

AGENDA PAPER

IFRS® Foundation Trustees meeting – Due Process Oversight Committee

Conference call **October 2020**

Agenda ref 1B

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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 June to September 2020.
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 Interpretations 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 Board and the IFRS Foundation staff, the due process activities of the Board and the Interpretations Committee, including standard-setting, the development of materials to support the consistent application of IFRS Standards, and the IFRS Taxonomy.

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 6–25). This part of the report informs the DPOC about the following matters that occurred during the period:
 - (i) Standard-setting due process documents published (paragraph 6);
 - (ii) Interpretations Committee agenda decisions published (paragraph 7);
 - (iii) IFRS Taxonomy due process documents published (paragraphs 8–9); and
 - (iv) Other due process deliberations and decisions in the period (paragraphs 10–25).

- (b) Other matters occurring during the period for the attention of the DPOC (paragraphs 26–46). This part of the report provides background information for the DPOC about some of the activities of the Board and Interpretations Committee in the period.
- (c) Agenda paper compliance report (paragraph 47).
- (d) Changes in the Work Plan in the period (paragraph 48).
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 30 September 2020 reflecting the changes set out in Appendix A. The purpose of this appendix is to summarise the status of each of the projects on the 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 published

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

Due process document	Published	Due Process Stage	Due Process Steps	
			Approved by Board ¹	Reported to DPOC
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	June 2020	IFRS Amendment	March 2020	11 March 2020
Amendments to IFRS 17	June 2020	IFRS Amendment	March 2020	11 March 2020
Classification of Liabilities as Current or Non-current—Deferral of Effective Date (Amendment to IAS 1)	July 2020	IFRS Amendment	June 2020	19 June 2020
Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	August 2020	IFRS Amendment	July 2020	16 July 2020

¹ Paragraphs 6.22–6.24 and 6.6 of the *Due Process Handbook* set out the due process requirements for the Board when publishing a new or amended Standard and an Exposure Draft, respectively. Before publishing 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.

Interpretations Committee Agenda Decisions published

7. The following table lists the agenda decisions published by the Interpretations Committee in the period. An agenda decision explains why the Interpretations Committee has decided that a standard-setting project should not be added to the Work Plan to address a question submitted. Agenda decisions often include explanatory material that explains how the applicable principles and requirements in IFRS Standards apply to the transaction or fact pattern described in the agenda decision.² For each agenda decision, the table highlights when:
- the final agenda decision was published;
 - the tentative (ie draft) agenda decision was published for comment for 60 days; and
 - the feedback on the tentative agenda decision was discussed by the Interpretations Committee before finalisation.

Topic	Final Agenda Decision published	Tentative Agenda Decision published	Feedback discussed by the Committee
Sale and Leaseback with Variable Payments (IFRS 16 <i>Leases</i>)	June 2020	March 2020	June 2020
Deferred Tax related to an Investment in a Subsidiary (IAS 12 <i>Income Taxes</i>)	June 2020	March 2020	June 2020
Player Transfer Payments (IAS 38 <i>Intangible Assets</i>)	June 2020	November 2019	June 2020

² Paragraphs 8.2–8.7 of the *Due Process Handbook* set out the due process requirements relating to agenda decisions.

IFRS Taxonomy due process documents published

8. The following table lists the IFRS Taxonomy due process documents published in the period together with the review undertaken.
9. The Board is required to approve IFRS 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 IFRS Taxonomy Consultative Group (ITCG) provides guidance throughout the development of an IFRS Taxonomy Update and normally also reviews all content changes.

IFRS Taxonomy Update	Published	Reviewed ³	
		Board	ITCG
Proposed IFRS Taxonomy Update: Amendments to IFRS 17, Extension of the Temporary Exemption from Applying IFRS 9 and Property, Plant and Equipment—Proceeds before Intended Use	July 2020	Ballot Draft approved in June 2020	Pre-Ballot Draft reviewed May 2020
Proposed IFRS Taxonomy Update: Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	August 2020	Ballot Draft approved in August 2020	Pre-Ballot Draft reviewed July 2020
IFRS Taxonomy Update: Covid-19-Related Rent Concessions (Amendment to IFRS 16)	August 2020	Ballot Draft approved in August 2020	Pre-Ballot Draft reviewed July 2020

³ 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 A32–A37 and A47 set out the requirements for general improvements, new common practice and other content changes not referred to explicitly by the IFRS Standards.

