

AGENDA PAPER

IFRS® Foundation Trustees meeting – Due Process Oversight Committee

Johannesburg

October 2018

Agenda ref 1B

CONTACT

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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 (Committee) for the period May to September 2018.
2. The report sets out how the Board and the Interpretations Committee have fulfilled their due process obligations, as set out in the *Due Process Handbook*. The report aims to assist the DPOC in fulfilling its role of overseeing the due process activities of the Board and the Committee, as set out in paragraphs 2.1–2.15 of the *Due Process Handbook*. In particular, paragraph 2.8(a) of the *Due Process Handbook* explains:

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

3. At this meeting the only matter on which the DPOC is being asked to specifically confirm that due process has been followed is the Post-Implementation Review of IFRS 13 *Fair Value Measurement*. This is addressed in Paper 1C for this meeting.
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 issued;
 - (ii) Interpretations Committee agenda decisions published;
 - (iii) IFRS Taxonomy due process documents issued; and
 - (iv) other due process decisions.
 - (b) Other matters occurring during the period for the attention of the DPOC (paragraphs 26–37). This part of the report highlights specific matters relating to

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

(c) Agenda paper compliance report (paragraphs 38–39).

(d) Update on the Board's work plan during the period (paragraphs 40–42).

5. The accompanying appendices are as follows:

Appendix A—Overview of projects on the work plan. The purpose of this appendix is to summarise the status of each of the projects on the Board's work plan as background information for the DPOC, organised as follows:

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

Appendix B—Work Plan as at 30 September 2018.

Due process procedures in the period

Standard-setting due process documents issued

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

Due process document	Issued	Due Process Stage	Due Process Steps	
			Approved by Board ¹	Reported to DPOC
Discussion Paper: Financial Instruments with Characteristics of Equity	28 June 2018	Discussion Paper	March 2017	16 March 2017

¹ Paragraph 4.16 of the *Due Process Handbook* states that before a Discussion Paper is balloted, the Board must be satisfied that it has completed all of the steps that are necessary to ensure that the Discussion Paper is likely to meet its purpose. Prior to issuing a Discussion Paper, 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 receive 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 Committee in the period. An agenda decision explains why the Committee does not recommend standard-setting in response to a submission received from a stakeholder. Agenda decisions often include information to help entities apply IFRS Standards.² For each agenda decision, the table highlights when:
- the final agenda decision was published;
 - the draft agenda decision was published for comment for 60 days; and
 - the feedback on the draft agenda decision was discussed by the Committee before finalisation.

Topic	Final Agenda Decision published	Draft Agenda Decision published	Feedback discussed by the Committee
Classification of short-term loans and credit facilities (IAS 7 <i>Statement of Cash Flows</i>)	June 2018	March 2018	June 2018
Determination of the exchange rate when there is a long term lack of exchangeability (IAS 21 <i>The Effects of Changes in Exchange Rates</i>)	September 2018	June 2018	September 2018
Expenditures on a qualifying asset (IAS 23 <i>Borrowing Costs</i>)	September 2018	June 2018	September 2018
Borrowing costs on land (IAS 23 <i>Borrowing Costs</i>)	September 2018	June 2018	September 2018
Classification of a particular type of dual currency bond (IFRS 9 <i>Financial Instruments</i>)	September 2018	March 2018	September 2018

² Paragraph 5.22 of the *Due Process Handbook* sets out the due process requirements relating to agenda decisions (described as rejection notices in the *Due Process Handbook*).

IFRS Taxonomy due process documents issued

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

IFRS Taxonomy Update (not subject to Board approval)	Published	Reviewed ³	
		IFRS Taxonomy Review Panel	ITCG
Proposed IFRS Taxonomy Update–Common Practice (IFRS 13)	September 2018	May and July meetings 2018	June, July and September meetings 2018

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 A30–A35 and A45 set out the requirements for new common practice and other content changes not referred to explicitly by the IFRS Standards.

Other due process decisions in the period

Disclosure Initiative: *Definition of Material*

10. At its July meeting, the Board confirmed it was satisfied that it had complied with the applicable due process requirements in order to issue a final amendment to the definition of material and supporting guidance in IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies Changes in Accounting Estimates and Errors*⁴.
11. The objective of this project is to improve understanding of the existing requirements by refining and clarifying the definition of 'material'. The proposed amendments align the definition of material within IFRS Standards and the *Conceptual Framework*.
12. The Board published an Exposure Draft in September 2017 with a 120-day comment period and received 71 comment letters. The Board considered the feedback to the Exposure Draft at its meetings in April 2018 and June 2018.
13. The Board concluded that re-exposure was not necessary because its amendments to the Exposure Draft do not represent substantive changes where a further opportunity to comment would be appropriate. Rather, the changes further clarify the proposals and directly respond to the feedback received.
14. The Board expects to issue the final amendments in November 2018 with an effective date of January 2020.

