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Technical Work Plan June 2024 - November 2024

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 30 April 2024 (updated as of 19 June 2024)

- 6 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.
- 7 On 9 May 2024 the IASB published IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.
- 8 On 30 May 2024 the IASB published Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9, IFRS 7, and IFRS 19).
- 9 On 19 June 2024 the IASB discussed the timeline for the PIR IFRS 16 Leases. Phase 1 outreach and feedback to the IASB will start in June 2024 until Q1 2025. Publication of the request for information is expected in H1 2025 with a comment period of 120 days.

- 10 The IASB specified the timing for several publications/projects:
- (a) For Climate-related and Other Uncertainties in the Financial Statement an exposure draft is expected to be published in July 2024 (previously Q3 2024).
 - (b) Updating the Subsidiaries without Public Accountability: Disclosures Standard — An exposure draft is now expected in July 2024 (previously Q3 2024).
 - (c) For the maintenance project Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity (IAS 21) an exposure draft is now expected in July 2024 (previously Q3 2024).
 - (d) For Financial Instruments with Characteristics of Equity the project direction decision is expected in July 2024.
 - (e) For the recently started project Intangible Assets the review of research is now expected in Q4 2024 (previously H2 2024).
 - (f) For the Post-implementation Review of IFRS 9 — Impairment the feedback statement is now expected in July 2024 (previously Q3 2024).
 - (g) The IASB’s Exposure Draft on the project Provisions—Targeted Improvements is expected in Q4 2024 (previously H2 2024).
- 11 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.
- 12 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

- 13 Several of the IASB projects currently active are currently or soon to be in the consultation phase, there are overall seven ED consultations ongoing/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 IFRS 7 and IFRS 9 amendments has an impact on the endorsement workplan of EFRAG. The publication of Annual Improvements will follow shortly after. 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

- 14 We expect the IASB to add a number of projects in the coming months (PIR IFRS 16; the maintenance projects: IFRS 16 / IFRS 10 Sale and Lease Back – Subsidiaries, and IAS 12 – International Tax Reform Phase 2; and the Research Projects: Amortised Cost Measurement, Statement of Cash Flows and Related Matters; and Pollutant Pricing Mechanisms).

EFRAG proactive agenda

- 15 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 newly 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. EFRAG contributed to the IASB survey on pollutant pricing mechanisms and will kickstart the project in Q2 2024. A feedback statement on the Variable Consideration Discussion Paper was recently published.
- 16 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.

Attachment 2

- 17 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 the attachment 2 is an estimate and may change over time.

Request for EFRAG FRB’s view on project significance

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 has made tentative decisions related to a) application questions for investments in associates; b) improvements to disclosure requirements for investments in associates; c) investments other than those in associates accounted for using the equity method; d) transitional requirements for the amendments to be proposed to IAS 28; and e) proposing amendments the prospective Subsidiaries Standard.
- 19 On one hand, consistent with the EFRAG FRB’s prioritisation in September 2023 made in light of resource constraints, the equity method project could continue to be deemed to be a low priority/significance project as the IASB primarily aims to provide clarifications related to the identified application challenges and a fundamental overhaul of the model including clarification of whether equity method is either a measurement basis or a one-line consolidation item is not expected.

- 20 On the other hand, EFRAG's recent and past proactive work (e.g., the variable consideration project and the 2014 proactive paper¹ on equity method) could potentially be pertinent for aspects that are in the scope of the project (e.g. initial and subsequent measurement of contingent consideration). Moreover, there could be interactions with the updates to IFRS 19 that would need to be considered. The EFRAG Secretariat's consultation with the IAWG and EFRAG FR TEG on the IASB tentative decisions has also highlighted the need to consider the interaction with IFRS 18, IFRS 10 and IFRS 9. Also raised was the complexity related to subsequent acquisitions and increases in shares, and also of the layered approach in the context of the partial disposal of shares.
- 21 Consistent with the prioritisation, the EFRAG Secretariat is minimising activities related to this project. However, given the preliminary indication of the complexity of issues and questions of interaction with other IFRS Accounting Standards, the EFRAG Secretariat seeks to know whether the EFRAG FRB would like to consider this project as significant and discuss the comment letter before approval instead of only approval via written procedures.

Questions for the EFRAG FRB

- 22 Does the EFRAG FRB have any comments on the technical work plan?
- 23 Does the EFRAG FRB consider the equity method project to be significant?

1

https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FProject%20Documents%2F300%2FThe%20Equity%20Method_%20A%20measurement%20basis%20or%20one%20line%20consolidation.pdf

Attachment 1: Basis for classifying projects as significant

Financial Instruments with Characteristics of Equity

- 24 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)

- 25 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

- 26 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.
- 27 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.
- 28 An exposure draft was issued in March 2024.

Management Commentary

- 29 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

- 30 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.
- 31 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

- 32 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.

- 33 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

- 34 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 Q4 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

- 35 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 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.

Amendments to the Classification and Measurement of Financial Instruments

- 36 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.
- 37 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

- 38 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.
- 39 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.

- 40 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.

Power Purchase Agreements

- 41 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. The EFRAG Secretariat has received feedback from European constituents that PPAs are considered an important topic. As a result, the EFRAG Secretariat has taken an active position and developed a principle-based proposal to a set of minor but important amendments to paragraphs in IFRS 9 and IFRS 7. The proposal is currently discussed with several constituents including the IASB.

