

# AGENDA PAPER

IFRS® Foundation Trustees meeting – Due Process Oversight Committee

Kuala Lumpur      January 2019

Agenda ref    1B

---

CONTACT            Henry Rees

---

## Technical Activities: Key Issues and Update

### Purpose of the report

1. This report provides the Due Process Oversight Committee (DPOC) with an update on the activities of the International Accounting Standards Board (Board) and the IFRS Interpretations Committee for the period October to December 2018.
2. The report sets out how the Board and the Interpretations Committee have fulfilled their due process obligations, as set out in the *Due Process Handbook*. The report aims to assist the DPOC in fulfilling its role of overseeing the due process activities of the Board and the Committee, as set out in paragraphs 2.1–2.15 of the *Due Process Handbook*. Paragraph 2.8(a) of the *Due Process Handbook* explains:

*The DPOC is responsible for ... reviewing regularly, and in a timely manner, together with the IASB and the IFRS Foundation Staff, the due process activities of the standard-setting activities of the IASB.*

3. At this meeting there are no projects for which the DPOC is being asked to specifically confirm that due process has been followed.
4. The report is structured as follows:
  - (a) Due process procedures in the period (paragraphs 6–32). This part of the report informs the DPOC about the following matters that occurred during the period:
    - (i) Standard-setting due process documents issued;
    - (ii) other due process documents published;
    - (ii) Interpretations Committee agenda decisions published;
    - (iv) IFRS Taxonomy due process documents issued; and
    - (v) other due process deliberations and decisions in the period.
  - (b) Other matters occurring during the period for the attention of the DPOC (paragraphs 33–45). This part of the report highlights specific matters relating to

the Board's technical projects and implementation activities as background information for the DPOC.

(c) Agenda paper compliance report (paragraphs 46–47).

(d) Changes in the Board's Work Plan in the period (paragraphs 48–49).

5. The accompanying appendices are as follows:

**Appendix A**—Changes in the Work Plan in the period

**Appendix B**—Overview of projects on the work plan at 31 December 2018 reflecting the changes indicated in Appendix A. The purpose of this appendix is to summarise the status of each of the projects on the Board's work plan as background information for the DPOC, organised as follows:

- Section 1—Research projects
- Section 2—Standard-setting projects
- Section 3—Maintenance projects
- Section 4—Current IFRS Taxonomy projects

## Due process procedures in the period

### Standard-setting due process documents issued

6. The following table lists the standard-setting due process documents issued in the period together with the date that the Board paper summarising the due process steps taken in developing that due process document was:
- (a) approved by the Board to confirm that all necessary due process steps to date on the project had been completed; and
  - (b) reported to the DPOC (via the pre-board meeting email).

Due process document	Issued	Due Process Stage	Due Process Steps	
			Approved by Board <sup>1</sup>	Reported to DPOC
Definition of a Business (Amendments to IFRS 3)	October 2018	IFRS Amendment	October 2017	16 October 2017
Disclosure Initiative— Definition of Material (Amendments to IAS 1 and IAS 8)	October 2018	IFRS Amendment	July 2018	13 July 2018
Onerous Contracts—Cost of Fulfilling a Contract (Proposed Amendments to IAS 37)	December 2018	Exposure Draft	September 2018	13 September 2018
Preface to IFRS Standards	December 2018	Revised Preface	October 2018	18 October 2018

### Other due process documents published

7. In December 2018, the Board published its Project Summary and Feedback Statement on the Post Implementation Review of IFRS 13 *Fair Value Measurement*. The DPOC reviewed the due process undertaken on this PIR at its October 2018 meeting and confirmed that all necessary due process steps had been followed.

### Interpretations Committee Agenda Decisions published

8. The Interpretations Committee did not publish any final agenda decisions in the period.

<sup>1</sup> Paragraphs 6.22–6.24 and 6.6 of the *Due Process Handbook* set out the due process requirements for the Board when issuing a new or amended Standard and an Exposure Draft, respectively. Before issuing the new or amended Standard or Exposure Draft, the staff presents a summary of the due process steps to the Board and asks the Board to confirm that it is satisfied that all necessary steps have been completed. The DPOC receives a copy of this summary in advance of the Board discussion.

## IFRS Taxonomy due process documents issued

9. The following table lists the taxonomy due process documents issued in the period and, where applicable, the date that publication was approved by the Board.
10. The Board is required to approve Taxonomy Updates reflecting new or amended IFRS Standards; it is not required to approve new common practice or other content changes not referred to explicitly by the IFRS Standards. Changes for new common practice or other content changes not referred to explicitly by the IFRS Standards are required to be reviewed by the IFRS Taxonomy Review Panel. The Panel consists of at least three, but not more than five Board members and a Technical Director. The IFRS Taxonomy Consultative Group (ITCG) also reviews Proposed IFRS Taxonomy Updates and final IFRS Taxonomy Updates.