Costs considered in assessing whether a contract is onerous (IAS 37)

15. At its September meeting, the Board confirmed it was satisfied that it had complied with applicable due process requirements to issue an Exposure Draft of narrow-scope amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*⁵.
16. The Exposure Draft will propose adding some additional guidance to narrow diversity in practice in applying the definition of an onerous contract in IAS 37 as recommended by the Interpretations Committee.
17. The Exposure Draft will have a comment period of 120 days in accordance with paragraph 6.7 of the Due Process Handbook and is expected to be issued in December 2018.

Changes to the Research Programme

IBOR reform and effects on financial reporting

18. At its June meeting, the Board decided to add a project to its research programme to explore the possible effects on financial reporting of interbank offered rate (IBOR) reform.

⁴ The Board paper summarising the due process steps taken in developing the final amendment was distributed to DPOC members in advance of the Board meeting on 13 July 2018.

⁵ The Board paper summarising the due process steps taken in developing the Exposure Draft was distributed to DPOC members in advance of the Board meeting on 13 September 2018.

19. Recent market developments have brought into question the long-term viability of interest rate benchmarks such as LIBOR, EURIBOR and TIBOR. The possible discontinuation of such benchmarks could have a significant and widespread impact across financial markets, as well as in other areas where such benchmarks are used. In this context, stakeholders are starting to consider what are the effects to financial reporting of a potential discontinuation of the IBORs.
20. The objective of this project is to monitor further developments in this regard and determine whether there are any implications for the existing accounting requirements and whether that the Board might want to take any actions.

Primary Financial Statements

21. At its September meeting, the Board decided to move the Primary Financial Statements project from its research programme onto its standard-setting programme. In making its decision, the Board was guided by the considerations of 5.4-5.7 of the Due Process Handbook. The Board concluded that:
 - (a) there are pervasive deficiencies in the current presentation of information in the statement(s) of financial performance;
 - (b) these deficiencies affect users of financial statements; and
 - (c) the benefits of the improvements to financial reporting from undertaking standard-setting are likely to outweigh the costs.
22. In accordance with paragraph 5.6 of the Due Process Handbook, both the Accounting Standards Advisory Forum (ASAF) and the IFRS Advisory Council were consulted in the period in advance of reaching this decision.
23. As required by paragraph 3.59 of the Due Process Handbook, the Board also considered whether to establish a consultative group for the project. The Board decided there was no need to form a consultative group, noting that:
 - (a) the project does not require detailed specialist knowledge; and
 - (b) the existing consultative groups have the necessary practical experience and expertise on financial statement presentation to advise on this project. ASAF, Global Preparers Forum (GPF) and Capital Markets Advisory Committee (CMAC) have already been extensively consulted on the project and the Board plans to continue using these groups to provide advice.
24. The Board will consider at a later date whether the first consultative document for the project should be a Discussion Paper or an Exposure Draft.

Research pipeline

25. In February 2018, the Board identified five projects in the research pipeline that it would aim to start in the next few months. The staff have now started work on the first two of those projects: Extractive Activities and Pension Benefits that Depend on Asset Returns. Accordingly, in September 2018 the work plan was updated to indicate that those two projects are now active.

Other matters for the attention of the DPOC

Technical projects

Goodwill and Impairment

26. At the July 2018 meeting, the Board finalised its discussion on the objectives for the next stage of its Goodwill and Impairment research project considering the findings from the research performed to date. The Board is now:
- (a) exploring whether disclosures could be improved to enable investors to assess more effectively whether a business combination was a good investment decision and whether the acquired business is performing after the acquisition as was expected at the time of the acquisition.
 - (b) pursuing the objective of simplifying the accounting for goodwill by:
 - i. pursuing possible relief from the mandatory annual quantitative impairment test of goodwill; and
 - ii. exploring whether to reintroduce amortisation of goodwill.
 - (c) pursuing two targeted improvements to the calculation of value in use for the impairment test in IAS 36 *Impairment of Assets*.
27. The Board also tentatively decided to issue a Discussion Paper as the research project's next step. The Board noted that this decision would not preclude it from issuing an exposure draft on, for example, targeted improvements to the value in use calculation. The Board will discuss in October 2018 what work is still needed before a Discussion Paper can be developed, and the staff will then develop a timetable for the remaining work.

