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## **Technical Work Plan January - July 2022**

### **Objective**

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

### **Background**

- 2 In the past, the EFRAG 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 projects as significant.
- 4 At its June 2017 meeting, the EFRAG Board 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 TEG. IASB proposed post-implementation reviews have been included in the work plan for the convenience of EFRAG Board members, but no action is expected from the EFRAG Board (with the exception of the PIR of IFRS 9 C&M).
- 5 At its meeting in September 2016, the EFRAG Board 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 last EFRAG Board review**

- 6 *Rate Regulated Activities:* The IASB discussed the overall feedback received in October to November 2021 and redeliberation plan in December 2021. The IASB will commence the redeliberations in 2022 after outreach in Q1 2022 to its consultative group and a selection of stakeholders on the topics with significant issues.
- 7 *Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures:* The Feedback on the ED will now be discussed in H2 2022 (previously H1 2022).
- 8 *Disclosure Initiative – Targeted Standards Level Review:* The Feedback on the ED will now be discussed in Q2 2022 (previously Q1 2022).
- 9 *Management commentary:* Feedback on the ED will now be discussed in March 2022 (previously H1 2022).

- 10 *Goodwill and Impairment* project: A decision on the project direction is now expected in H2 2022 (previously Q1 2022).
- 11 *Pension benefits that depend on asset returns*: The IASB decided at the October 2021 meeting to discontinue this project. As a final step a project summary will be published in March 2022.
- 12 *PIR IFRS 10-12*: The feedback statement is now expected in Q2 2022 (previously Q1 2022).
- 13 *BCUCC*: Feedback received on the DP will now be discussed in January 2022 (previously Dec 2021).
- 14 *DRM*: Feedback received will be discussed now in Q2 2022 (previously Q1 2022).
- 15 *Equity Method*: The project direction will be decided now in March 2022.
- 16 *Extractive Activities*: The project direction will be decided in H2 2022 (previously H1 2022).
- 17 *Lease Liability in a Sale and Leaseback*: The IASB decided to publish an Amendment to IFRS 16.
- 18 With reference to the selection of future EFRAG proactive research new projects, the discussion at EFRAG TEG and EFRAG Board level will take place when the directions of the IASB future new projects and pipeline will be available, due to the dependencies of the two agenda consultations. The IASB will discuss between February and April the directions of future projects and will release the scope of the new projects toward the end of 1H22.
- 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.

#### Questions for the EFRAG Board

- 20 The approval process for the project *Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures* is addressed in the papers related to that project. The Board needs to decide whether the meeting beginning of March will be used to approve the FCL or whether, in order to speed up the process, the FCL will be approved by written procedure.
- 21 Does the EFRAG Board have any comments on the technical work plan?

#### 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 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.
- 23 EFRAG secretariat is monitoring the developments of the IASB project.

*Primary Financial Statements*

- 24 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. The *Primary Financial Statements* project is likely to lead to significant changes to the presentation of financial performance.
- 25 EFRAG secretariat is monitoring the developments of the IASB project.

*Goodwill and Impairment*

- 26 The EFRAG Board decided to consider this project in public meeting, given the significant work undertaken by EFRAG in recent years.
- 27 EFRAG secretariat is monitoring the developments of the IASB project.

*Business Combination under Common Control*

- 28 The IASB is exploring ways to improve the reporting on combinations of businesses under common control. In November 2020 the IASB issued a discussion paper. EFRAG issued its DCL on 9 February and its FCL in October 2021.

*Management Commentary*

- 29 The IASB is revising the IFRS Practice Statement 1 *Management Commentary* (Practice Statement). At the October 2020 meeting, the Board decided the project should be classified as significant.

*Dynamic risk management*

- 30 The IASB has tested in 1H21 the core model with selected preparers; EFRAG took part to this field test and focused on European preparers. The topic has a direct relevant impact for European stakeholders as the continuation of use of IAS 39 (paragraphs related to the macrohedge) is also linked to the use of the carve-out. The EFRAG Board agreed in the October 2020 meeting to classify the project as being significant.

