

# AGENDA PAPER

IFRS® Foundation Trustees meeting – Due Process Oversight Committee

Frankfurt

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Agenda ref 1B

CONTACT

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## IASB 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 (IASB) and the IFRS Interpretations Committee (Interpretations Committee) for the period October 2021 to February 2022.
2. The report sets out how the IASB 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 IASB 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 [IASB] and the IFRS Foundation staff, the due process activities of the [IASB] and the Interpretations Committee, including standard-setting, the development of materials to support the consistent application of IFRS [Accounting] Standards, and the IFRS [Accounting] 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. **Accordingly, all information in this report is for noting only.**
4. The report is structured as follows:
  - (a) due process matters in the period for noting (paragraphs 6–11); and
  - (b) other matters occurring during the period for the attention of the DPOC (paragraphs 12–55).
5. The accompanying appendices are as follows:

Appendix A—Overview of projects on the work plan

Appendix B—Due process documents published in the period.

## Due process matters in the period for noting

### Due process documents published

6. The due process documents published in the period are listed in Appendix B. The staff confirm that the required due process steps have been completed for each of the documents listed. When the IASB is required to review a summary of the due process steps undertaken for a due process document, the DPOC receives a copy of the supporting IASB paper in advance of the IASB's discussion.

### Due process decisions

#### Maintenance projects (narrow-scope amendments)

##### **Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17)**

7. In December 2021, the IASB issued *Initial Application of IFRS 17 and IFRS 9—Comparative Information*. The narrow-scope amendment added an option to the transition requirements of IFRS 17 relating to comparative information about financial assets to improve the usefulness of the comparative information presented on the initial application of the new insurance contracts Standard and the financial instruments Standard.
8. Prior to issuing the amendment, at its October 2021 meeting, the IASB analysed feedback to the Exposure Draft of the amendment and in response to that feedback made the following changes in the final amendment compared to the draft:
  - (a) expanded the scope of the narrow-scope amendment so that it could be applied in a marginally wider set of circumstances; and
  - (b) added further disclosure requirements relating to the amendment.

At the October 2021 meeting, the IASB also confirmed it was satisfied that it had complied with the applicable due process requirements, including confirming re-exposure of the proposals was not required, and had undertaken sufficient consultation and analysis to begin the process for balloting the amendment.

##### **Lease Liability in a Sale and Leaseback**

9. At its February 2022 meeting, the IASB confirmed that re-exposure of the narrow-scope proposals in its Exposure Draft *Lease Liability in a Sale and Leaseback* is not required. The IASB also confirmed it was satisfied that it had complied with all applicable requirements. The staff will begin the balloting process with the amendments planned for issue in the third quarter of 2022. The amendments will add subsequent measurement requirements for sale and leaseback transactions.

## IFRS Accounting Taxonomy

10. The IASB decided to shorten the comment period for IFRS Taxonomy 2021—Proposed Update 3 *Initial Application of IFRS 17 and IFRS 9—Comparative Information* (Amendment to IFRS 17) to 30 days, given the urgency in completing the project in time for the IASB’s annual Taxonomy update and the narrow scope of the proposal. The *Due Process Handbook* normally requires a 60-day comment period for Proposed IFRS Taxonomy Updates. However, it allows the IASB to shorten that period to 30 days if the matter is urgent or narrow in scope.

## Agenda paper compliance report<sup>1</sup>

11. In the period October 2021 to February 2022, all agenda papers discussed by the IASB and the Interpretations Committee were made available on the public website unaltered. No IASB papers were posted after the posting deadline in the period.

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<sup>1</sup> 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 distributed less than five working days in advance and the main reasons for doing so.’

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

### Project updates

12. Overall, the composition of the IASB's work plan has shifted from an intense period of outreach with stakeholders on consultation documents to deliberations of the feedback received. All major projects are progressing in line with plans.

### Goodwill and Impairment

13. In September 2021, the IASB agreed a project plan for its redeliberations of the feedback on its Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment*, prioritising disclosures about business combinations and obtaining additional information about the feasibility of estimating a useful life of goodwill and the effect on historic goodwill balances of transitioning to an amortisation model before deciding on whether to reintroduce amortisation of goodwill.
14. During the period October 2021 to February 2022, the staff has been performing outreach and research on the following topics, which it expects to discuss further with the IASB in Q2 2022:
  - (a) practical concerns raised by stakeholders about disclosing information about business combinations (eg the commercially sensitive nature of that information); and
  - (b) the feasibility of estimating a useful life of goodwill and the effect on historic goodwill balances of transitioning to an amortisation model.
15. The FASB is also undertaking a project that considers the subsequent accounting for goodwill. We continue to have informal discussions and share information with FASB members and staff.

