

STAFF PAPER

October 2020

Board Meeting

Project	Work plan
Paper topic	Update
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Purpose of the paper

1. Historically, the staff provided an update on the Board's research projects generally every three to four months. The [last update](#) was at the Board meeting in May 2020.
2. This paper provides an update on the Board's entire [work plan](#) since May 2020 and will replace the research update going forward. This is because a work plan update will provide a holistic view of the Board's technical projects to support:
 - (a) decisions about whether to add or remove projects, as may be discussed in individual project papers.
 - (b) assessment of overall progress on the work plan, including project prioritisation and timing.
3. This paper does not ask the Board to make any decisions.
4. The staff expects to provide the next work plan update in around three or four months.

Structure of the paper

5. This paper is structured as follows:
 - (a) Completed projects (paragraphs 6–8);

- (b) New projects (paragraphs 9–10);
- (c) Current projects (paragraphs 11–15);
- (d) Question for the Board; and
- (e) Appendix A: Research pipeline and other projects.

Completed projects

6. Since May 2020, the Board issued final amendments on all urgent projects, as planned:
 - (a) *Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9* (Amendments to IFRS 4) in June 2020.
 - (b) *Classification of Liabilities as Current or Non-Current– Deferral of Effective Date* (Amendments to IAS 1) in July 2020.
 - (c) *Interest Rate Benchmark Reform – Phase 2* (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) in August 2020.
7. The Board also issued *IFRS Taxonomy Update – Covid-19-Related Rent Concessions* (Amendment to IFRS 16) in August 2020.
8. In June 2020, the Board removed the project *Accounting Policy Changes* (Amendments to IAS 8) from its work plan. Feedback on the project was mixed and raised doubts about the expected benefits of proceeding with the project. Developments since publishing the Exposure Draft had also reduced the need for the amendments.

New projects

9. We have started work on a project from the research pipeline: Equity Method (see Agenda Paper 13 for this meeting). As discussed in the last update, this is because there are synergies in undertaking research on this project simultaneously with the outreach on the Request for Information on the post-implementation review (PIR) of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and

IFRS 12 *Disclosure of Interest in Other Entities*. Following this meeting, we will update the work plan to list this project as an active research project.

10. Agenda Paper 8B for this meeting sets out the factors for the Board to consider in determining the timing of the PIRs of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*. Regarding overall work plan considerations, we note that some resources are available to work on new projects following the completion of the projects noted in paragraphs 6–8. Given the skills and expertise of these staff, there is the potential to take one of the following approaches:

- (a) provide existing teams with resilience, particularly given uncertainties from the covid-19 pandemic. As further discussed in Agenda Paper 8A for this meeting, in light of concerns about stakeholder capacity constraints, this support would not accelerate project timetables.
- (b) start a new PIR project immediately, as explored in Agenda Paper 8B for this meeting.
- (c) start one of the remaining research pipeline projects or the PIR of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* set forth in Appendix A. We note, however, the PIRs explored in Agenda Paper 8B for this meeting are mandated by the IFRS Foundation's *Due Process Handbook*. In contrast, the remaining research pipeline projects and the PIR of IFRS 5 were identified as priorities as part of the 2015 Agenda Consultation. In Agenda Paper 24C for this meeting, staff recommends that the Board obtains updated information about those remaining research pipeline projects as part of the 2020 Agenda Consultation to help reassess their relative priority.

Current projects

Expected final amendments

11. The Board expects to issue final amendments, as planned, for the following projects in December 2020:

- (a) Disclosure Initiative—Accounting Policies.
- (b) Accounting Policies and Accounting Estimates (Amendments to IAS 8).

Consultation documents

12. Overall, the Board continues to have a significant number of projects in the balloting process or out for consultation. This is resulting in a high volume of drafting, balloting and outreach activities outside of public Board meetings. Consequently, in the near-term, Board meetings are expected to continue to be shorter than in the past.
13. The following projects are already out for consultation:
 - (a) Request for Information on the Comprehensive Review of the IFRS for SMEs Standard, with a comment deadline of 27 October 2020.
 - (b) Discussion Paper on Business Combinations – Disclosures, Goodwill and Impairment, with a comment deadline of 31 December 2020.
 - (c) Outreach on Dynamic Risk Management to be undertaken through February 2021. The Board will receive an oral update about this project in a separate session at its October 2020 meeting.
14. The following projects are expected to be published for consultation within the next six months:
 - (a) Exposure Draft on Lease Liability in a Sale and Leaseback is now expected to be published in November 2020 (previously September 2020).
 - (b) Proposed IFRS Taxonomy Update—2020 General Improvements and Common Practice expected to be published in October 2020.
 - (c) Proposed IFRS Taxonomy Update—Common Practice (IAS 19 Employee Benefits) expected to be published in November 2020.
 - (d) Discussion Paper on Business Combinations under Common Control is now expected to be published in November 2020 (previously September 2020).