IFRS Taxonomy Update (not subject to Board approval)	Published	Reviewed <sup>2</sup>	
		IFRS Taxonomy Review Panel	ITCG
Proposed IFRS Taxonomy Update—General Improvements	December 2018	December 2018	October 2018

<sup>2</sup> The due process procedures for the IFRS Taxonomy are set out in the Annex to the *Due Process Handbook*. Paragraph A16 sets out the due process requirements for Taxonomy Updates relating to IFRS Standards. Paragraphs A30–A35 and A45 set out the requirements for new common practice and other content changes not referred to explicitly by the IFRS Standards.

## Other due process deliberations and decisions in the period

### IFRS 17 Insurance Contracts

11. When IFRS 17 *Insurance Contracts* was issued, the Board initiated a comprehensive programme of stakeholder engagement, including establishing a Transition Resource Group. One objective of this engagement was to obtain information to understand the practical challenges of implementing IFRS 17 and identify possible ways the Board could ease the burden of transition if appropriate. Through this process, the Board has identified some concerns and implementation challenges, including those related to the balance of costs and benefits from applying IFRS 17.
12. Throughout the development of IFRS 17, the Board was aware that applying the Standard for the first time would result in significant costs for some entities, but overall considered that the benefits of the Standard would outweigh the costs. Nonetheless, the Board indicated that it would consider whether additional action was needed to address matters identified as entities began their implementation efforts.
13. In October 2018, the Board considered the concerns and implementation challenges identified during entities' implementation of IFRS 17, and commenced a process of evaluating the need for making possible amendments to the Standard. The Board is aware that making amendments to a recently issued Standard carries a risk of disruption to implementation processes that are already underway. The Board is also aware of the need to ensure that any amendments do not unduly delay the effective date of this much-needed Standard. Accordingly, at its October 2018 meeting, the Board tentatively decided that, in addition to demonstrating a need for the amendment, any proposal must meet the following criteria:
  - (a) The amendments would not result in significant loss of useful information relative to that which would otherwise be provided by IFRS 17 for users of financial statements—any amendments would avoid significantly:
    - (i) reducing the relevance and faithful representation of information in the financial statements of entities applying IFRS 17;
    - (ii) causing reduced comparability or introducing internal inconsistency in IFRS Standards, including within IFRS 17; or
    - (iii) increasing complexity for users of financials statements, thus reducing understandability.
  - (b) The amendments would not unduly disrupt implementation already under way or risk undue delays in the effective date of this Standard, which is needed to address many inconsistencies in the existing wide range of insurance accounting practices.
14. The Board is now evaluating which of the concerns and implementation challenges identified justify amendments to the Standard that would meet these criteria. As at

December 2018, the Board has tentatively decided to propose the following amendments:

- (a) a one-year deferral of the effective date of IFRS 17 (and relatedly a one-year deferral of the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9 *Financial Instruments*).
  - (b) an amendment to the requirements in IFRS 17 so that the presentation of insurance contract assets and liabilities in the statement of financial position is determined using portfolios of insurance contracts rather than groups of insurance contracts.
15. The Board will continue to consider the concerns and implementation challenges during the first quarter of 2019, relating to the following topics:
- (a) Scope of IFRS 17 | Loans and other forms of credit that transfer insurance risk
  - (b) Level of aggregation of insurance contracts
  - (c) Acquisition cash flows for renewals outside the contract boundary
  - (d) Contractual service margin: coverage units in the general model
  - (e) Reinsurance contracts held: initial recognition when underlying insurance contracts are onerous
  - (f) Reinsurance contracts held: ineligibility for the variable fee approach
  - (g) Transition.
16. After the Board has considered all the individual topics, the Board plans to consider the package of proposed amendments. At that meeting the Board will consider whether:
- (a) any amendments to the disclosure requirements are required as a result of the amendments tentatively decided by the Board;
  - (b) the benefits of the amendments outweigh the costs as a whole; and
  - (c) the package of amendments as a whole does not unduly disrupt implementation and risk undue disruption to the effective date.

#### *Comment period*

17. The Board's proposals for amending IFRS 17 will be exposed for public comment, in accordance with the *Due Process Handbook*. The Board expects to publish the Exposure Draft (ED) around the end of the first half of 2019.
18. Paragraph 6.7 of the *Handbook* states that the Board normally allows a minimum period of 120 days for comment on an Exposure Draft. However, if the matter is narrow in scope and urgent, the Board may consider a comment period of no less than 30 days, but only after consulting and obtaining approval from the DPOC.
19. While the comment period needs to strike a balance between the need to finalise any amendments to IFRS 17 sufficiently in advance of the mandatory effective date and

the need to allow interested parties to consider the proposals and provide input to the Board, the staff thinks that it is important for affected entities to have clarity as soon as practicably possible.

20. The staff note that the Board will need time after the end of any comment period to redeliberate the proposals, even assuming agreement with the proposals and that no unexpected issues arise. The staff also note that the Board normally allows 12-18 months before requirements are effective to allow entities sufficient implementation time. The mandatory effective date of IFRS 17 is for annual periods beginning on or after 1 January 2021, which means that amendments would need to be finalised by the second half of 2019. If the Board confirms the proposal to defer the mandatory effective date to periods beginning on or after 1 January 2022, the Board could finalise amendments by the second half of 2020 and still give sufficient notice. Nonetheless it would be helpful for entities if the Board could confirm any amendments, in particular those relating to the effective date, as soon as possible. Timely finalisation of any amendments to IFRS 17 would help to minimise possible disruption of companies' implementation processes.
21. Therefore, to ensure that any amendments to IFRS 17 can be finalised on a timely basis before the proposed effective date of 1 January 2022, the staff expects to ask the DPOC for approval for a shortened comment period for that consultation in due course.