### Primary Financial Statements

16. During the period, the IASB continued redeliberating the proposals in the Exposure Draft *General Presentation and Disclosures*. In these meetings, the IASB continued to make progress with decisions on aspects in each of the three main components of the project. Most significantly:
  - (a) structure and subtotals in the statement of profit or loss—the IASB made several tentative decisions, including changes to proposals about the presentation of associates and joint ventures accounted for using the equity method, in light of stakeholder feedback and further analysis.
  - (b) disaggregation—this component is proving to be the most difficult to address. During the period, the IASB tentatively decided to:
    - (i) retain the proposal to require an entity to analyse and present operating expenses in the statement of profit or loss based on their

nature or function and withdraw the proposed prohibition on a mixed presentation;

- (ii) explore the cost and benefits of providing a limited analysis of expenses by nature for each function in the notes when an entity provides analysis of expenses by function in the statement of profit or loss; and
  - (iii) explore how to proceed with a definition of ‘unusual income and expenses’.
- (c) management performance measures—the IASB tentatively decided to confirm the major aspects of its proposals on management performance measures.

### **Management Commentary**

17. As previously reported, the IASB published the Exposure Draft *Management Commentary* in May 2021. The comment period ended in November 2021. The IASB received 82 comments letters. In addition, during the consultation period IASB members and staff participated in more than 65 outreach events with stakeholders from various jurisdictions.
18. The staff are now analysing feedback in the comment letters and outreach activities. The IASB expects to discuss feedback on the Exposure Draft in March and April 2022. Most significantly, most stakeholders who provided feedback on the Exposure Draft commented on the interaction between the Management Commentary project and the future IFRS Sustainability Disclosure Standards to be developed by the International Sustainability Standards Board (ISSB). In particular, many stakeholders:
- (a) emphasised the need for connectivity between the two boards;
  - (b) suggested that the boards should work together in deliberating the proposals on management commentary; or
  - (c) asked the IASB to pause the project until the ISSB is up and running.
19. The IASB expects to discuss the plan for its Management Commentary project in the second quarter of 2022, after it has discussed feedback on the Exposure Draft.

### **Post-implementation Reviews (PIRs)**

#### **Approach to PIRs**

20. Paragraphs 6.48 to 6.59 of the *Due Process Handbook* describe the due process for PIRs. As the IASB has gained more experience with PIRs, it has more clearly articulated:
- (a) the objectives of a PIR;
  - (b) the reasons for its decision regarding when to start a PIR;
  - (c) the priority of matters identified in a PIR—that is, whether matters identified in a PIR will give rise to follow-on work (PIRs themselves are not standard-setting

- projects; rather, based on research and feedback, the IASB determines whether matters identified in PIRs warrant further work) and when; and
- (d) the outcomes of a PIR (eg, take no further action, develop educational material, undertake standard-setting).
21. With respect to paragraph 20(c), at its January 2022 meeting, the IASB decided its approach to prioritising matters identified in PIRs. Specifically,
- (a) a matter identified in a PIR would warrant further action if there is evidence that:
- (i) the objective of the new IFRS Accounting Standard (Accounting Standard) is not being met;
  - (ii) there is a significant deficiency in how information arising from application of the new Accounting Standard is meeting the needs of users of financial statements (for example, significant diversity in application); or
  - (iii) the costs or challenges of applying the new Accounting Standard or auditing, enforcing or using information arising from the application of the new Accounting Standard are significantly greater than expected (for example, there are differences from the effects analysis issued with the new Accounting Standard).
- (b) the timing of when such a matter would be actioned would be based on the characteristics of the matter—that is, the extent to which:
- (i) the consequences of the matter are significant.
  - (ii) the matter is pervasive.
  - (iii) the matter can be addressed by the IASB or the IFRS Interpretations Committee.
  - (iv) the benefits of any action would be expected to outweigh the costs. This would include considering the extent of disruption and operational costs from change and the importance of the matter to users of financial statements.
22. Matters would then be categorised as:
- (a) high priority matters, which would be addressed as soon as possible.
  - (b) medium priority matters, which would be added to the IASB’s research pipeline or the Interpretations Committee’s pipeline. The IASB’s research pipeline represents inactive projects that the IASB has committed to starting, typically before the next Agenda Consultation<sup>2</sup>. Projects on the Interpretations

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<sup>2</sup> Of course, for medium-priority matters arising from PIRs that conclude shortly before the next Agenda Consultation, the IASB may need some additional time before it starts addressing such matters.

Committee's pipeline are started more quickly, given the narrower-scope of the matters.

- (c) low priority matters, which would be addressed only if they are identified as a priority in the next agenda consultation.
  - (d) 'no action' matters, on which neither the IASB nor the Interpretations Committee would take further action.
23. In advance of its discussion, the IASB consulted with the Advisory Council on this topic. The staff paper, including analysis of Advisory Council feedback is available [here](#).
24. At its February 2022 meeting, the IASB considered the implications of the prioritisation approach in its decisions about how many and which projects to add to its work plan for 2022 to 2026, as part of its Third Agenda Consultation (discussed starting in paragraph 33). As further next steps, it will:
- (a) apply its prioritisation approach to future PIRs; and
  - (b) in light of the number of PIRs underway and forthcoming, more clearly communicate to stakeholders PIR objectives, process and possible outcomes.

