

## STAFF PAPER

January 2021

## Board Meeting

<b>Project</b>	<b>Work plan</b>
Paper topic	Update
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (the Board). The views expressed in this paper do not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS<sup>®</sup> Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB<sup>®</sup> *Update*.

**Purpose of the paper**

1. This paper provides an update on the Board's [work plan](#) since its last update in October 2020.
2. The purpose of this paper is to provide a holistic view of the Board's technical projects to support:
  - (a) decisions about whether to add or remove projects, as may be discussed in individual project papers.
  - (b) assessment of overall progress on the work plan, including project prioritisation and timing.
3. This paper does not ask the Board to make any decisions.
4. The staff expects to provide the next work plan update in around three or four months.

**Structure of the paper**

5. This paper is structured as follows:
  - (a) Completed projects (paragraph 6);
  - (b) New projects (paragraphs 7–9);
  - (c) Current projects (paragraphs 10–17);

- (d) Question for the Board;
- (e) Appendix A: Research pipeline and other projects; and
- (f) Appendix B: Estimated timetable of consultation documents.

## Completed projects

- 6. In December 2020, the Board issued IFRS Taxonomy 2020—Update 2 *Interest Rate Benchmark Reform—Phase 2*.

## New projects

- 7. As decided at the Board’s October 2020 meeting, we have started work on the Post-implementation Review (PIR) of the classification and measurement requirements in IFRS 9 *Financial Instruments*.
- 8. At a future meeting, the Board will be asked whether to add a narrow-scope project to its work plan on additional, specific disclosures requirements in relation to supply chain financing arrangements.
- 9. The Board will not start any remaining research pipeline projects or the PIR of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, described in Appendix A. Rather, as decided at the Board’s October 2020 meeting, the Board will obtain updated information about those projects as part of the 2020 Agenda Consultation to help reassess their relative priority.

## Current projects

### ***Expected final amendments***

- 10. The Board expects to issue final amendments for the following projects in February 2021:
  - (a) Disclosure Initiative—Accounting Policies.
  - (b) Accounting Policies and Accounting Estimates (Amendments to IAS 8).

These amendments will be issued at the same time to support efficient post-publication procedures by our stakeholders. They were originally expected in December 2020 but have been deferred to address a sweep issue that arose in the balloting process for Disclosure Initiative—Accounting Policies.

11. The following IFRS Taxonomy Updates are expected to be issued in March 2021 for inclusion in the Annual Taxonomy 2021:
  - (a) Amendments to IFRS 17, IFRS 4 and IAS 6
  - (b) 2020 General Improvements and Common Practice
  - (c) Common Practice (IAS 19 *Employee Benefits*) (currently out for comment – see paragraph 14(a)).
12. The Board expects to issue final amendments for Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) in Q2 2021.

### **Consultation documents**

13. The Board continues to have a significant number of projects in the balloting process or out for consultation. This is resulting in a high volume of drafting, balloting and outreach activities outside of public Board meetings. Consequently, in the near-term, Board meetings are expected to continue to be shorter than in the past.
14. The following projects are out for consultation:
  - (a) Proposed IFRS Taxonomy Update—Common Practice (IAS 19 *Employee Benefits*), with a comment deadline of 26 January 2021.
  - (b) Outreach on Dynamic Risk Management to be undertaken through February 2021.
  - (c) Exposure Draft on Lease Liability in a Sale and Leaseback, with a comment deadline of 29 March 2021.
  - (d) Request for Information on Post-implementation Review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and

IFRS 12 *Disclosure of Interests in Other Entities*, with a comment deadline of 10 May 2021.

- (e) Discussion Paper on Business Combinations under Common Control, with a comment deadline of 1 September 2021.

15. The following documents are expected to be published for consultation within approximately the next six months:

- (a) Exposure Draft on Rate-Regulated Activities expected to be published in January 2021.
- (b) Proposed IFRS Taxonomy Update—Amendments to IAS 1, IAS 8 and IFRS Practice Statement 2.
  - (i) Paragraph A29 of the Due Process Handbook states that Board approval of a proposed IFRS Taxonomy update normally takes place concurrently with the approval of the ballot of the related final IFRS Standard. However, the Board may decide to approve the proposed IFRS Taxonomy update at a later time if its concurrent publication with the related Standard risks delaying the publication of the amendments.
  - (ii) The Proposed IFRS Taxonomy update is expected to be ready for publication in March 2021. However, as noted in paragraph 10 above, the amendments to the Standards are expected to be ready for issuance in February 2021. To avoid delay in issuing these amendments, the proposed IFRS Taxonomy will be balloted and published slightly later than the amendments to the Standards.
- (c) Exposure Draft on the Disclosure Initiative—Targeted-Standards-level Review of Disclosures expected to be published in March 2021.
- (d) Exposure Draft on Lack of Exchangeability (Amendments to IAS 21) expected to be published in March 2021.
- (e) Request for Information on the Agenda Consultation expected to be published in March 2021.
- (f) Exposure Draft on Management Commentary expected to be published in April 2021.