#### **IBOR Reform and its Effects on Financial Reporting**

22. At the October 2018 DPOC meeting, we reported that the Board had added a project to its research programme to explore the possible effects on financial reporting of interbank offered rate (IBOR) reform and the resulting possible discontinuation of benchmarks such as LIBOR.
23. At its December 2018 meeting, the Board decided to move this project (IBOR Reform and its Effects on Financial Reporting) to its standard-setting programme. The Board will prioritise the analysis of accounting issues affecting financial reporting leading up to IBOR reform. The project will then focus on issues that affect financial reporting when IBOR reform is enacted.
24. This project is considered further in Agenda Paper 1C for this meeting.

#### **Narrow-scope and other amendments**

##### *Annual Improvements to IFRS Standards 2018–2020 Cycle*

25. In December 2018, the Board confirmed it was satisfied that it had complied with applicable due process requirements to issue an Exposure Draft of *Annual Improvements to IFRS Standards 2018–2020 Cycle*.
26. The Exposure Draft will propose four minor narrow-scope amendments to IFRS Standards.

27. The Exposure Draft will have a comment period of at least 90 days in accordance with paragraph 6.15 of the *Due Process Handbook*. The Exposure Draft is expected to be issued in the second quarter of 2019.

#### *Updating a Reference to the Conceptual Framework (Amendment to IFRS 3)*

28. In December 2018, the Board confirmed it was satisfied that it had complied with applicable due process requirements to issue an Exposure Draft of narrow-scope amendments to IFRS 3 *Business Combinations*.
29. The Exposure Draft will propose updating IFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework* and adding an exemption to the recognition requirements of IFRS 3. The objective of the exemption is to avoid a resulting conflict between the accounting for levies in IFRIC 21 *Levies* and other obligations in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* on a business combination and subsequently.
30. The Exposure Draft will have a comment period of 120 days in accordance with paragraph 6.7 of the *Due Process Handbook* and is expected to be issued in the second quarter of 2019.

#### *Preface to IFRS Standards*

31. The *Preface to IFRS Standards* sets out objective and due process for the Board and it was last substantively revised in 2002. Since that time, there have been changes to the Board's and IFRS Foundation's governance including the creation of the *Due Process Handbook*. At its October 2018 meeting, the Board decided to remove information from the *Preface* now more appropriately covered by the *Constitution* or *Due Process Handbook*. The Board decided that these amendments did not require formal public consultation because no substantive changes were made to the *Preface* other than to remove information that is already covered in other documents and which, in some cases, was out of date.
32. The revised *Preface* will be included in all the 2019 versions of the bound volumes of IFRS Standards.



## Other matters occurring during the period for the attention of the DPOC

### Technical projects

#### Goodwill and Impairment

33. As previously reported to the DPOC, the Board is:
- (a) exploring whether disclosures could be improved to enable investors to assess more effectively whether a business combination was a good investment decision and whether the acquired business is performing after the acquisition as was expected at the time of the acquisition.
  - (b) pursuing the objective of simplifying the accounting for goodwill by:
    - (i) pursuing possible relief from the mandatory annual quantitative impairment test of goodwill; and
    - (ii) exploring whether to reintroduce amortisation of goodwill.
  - (c) pursuing two targeted improvements to the calculation of value in use for the impairment test in IAS 36 *Impairment of Assets*.
34. In October 2018 the Board discussed the additional work to be performed on the research project before drafting a Discussion Paper and the timing of that work. The Board also reviewed a draft outline of the Discussion Paper. The Board plans to publish the Discussion Paper in the second half of 2019.

#### Primary Financial Statements

35. At the October DPOC meeting, we reported that the Board had recently moved the project from its research programme onto its standard-setting programme.
36. The Board discussed the project at its October, November and December 2018 meetings and reached a number of tentative decisions. These mostly related to the labelling of the additional subtotals the Board is proposing requiring entities to present in the statement of financial performance, and to proposals for management performance measures in the financial statements. These decisions included describing one of the subtotals the Board is proposing to define and require entities to present in the statement of financial performance as operating profit. This means the Board is defining one of the most commonly used measure of performance, operating profit. The Board considered whether to define EBITDA, another commonly used measure of performance, and tentatively decided not to, because it would be difficult to reconcile such a definition with its definition of operating profit. This means entities would be able to use the term EBITDA to describe their management performance measure and define it themselves.
37. The Board also tentatively decided to prohibit entities from using columns in the statement of financial performance to present management performance measures.

38. The Board will continue its discussion in 2019 and plans to publish a consultation document at the end of 2019. The Board has yet to decide whether that document will be a Discussion Paper or an Exposure Draft.