#### **PIR of IFRS 10, IFRS 11 and IFRS 12**

25. At its October 2021 meeting, the IASB continued discussions on the research and feedback on the Request for Information on the *Post-implementation Review of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities*. At that meeting, the IASB concluded that those Accounting Standards are working as intended. The IASB also began deciding which matters arising from the PIR should be addressed. However, the IASB observed at its November 2021 meeting that it first needed a consistent approach to prioritising matters arising from PIRs.
26. In light of the IASB's decision in January 2022, as described in paragraph 21-22, at its February 2022 meeting, the IASB applied the new approach and decided that matters identified in the PIR were not of high enough priority to be added to the IASB's work plan of active projects or research pipeline for 2022 to 2026. However, the IASB observed that, even for Accounting Standards that are working as intended, application questions may arise; in these cases, if stakeholders require more immediate support, they could submit matters to the Interpretations Committee. The IASB also decided that sufficient work has been completed to conclude the PIR and directed the staff to prepare the Report and Feedback Statement on the PIR.
27. The IASB will provide the DPOC with a draft of the report when ready, for discussion at a future meeting, and will finalise the report when the DPOC is satisfied that the

IASB has completed its review satisfactorily, as required by paragraph 6.59 of the *Due Process Handbook*<sup>3</sup>.

### **PIR of the classification and measurement requirements in IFRS 9**

28. The PIR of IFRS 9 *Financial Instruments* is being completed in three parts, consistent with how the Accounting Standard was developed. The comment period for the Request for Information on the PIR of the first part—classification and measurement requirements—ended on 28 January 2022.<sup>4</sup> The staff are analysing feedback from comment letters and outreach, with plans to begin discussions with the IASB in March.
29. Feedback indicates focus areas will include:
  - (a) assessing the contractual cash flow characteristics of financial assets with sustainability-linked features for the purpose of determining whether to measure such assets at fair value or amortised cost;
  - (b) accounting for equity investments for which an entity elects to present fair value changes in other comprehensive income (OCI), in particular, the fact that gains and losses presented in OCI whilst the company holds the investment are not subsequently taken out of OCI and recognised in profit or loss (‘recycled’) when the investment is sold; and
  - (c) calculating the effective interest rate for amortised cost measurement.

### **Other PIRs**

30. Paragraph 6.48 of the *Due Process Handbook* states that a PIR *normally* (emphasis added) begins after the new requirements have been applied internationally for two years, which is generally about 30-36 months after the effective date. Paragraph 6.52 also acknowledges that the [IASB] needs to be satisfied that it has sufficient information to establish the scope of the review.
31. In November 2021, the IASB decided that in the second half of 2022 it will:
  - (a) begin the PIRs of IFRS 15 *Revenue from Contracts with Customers* (effective 1 January 2018);
  - (b) begin the PIR of the impairment requirements in IFRS 9 (effective 1 January 2018);
  - (c) consider when to begin the PIR of the hedge accounting requirements in IFRS 9 (optionally effective 1 January 2018); and
  - (d) consider when to begin the PIR of IFRS 16 *Leases* (effective 1 January 2019).

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<sup>3</sup> Paragraph 6.59 of the *Due Process Handbook* states ‘The [IASB] reports regularly to the DPOC during the period of a post-implementation review and informs the DPOC when it has completed its review and provides the DPOC with a draft of the report. When the DPOC is satisfied that the Board has completed the review satisfactorily, the report can be finalised.’

<sup>4</sup> See paragraph 31 for discussion of timing of second and third parts of PIR on IFRS 9.

32. The IASB decided on this plan based on the extent of evidence, including trend information in financial statements and academic research, available to assess as part of the PIR.

### **Third Agenda Consultation**

33. The comment period for the IASB's Third Agenda Consultation ended in September 2021. The staff presented its analysis of the feedback at the November and December 2021 IASB meetings. The status of each of the three parts of the Agenda Consultation is discussed in paragraphs 34-42.

#### **Strategic direction and balance of the IASB's activities**

34. Stakeholders generally expressed support for maintaining the current balance of activities, with some small tweaks to the level of focus on a few of the activities.
35. At the IASB's February 2022 meeting:
- (a) the staff presented its analysis of the implications of three cross-cutting themes that may bear on the IASB's decisions about its strategic direction and balance for 2022 to 2026:
    - (i) connectivity between the IASB and the ISSB;
    - (ii) suggestions that the IASB should partner further with national standard-setters and other regional bodies; and
    - (iii) the priority of matters identified in PIRs, as discussed in paragraph 21-22.
  - (b) the IASB tentatively decided to leave the IASB's current strategic direction and balance largely unchanged, with the following small tweaks, consistent with stakeholder feedback:
    - (i) slight decrease in the IASB's current level of focus on new Accounting Standards and major amendments to Accounting Standards;
    - (ii) slight increase in the IASB's current level of focus on digital financial reporting; and
    - (iii) slight increase in the IASB's current level of focus on understandability and accessibility of Accounting Standards, which will indirectly support consistent application of Accounting Standards.
36. The staff discussed a preliminary version of its analysis in paragraph 35(a) and its recommendation in paragraph 35(b) at an Advisory Council meeting in January. The staff has analysed the Advisory Council's feedback and refined its analysis and recommendations for purposes of the IASB's February meeting.