Other due process deliberations and decisions in the period

IBOR Reform and its Effects on Financial Reporting

10. In August, the Board completed its response to the ongoing IBOR reforms by issuing a package of amendments to IFRS 9 *Financial Instruments* and other Standards—*Interest Rate Benchmark Reform—Phase 2*.
11. As previously reported, the amendments complement those issued in September 2019. They support entities in applying IFRS Standards when changes are made to contractual cash flows or hedging relationships because of the reforms but ensure that investors continue to receive useful information.
12. As a result of the amendments, entities neither have to change the carrying amount of financial instruments nor discontinue hedge accounting simply because the interest rate benchmark is changing. However, the amendments introduce new disclosure requirements for entities to disclose any new risks they face from switching over to a new interest rate, and to explain how they have managed the change.
13. The Board considered the feedback from the April 2020 Exposure Draft at its June and July meetings. Almost all respondents expressed support for the project and the Board's accelerated process in developing the Exposure Draft. Most respondents broadly agreed with the proposals in the Exposure Draft.
14. At its July meeting, the Board confirmed that it had complied with the applicable due process requirements to start the balloting process to issue the amendments. The Board also agreed that the amendments did not require re-exposure. The changes it made to the proposals in the Exposure Draft did not represent fundamental changes and responded to the feedback.
15. These amendments are effective for annual reporting periods beginning on or after 1 January 2021, with early adoption permitted.

Disclosure Initiative—Targeted Standards-level Review of Disclosures

16. At its June meeting, the Board confirmed that it had complied with the applicable due process requirements to start the balloting process to publish an Exposure Draft proposing:
 - (a) guidance for the Board itself to use when developing and drafting disclosure sections of IFRS Standards in future; and
 - (b) amendments to the disclosure sections of IAS 19 *Employee Benefits* and IFRS 13 *Fair Value Measurement*, developed applying the draft guidance in (a).
17. The purpose of the Exposure Draft is to test and improve the draft guidance and to improve the disclosure requirements in the two test Standards, IAS 19 and IFRS 13. The Board hopes that use of the draft guidance will improve disclosure requirements so that applying them provides information that is more useful to users of the financial statements.

18. The Exposure Draft will have a comment period of 180 days. The longer period is to provide stakeholders sufficient time to adequately assess the practical consequences of both the draft guidance and the proposed amendments to the test Standards. The longer comment period will also allow staff time to perform additional consultation activities to inform the Board about the implications of objectives-based disclosure requirements. The Exposure Draft is expected to be published in March 2021. This timing is intended to help minimise overlapping major stakeholder consultations during the covid-19 pandemic.

Narrow-scope amendments

Classification of Liabilities as Current or Non-Current

19. At its June meeting, the Board confirmed that it had complied with the applicable due process requirements to start the balloting process to issue a narrow-scope amendment to IAS 1 *Presentation of Financial Statements*. The amendment delays by one year the effective date of some narrow-scope amendments made to IAS 1 in January 2020 addressing the classification of liabilities. As previously reported the amendment is in response to the covid-19 pandemic to provide entities with more time to implement any classification changes resulting from the amendments issued in January 2020.
20. The amendment was issued in July.

Disclosure Initiative—Accounting Policies

21. At its July meeting, the Board confirmed that it had complied with the applicable due process requirements to start the balloting process to issue narrow-scope amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*. The Board agreed that the amendments did not require re-exposure.
22. The purpose of these amendments is to help entities provide accounting policy disclosures that are more useful to users of financial statements. Specifically, the Board is replacing the requirement to disclose significant accounting policies with a requirement to disclose material accounting policy information and providing guidance to assist in applying the concept of materiality in making decisions about accounting policy disclosures.
23. The amendments are expected to be issued in the December 2020.

Lack of exchangeability (Amendments to IAS 21)

24. At its July meeting, the Board confirmed that it had complied with the applicable due process requirements to start the balloting process to publish an Exposure Draft proposing a narrow-scope amendment to IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The amendment arose as a result of a recommendation from the Interpretations Committee. It would define when a currency lacks exchangeability and, when that is the case, specify how an entity determines the exchange rate to be used.