### **Management Commentary**

39. The Management Commentary Consultative Group (MCCG) was formed in 2018 to support the project to update IFRS Practice Statement 1 *Management Commentary*. The MCCG has now met twice (September 2018 and January 2019).
40. At the October 2018 DPOC meeting, as part of the annual review of consultative groups, we explained that one user member of the MCCG had resigned and that we were seeking a replacement member from within that member's jurisdiction. No suitable replacement was forthcoming. Subsequently another user member resigned in January 2019.
41. Despite the MCCG now comprising 16 members rather than the 18 initially envisaged, the staff view is that it is providing the Board with useful input from a range of different perspectives and countries, including from the remaining five users. There are also four observer organisations that provide input at the MCCG meetings. The staff therefore does not plan to search for replacement members at this stage. The composition of the MCCG will be reconsidered at the next stage of the project.
42. The feedback received from the MCCG is being supplemented with other outreach activities, notably outreach with users. For example, the Management Commentary project was discussed at the November 2018 Capital Markets Advisory Committee (CMAC) meeting and is expected to be discussed at both March and June 2019 CMAC meetings.

### **Implementation activities**

#### **Interpretations Committee**

43. The Interpretations Committee met in November 2018 and published six tentative agenda decisions, each of which includes material explaining the application of IFRS Standards to support their consistent application. (There were no agenda decisions to finalise at the meeting.) At the close of the November meeting, there was one submission from a stakeholder that had not yet been considered by the Committee.

#### **Cryptoassets**

44. The staff have been monitoring cryptoasset developments at the Board's request since the topic was discussed at the December 2016 Accounting Standards Advisory Forum (ASAF) meeting. At its November 2018 meeting, the Board decided not to add a project on cryptoassets to its work-plan. Information considered by the Board indicated that, at present, holdings of cryptocurrencies and Initial Coin Offerings (ICOs) are not prevalent amongst entities that prepare financial statements applying IFRS Standards. In making its decision the Board considered feedback provided by the ASAF in April 2018, the Emerging Economies Group in May 2018 and the Interpretations Committee in September 2018.

45. In November the Board also decided to:
- (a) continue to monitor developments regarding cryptoassets; and
  - (b) ask the Interpretations Committee to consider publishing an agenda decision that would explain how entities apply existing IFRS Standards to holdings of cryptocurrencies.

## Agenda paper compliance report

46. Paragraph 3.12 of the *Due Process Handbook* states:

*The technical staff is required to report to the IASB and the DPOC at least annually on the extent to which material discussed by the IASB or the Interpretations Committee has not been made available to observers and the main reasons for doing so. In addition, the technical staff is required to include in that report the number of meeting papers that have been posted later than 5 working days in advance and the main reasons for doing so.*

47. In the period October to December 2018, all agenda papers discussed by the Board and the Interpretations Committee were made available on our public website unaltered. No papers were posted after the posting deadline.

## Changes in the Board's Work Plan in the period

48. Appendix A details *changes* in the Board's Work Plan in the period October to December 2018. This includes explaining any changes in project timings in the period.
49. Since our last report to the DPOC, the main timetable adjustments to research and standard-setting projects are to Business Combinations under Common Control, Dynamic Risk Management, Goodwill and Impairment, and Primary Financial Statements.

## Appendix A—Changes in the Work Plan in the period October to December 2018

Description	Next milestone	Original forecast for next milestone	Expected date for next milestone		Explanation of changes in expected dates
			as at 1 October 2018	as at 31 December 2018	
<b>Research Projects</b>					
Business Combinations under Common Control	Discussion Paper	H1 2018	H2 2019	2020	Change to 2020 in the light of the current status of deliberations and remaining topics to be discussed. (Previous change from 2018 to 2019 arose on detailed review of project plan.)
Disclosure Initiative—Principles of Disclosure	Project Summary	n/a	No date set	March 2019	Date set in period
Discount Rates	Project summary	Q3 2017	December 2018	February 2019	Change from December 2018 to February 2019 (and previous changes) due to staff focussing on projects with higher priority. The project summary will simply summarise information already in publicly available Board papers.
Dynamic Risk Management	Core model	H2 2018	H1 2019	H2 2019	Change from H1 to H2 2019 due to project team working on IBOR Reform. (Previous change from 2018 to 2019 due to decision to undertake outreach on the core model before publication of a Discussion Paper.)
Goodwill and Impairment	Discussion Paper	May 2018	No date set	H2 2019	Date set in period following discussion in the October 2018 Board meeting. (Previous change from 2018 arose after deciding to refocus the objectives for the remaining work.)