- (g) Request for Information on the classification and measurement requirements in IFRS 9 *Financial Instruments* expected to be published in Q3 2021.
16. We continue to monitor these timetables and stakeholder concerns about their capacity. We currently believe that these timetables are achievable and generally manageable for stakeholders. See Appendix B for a summary of estimated timetables for consultation documents.

### ***Move to standard-setting programme***

17. In December 2020, the Board decided to move the Financial Instruments with Characteristics of Equity project from its research programme to its standard-setting programme. This move signifies that the Board has concluded that sufficient evidence exists that an accounting problem exists, that the problem is sufficiently important that standard-setting is required and that a feasible solution can be found.

### **Question for the Board**

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1. Do you have any questions or comments on the projects or about the work plan?

## Appendix A: Research pipeline and other projects

### *Research pipeline*

- A1. The Board set up a pipeline of research projects in late 2016, following the 2015 Agenda Consultation. Pipeline projects are not yet on the active work plan.
- A2. The research pipeline initially included eight projects, of which five have since become active. The Board consciously limited the size of the research pipeline so that it contains only those research projects on which it thought it could realistically expect to do a significant amount of the research before the 2020 Agenda Consultation.
- A3. The remaining projects in the research pipeline are described below:
- (a) High Inflation: Scope of IAS 29
- (i) The objective of the project is to assess whether it would be feasible to extend the scope of IAS 29 *Financial Reporting in Hyperinflationary Economies* to cover economies subject to only high inflation, without amending other requirements of IAS 29. If the research establishes that this scope extension would not be feasible, staff expects to recommend no work on IAS 29.
- (ii) In particular, the research would assess:
- whether users who have no experience of using financial statements prepared under IAS 29 would welcome a requirement to apply IAS 29 when the reporting currency is subject to high inflation;
  - whether extending the scope of IAS 29 would often lead to some countries dipping in and out of the scope of the Standard; and
  - whether extending the scope of IAS 29 would place extra strain on the approach used by IAS 29.

- (b) Pollutant Pricing Mechanisms
- (i) The objective of the project is to assess whether the Board should develop a proposal to address any diversity that may exist in accounting for pollutant pricing mechanisms (including emissions trading schemes).
  - (ii) The Board last discussed previous work on this topic in October 2015 (with a limited update during the 2015 Agenda Consultation in April 2016).
- (c) Variable and Contingent Consideration
- (i) The objective of the project is to assess whether the Board should develop a proposal on how to account for variable and contingent payments for asset purchases outside a business combination. Once the Board has considered this topic, there may be a need for some follow up research on risk-sharing and collaborative arrangements.
  - (ii) This project came out of referrals from the IFRS Interpretations Committee. The first step would be to do some initial scoping work to assess how broad this project is. The issues to be considered are likely to include:
    - when should a liability be recognised for a future variable or contingent payment, at what amount, and should part or all of that amount be reflected in the measurement of the asset acquired?
    - should subsequent remeasurements of the liability lead to revisions to the measurement of the asset purchased (and if so in what circumstances), or are the remeasurements part of the entity's financial performance?

### ***Other projects – PIR of IFRS 5***

- A4. The Board decided after the 2015 Agenda Consultation to carry out a PIR of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The Board is not required to carry out a PIR of IFRS 5, but decided that a PIR would be the

most effective and efficient way to review issues identified by the IFRS Interpretations Committee. The purpose of the PIR would be to evaluate whether IFRS 5 is working as the Board intended. IFRS 5 came into effect in 2005.



## Appendix B: Estimated timetable of consultation documents

B1. The table below sets forth the estimated timetable for all Board consultation documents, other than narrow-scope amendments and proposed IFRS Taxonomy updates, expected to be published in approximately the next six months. This table assumes:

- (a) unless otherwise already decided by the Board, a 120-day comment period, in line with the Due Process Handbook; these projects are highlighted in yellow.
- (b) publication of forthcoming documents at the end of the month.
- (c) publication of the Request for Information on the classification and measurement requirements in IFRS 9 *Financial Instruments* in September 2021. Publication is expected in Q3 2021; the month is yet to be determined.

Consultation Document	2021												2022		
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
<b>Published</b>															
Discussion Paper - Business Combinations under Common Control									(1 Sep)						
Request for Information - Post-implementation Review of IFRS 10, 11 and 12						(10 May)									
<b>Forthcoming</b>															
<b>Broad-based technical topics</b>															
Exposure Draft - Management Commentary															
Exposure Draft - Targeted Standards-level Review of Disclosures															
Request for Information - PIR IFRS 9 classification & measurement requirements															
<b>Targeted technical topics</b>															
Exposure Draft - Rate-regulated Activities															
<b>Strategic topics</b>															
Request for Information - Agenda Consultation															