25. The Exposure Draft will have a comment period of 120 days in accordance with paragraph 6.7 of the *Due Process Handbook*.

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

Responding to the covid-19 pandemic

26. The report to the DPOC in June provided a comprehensive overview of the Foundation's response to the covid-19 pandemic, including the publication of education materials on IFRS 9 *Financial Instruments* and IFRS 16 *Leases*; a narrow-scope amendment to IFRS 16; the deferral of the effective date of some narrow-scope amendments relating to classifying liabilities (see paragraph 19); and the adjustments the Board had made to project timelines, including extending some open consultations.
27. In the period, the Board and staff have continued to monitor the application of the Standards in the current stressed environment by actively engaging with national standard-setters, accounting firms, regulators and others. We are not aware of any need to make any further amendments to the Standards nor to issue further educational materials.

Technical projects

Primary Financial Statements

28. In December 2019, the Board published the Exposure Draft for this project *General Presentation and Disclosure*. As previously reported, the comment deadline was extended in April by three months to 30 September 2020 to assist stakeholders during the covid-19 pandemic.
29. The Exposure Draft includes proposals to improve how information is communicated in the financial statements. The proposals would require more comparable information in the statement of profit or loss and a more disciplined and transparent approach to the reporting of management-defined performance measures (a subset of 'non-GAAP'). The proposals are expected to affect all entities applying IFRS Standards, although their effect will vary between entities depending on their current practice. Given the pervasive effect of the proposals, we expect to receive many comment letters.
30. During the comment period, Board and staff members have been engaged in extensive outreach activities. A limited number of in-person meetings were held with stakeholders in the early part of the consultation period. Since March, however, all outreach has been undertaken virtually via interactive webinars and video conferences.

31. In cooperation with various national standard-setters and regional bodies, we have held over 50 webinars and virtual roundtables across the world, with a range of attendance for each of 20–3000. These have included:
 - (a) five investor webinars organised with various CFA Societies (UK, France, Germany, India, Japan);
 - (b) around thirty webinars organised in cooperation with national standard-setters or regional bodies, academic institutions and audit firms;
 - (c) around twenty webinars that we organised ourselves, in multiple languages.
32. In addition we held around 70 virtual meetings with individual stakeholder and stakeholder groups, including 24 meetings with individual investors and investor groups.
33. Whilst losing some of the benefits of in-person meetings, using only virtual communication tools over the last few months has allowed us to schedule more outreach than we would otherwise have been able to undertake.
34. In conjunction with the outreach, we have organised fieldwork with 50 companies across the world, again working together with national standard-setters and regional bodies. In the fieldwork, the companies applied the proposals to their financial statements and provided feedback on the clarity of the drafting of the requirements and the cost and complexity of the system and other changes needed to produce the required information.
35. To complement the outreach and fieldwork, we have surveyed the academic literature on topics relevant to the proposals and discussed these in three academic webinars in Europe and Asia, which were attended by hundreds of academics.
36. The staff plan to start bringing summaries of feedback from the outreach, fieldwork and comment letters to the Board from December and start redeliberations in the first quarter of 2021.

Management Commentary Practice Statement

37. Since the last update to the DPOC on the project, the Board has discussed the overall objective of management commentary as well as disclosure objectives and supporting guidance for main areas of content in management commentary: business model, strategy, resources and relationships, risks, external environment and performance and position. In September 2020, the Board completed its substantive discussions on the project by discussing the status of the Practice Statement and procedures for issuing management commentary. The Board decided not to change the status of the current Practice Statement so that it would remain a non-binding framework for the preparation of management commentary.
38. In October 2020, the Board will consider the effects of its proposals, including whether they sufficiently and appropriately address the topics of particular interest to the Board's stakeholders, for example, environmental, social and governance matters, and

intangible resources and relationships. The Board will also review the due process steps undertaken to date and be asked whether the balloting process for the Exposure Draft can commence.

39. Based on experience with drafting to date and the possibility of some topics requiring follow up discussion by the Board, the project timetable has been revised. The publication of the Exposure Draft is now planned for February 2021 instead of December 2020.