## Appendix A—Changes in the Work Plan in the period October to December 2018

Description	Next milestone	Original forecast for next milestone	Expected date for next milestone		Explanation of changes in expected dates
			as at 1 October 2018	as at 31 December 2018	
Provisions	Review Research	n/a	n/a	H2 2019	New project in period
PIR of IFRS 13 Fair Value Measurement	Feedback Statement	H2 2018	December 2018	n/a	Project completed in period—Feedback Statement published in December 2019
Share-based Payment	Project Summary	Q3 2017	October 2018	n/a	Project completed in period—Project Summary published in October 2019
<b>Standard-setting Projects</b>					
Primary Financial Statements	Discussion Paper or Exposure Draft	H1 2018	H1 2019	H2 2019	Change from H1 to H2 2019 due to it taking longer to discuss and conclude on technical issues than expected. (Previous changes arose on detailed review of project plan, and due to it taking longer to discuss and conclude on technical issues than expected and changes in project staffing.)
<b>Other Projects</b>					
IFRS Taxonomy Update—2018 General Improvements	Analyse Feedback	n/a	n/a	No date set	New milestone set in period
IFRS Taxonomy Update—Common Practice	Analyse Feedback	n/a	n/a	March 2019	New milestone set in period

## Appendix A—Changes in the Work Plan in the period October to December 2018

Description	Next milestone	Expected date for next milestone		Explanation of changes in expected dates
		as at 1 October 2018	as at 31 December 2018	
<b>Maintenance Projects</b>				
Accounting Policies and Accounting Estimates (Amendments to IAS 8)	Decide Project Direction	October 2018	April 2019	Change from October 2018 to April 2019 due to staff focussing on projects with higher priority
Accounting Policy Changes (Amendments to IAS 8)	Decide Project Direction	n/a	No date set	New milestone set in period
Amendments to IFRS 17 <i>Insurance Contracts</i>	Exposure Draft	n/a	H1 2019	New project in period
Annual improvements to IFRS Standards 2018-2020 Cycle	Exposure Draft	No date set	Q2 2019	Date set in period
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)	Exposure Draft	n/a	H1 2019	New project in period
Definition of a Business (Amendments to IFRS 3)	IFRS Amendment	October 2018	n/a	Project completed in period—Amendment issued in October 2018
Disclosure Initiative— Definition of Material (Amendments to IAS 1 and IAS 8)	IFRS Amendment	November 2018	n/a	Project completed in period—Amendment issued in October 2018
IBOR Reform and its Effects on Financial Reporting	Exposure Draft	n/a	Q2 2019	New milestone set in period
Improvements to IFRS 8 <i>Operating Segments</i> (Amendments to IFRS 8 and IAS 34)	Feedback Statement	December 2018	February 2019	Changed from December 2018 to February 2019 due to staff focussing on other projects

**Appendix A—Changes in the Work Plan in the period October to December 2018**

Onerous Contracts—Cost of fulfilling a Contract (Amendments to IAS 37)	Exposure Draft Feedback	n/a	Q2 2019	New milestone set in period
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	Exposure Draft	n/a	Q2 2019	New milestone set in period

## Appendix B—Overview of projects on Work Plan (background information)

### Section 1 Research projects

#### *Business Combinations under Common Control*

Current status	Active research project—last Board discussion December 2018	
Project Objective	The Board is discussing whether it can develop requirements that would improve the comparability and transparency of accounting for business combinations under common control and help investors to better compare and understand information about such transactions that companies provide in financial statements.	
Last due process document	None	
Comment letter summary presented to the Board	Not applicable	
Last discussion with consultative groups (this due process stage)	ASAF <sup>3</sup>	December 2018
	CMAC <sup>4</sup>	June 2018 (Joint CMAC/GPF meeting)
	GPF <sup>5</sup>	June 2018 (Joint CMAC/GPF meeting)
	Other	<ul style="list-style-type: none"> <li>World Standard-setters Conference—October 2018</li> <li>Emerging Economies Group—October 2017</li> </ul>
Next due process steps	Publish a Discussion Paper in 2020	

#### *Disclosure Initiative—Principles of Disclosure*

Current status	Completed—last Board discussion July 2018	
Project Objective	<p>The Board explored possible principles of disclosure that could help it develop better disclosure requirements and help preparers communicate information more effectively with users of financial statements.</p> <p>In response to the feedback on the Principles of Disclosure Discussion Paper, the Board added separate projects to its agenda to:</p> <p>a. develop guidance to help improve the way the Board drafts disclosure requirements in IFRS Standards and perform a targeted Standards-level review of disclosure requirements (<i>Targeted Standards-level Review of Disclosures</i>); and</p> <p>b. develop guidance and examples to help entities apply materiality judgements to accounting policy disclosure (<i>Accounting Policies</i>).</p>	
Last due process document	Discussion Paper issued 30 March 2017	
Comment letter summary presented to the Board	February 2018	

<sup>3</sup> Accounting Standards Advisory Forum

<sup>4</sup> Capital Markets Advisory Committee

<sup>5</sup> Global Preparers Forum



## Appendix B—Overview of projects on Work Plan (background information)

Last discussion with consultative groups (this due process stage)	ASAF	April 2018
	CMAC	June 2018 (Joint CMAC/GPF meeting)
	GPF	June 2018 (Joint CMAC/GPF meeting)
	Other	<ul style="list-style-type: none"> <li>World Standard-setters Conference—October 2018</li> <li>IFRS Taxonomy Consultative Group—April 2018</li> <li>IFRS Advisory Council—April 2017</li> </ul>
Next due process steps		Publication of a Project Summary in March 2019