*IASB Agenda Consultation and EFRAG research agenda consultation*

- 31 The IASB has published in March 2021 a Request for Information. EFRAG is consulting jointly on the IASB Agenda and on its own proactive research agenda. The EFRAG Board agreed in the October 2020 meeting to classify the project as being significant.

*Amendment to IAS 1 – Classification of liabilities as current or non-current*

- 32 Because of diversity in practice on the classification of liabilities as current and non-current and an apparent contradiction between IAS 1 paragraph 69(d) and IAS 1 paragraph 73 the IASB published amendments to IAS 1 on January 23, 2020.
- 33 The IASB issued as part of the issues related to COVID19 Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1) deferring the effective date of the January 2020 amendments to IAS 1 by one year to annual reporting periods beginning on or after January 1, 2023.
- 34 In December 2020 and in April 2021 the classification of liabilities was discussed in the IFRS IC meeting. The IASB decided in June 2021 to add a new project on its agenda that is expected to lead to new Amendments to IAS 1, effective from 2024. The initial Amendments were considered as “non-significant”, i.e., subject to

approval by written procedure at the EFRAG Board level. A special focus was put on the project on the basis of the concerns emerging from the IFRIC consultation.

- 35 In July 2021 the EFRAG Board decided to classify the project as being significant. The ED was published in Nov 2021.

*Disclosure Initiative – Targeted Standards Level Review*

- 36 As a reaction on the feedback received on the IASB research project on disclosures, the IASB undertook this project in response to stakeholder demand for addressing the overall disclosure problem. In March 2021, the IASB published the Exposure Draft *Disclosure Requirements in IFRS Standards—A Pilot Approach*. In the Exposure Draft, the IASB proposes a new approach to developing disclosure requirements in individual Standards (proposed Guidance for the Board) that would address better investors' information needs and clearly explains those needs in the Standards, give greater prominence to disclosure objectives, requiring companies to apply judgement and provide information that meets the described investor information needs and minimise requirements to disclose particular items of information to help companies focus on disclosing material information only. The approach is tested on IFRS 13 *Fair Value Measurement* and IAS 19 *Employee Benefits*. EFRAG Board decided to qualify the project as significant based on the potential impact on standard setting.

*Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures*

- 37 As a reaction on the feedback received on the IASB research project on disclosures, the IASB undertook this project in response to demand for a simplified and less costly approach for subsidiaries that are SME. EFRAG Board decided in the meeting 5 May 2021 to discuss the key aspects of this project, based on the importance and implications of the project in some European jurisdictions. In its June meeting EFRAG Board decided that the DCL will be approved by written procedure. Due to the summer break EFRAG TEG can only approve the DCL in its meeting mid of September. EFRAG Board 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 will be covered by TEG.

*Initial Application of IFRS 17 and IFRS 9—Comparative Information*

- 38 The ED *Initial Application of IFRS 17 and IFRS 9—Comparative Information* Proposed amendment to IFRS 17 was issued end of July with a comment period of 60 days. EFRAG Board decided that the amendment related to IFRS 17 *Insurance Contracts* should be discussed in Board meetings. Considering the outcome of the Amendments, the EFRAG Board agreed to approve the draft and final endorsement advices in written.

*Supplier Finance Arrangements*

- 39 The IFRS IC received a submission about supplier finance arrangements. In response to that submission, the Committee published the Agenda Decision *Supply Chain Financing Arrangements—Reverse Factoring*. The IASB has been informed, however, that without targeted amendments to the current disclosure requirements, users of financial statements may be unable to obtain from financial statements some of the information they need to understand the effects of the arrangements. The IASB, therefore, decided to propose adding disclosure requirements about those arrangements to meet user needs. Based on the user interest, the EFRAG Board agreed in the July 2021 meeting to classify the project as being significant.