2020 Agenda Consultation

40. At the February DPOC meeting, the DPOC was updated on the planned approach for the Board's 2020 Agenda Consultation. Subsequently the Trustees received an update at their September meeting. Input from the DPOC and Trustees will be considered by the Board when it discusses the Agenda Consultation in October.
41. As previously reported, the Board has postponed publication of the Request for Information to March 2021. This is to ensure stakeholders will be able to invest the time to respond effectively and also to allow them to consider the effects, if any, of covid-19 on financial reporting priorities. The revised timing is still within the timeframe contemplated by the *Due Process Handbook*.

Consistent application

Interpretations Committee

42. The Interpretations Committee met in June and September and published two tentative agenda decisions and three final agenda decisions, which include material explaining the application of IFRS Standards to support their consistent application.
43. At the close of the September meeting, there were two submissions from stakeholders that the Interpretations Committee had not yet considered.

Accounting Policy Changes (Amendments to IAS 8)

44. In 2018 the Board proposed amending IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to simplify the application of accounting policy changes that result from an agenda decision. The Board proposed doing so by adding a cost-benefit threshold for retrospective application of such changes.
45. In response to the Exposure Draft, the Board received feedback on the status and role of agenda decisions, which the DPOC considered in January 2019 in developing the exposure draft of amendments to the *Due Process Handbook*. Because of the interaction with the DPOC's review of the *Handbook*, the Board paused its work on this project.
46. At its June meeting, following completion of the DPOC's deliberations of the *Handbook* the Board considered whether to proceed with the project. The Board noted that feedback on the proposals had been mixed and raised doubts about the expected benefits of proceeding with them. Respondents raised numerous questions and concerns about the proposals, including concerns that they would be challenging and

costly to apply as well as difficult to enforce and audit. The Board also noted that the revisions to the *Handbook* reduced the need for the amendments by better describing the role of agenda decisions and enhancing the visibility of the Board's view on the timing of applying an accounting policy change resulting from an agenda decision. The Board therefore decided not to proceed with the project.

Agenda paper compliance report⁴

47. In the period June to September 2020, all agenda papers discussed by the Board and the Interpretations Committee were made available on the public website unaltered. Eight Board papers were posted after the posting deadline in the period. These were for the June Board meeting and related to the IBOR Reform project. The later posting of these papers arose because of the urgency of progressing the redeliberations following the end of the comment period on 25 May.

Changes in the Work Plan in the period

48. Appendix A details *changes* in the Work Plan in the period June to September 2020. This includes explaining any changes in project timings in the period.

⁴ Paragraph 3.12 of the *Due Process Handbook* states 'The technical staff is required to report to the Board and the DPOC at least annually on the extent to which material discussed by the Board 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 distributed later than five working days in advance and the main reasons for doing so.'

Appendix A—Changes in the Work Plan in the period June to September 2020

Description	Next milestone	Original forecast for next milestone	Expected date for next milestone		Explanation of changes in expected dates
			as at 31 May 2020	as at 30 September 2020	
Research Projects					
Business Combinations under Common Control	Discussion Paper	H1 2018	Q3 2020	Nov 2020	Change due to time needed to address comments arising during balloting process and resource constraints (Publication of DP delayed earlier in year because of the covid-19 pandemic)
Extractive Activities	Decide Project Direction	n/a	n/a	H1 2021	New milestone in period
Standard-setting Projects					
Management Commentary	Exposure Draft	H1 2020	H2 2020	Q1 2021	Change from December 2020 to Q1 2021 due to additional time needed for challenges in drafting, including need to use language that will be accessible to non-accountants. (Previous change in H2 2019 due to holding an extra meeting of the Consultative Group and additional time needed to consider feedback and discuss with Board)
Rate-regulated Activities	Exposure Draft	H2 2019	H2 2020	Q1 2021	Change due to time needed to address comments and discuss sweep issues arising during balloting process (Publication of DP delayed earlier in year because of the covid-19 pandemic)