### Discount Rates

Current status		Project completed—last Board discussion March 2017
Project Objective		The Board examined why IFRS Standards require different discount rates. The Board identified some discount rate issues that may be investigated while doing other projects.
Last due process document		None
Comment letter summary presented to the Board		Not applicable
Last discussion with consultative groups (this due process stage)	ASAF	July 2015
	CMAC	None
	GPF	March 2017
	Other	None
Next due process steps		Publish a Project Summary in February 2019

### Dynamic Risk Management

Current status		Active research project—last Board discussion December 2018
Project Objective		To explore whether an accounting model can be developed that will provide users of financial statements with better information about a company's dynamic risk management activities and how it manages those activities.
Last due process document		Discussion Paper issued April 2014
Comment letter summary presented to the Board		March 2015
Last discussion with consultative groups (this due process stage)	ASAF	March 2017
	CMAC	None
	GPF	March 2017
	Other	None
Next due process steps		<p>Core Model H2 2019</p> <p>The Board is developing a core model which will be discussed with stakeholders before developing a second discussion paper.</p>

## Appendix B—Overview of projects on Work Plan (background information)

### Extractive Activities

Current status		Active research project—last Board discussion September 2018
Project Objective		To gather evidence to help decide whether to start a project to develop proposals to replace IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i> .  Before deciding the scope and direction of this research project, the Board has asked those national standard-setters who contributed to the 2010 Discussion Paper about extractive activities to make the Board aware of any developments since the paper's 2010 publication.
Last due process document		None
Comment letter summary presented to the Board		Not applicable
Last discussion with consultative groups (this due process stage)	ASAF	October 2018 (Presentation)
	CMAC	None
	GPF	None
	Other	Emerging Economies Group—October 2018
Next due process steps		Review research (no date yet set)

### Financial Instruments with Characteristics of Equity

Current status		Active research project—last Board discussion January 2018
Project Objective		To investigate improvements to the classification requirements for financial instruments that have characteristics of both liabilities and equity, as well as exploring improvements to presentation and disclosure requirements.
Last due process document		Discussion Paper issued June 2018 (comment period ends January 2019)
Comment letter summary presented to the Board		Not applicable
Last discussion with consultative groups (this due process stage)	ASAF	December 2018 (EFRAG Presentation)
	CMAC	November 2018
	GPF	November 2018
	Other	<ul style="list-style-type: none"> <li>• World Standard-setters Conference—October 2018</li> <li>• Emerging Economies Group—October 2018</li> </ul>
Next due process steps		Discuss Feedback on the Discussion Paper in March 2019

## Appendix B—Overview of projects on Work Plan (background information)

### **Goodwill and Impairment** (see paragraphs 33 and 34 of this report)

Current status	Active research project—last Board discussion October 2018	
Project Objective (revised July 2018)	<p>To explore whether disclosures could be improved to enable investors to assess more effectively whether a business combination was a good investment decision and whether the acquired business is performing after the acquisition as was expected at the time of the acquisition.</p> <p>To pursue the objective of simplifying the accounting for goodwill by:</p> <ul style="list-style-type: none"> <li>(a) pursuing possible relief from the mandatory annual quantitative impairment test of goodwill; and</li> <li>(b) exploring whether to reintroduce amortisation of goodwill.</li> </ul> <p>To pursue two targeted improvements to the calculation of value in use for the impairment test in IAS 36 Impairment of Assets.</p>	
Last due process document	None	
Comment letter summary presented to the Board	Not applicable	
Last discussion with consultative groups (this due process stage)	ASAF	December 2018
	CMAC	November 2018
	GPF	November 2018
	Other	<ul style="list-style-type: none"> <li>• World Standard-setters Conference—October 2018</li> <li>• Emerging Economies Group—October 2018</li> </ul>
Next due process steps	Publish a Discussion Paper in H2 2019	

### **Pension Benefits that Depend on Asset Returns**

Current status	Active research project—last Board discussion December 2018	
Project Objective	To gather evidence to help decide whether to start a project to develop proposals for targeted amendments to the requirements for defined benefit plans in IAS 19 <i>Employee Benefits</i> . The amendments would relate to employee benefits that depend on the return on a specified pool of assets.	
Last due process document	None	
Comment letter summary presented to the Board	Not applicable	
Last discussion with consultative groups (this due process stage)	ASAF	December 2018
	CMAC	None
	GPF	None
	Other	None
Next due process steps	Review research H2 2019	

**Appendix B—Overview of projects on Work Plan (background information)**

**Provisions**

Current status		Active research project—last Board discussion December 2018 <i>(project transferred from the research pipeline in December 2018)</i>
Project Objective		Gather evidence to help the Board decide whether to add to its work plan a project to amend aspects of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.
Last due process document		None
Comment letter summary presented to the Board		n/a
Last discussion with consultative groups (this due process stage)	ASAF	None
	CMAC	None
	GPF	None
	Other	None
Next due process steps		Review Research in H2 2019