### **Criteria for assessing the priority of financial reporting issues that could be added to the IASB's work plan**

37. Almost all stakeholders who provided feedback on this part of the Agenda Consultation agreed with the criteria proposed by the IASB. At its December 2021 meeting, the IASB confirmed the criteria that it will use when assessing the priority of financial reporting issues.
38. Some stakeholders further recommended that the criteria proposed in the Request for Information be added to the *Due Process Handbook*. Currently, the *Due Process Handbook* requires the IASB to consult on criteria, without specifying the criteria. In the Request for Information, the IASB proposed criteria based on paragraph 5.4 of the *Due Process Handbook*, which sets out considerations for the IASB in adding standards-setting projects, as well as practical considerations used in the practice. As described in paragraphs 52-59 of **Agenda Paper 24B** from the IASB's December 2021 meeting, we do not think it is necessary to add criteria to the *Due Process Handbook*. By consulting on criteria during each future agenda consultation, rather than 'hard-wiring' the criteria in the *Due Process Handbook*, the IASB has flexibility to adjust the criteria based on trends and circumstances at the time of future agenda consultations.

### **Financial reporting issues that could be added to the IASB's work plan**

39. Stakeholders recommended various priority projects to be added to the IASB's work plan. Feedback generally converged on projects related to climate-related risks, cryptocurrencies, intangible assets, going concern, pollutant pricing mechanisms and statement of cash flows and related matters. Users of financial statements also rated a project on operating segments as a high priority.
40. The staff discussed this feedback with the Advisory Council in January 2022. Their feedback will be incorporated into future staff papers to facilitate IASB decision-making in March and April 2022 about which projects to add to its work plan.
41. The IASB's decision will be based on this feedback, its experience and expertise and an analysis of the criteria it decided on in December 2021, as well as overall capacity, both at the IASB and amongst stakeholders to participate in the standard-setting process, provide high-quality feedback and implement change. Key factors affecting the level of capacity available are:
  - (a) projects on the IASB's current work plan. At the February 2022 meeting, the IASB confirmed its thinking in the Request for Information that it should not, as part of the Agenda Consultation, reassess the priority of projects on its current work plan. Some stakeholders suggested reassessing the continuation of some current projects; however, the IASB plans to consider this feedback at the project-level in conjunction with more comprehensive feedback received as part of each project's formal consultations; and
  - (b) the themes noted in paragraph 35(a).

## Next steps

42. The IASB plans to publish its Feedback Statement on the Agenda Consultation in July 2022. To date, we have been keeping you informed of developments at each DPOC meeting. Consistent with paragraph 4.5 of the *Due Process Handbook*<sup>5</sup>, prior to publication, the staff will share with the DPOC a comprehensive discussion of the feedback received on the Agenda Consultation and the IASB's responses to the feedback, for discussion at a future meeting. In addition, the staff will share its analysis of unsolicited, miscellaneous comments the IASB received as part of the Agenda Consultation on IFRS Foundation due process, for discussion at this future meeting.

## Supporting consistent application

### Interpretations Committee

43. The Interpretations Committee met in November 2021 and February 2022. At those meetings, the Interpretations Committee published two tentative agenda decisions and voted to finalise two agenda decisions (see the table in Appendix B). One of these agenda decisions has been presented to the IASB and was published following confirmation by the IASB in accordance with paragraph 8.7 of the *Due Process Handbook*. The IASB will discuss the remaining agenda decision at its March 2022 meeting. The agenda decisions include material explaining how the applicable principles and requirements in Accounting Standards apply to the transaction or fact pattern described in the agenda decision.
44. At its February 2022 meeting, the Interpretations Committee was provided with an overview of requirements in IFRS 17 *Insurance Contracts* and other background to prepare for a future discussion of a submission about the recognition of profit applying that Standard.
45. At the close of the February 2022 meeting, there were three submissions recently received that the Interpretations Committee had not yet considered.