Appendix A—Changes in the Work Plan in the period June to September 2020

Description	Next milestone	Original forecast for next milestone	Expected date for next milestone		Explanation of changes in expected date
			as at 31 May 2020	as at 30 September 2020	
Maintenance Projects					
2019 Comprehensive Review of the IFRS for SMEs Standard	RFI Feedback	n/a	n/a	December 2020	Date set in period
Accounting Policy Changes (Amendments to IAS 8)	Decide project direction	June 2020	June 2020	n/a	Project discontinued in period (see paragraphs 44–46)
Amendments to IFRS 17 Insurance Contracts	IFRS Amendment	Q2 2020	June 2020	n/a	Project completed in period—IFRS Amendment issued in June 2020 as expected
Classification of Liabilities as Current or Non-current—Deferral of Effective Date (Amendments to IAS 1)	IFRS Amendment	n/a	n/a	n/a	Project completed in period—IFRS Amendment issued in July 2020 as expected
Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)	Decide project direction	n/a	n/a	October 2020	Date set in period
IBOR Reform and its Effects on Financial Reporting—Phase 2	IFRS Amendment	n/a	n/a	n/a	Project completed in period—IFRS Amendment issued in August 2020 as expected
Lack of Exchangeability (Amendments to IAS 21)	Exposure Draft	n/a	n/a	No date set	Project added to Work Plan in period
Lease Liability in a Sale and Leaseback	Exposure Draft	Q3 2020	Q3 2020	November 2020	Publication of Exposure Draft delayed because of a sweep issue identified during the balloting process
Other Projects					
IFRS Taxonomy Update—2020 General Improvements and Common Practice	Proposed IFRS Taxonomy Update	n/a	n/a	October 2020	Project added to Work Plan in period

Appendix A—Changes in the Work Plan in the period June to September 2020

Description	Next milestone	Original forecast for next milestone	Expected date for next milestone		Explanation of changes in expected date
			as at 31 May 2020	as at 30 September 2020	
IFRS Taxonomy Update— Covid-19-Related Rent Concessions (Amendment to IFRS 16)	IFRS Taxonomy Update	n/a	n/a	n/a	Project completed in period—IFRS Taxonomy Update issued in August 2020 as expected
IFRS Taxonomy Update— Amendments to IFRS 17, IFRS 4 and IAS 16	Proposed Update Feedback	n/a	n/a	Q4 2020	New milestone in period
IFRS Taxonomy Update— Common Practice (IAS 19 Employee Benefits)	Proposed IFRS Taxonomy Update	Q3 2020	Q3 2020	November 2020	Change in timing due to focus on other more time critical Taxonomy Updates
IFRS Taxonomy Update— Interest Rate Benchmark Reform Phase 2	Proposed Update Feedback	n/a	n/a	October 2020	Project added to Work Plan 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 September 2020 (setting the comment period)	
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	
Last due process document	None	
Comment letter summary presented to the Board	Not applicable	
Last discussion with consultative groups (this due process stage)	ASAF ⁵	July 2019
	CMAC ⁶	June 2019 (Joint CMAC/GPF meeting)
	GPF ⁷	June 2019 (Joint CMAC/GPF meeting)
	Other	<ul style="list-style-type: none"> Emerging Economies Group—March 2019 World Standard-setters Conference—September 2020
Next due process step	Publish a Discussion Paper in November 2020 with a comment period of 180 days (Discussion Paper currently in balloting process)	

Dynamic Risk Management

Current status	Active research project—last Board discussion October 2019	
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 published in April 2014	
Comment letter summary presented to the Board	March 2015	
Last discussion with consultative groups (this due process stage)	ASAF	October 2019
	CMAC	None
	GPF	None
	Other	World Standard-setters Conference—September/October 2019
Next due process step	<p>Core Model Outreach in October 2020</p> <p>The Board is developing a core model which will be discussed with stakeholders before developing a second Discussion Paper. Given the covid-19 pandemic, the outreach has been postponed to Q4 to allow sufficient time for banks to consider the outreach materials and provide high-quality</p>	

⁵ Accounting Standards Advisory Forum

⁶ Capital Markets Advisory Committee

⁷ Global Preparers Forum

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

	responses, with a target of providing feedback to the Board by December 2020.
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Extractive Activities

Current status	Active research project—last Board discussion September 2020	
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
	CMAC	March 2019
	GPF	None
	Other	Emerging Economies Group—December 2019
Next due process step	Decide Project Direction in H1 2021	

Financial Instruments with Characteristics of Equity

Current status	Active research project—last Board discussion April 2020	
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 published in June 2018	
Comment letter summary presented to the Board	March 2019 (High level analysis) June and July 2019 (Detailed analysis)	
Last discussion with consultative groups (this due process stage)	ASAF	October 2019
	CMAC	March 2020
	GPF	November 2018
	Other	<ul style="list-style-type: none"> • Emerging Economies Group—October 2018 • World Standard-setters Conference—September 2020
Next due process step	Decide Project Direction in December 2020	

