill and Impairment

- 24 The EFRAG Board decided in March 2018 to consider this project in a public meeting, given the significant work undertaken by EFRAG in recent years.
- 25 In 2022, the IASB has decided to continue with an impairment only model. The IASB has decided to bring the project to a standard setting level.
- 26 An exposure draft was issued in March 2024. The IASB is currently considering the comments received in response to ED.

Management Commentary

- 27 The IASB is revising the IFRS Practice Statement 1 Management Commentary (Practice Statement). At the October 2020 meeting, the EFRAG FRB decided the project should be classified as significant. In June 2024, the IASB decided to finalise the project and the MCPS is expected in H1 2025.

Dynamic risk management

- 28 The IASB has tested in 1H 2021 the core model with selected preparers; EFRAG took part in this field test and focused on European preparers. The topic has a direct relevant impact on European stakeholders as the continuation of the use of IAS 39 (paragraphs related to the macro hedge) is also linked to the use of the carve-out. The EFRAG FRB agreed in the October 2020 meeting to classify the project as being significant.
- 29 In June 2022, the IASB decided to add the project to its standard setting projects and an ED is expected in H1 2025.

Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures

- 30 As a reaction to the feedback received on the IASB research project on disclosures, the IASB undertook this project in response to the demand for a simplified and less costly approach for subsidiaries that are SMEs. In the meeting on 5 May 2021, EFRAG FRB decided to discuss the key aspects of this project, based on the importance and implications of the project in some European jurisdictions. EFRAG FRB 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 was covered by TEG. In February 2022 EFRAG submitted its comment letter to the IASB.

- 31 In its June Meeting 2022 the IASB decided to issue an IFRS Accounting Standard. The publication of the final standard was in May 2024.

Provisions – Targeted Improvements

- 32 At its December 2023 meeting, the IASB decided to issue an Exposure Draft on its targeted improvements to IAS 37. The Exposure Draft is expected to be issued in November 2024. The targeted improvements will align the definition of a liability with that in the Conceptual Framework, clarify which cost to be included in measuring a liability as well as which discount rate to use when measuring the liability. Due to the broad application of IAS 37, EFRAG FRB in March 2022 decided to be updated on the project to amend IAS 37.

Rate-regulated Activities

- 33 The IASB published an Exposure Draft Regulatory Assets and Regulatory Liabilities in January 2021. The ED proposes a supplemental Standard that will replace IFRS 14 *Regulatory Deferral Accounts*, which is an interim Standard that was not endorsed in the EU. Unlike IFRS 14, the proposed Standard is expected to be endorsed and mandatory for IFRS reporting entities within its scope. It will be applicable for sectors where rates/tariffs are determined based on regulatory agreements. It primarily affects the utilities sector, but it could also apply to other sectors. Hence, the potential impact of the Standard spans various EU jurisdictions as was evident from the comment letter responses to EFRAG and the IASB. Furthermore, EFRAG has a Rate-regulated Activities Working Group (EFRAG RRAWG) consisting of EU stakeholders (preparers, auditors, and a user). For this reason, it is assessed as a significant project. The importance has been affirmed by the outreach to EFRAG by some stakeholders (German TSOs) for an expedited endorsement approach. EFRAG Secretariat, in collaboration with the TSOs and a selection of national standard setters, has kickstarted the preparatory endorsement work. Relatedly, EFRAG plans to reappoint RRAWG members with the number being extended from 16 to 20 members. A call for candidates will be issued shortly and the intention is to add preparers and users from a diversity of jurisdictions whose entities would be in the scope of the prospective Standard.

Amendments to the Classification and Measurement of Financial Instruments

- 34 Following the PIR IFRS 9 - Classification and Measurement the IASB on 21 March 2023 issued an ED Amendments to the Classification and Measurement of Financial Instruments with a comment deadline of 19 July 2023. The ED propose to (a) clarify the requirements for assessing a financial asset's contractual cash flow characteristics (relevant among others for financial assets with ESG-linked features and contractually linked instruments), (b) provide extended disclosure requirements for equity instruments at FVOCI and (c) introduce an accounting policy choice to allow an entity to derecognise a financial liability before it delivers cash on the settlement date when specified criteria are met.
- 35 ESG lending is of great importance for European banks. The EFRAG FRB agreed in the October 2022 meeting to classify the project as being significant. In May 2024 the final amendments were published. EFRAG received an endorsement advice request from the EC.

Climate-related and Other Uncertainties in the Financial Statements

- 36 Following the 2021 IASB Third Agenda consultation, the IASB added a project on climate-related risk in financial statements to its maintenance workplan. EFRAG's own agenda consultation had similarly identified the connection between financial reporting and sustainability reporting with an initial focus on climate-related risks to be of high priority to

European stakeholders and the connectivity project was approved by the EFRAG FRB to be added to the EFRAG proactive research agenda.

- 37 In March 2023, the IASB initiated this project and will research to what extent its educational material published in 2020 is helping companies reflect climate-related risks in financial statements, and what actions, if any, it could take to improve information on these matters. Correspondingly, EFRAG considers this project to be part of the suite of its connectivity-related workstreams and, as a result, it is a significant project.
- 38 The EFRAG FRB considered this to be a high-priority project during the prioritisation of EFRAG projects and it is related to connectivity and this affirmed that it is a high-priority project. EFRAG's draft comment letter is open for consultation until 15 November and the recommendation by FR TEG in a joint TEGs meeting and approval by FRB in a joint FRB-SRB is expected shortly thereafter with the final comment letter to be submitted before 30 November 2024.