**Attachment 2: Work plan January 2022 – July 2022**

**Legend**

**Bold** = EFRAG Board decision point      **DCL** = Draft comment letter  
**WP** = Written procedure                      **FCL** = Final comment letter  
**DP** = Discussion paper                        **DEA** = Draft endorsement advice  
**ED** = Exposure draft                            **FEA** = Final endorsement advice

Project (IASB next steps in brackets)	Most recent status					
			March 2	April 4	June 1	July 6
Rate-regulated Activities (IFRS Standard)	ED DCL April 2021	ED FCL Sept 2021		Update		
Disclosure Initiative – Subsidiaries without Public Accountability (ED Feedback H2 2022)	ED DCL Sept 2021		<b>FCL</b> (or earlier in Febr. Written procedure)			
Disclosure Initiative – Targeted Standards-level Review of Disclosures (ED Feedback Q2 2022)	ED DCL May 2021	ED FCL Jan 2022				

Technical Work Plan January - July 2022

Project (IASB next steps in brackets)	Most recent status					
			March 2	April 4	June 1	July 6
Financial Instruments with Characteristics of Equity (ED)	DP DCL Aug 2018	DP FCL Feb 2019				
Primary financial statements (IFRS Standard)	ED DCL Feb 2020	ED FCL Nov 2020		Update		
Management Commentary Practice Statement (ED Feedback March 2022)	ED DCL July 2021	ED FCL Dec 2021			Update	
Dynamic Risk Management (Decide Project Direction Q2 2022)	Summary report about Core model Outreach June 2021			Update		
Goodwill and Impairment (Decide Project Direction H2 2022)	DP DCL May 2020	DP FCL Jan 2021	Update			
Business Combinations Under Common Control (DP Feedback Jan 2022)	DP DCL Feb 2021	DP FCL Oct 2021				

Technical Work Plan January - July 2022

Project (IASB next steps in brackets)	Most recent status					
			March 2	April 4	June 1	July 6
2020 Third Agenda consultation (Request for information Feedback Statement H2 2022)		RFI FCL Oct 2021				
Initial Application of IFRS 17 and IFRS - Comparative Information - Amendments to IFRS 17	DEA Dec 2021	FEA Jan 2022				
Classification of liabilities as current or non-current (amend IAS 1) – Amendments with follow up Amendments (IFRS follow up amendment Classification of Debt with Covenants as Current or Non- current (IAS 1) ED Feedback Q2 2022)	DEA Nov 2020  ED DCL Jan 2022			<b>FCL – extra meeting end of March</b>		
Supplier Finance Arrangements (ED Feedback Q2 2022)	ED DCL Jan 2022			<b>FCL – extra meeting end of March</b>		
<b>IASB PROJECTS BY WRITTEN PROCEDURE: Implementation</b>						



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Project (IASB next steps in brackets)	Most recent status					
			March 2	April 4	June 1	July 6
Availability of a refund (Amendm IFRIC 14) (IFRS amendment rejected, decide project direction)	ED DCL July 2015	ED FCL Nov 2015				
Lack of Exchangeability (ED Feedback Jan 2022)	ED DCL June 2021	FCL Sept 2021				
Lease Liability in a Sale and Leaseback (amend IFRS 16) (IFRS Amendment)	ED DCL Dec 2020	ED FCL April 2021				
Provisions – Targeted Improvements (Decide project direction)						
<b>IASB PROJECTS: Research</b>						
Extractive activities (Decide project direction H2 2022)						
Equity Method (Decide project direction March 2022)						

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Project (IASB next steps in brackets)	Most recent status					
			March 2	April 4	June 1	July 6
<b>IASB Post-implementation reviews</b>						
Consolidation package: IFRS 10, IFRS 11, IFRS 12 (Feedback Statement Q2 2022)	DCL Jan 2021	FCL RFI Jun 2021				
IFRS 9 – Classification and Measurement <sup>1</sup> (RFI Feedback Q2 2022)	DCL Nov 2021	FCL Jan 2022				
IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>						
<b>EFRAG RESEARCH PROJECTS</b>						
General update				General Update		General Update
Better Information on Intangibles	DP published					

<sup>1</sup> For the approval of the DCL on the RFI a doodle will soon be sent for a new short session in the second half of October.

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Project (IASB next steps in brackets)	Most recent status					
			March 2	April 4	June 1	July 6
Crypto-assets	Consultation period and outreach activities closed		Feedback Statement and next steps			
Discounting with Current Interest Rates						
EFRAG Research Variable and Contingent Consideration			Update		Approve DP	