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

Goodwill and Impairment

Current status	Active research project Discussion Paper open for comment until 31 December 2020	
Project Objective	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 To explore whether it is possible to simplify the accounting for goodwill by: (a) exploring possible relief from the mandatory annual quantitative impairment test of goodwill; and (b) exploring whether to reintroduce amortisation of goodwill To explore two targeted improvements to the calculation of value in use for the impairment test in IAS 36 <i>Impairment of Assets</i>	
Last due process document	Discussion Paper published in March 2020	
Comment letter summary presented to the Board	Not applicable	
Last discussion with consultative groups (this due process stage)	ASAF	April 2020
	CMAC	June 2019 (Joint CMAC/GPF meeting)
	GPF	March 2020
	Other	<ul style="list-style-type: none"> • Emerging Economies Group—May 2020 • World Standard-setters Conference—September 2020
Next due process step	Consider Discussion Paper feedback in Q1 2021	

Pension Benefits that Depend on Asset Returns

Current status	Active research project—last Board discussion January 2020	
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	July 2019
	CMAC	None
	GPF	None
	Other	None
Next due process step	Review research in November 2020	

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

Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12

Current status	Active project—last Board discussion April 2020	
Project Objective	Gather evidence to assess whether IFRS 10 <i>Consolidated Financial Statements</i> , IFRS 11 <i>Joint Arrangements</i> and IFRS 12 <i>Disclosure of Interests in Other Entities</i> are working as intended	
Last due process document	None	
Comment letter summary presented to the Board	n/a	
Last discussion with consultative groups (this due process stage)	ASAF	December 2019
	CMAC	October 2019
	GPF	October 2019
	Other	<ul style="list-style-type: none"> • IFRS Interpretations Committee—November 2019 • Emerging Economics Group—December 2019 • World Standard-setters Conference—September 2020
Next due process step	Publish a Request for Information in December 2020	

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

Section 2—Standard-setting projects

Management Commentary (see paragraphs 37–39 of this report)

Current status	Active project—last Board discussion September 2020	
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	July 2019
	CMAC	March 2020
	GPF	June 2019 (Joint CMAC/GPF meeting)
	Other	<ul style="list-style-type: none"> • World Standard-setters Conference—September 2020 • Management Commentary Consultative Group—December 2019 • Emerging Economies Group—May 2020
Next due process step	Publish an Exposure Draft in Q1 2021	

Primary Financial Statements (see paragraphs 28–36 of this report)

Current status	Active project Exposure Draft closed for comment on 30 September 2020	
Project Objective	To improve how information is communicated in the financial statements, with a focus on information in the statement of profit or loss.	
Last due process document	Exposure Draft published in December 2019	
Comment letter summary presented to the Board	Not applicable	
Last discussion with consultative groups (this due process stage)	ASAF	April 2020
	CMAC	March 2020
	GPF	March 2020
	Other	<ul style="list-style-type: none"> • IFRS Taxonomy Consultative Group—January 2020 • Emerging Economies Group—May 2020 • World Standard-setters Conference—September 2020
Next due process step	Consider Exposure Draft feedback in December 2020	

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

Rate-regulated Activities

Current status	Active project—last Board discussion September 2020 (consideration of sweep issues and setting the comment period)	
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 published in September 2014	
Comment letter summary presented to the Board	March 2015	
Last discussion with consultative groups (this due process stage)	ASAF	October 2018
	CMAC	October 2019
	GPF	March 2016
	Other	<ul style="list-style-type: none"> • Consultative Group for Rate Regulation—November 2017 • Emerging Economics Group—March 2019 • World Standard-setters Conference—September 2020
Next due process step	Publish an Exposure Draft in Q1 2021 with a comment period of 150 days (Exposure Draft currently in balloting process)	

Disclosure Initiative—Subsidiaries that are SMEs

Current status	Active project—last Board discussion April 2020	
Project Objective	To develop a reduced disclosure IFRS Standard based on the disclosure requirements of the <i>IFRS for SMEs</i> Standard that would apply on a voluntary basis to subsidiaries that do not have public accountability	
Last due process document	None	
Comment letter summary presented to the Board	n/a	
Last discussion with consultative groups (this due process stage)	ASAF	April 2019
	CMAC	None
	GPF	March 2019
	Advisory Council	September 2019 (consulted on whether to add to standard-setting programme)
Next due process step	Decide whether to publish a Discussion Paper or Exposure Draft in December 2020	