Updating the Subsidiaries without Public Accountability: Disclosures

- 42 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. When the new Standard is issued, it will not contain reduced versions of any disclosure requirements that were added or amended after that date. That would 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* will be 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 would 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 June 2024 - November 2024

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		Meeting				
			17 July (Online)	29 July (Online PPA meeting joint with FR TEG)	8 October (TBC Online meeting joint with FR TEG)	14 November (Online)	15 November (Online)
Rate-regulated Activities (IFRS Standard 2025)	ED DCL April 2021	ED FCL Sept 2021					
Disclosure Initiative - Subsidiaries without Public Accountability (IFRS Standard May 2024)			Tentative: Update and Endorsement Approach (subject to receiving an endorsement advice request 2 weeks before the meeting)		Tentative: Update and Endorsement Approach		
Financial Instruments with	ED	ED FCL					

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Project (IASB next steps in brackets)	Most recent status		Meeting				
			17 July (Online)	29 July (Online PPA meeting joint with FR TEG)	8 October (TBC Online meeting joint with FR TEG)	14 November (Online)	15 November (Online)
Characteristics of Equity (Decide project direction July 2024)	DCL Jan 2024	April 2024					
Primary financial statements (IFRS 18 issued 9 April 2024)							DEA
Management Commentary Practice Statement (MCPS expected in 2025, IASB decided to finalise the project)	ED DCL July 2021	ED FCL Dec 2021					
Dynamic Risk Management (ED H1 2025)	Sum mary repo rt abou t Core mod						

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Project (IASB next steps in brackets)	Most recent status		Meeting					
			17 July (Online)	29 July (Online PPA meeting joint with FR TEG)	8 October (TBC Online meeting joint with FR TEG)	14 November (Online)	15 November (Online)	
	el							
Business Combinations - Disclosures, Goodwill and Impairment (ED Feedback Q4 2024)	ED DCL April 2024		FCL					
Provisions - Targeted Improvements (ED Q4 2024)			Update to receive input on EFRAG's tentative positions to prepare the DCL			To receive an update on EFRAG TEG's position on the proposals		
Amendments to the Classification and Measurement of Financial Instruments (Amendments May 2024)					FEA			

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Project (IASB next steps in brackets)	Most recent status		Meeting				
			17 July (Online)	29 July (Online PPA meeting joint with FR TEG)	8 October (TBC Online meeting joint with FR TEG)	14 November (Online)	15 November (Online)
Updating the Subsidiaries without Public Accountability: Disclosures (ED July 2024)			Update to receive input on EFRAG's tentative positions to prepare the DCL		DCL (potential written input or earlier meeting)		FCL
Power Purchase Agreements (ED Feedback August 2024)				FCL			
Climate-related and Other Uncertainties in the Financial Statements (ED July 2024)					DCL (additional meeting in September will be doodled)		
IASB PROJECTS BY WRITTEN PROCEDURE: Implementation							
Equity Method (ED Q3 2024)							
Annual Improvements to IFRS Accounting Standards					DEA (written procedure)		

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Project (IASB next steps in brackets)	Most recent status		Meeting				
			17 July (Online)	29 July (Online PPA meeting joint with FR TEG)	8 October (TBC Online meeting joint with FR TEG)	14 November (Online)	15 November (Online)
(Amendments July 2024)							
Use of a Hyperinflationary Presentation Currency by a Non- hyperinflationary Entity (IAS 21) (ED July 2024)					TBD DCL (written procedure)		
Intangible Assets (Review research Q4 2024)							
IASB Post Implementation Review							
PIR IFRS 9 - Impairment (Feedback Statement July 2024)			Update				
PIR IFRS 15 - Revenue Recognition (Feedback							

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Project (IASB next steps in brackets)	Most recent status		Meeting				
			17 July (Online)	29 July (Online PPA meeting joint with FR TEG)	8 October (TBC Online meeting joint with FR TEG)	14 November (Online)	15 November (Online)
Statement Q3 2024)							
PIR IFRS 16 - Leases (Project Start Q2 2024)							
EFRAG Research Projects							
EFRAG research Crypto-assets	Recommend ations and feedback statement issued in April 2022						
EFRAG Research Variable Consideration	DP publi shed	Feed back State ment Publi					

Technical Work Plan June 2024 - November 2024

Project (IASB next steps in brackets)	Most recent status		Meeting				
			17 July (Online)	29 July (Online PPA meeting joint with FR TEG)	8 October (TBC Online meeting joint with FR TEG)	14 November (Online)	15 November (Online)
	Sept 2022	shed April 2024					
EFRAG Research Connectivity between financial and sustainability reporting							
EFRAG Research Cash Flow Reporting			Update		Approval of a DP		
EFRAG Research Reserve list project Pollutant Pricing Mechanism			Update on the survey and possible scope				
EFRAG research Reserve list project Operating Segment							
EFRAG Research New evidence on the relevance of							

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			17 July (Online)	29 July (Online PPA meeting joint with FR TEG)	8 October (TBC Online meeting joint with FR TEG)	14 November (Online)	15 November (Online)
recycling FVOCI gains and losses							