

STAFF PAPER

November 2020

IASB® Meeting

Project	Work plan
Paper topic	Considering timing of post-implementation reviews as part of the 2020 Agenda Consultation
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Purpose of this paper

1. At its October 2020 meeting, the International Accounting Standards Board (Board) decided to:
 - (a) begin the post-implementation review (PIR) of the IFRS 9 *Financial Instruments* classification and measurement requirements; and
 - (b) reconsider at a later date when to begin the PIRs of the IFRS 9 impairment and hedge accounting requirements and of IFRS 15 *Revenue from Contracts with Customers* (the remaining PIRs).
2. To provide some indication of timing of the remaining PIRs, [Agenda Paper 8B](#) for the October 2020 Board meeting suggested the Board reconsider the start dates of the remaining PIRs ‘as part of the agenda consultation’. However, the discussion indicated different views on the approach to this reconsideration.
3. This paper, therefore, considers:
 - (a) whether the Board should explicitly seek feedback on the start dates of the remaining PIRs (paragraphs 5–10); and
 - (b) when the Board should reconsider the start dates of the remaining PIRs (paragraphs 11–12).

Summary of staff recommendations

4. The staff:
 - (a) believe it is unnecessary to explicitly seek feedback on the start dates of the remaining PIRs; and
 - (b) recommend the Board reconsider the start dates of the remaining PIRs in the second half of 2021.

Whether the Board should explicitly seek feedback on the start dates of the remaining PIRs

5. A threshold question in reconsidering the start dates of the remaining PIRs is whether the Board should explicitly seek feedback from stakeholders. The staff have identified two views in response to this question.

View A: The Board should determine the start dates without explicitly seeking feedback

6. Historically, the Board has not explicitly sought feedback to determine the start date of a particular PIR. Paragraph 6.48 of the [Due Process Handbook](#) explains that a PIR normally begins after the new requirements have been applied internationally for two years, which is generally about 30–36 months after the effective date.
7. In addition, as noted in [Agenda Paper 8B](#) for the October 2020 Board meeting, the staff believe the start date of a PIR needs to take into account considerations specific to a Standard—for example:
 - (a) the objective of the Standard;
 - (b) the significance of changes introduced by the Standard;
 - (c) the activities the Board has already undertaken to monitor the application of the Standard;
 - (d) the availability of relevant information (such as academic research, trend information, and performance under varying economic conditions); and

- (e) the status of refinement of approaches to applying the new Standards.
8. The Board is even more able than in the past to obtain information on these considerations without explicitly seeking feedback, particularly because of the increased level of implementation support provided for Standards such as IFRS 9, IFRS 15 and IFRS 16 *Leases*.

View B: The Board should seek feedback on the start dates through an explicit question in the Request for Information (RFI) of the agenda consultation

9. In March 2021, the Board plans to publish a Request for Information (RFI) to obtain stakeholder feedback on its priorities. This RFI is strategic in nature, focusing on how the Board should spend its time from 2022–2026. A question about the start dates of the remaining PIRs may be seen as strategic and the RFI may provide a timely vehicle to ask a broad group of stakeholders this question.

Staff recommendation

10. The staff recommend View A for the following reasons:
- (a) as noted in paragraph 8 of this paper, the Board is well-placed to determine the start dates of the remaining PIRs based on an assessment of considerations noted in paragraph 7 of this paper, as well as consideration of potential synergies with other projects and availability of resources.
 - (b) as noted in [Agenda Paper 8A](#) for the October 2020 Board meeting, stakeholder capacity may be understandably limited at the moment. Although one extra question in the RFI may not be significantly burdensome to stakeholders, it nonetheless requires time that could be better spent on higher priority questions.
 - (c) the purpose of the agenda consultation includes determining the strategic direction and balance of the Board’s activities and the (non-mandatory) financial reporting issues that should be given priority. Although determination of the start dates of the remaining PIRs may be

seen as strategic in nature, the agenda consultation is not the place for such a question for the following reasons:

- (i) although the Board will determine the priority financial reporting issues that it will deliberate in the period from 2022–2026, the Board does not, as part of the agenda consultation, determine the relative priority (or sequencing) of when those projects will begin¹. Including such a question could detract stakeholders from the broader feedback being sought.
- (ii) a PIR for a new IFRS Standard or major amendment is mandatory per the [Due Process Handbook](#). Explicitly seeking feedback on the start dates of the remaining PIRs may create an incorrect impression that the remaining PIRs are optional.
- (iii) stakeholders who have views on this question will, nonetheless, voluntarily share them in their feedback on the RFI. Some stakeholders have already commented on this question during outreach to determine the content of the RFI (see [Agenda Paper 24D](#) for the October 2020 Board meeting), even without being explicitly asked.

Question 1 for Board members

Do you agree that it is unnecessary to explicitly seek feedback on the start dates of the PIRs of the IFRS 9 impairment and hedge accounting requirements and of IFRS 15?

When the Board should reconsider the start dates of the remaining PIRs

- 11. As noted in paragraph 1 of this paper, in October 2020, the Board decided to reconsider at a later date when to begin the remaining PIRs, but did not reach a decision on when at that meeting.
- 12. The staff recommend the Board reconsider the start dates of the remaining PIRs in the second half of 2021 for the following reasons:

¹ Urgent projects may begin immediately at any time, even if not identified as part of the agenda consultation.

- (a) the passage of another year may allow for further development of the factors listed in paragraphs 7(d) and 7(e) of this paper. Therefore, by waiting approximately a year to reconsider the start dates of the remaining PIRs, the Board's assessment at its October 2020 meeting could be meaningfully updated.
- (b) this timing coincides with when the Board expects to deliberate feedback from the RFI on the agenda consultation and determine its work plan for the 2022–2026 period. As a result, reconsidering the start dates of the remaining PIRs at that time would allow the Board to have a holistic view of the work plan within the context of feedback obtained from stakeholders about priorities.
- (c) this timing coincides with when the Board is likely to consider the start date of the PIR of IFRS 16, which was issued in January 2016 and effective for annual reporting periods beginning on or after 1 January 2019. Applying the timeframe indicated by the [Due Process Handbook](#), the earliest the Board would begin the PIR of IFRS 16 would be the second half of 2021. As the Board needs to consider when to start the PIR of IFRS 16, it could also reconsider the start dates of the remaining PIRs at that time.

Question 2 for Board members

Do you agree the Board should reconsider the start dates of the PIRs of the IFRS 9 impairment and hedge accounting requirements and of IFRS 15 in the second half of 2021?