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

Section 3—Maintenance projects

Project	Objective	Project Status	Next steps
2019 Comprehensive Review of the IFRS for SMEs Standard	<p>To undertake the second periodic comprehensive review of the <i>IFRS for SMEs Standard</i></p> <p>As a first step, the Board has published a request for Information seeking views on whether and how aligning the <i>IFRS for SMEs Standard</i> with full IFRS Standards could better serve users of financial statements prepared applying the IFRS for SMEs Standard, without causing undue cost and effort</p>	<p>The Board published a Request for Information in January 2020. The comment period ends in October 2020 (extended because of covid-19 pandemic)</p>	<p>Consider Request for Information feedback in December 2020</p>
Accounting Policies and Accounting Estimates (Amendments to IAS 8)	<p>To amend IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> to introduce a definition of ‘accounting estimates’ and provide other clarifications to help entities distinguish accounting policies from accounting estimates</p>	<p>In December 2019, the Board decided to begin the balloting process for the final amendment</p>	<p>Issue an IFRS Amendment in December 2020</p>
Availability of a Refund (Amendments to IFRIC 14)	<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>Decide project direction (no date yet set)</p>

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

Project	Objective	Project Status	Next steps
Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)	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	The Board published an Exposure Draft in July 2019 and considered the feedback in April 2020	Decide project direction in October 2020
Disclosure Initiative—Accounting Policies	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 July, the Board decided to start the balloting process—see paragraphs 21–23	Issue an IFRS Amendment in December 2020
Disclosure Initiative—Targeted Standards-level Review of Disclosures	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>	In June, the Board decided to start the balloting process—see paragraphs 16–18	Publish an Exposure Draft in Q1 2021
Lack of Exchangeability (Amendments to IAS 21)	To specify requirements on the spot exchange rate an entity uses when exchangeability between two currencies is lacking	In July, the Board decided to start the balloting process—see paragraphs 24–25	Publish an Exposure Draft (no date yet set)
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	To enhance the sale and leaseback requirements in IFRS 16 by specifying how a seller-lessee applies the subsequent measurement requirements in IFRS 16 to the lease liability that arises in a sale and leaseback transaction	In May, the Board decided to start the balloting process. It discussed a sweep issue arising from the drafting in September	Publish an Exposure Draft in November 2020

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

Project	Objective	Project Status	Next steps
Provisions—Targeted Improvements	To develop proposals for three targeted improvements to IAS 37: (i) aligning the IAS 37 liability definition and requirements for identifying liabilities with the <i>Conceptual Framework</i> ; and (ii) clarifying two aspects of the measurement requirements	In January 2020, the Board decided to add to its Work Plan a project to amend three targeted aspects of IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	Decide project direction (no date yet set)

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

Section 4—Current IFRS Taxonomy projects

Project	Objective	Project status	Next steps
IFRS Taxonomy Update—2020 General Improvements and Common Practice	To assess whether improvements to the IFRS Taxonomy are needed to support high-quality tagging of information presented in the primary financial statements	Draft proposed update reviewed by ITCG and Taxonomy Review Panel in September	Publish Proposed IFRS Taxonomy Update in October 2020
IFRS Taxonomy Update—Amendments to IFRS 17, IFRS 4 and IAS 16	To reflect Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9 issued in June, and Property, Plant and Equipment—Proceeds before Intended Use issued in May	Proposed update published in July.	Consider Proposed Update Feedback in December 2020
IFRS Taxonomy Update—Common Practice (IAS 19 Employee Benefits)	To consider improvements to the IFRS Taxonomy to make it easier to analyse and compare information that entities commonly disclose about employee benefits under IAS 19	Draft proposed update under review by ITCG and Taxonomy Review Panel	Publish Proposed IFRS Taxonomy Update in November 2020
IFRS Taxonomy Update—Interest Rate Benchmark Reform—Phase 2	To reflect Interest Rate Benchmark Reform—Phase 2, issued in August 2020, which amends IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Proposed update published in August	Consider Proposed Update Feedback in October 2020