Power Purchase Agreements

- 39 In July 2023, the International Accounting Standards Board (IASB) decided to add a project to its work plan to research whether feasible narrow-scope amendments to IFRS 9 could be made for power purchase agreements. In May 2024 IASB issued an ED Contracts for Renewable Electricity. In October 2024 IASB finalised its redeliberation of the feedback received, reflecting all significant feedback received by EFRAG. The final amendments is expected in December 2024. EFRAG is preparing for the possibility of an expedient endorsement procedure.

Updating the Subsidiaries without Public Accountability: Disclosures

- 40 In developing the reduced disclosure requirements in the new IFRS Accounting Standard Subsidiaries without Public Accountability: Disclosures, the IASB considered the disclosure requirements in other IFRS Accounting Standards as at 28 February 2021. The new Standard issued does not contain reduced versions of any disclosure requirements that were added or amended after that date. That include IFRS 18 and Supplier Finance Arrangements. Consequently, the IASB will consult by publishing an exposure draft setting out whether and how to reduce these post-28 February 2021 additions and amendments to disclosure requirements in the new Standard. The exposure draft to update the new IFRS 19 *Subsidiaries without Public Accountability: Disclosures* was issued shortly after the publication of the new standard with the purpose of amending it before its effective date for all the new or amended disclosure requirements in other IFRS Accounting Standards after 28 February 2021. As the exposure draft cover changes to disclosure requirements on projects that are classified being significant by the FRB, the FRB decided to classify the project as being significant in its meeting in January 2024.

Technical Work Plan November 2024 - April 2025

Attachment 2: Work plan June 2024 - November 2024

Legend

Bold = EFRAG FRB 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 (IASB next steps in brackets)	Most recent status EFRAG		Meeting				
			11 December (physical, partly with SRB)	30 January (Online)	27 February (Online)	27 March (physical)	29 April (Online)
Primary financial statements (IFRS 18 issued 9 April 2024 - none)	DEA						FEA
Disclosure Initiative - Subsidiaries without Public Accountability (IFRS Standard 9 May 2024 - none)	Endorsement phase H1 2025					DEA	

Technical Work Plan June 2024 - November 2024

Project (IASB next steps in brackets)	Most recent status EFRAG		Meeting				
			11 December (physical, partly with SRB)	30 January (Online)	27 February (Online)	27 March (physical)	29 April (Online)
Rate-regulated Activities (IFRS Standard H1 2025)	ED DCL April 2021	ED FCL Sept 2021					
Financial Instruments with Characteristics of Equity (Final Amendments 2026)	ED DCL Jan 2024	ED FCL April 2024					
Management Commentary Practice Statement (MCPS expected in 2025, IASB decided to finalise the project)	ED DCL July 2021	ED FCL Dec 2021	Update				

Technical Work Plan June 2024 - November 2024

Project (IASB next steps in brackets)	Most recent status EFRAG		Meeting				
			11 December (physical, partly with SRB)	30 January (Online)	27 February (Online)	27 March (physical)	29 April (Online)
Dynamic Risk Management (ED H1 2025)	Summary report about Core model Outreach June 2021						
Business Combinations - Disclosures, Goodwill and Impairment (ED Feedback continued in Q4 2024)	ED DCL April 2024	ED FCL July 2024			Potential project update		
Provisions - Targeted Improvements (ED Nov 2024)	DCL		DCL (to approve)		FCL (to approve)		
Updating the Subsidiaries without Public Accountability:			FCL (potentially written procedure)				

Technical Work Plan June 2024 - November 2024

Project (IASB next steps in brackets)	Most recent status EFRAG		Meeting				
			11 December (physical, partly with SRB)	30 January (Online)	27 February (Online)	27 March (physical)	29 April (Online)
Disclosures (ED July 2024)							
Power Purchase Agreements (Final Amendments Dec 2024)	FCL July 2024		20 December (online meeting) to approve DEA				
Equity Method (ED Feedback Q2 2025)	DCL Nov 2024						
Statement of Cash Flows and Related Matters (Review research Q1 2025)							Potential project update
Climate-related and Other Uncertainties in the Financial Statements (ED feedback 2024)	ED DCL Sep 2024						

Project (IASB next steps in brackets)	Most recent status EFRAG	Meeting					
		11 December (physical, partly with SRB)	30 January (Online)	27 February (Online)	27 March (physical)	29 April (Online)	
IASB PROJECTS BY WRITTEN PROCEDURE: Implementation							
Annual Improvements to IFRS Accounting Standards (Amendments July 2024)	DEA Oct 2024		FEA				
Translation to a Hyperinflationary Presentation Currency (IAS 21) (ED Feedback Q1 2025)	ED DCL Sep 2024						
Intangible Assets (Review research Q1 2025)					Potential Update		
Amortised Costs (Review research Q1 2025)							

Technical Work Plan June 2024 - November 2024

Project (IASB next steps in brackets)	Most recent status EFRAG		Meeting				
			11 December (physical, partly with SRB)	30 January (Online)	27 February (Online)	27 March (physical)	29 April (Online)
IASB Post Implementation Review							
PIR IFRS 9 - Impairment (Feedback Statement July 2024)	N/A						
PIR IFRS 16 - Leases (Request for information H1 2025)							
EFRAG Research Projects							
EFRAG Research Connectivity between financial and	initial paper June 2024		Update				

Technical Work Plan June 2024 - November 2024

Project (IASB next steps in brackets)	Most recent status EFRAG		Meeting				
			11 December (physical, partly with SRB)	30 January (Online)	27 February (Online)	27 March (physical)	29 April (Online)
sustainability reporting							
EFRAG Research Cash Flow Reporting	DP November 2024						Potential update on comments received
EFRAG Research Reserve list project Pollutant Pricing Mechanism	Research phase H2 2024						
EFRAG research Reserve list project Operating Segment							
EFRAG Research New evidence on the relevance of recycling FVOCI gains and losses							