## Appendix B—Overview of projects on Work Plan (background information)

### Section 2 Standard-setting projects

#### **Management Commentary** (see paragraphs 39-42 of this report)

Current status		Active project—last Board discussion November 2018
Project Objective		To revise and update Practice Statement 1 <i>Management Commentary</i> issued in 2010.
Last due process document		None
Comment letter summary presented to the Board		Not applicable
Last discussion with consultative groups (this due process stage)	ASAF	December 2018
	CMAC	November 2018
	GPF	November 2018
	Other	<ul style="list-style-type: none"> <li>• World Standard-setters Conference—October 2018</li> <li>• Management Commentary Consultative Group—September 2018</li> <li>• IFRS Advisory Council—April 2017</li> </ul>
Next due process steps		Publish an Exposure Draft in H1 2020

#### **Primary Financial Statements** (see paragraphs 35-38 of this report)

Current status		Active project—last Board discussion December 2018
Project Objective		To develop targeted improvements to the structure and content of the primary financial statements, with a focus on the statement(s) of financial performance.
Last due process document		None
Comment letter summary presented to the Board		Not applicable
Last discussion with consultative groups (this due process stage)	ASAF	December 2018
	CMAC	November 2018
	GPF	November 2018
	Other	<ul style="list-style-type: none"> <li>• World Standard-setters Conference—October 2018</li> <li>• IFRS Advisory Council—September 2018</li> <li>• IFRS Taxonomy Consultative Group—April 2018</li> </ul>
Next due process steps		Publish a Discussion Paper or Exposure Draft in H2 2019

## Appendix B—Overview of projects on Work Plan (background information)

### *Rate-regulated Activities*

Current status		Active project—last Board discussion December 2018
Project Objective		To develop a new accounting model to give users of financial statements better information about a company's incremental rights and obligations arising from its rate-regulated activities.
Last due process document		Discussion Paper issued September 2014
Comment letter summary presented to the Board		March 2015
Last discussion with consultative groups (this due process stage)	ASAF	October 2018
	CMAC	March 2018
	GPF	March 2016
	Other	<ul style="list-style-type: none"> <li>• Consultative Group for Rate Regulation—November 2017</li> <li>• World Standard-setters Conference—September 2017</li> </ul>
Next due process steps		Publish a second Discussion Paper or an Exposure Draft in H2 2019

## Appendix B—Overview of projects on Work Plan (background information)

### Section 3—Maintenance projects

Project	Objective	Project Status	Next steps
<b>Accounting Policies and Accounting Estimates</b> (Proposed amendments to IAS 8)	To clarify the existing distinction between a change in accounting policy and a change in accounting estimate.	In October 2018 ASAF members provided their views on staff’s planned recommendations on the definitions of accounting estimate and accounting.	Decide project direction in April 2019
<b>Accounting Policy Changes</b> (Proposed amendments to IAS 8)	To lower the impracticability threshold regarding retrospective application of voluntary changes in accounting policies that result from agenda decisions. The proposed threshold would include a consideration of the benefits and cost of applying the change retrospectively.	The Board discussed feedback on one aspect of the Exposure Draft in its December meeting and tentatively decided to confirm its proposal in the Exposure Draft not to amend IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> to specify when entities apply accounting policy changes resulting from Agenda Decisions published by the Interpretations Committee.	Decide project direction (no date yet set)
<b>Amendments to IFRS 17 Insurance Contracts</b>	To consider possible amendments responding to stakeholder concerns and implementation challenges raised since the Standard was issued. The Board is assessing possible amendments against criteria it developed in October 2018.	See paragraphs 11-21.	Issue an Exposure Draft in Q2 2019

## Appendix B—Overview of projects on Work Plan (background information)

Project	Objective	Project Status	Next steps
<p><b>Annual improvements to IFRS Standards 2018-2020 Cycle</b></p> <ul style="list-style-type: none"> <li>• <b>Fees in the ‘10 per cent’ test for derecognition</b> (Amendments to IFRS 9)</li> <li>• <b>Lease Incentives</b> (Amendment to Illustrative Example 13 accompanying IFRS 16)</li> <li>• <b>Subsidiary as a first-time adopter</b> (Amendments to IFRS 1)</li> <li>• <b>Taxation in Fair Value Measurements</b> (Amendments to IAS 41)</li> </ul>	<ul style="list-style-type: none"> <li>• To clarify which fees and costs a company includes in a quantitative ‘10 per cent’ test for assessing whether to derecognise a financial liability.</li> <li>• To amend Illustrative Example 13 accompanying IFRS 16 <i>Leases</i> as part of the next annual improvements to IFRS Standards. The proposed amendment would remove from the example the illustration of the reimbursement of leasehold improvements by the lessor.</li> <li>• To require a subsidiary that measures assets and liabilities at its date of transition to IFRS Standards using the amounts reported by its parent to also measure cumulative translation differences using the amounts reported by its parent.</li> <li>• To amend IAS 41 <i>Agriculture</i> to remove the requirement for entities to exclude taxation cash flows when measuring the fair value of biological assets using a present value technique.</li> </ul>	<p>The Board has completed its discussions to issue an Exposure Draft.</p>	<p>Issue an Exposure Draft in Q2 2019</p>
<p><b>Availability of a Refund</b> (Amendments to IFRIC 14)</p>	<p>To clarify the accounting when other parties have rights to make particular decisions about a company’s defined benefit plan.</p>	<p>The staff is researching how to progress the project.</p>	<p>Issue an IFRS Amendment (no date yet set)</p>