## Consultative groups

### Consultative Group for Rate Regulation

46. In October, the staff reported a possible need for change to the membership of the Consultative Group for Rate Regulation, given some departures from the group and our desire for greater participation from preparers in some jurisdictions, and users of financial statements generally. Given the limited number of changes to the members and the expected future use of the group, the IASB's thinking was to identify possible

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<sup>5</sup> Paragraph 4.5 states 'In line with paragraphs 36(d) and 15(d) of the Constitution, the Board consults with the Trustees regarding the work plan and, through the DPOC, keeps the Trustees informed of its process in respect of its five-yearly consultation, including how it expects to respond to the input it has received. The next consultation should commence at the latest five years after the current consultation has been completed.'

new members by drawing on the support of the national standard-setters and our experience of which countries and industries are affected, rather than undertaking a public call for members.

47. We are still in the process of identifying members for this group. We will update the DPOC on the group at a future date so that it can review whether there is an appropriate balance of perspectives, including geographical balance in line with paragraph 3.62 of the *Due Process Handbook*.
48. Regarding the expected future use of the group, we plan to hold a public meeting in March 2022, followed by a second public meeting later in H1 2022. Thereafter, we expect any further meetings would be on an ad hoc basis if and when specific matters would benefit from the group's input.

### **IFRS Taxonomy Consultative Group**

49. The IFRS Taxonomy Consultative Group provides advice to the IASB on the development of the IFRS Taxonomy. The charter states that the IASB consider nominations and select members, while the DPOC reviews the proposed composition to ensure an appropriate balance of perspectives, including geographical balance.
50. In December 2021, in a private session, the IASB approved the renewal of the terms of nine members, based on their significant and helpful contributions. One member was not renewed and another member's term expired. The remaining nine members' terms continue.
51. These actions have not significantly changed the composition of the group.

### **Islamic Finance Consultative Group**

52. In October 2021, the staff reported that it was in the process of confirming whether existing members are interested and available to continue participation. Since October 2021, the staff has confirmed membership (see website [here](#)) of the proposed candidates we communicated to you privately. After our private communication with you, we identified and secured another individual to provide a previously underrepresented perspective to the group.
53. Most of the changes to the group's composition relate to changes in individuals designated by organisations that are already represented in the group (because of, for example, changes in the roles of individuals within the organisation and turnover). In reviewing the membership, we considered whether any changes to the group were warranted to ensure an appropriate balance of perspectives, including geographical balance.
54. We held a virtual meeting in November 2021 to:
  - (a) discuss the PIR on the classification and measurement requirements in IFRS 9;
  - (b) discuss the application of IFRS 17 Insurance Contracts to takaful contracts; and
  - (c) update members on the IASB's technical activities.

55. We are in the process of planning meetings for 2022.

## Appendix A—Overview of projects on the work plan

[abbreviations: DP=Discussion Paper; ED=Exposure Draft; RFI=Request for Information; ASAF=Accounting Standards Advisory Forum; CMAC=Capital Markets Advisory Committee; GPF=Global Preparers Forum; EEG=Emerging Economies Group; SMEIG=SME Implementation Group; IFCG=Islamic Finance Consultative Group]

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions <sup>6</sup>
<b>Research projects</b>							
Business Combinations under Common Control	To explore possible reporting requirements that would reduce diversity in practice and improve the transparency and comparability of the reporting on business combinations under common control	Decide project direction	TBD	✓	<ul style="list-style-type: none"> <li>• IASB discussed summary of feedback on DP in December 2021 and January 2022.</li> <li>• IASB to start deliberations in future meetings.</li> </ul>	• DP published Nov 2020 (comment period ended Sep 2021)	ASAF: June 2021 CMAC: March 2021 EEG: May 2021 GPF: Jun 2019
Dynamic Risk Management	To explore whether an accounting model can be developed to better reflect how a company’s interest rate risk management strategy may affect the amount, timing and uncertainty of future cash flows and the effect of risk management activities on its financial statements.	Decide project direction	Q2 2022	✓	<ul style="list-style-type: none"> <li>• IASB has considered feedback from outreach on core model</li> <li>• Further staff research and analysis on the key challenges identified</li> </ul>	• DP published in 2014	ASAF: Dec 2020

<sup>6</sup> Most recent discussion with each group highlighted

**Appendix A—Overview of projects on the work plan**

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions <sup>6</sup>
Equity method	To assess whether application problems with the equity method as set out in IAS 28 <i>Investments in Associates and Joint Ventures</i> can be addressed in consolidated and individual financial statements by identifying and explaining the principles of IAS 28	Decide project direction	Q1 2022	✓	<ul style="list-style-type: none"> <li>• Project moved from research pipeline in Oct 2020</li> <li>• June 2021 the Board discussed the principles identified as underlyingly IAS 28 and how to develop additional principles to address application question.</li> </ul>	n/a	ASAF: Oct 2021
Extractive Activities	<p>To explore:</p> <p>(a) developing requirements or guidance to improve the disclosure objectives and requirements about an entity’s exploration and evaluation expenditure and activities to provide more useful information to primary users of financial statements</p> <p>(b) removing the temporary status of IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i></p>	Decide project direction	Q3 2022	Deferred decision about project direction to perform additional research in line with the Board’s decisions regarding the project’s scope and objectives.	<ul style="list-style-type: none"> <li>• Staff conducting further research to assist IASB in determining project direction.</li> </ul>	n/a	ASAF: March 2021 CMAC: March 2019