- (e) Request for Information on the PIR of IFRS 10, 11 and 12 expected to be published in December 2020.
 - (f) Exposure Draft on Rate-Regulated Activities is now expected to be published in January 2021 (previously October 2020).
 - (g) Exposure Draft on Management Commentary can be published in February 2021 (previously December 2020). However, see further discussion in Agenda Paper 8A for this meeting.
 - (h) Exposure Draft on the Disclosure Initiative—Targeted-Standards-level Review of Disclosures expected to be published in March 2021.
 - (i) Request for Information on the Agenda Consultation expected to be published in March 2021.
15. Staff believe that these timetables are achievable. However, some stakeholders have recently expressed concern about the timetables (see Agenda Paper 8A for this meeting).

Question for the Board

Question for the Board

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

Appendix A: Research pipeline and other projects

Research pipeline

- A1. The Board set up a pipeline of research projects in late 2016, following the 2015 Agenda Consultation. Pipeline projects are not yet on the active work plan.
- A2. The research pipeline initially included eight projects, of which five have since become active. The Board consciously limited the size of the research pipeline so that it contains only those research projects on which it thought it could realistically expect to do a significant amount of the research before the 2020 Agenda Consultation.
- A3. The research pipeline is not fixed. The Board is free to add projects to the research pipeline if and when it sees fit. The Board has not added any projects to the pipeline since setting it up in 2016.
- A4. The projects in the research pipeline are described below:
- (a) High Inflation: Scope of IAS 29
- (i) The objective of the project is to assess whether it would be feasible to extend the scope of IAS 29 *Financial Reporting in Hyperinflationary Economies* to cover economies subject to only high inflation, without amending other requirements of IAS 29. If the research establishes that this scope extension would not be feasible, staff expects to recommend no work on IAS 29.
- (ii) In particular, the research would assess:
- whether users who have no experience of using financial statements prepared under IAS 29 would welcome a requirement to apply IAS 29 when the reporting currency is subject to high inflation;
 - whether extending the scope of IAS 29 would often lead to some countries dipping in and out of the scope of the Standard; and

- whether extending the scope of IAS 29 would place extra strain on the approach used by IAS 29.
- (b) Pollutant pricing mechanisms
- (i) The objective of the project is to assess whether the Board should develop a proposal to address any diversity that may exist in accounting for pollutant pricing mechanisms (including emissions trading schemes).
 - (ii) The Board last discussed previous work on this topic in October 2015 (with a limited update during the 2015 Agenda Consultation in April 2016).
- (c) Variable and contingent consideration
- (i) The objective of the project is to assess whether the Board should develop a proposal on how to account for variable and contingent payments for asset purchases outside a business combination. Once the Board has considered this topic, there may be a need for some follow up research on risk-sharing and collaborative arrangements.
 - (ii) This project came out of referrals from the IFRS Interpretations Committee. The first step would be to do some initial scoping work to assess how broad this project is. The issues to be considered are likely to include:
 - when should a liability be recognised for a future variable or contingent payment, at what amount, and should part or all of that amount be reflected in the measurement of the asset acquired?
 - should subsequent remeasurements of the liability lead to revisions to the measurement of the asset purchased (and if so in what circumstances), or are the remeasurements part of the entity's financial performance?

Other projects – PIR of IFRS 5

- A5. The Board decided after the 2015 Agenda Consultation to carry out a PIR of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The Board is not required to carry out a PIR of IFRS 5, but decided that a PIR would be the most effective and efficient way to review issues identified by the IFRS Interpretations Committee. The purpose of the PIR would be to evaluate whether IFRS 5 is working as the Board intended. IFRS 5 came into effect in 2005.

Starting pipeline projects and the PIR of IFRS 5

- A6. The Board said in the Feedback Statement *IASB Work Plan 2017–2021* that when it assesses whether and when to add a research project from the pipeline to its research programme of active research projects, it will need to consider various factors, including:
- (a) the urgency of the problem;
 - (b) the extent and complexity of the research needed;
 - (c) the likely time commitment for stakeholders;
 - (d) the overall balance of the active work plan;
 - (e) interactions with other current or future projects;
 - (f) the availability of appropriate staff and sufficient Board time to carry out the research project over an appropriate timescale, without diverting resources from other projects; and
 - (g) the most efficient time to carry out the work.
- A7. Because it is not feasible to forecast those factors in detail, the Board has not set an order of priority for individual projects within its research pipeline.