## Appendix B—Overview of projects on Work Plan (background information)

Project	Objective	Project Status	Next steps
<b>Classification of Liabilities as Current or Non-current</b> (Amendments to IAS 1)	To clarify the criteria for classifying a liability as current or non-current.	Work on this project has recommenced now the revised <i>Conceptual Framework</i> has been issued.  In November 2018 the Board tentatively decided that IAS 1 should require an entity to classify a liability as current if the entity does not have a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.	Issue an IFRS Amendment (no date yet set)
<b>Deferred tax related to asset and liabilities arising from a single transaction</b> (Amendment to IAS 12) <i>New project in period</i>	To amend the requirements relating to the recognition of deferred tax when an entity accounts for transactions, such as leases or decommissioning obligations, by recognising both an asset and a liability.	In October 2018, the Board discussed and agreed with a recommendation from the Interpretations Committee to propose a narrow-scope amendment that would narrow the initial recognition exemption in IAS 12 so that it would not apply to transactions that give rise to both taxable and deductible temporary differences, to the extent the amounts recognised for the temporary differences are the same.	Issue an Exposure Draft in Q2 2019
<b>Disclosure Initiative—Accounting Policies</b>	To develop guidance and examples for IFRS Practice Statement 2 <i>Making Materiality Judgements</i> to help entities apply materiality judgements to accounting policy disclosure.	In October and December 2018, the Board discussed guidance and examples for Practice Statement 2 and an amendment to the disclosure requirements in IAS 1.	Issue an Exposure Draft (no date yet set)

## Appendix B—Overview of projects on Work Plan (background information)

Project	Objective	Project Status	Next steps
<b>Disclosure Initiative—Targeted Standards-level Review of Disclosures</b>	To develop guidance for the Board itself to use when developing and drafting disclosure requirements in IFRS Standards.  The Board will test this guidance by applying it to the disclosure requirements in IAS 19 <i>Employee Benefits</i> and IFRS 13 <i>Fair Value Measurement</i> .	The staff is testing the guidance on IAS 19 <i>Employee Benefits</i> and IFRS 13 <i>Fair Value Measurements</i> .	Issue an Exposure Draft (no date yet set)
<b>IBOR Reform and its Effects on Financial Reporting</b>	To explore the effects on financial reporting arising from the possible discontinuance of interest rate benchmarks such as LIBOR, EURIBOR and TIBOR.	See paragraphs 22-24.	Issue an Exposure Draft in Q2 2019
<b>Improvements to IFRS 8 Operating Segments</b> (Amendments to IFRS 8 and IAS 34)	To clarify the meaning of ‘chief operating decision maker’ and to improve the disclosure requirements for operating segments.	The staff is finalising the Feedback Statement.	Publish Feedback Statement in February 2019
<b>Onerous Contracts-Cost of Fulfilling a Contract</b> (Amendments to IAS 37)	To clarify the meaning of the term ‘unavoidable costs’ in the IAS 37 definition of an onerous contract.	The Board issued an Exposure Draft in December 2018 with comments due in April 2019.	Consider Exposure Draft feedback in Q2 2019
<b>Property, Plant and Equipment: Proceeds before Intended Use</b> (Amendments to IAS 16)	To reduce the diversity in how companies account for the proceeds from selling items produced while testing an item of plant or equipment before it is ready for its intended use.	In November 2018, the Board tentatively decided to proceed with the proposed amendments with some modifications.	Issue an IFRS Amendment (no date yet set)

**Appendix B—Overview of projects on Work Plan (background information)**

<b>Project</b>	<b>Objective</b>	<b>Project Status</b>	<b>Next steps</b>
<b>Updating a Reference to the Conceptual Framework</b> (Amendments to IFRS 3)	To consider whether and how to update a reference to the old version of the <i>Conceptual Framework</i> in IFRS 3 <i>Business Combinations</i> with a reference to the revised version issued in 2018.	The Board has completed its deliberations to issue an Exposure Draft.	Issue an Exposure Draft in Q2 2019

## Appendix B—Overview of projects on Work Plan (background information)

### Section 4—Current IFRS Taxonomy projects

There are two current IFRS Taxonomy projects—a common practice update and a general improvements project. These are therefore not subject to Board approval or consideration by the DPOC, and are presented for information purposes only.

Project	Objective	Project status	Next steps
IFRS Taxonomy Update—2018 General Improvements	To improve the quality of data reported using the IFRS Taxonomy and to make it easier to use the IFRS Taxonomy	In December 2018, the IFRS Foundation published the IFRS Taxonomy 2018—Proposed Update 2 <i>General Improvements</i> for public consultation.	Proposed update feedback
IFRS Taxonomy Update—Common Practice (IFRS 13)	To improve the IFRS Taxonomy content by reflecting commonly reported practices for the disclosure requirements of IFRS 13 <i>Fair Value Measurement</i> .	The comment period on the Proposed Update ended in November 2018.	Analyse feedback on the proposed Update (March 2019)