## Appendix A—Overview of projects on the work plan

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions <sup>6</sup>
Goodwill and Impairment	To explore whether entities can, at a reasonable cost, provide users with more useful information about the acquisitions those entities make. The IASB is considering ways to meet the objective though improving the disclosure requirements about business combinations and the subsequent accounting for goodwill	Decide project direction	H2 2022	Decision about direction changed to H2 2022 (previously H1 2022) to allow the IASB to consider additional staff research on aspects of the subsequent accounting for goodwill and improving disclosures about business combinations	<ul style="list-style-type: none"> <li>• IASB to continue redeliberations</li> </ul>	DP published Mar 2020 (extended comment period ended Dec 2020)	ASAF: Dec 2021 CMAC: Nov 2021 EEG: Dec 2020 GPF: Nov 2021 Joint IASB and FASB: July 2021
Pension Benefits that Depend on Asset Returns	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	Project Summary	Q2 2022	✓	<ul style="list-style-type: none"> <li>• At its October 2021 meeting the IASB decided not to propose amendments to IAS 19.</li> <li>• Staff drafting Project Summary.</li> </ul>	n/a	ASAF: Jul 2019

## Appendix A—Overview of projects on the work plan

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions <sup>6</sup>
PIR of IFRS 10, IFRS 11 and IFRS 12	To examine further the matters in the Request for Information 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	Feedback Statement	Q2 2022	Deferred by one quarter to allow IASB to develop a consistent approach to prioritising matters arising from PIRs.	<ul style="list-style-type: none"> <li>• IASB concluded that IFRS 10, IFRS 11 and IFRS 12 are working as intended in October 2021.</li> <li>• In January 2022, the IASB decided on an approach to prioritising matters arising from PIRs.</li> <li>• IASB to conclude discussion of any further action to be taken on IFRS 10, IFRS 11 and IFRS 12, in light of the PIR.</li> </ul>	RFI published Dec 2020 (comment period ended May 2021)	ASAF: March 2021 CMAC: March 2021 EEG: Dec 2020 GPF: March 2021
PIR of IFRS 9— Classification and Measurement	To assess the effects of the new requirements on entities, users, auditors and regulators	Request for Information Feedback	Q2 2022	✓	<ul style="list-style-type: none"> <li>• Comment period on RFI ended 28 January 2022</li> <li>• Staff analysing feedback from comment letters and outreach.</li> </ul>	RFI Published September 2021	ASAF: March 2021 CMAC: March 2021 GPF: March 2021 IFCG: Nov 2021 EEG: Dec 2021

## Appendix A—Overview of projects on the work plan

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions <sup>6</sup>
<b>Standard-setting projects</b>							
Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures	To develop a reduced-disclosure IFRS Standard—using the disclosure requirements of the <i>IFRS for SMEs</i> Standard and adapting them where there are recognition and measurement differences between the <i>IFRS for SMEs</i> Standard and IFRS Standards—that would apply on a voluntary basis to subsidiaries that do not have public accountability	Exposure Draft Feedback	Q2 2022	✓	<ul style="list-style-type: none"> <li>• Comment period on ED ended 31 January 2022.</li> <li>• Staff analysing feedback from comment letters and outreach.</li> </ul>	ED published July 2021	ASAF: Dec 2021 GPF: Nov 2021 EEG: Dec 2021 SMEIG: Sep 2021
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>	Exposure Draft Feedback	Q1 2022	✓	<ul style="list-style-type: none"> <li>• Comment period on ED ended 12 January 2022</li> <li>• Staff analysing feedback from comment letters and outreach.</li> </ul>	ED published Mar 2021	ASAF: Dec 2021 CMAC: Jun 2021 EEG: Dec 2020 GPF: Jun 2021

## Appendix A—Overview of projects on the work plan

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions <sup>6</sup>
Financial Instruments with Characteristics of Equity	To improve the information that entities provide in their financial statements about the financial instruments they have issued and address challenges with applying IAS 32 <i>Financial Instruments: Presentation</i>	Exposure Draft	TBD	✓	<ul style="list-style-type: none"> <li>• Developing proposals for ED</li> </ul>	DP published Jun 2018  In light of feedback, the IASB decided to achieve the project objectives by clarifying existing IAS 32 classification principles to address practice issues and improving presentation and disclosure requirements	ASAF: Dec 2020 CMAC: Mar 2020 GPF: Nov 2018 EEG: Oct 2018
Management Commentary	To revise and update Practice Statement 1 <i>Management Commentary</i> issued in 2010	Exposure Draft Feedback	Q1 2022	✓	<ul style="list-style-type: none"> <li>• Comment period on ED ended 23 November 2021</li> <li>• The staff are analysing feedback from comment letters and outreach.</li> </ul>	ED published May 2021	Management Commentary Consultative Group: Jul 2021 (private education session)  IFRS Taxonomy Consultative Group: Nov 2021  ASAF: Oct 2021 CMAC: Jun 2021 EEG: July 2021 GPF: Jun 2021

**Appendix A—Overview of projects on the work plan**

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions <sup>6</sup>
Primary Financial Statements	To improve how information is communicated in the financial statements, with a focus on information in the statement of profit or loss including introducing a more disciplined and transparent approach to the reporting of management-defined performance measures (a subset of 'non-GAAP')	Issue new Accounting Standard	TBD	✓	<ul style="list-style-type: none"> <li>• Redeliberating the proposals in ED in light of feedback</li> </ul>	ED published Dec 2019	ASAF: Oct 2021 CMAC: Oct 2020 GPF: Nov 2021 EEG: May 2020
Rate-regulated Activities	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	Issue new Accounting Standard	TBD	✓	<ul style="list-style-type: none"> <li>• IASB discussed summary of feedback on ED in October and November 2021.</li> <li>• IASB discussed plans for redeliberating the proposals in the ED in December 2021.</li> <li>• IASB to start redeliberations in February.</li> <li>• At its December 2021 meeting, the IASB discussed plans for redeliberating the proposals in the ED.</li> <li>• At its February 2022 meeting, the IASB met to redeliberate proposals in the ED relating to the scope.</li> </ul>	ED published Jan 2021	Consultative Group for Rate Regulation: Feb 2022 (private education session)  ASAF: Oct2021 CMAC: Mar 2021 GPF: Mar 2021 EEG: May 2021

## Appendix A—Overview of projects on the work plan

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions <sup>6</sup>
Second Comprehensive Review of the <i>IFRS for SMEs</i> Standard	To undertake the second periodic comprehensive review of the <i>IFRS for SMEs</i> Standard	Publish ED	H2 2022	✓	• Developing proposals for ED	RFI published Jan 2020	EEG: May 2021 SMEIG: Jan 2022
<b>Other projects</b>							
Third Agenda Consultation	To gather views on: <ul style="list-style-type: none"> <li>• the strategic direction and balance of the Board’s activities</li> <li>• the criteria for assessing the priority of financial reporting issues that could be added to the work plan and</li> <li>• new financial reporting issues that could be given priority in the Board’s work plan</li> </ul>	Feedback Statement	H2 2022	✓	• Decision-making on IASB priorities for 2022 to 2026	RFI published March 2021	ASAF: Dec 2021 CMAC: Jun 2021 GPF: Jun 2021 EEG: May 2021 IFRS Taxonomy Consultative Group: Jun 2021

## Appendix A—Overview of projects on the work plan

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document
<b>Maintenance projects</b>						
Availability of a Refund (Amendments to IFRIC 14)	To clarify the accounting when other parties have rights to make particular decisions about a company’s defined benefit plan	Decide project direction	Q1 2022	Milestone set in period	• IASB to deciding whether to proceed with the project	n/a
Lack of Exchangeability (Amendments to IAS 21)	To specify requirements to help entities assess when a currency is not exchangeable and the spot exchange rate to use in that situation	Decide project direction	Q2 2022	✓	• Analysing feedback and developing recommendations on the project direction	ED published Apr 2021
Lease Liability in a Sale and Leaseback	To improve the sale and leaseback requirements in IFRS 16 by (i) adding subsequent measurement requirements for sale and leaseback transactions; and (ii) specifying the method a seller-lessee uses in initially measuring the right-of-use asset and liability arising in such transactions	IFRS Amendment	Q3 2022	✓	• In February, IASB to: <ul style="list-style-type: none"> <li>○ confirm in February not to re-expose proposals.</li> <li>○ review in the due process steps undertaken to date and confirm it has complied with all applicable requirements.</li> </ul>	ED published Nov 2020
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	Decide project direction	Q1 2022	✓	• IASB to decide in February whether to continue with the project	n/a
Non-current Liabilities with Covenants (Amendments to IAS 1)	To improve the information a company provides about liabilities with covenants, in addition to addressing stakeholders’ concerns about how a company classifies those liabilities as current or non-current.	Exposure draft feedback	Q2 2022	New project	• Comment period ends on 21 March 2022. • Staff conducting outreach with stakeholders	ED published Nov 2021
Supplier Finance Arrangements	To improve information provided to users to enable them to assess the effects of a company’s supplier finance arrangements on its liabilities and cash flows.	Exposure draft feedback	Q2 2022	New project	• Comment period ends on 28 March 2022. • Staff conducting outreach with stakeholders	ED published Nov 2021

**Appendix A—Overview of projects on the work plan**

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document
<b>IFRS Accounting Taxonomy projects</b>						
General Improvements and Common Practice	To reflect potential improvements to the Accounting Taxonomy, such as common practice elements, to support high-quality tagging of financial statements.	Proposed Accounting Taxonomy Update	TBD	New project	• Staff are researching potential improvements, with focus on financial instruments disclosures	n/a
Initial Application of IFRS 17 and IFRS 9—Comparative Information	To reflect <i>Initial Application of IFRS 17 and IFRS 9—Comparative Information</i> , issued in December 2021.	Accounting Taxonomy Update	Mar 2022	New project	• IASB discussed feedback on the Proposed Update in Jan 2022 Board meeting.	Proposed Accounting Taxonomy Update published Dec 2021
2021 Technology Update	To reflect developments in the technology standards that underpin the Accounting Taxonomy	Accounting Taxonomy Update	Mar 2022	New project	• Staff are finalising update and compiling annual Accounting Taxonomy	Proposed Taxonomy Update published Dec 2021

## Appendix B—Due process documents published in the period

### Standard-setting due process documents

Due process document	Due process stage	Date published	Due process reviewed by IASB <sup>7</sup>	All applicable due process steps completed
<i>Initial Application of IFRS 17 and IFRS 9—Comparative Information</i> (Amendment to IFRS 17)	Final amendment	December 2021	October 2021	✓
Exposure Draft <i>Non-current Liabilities with Covenants</i> (Proposed amendments to IAS 1)	Exposure Draft	November 2021	July 2021	✓
Exposure Draft <i>Supplier Finance Arrangements</i> (Proposed amendments to IAS 7 and IFRS 7)	Exposure Draft	November 2021	July 2021	✓

<sup>7</sup> Paragraph 4.16, 6.6 and 6.22–6.24 of the *Due Process Handbook* set out the due process requirements for the IASB when publishing a Discussion Paper, an Exposure Draft, and a new or amended Standard respectively. Before publishing these documents, the staff presents a summary of the due process steps to the IASB and asks the IASB 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.

## Appendix B—Due process documents published in the period

### IFRS Accounting Taxonomy due process documents

IFRS Accounting Taxonomy due process document	Due process stage	Date published	Approved by IASB <sup>8</sup>	Reviewed Taxonomy Review Panel	Reviewed ITCG	All applicable due process steps completed
IFRS Accounting Taxonomy 2021—Proposed Update 2 <i>Technology Update</i> .	Proposed Accounting Taxonomy Update	December 2021	n/a	n/a	October 2021	✓
IFRS Accounting Taxonomy 2021—Proposed Update 3 <i>Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17)</i> .	Proposed Accounting Taxonomy Update	December 2021	November 2021	n/a	n/a	✓
IFRS Accounting Taxonomy 2021—Update 1 <i>Disclosure of Accounting Policies and Definition of Accounting Estimates</i>	Accounting Taxonomy Update	February 2022	January 2022	n/a	October 2021	✓

<sup>8</sup> The due process procedures for the IFRS Accounting 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 Accounting 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 Accounting Standards. The IASB is required to approve IFRS Accounting Taxonomy Updates reflecting new or amended IFRS Accounting Standards; it is not required to approve new common practice or other content changes not referred to explicitly by the IFRS Accounting Standards. Changes for new common practice or other content changes not referred to explicitly by the IFRS Accounting 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 Accounting Taxonomy Update and normally also reviews all content changes.

## Appendix B—Due process documents published in the period

### IFRS Interpretations Committee Agenda Decisions

Topic	Current due process stage	Date published	Approved by Interpretations Committee	IASB not object <sup>9</sup>	All applicable due process steps completed	Next step	Remarks
Principal versus Agent: Software Resellers (IFRS 15 <i>Revenue from Contracts with Customers</i> )	Tentative agenda decision	9 Dec 2021	30 November 2021	N/A	✓	Tentative agenda decision feedback	The Interpretations Committee will consider feedback on the tentative agenda decision at a future meeting.
Negative Low Emission Vehicle Credits (IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> )	Tentative agenda decision	10 February 2022	1 February 2022	N/A	✓	Tentative agenda decision feedback	The Interpretations Committee will consider feedback on the tentative agenda decision at a future meeting.
TLTRO III Transactions (IFRS 9 <i>Financial Instruments</i> and IAS 20 <i>Accounting for Government Grants and Disclosure of Government Assistance</i> )	Tentative agenda decision feedback	17 June 2021	9 June 2021	The IASB will be asked whether it objects to the agenda decision at its March 2022 meeting.	✓	Agenda decision	The Interpretations Committee considered feedback on the tentative agenda decision at its meeting in February 2022.
Economic Benefits from Use of a Windfarm (IFRS 16 <i>Leases</i> )	Agenda decision	17 Dec 2021	30 November 2021	16 December 2021	✓	N/A	N/A

<sup>9</sup> Paragraph 8.7 of the *Due Process Handbook* requires the IASB to be asked whether it objects to a (final) agenda decision approved by the Interpretations Committee before that agenda decision is published.