Principles of disclosures

28. In our last report to the DPOC, we explained that the Board had considered the feedback on the March 2017 Discussion Paper Disclosure Initiative—Principles of Disclosure and had decided to undertake a Targeted Standards-level Review of Disclosures project. In that regard, in this period, the Board developed a draft set of guidance for the Board to use when developing and drafting disclosure objectives and requirements to help develop more effective disclosure requirements in the future. In the July Board Meeting, the Board decided to test the draft guidance by applying it to IAS 19 *Employee Benefits* and IFRS 13 *Fair Value Measurement*. The Board will undertake that test over the coming months.
29. In July the Board continued its analysis of the remaining topics in the Discussion Paper and decided:
- (a) To add a project to its agenda relating to accounting policy disclosures. The objective of this project is to develop non-mandatory guidance and examples to help entities make more effective judgements about which accounting policies are material and should be disclosed in the financial statements. The guidance will

be included in IFRS Practice Statement 2 *Making Materiality Judgements*. At a later date, the Board will decide whether to make any related amendments to the Standards.

- (b) To address feedback received about the effect of digital reporting on disclosures by including relevant considerations in the guidance for the Board under the Targeted Standards-level Review of Disclosures project (see paragraph 28 above). For example, the Board will consider how to ensure that disclosure requirements can be effectively applied in both paper-based and digital reporting environments.
- (c) To consider broader feedback received about the effect of digital reporting on financial reporting as part of the IFRS Foundation's technology initiative. (The objective of this initiative is to consider the implications of advances in technology for financial reporting and standard-setting. This initiative is still in the early stages of development.)

Availability of a refund (Amendments to IFRIC 14)

- 30. Having considered feedback on an Exposure Draft of proposed amendments to IFRIC 14 *IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, the Board asked the staff to assess whether a more principles-based approach could be found for an entity to assess the availability of a refund of a surplus in a pension plan than that required in IFRIC 14.
- 31. At the June 2018 meeting, the staff provided an update on the work performed and discussed next steps. The staff highlighted that developing a more principles-based approach could require broader amendments to IFRIC 14 than originally proposed in the Exposure Draft. Consequently, it could require re-exposure.
- 32. The Board did not make any decisions on this project at its June meeting. The Board intends to continue its discussions at a future meeting.

Implementation activities

Interpretations Committee

- 33. The Committee met in May, June and September 2018. At these meetings, it published five final agenda decisions (see table below paragraph 7), four of which include information that explains how an entity applies IFRS Standards to the particular question submitted to the Committee. The Committee also published six tentative agenda decisions, discussed one narrow-scope project and provided feedback to the Board on two projects.
- 34. At the close of the September 2018 meeting, there were three submissions from stakeholders that had not yet been considered by the Committee.

Transition Resources Group for IFRS 17 Insurance Contracts

35. The Transition Resources Group (TRG) for IFRS 17 is one of the ways in which the Board is supporting implementation of IFRS 17. The TRG provides a public forum for stakeholders to follow the discussion of implementation questions raised as entities ready themselves for the effective date of IFRS 17. In the period the TRG held its second and third technical meetings on 2 May 2018 and 26-27 September 2018.
36. A total of 81 submissions have now been considered by the TRG during its meetings. More than 50 per cent of the total submissions were discussed as a TRG agenda topics, about 30 per cent were answered applying only the words in IFRS 17, and the remainder did not meet the submissions criteria, or are to be addressed outside the TRG process by the Board. In this respect, at the June 2018 Board meeting, the Board tentatively decided to propose to clarify the definition of the coverage period for insurance contracts with direct participation features, as part of the annual improvements to IFRS Standards. The proposed amendment would clarify that the coverage period for such contracts includes periods in which the entity provides investment-related services.
37. The staff plan to report the discussion of the third TRG meeting to the Board in October 2018. One further TRG meeting is scheduled in December 2018.

Agenda paper compliance report

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

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

39. In the period May to September 2018, all agenda papers discussed by the Board and the Committee were made available on our public website unaltered. One Board paper was posted after the posting deadline, one day before the start of the public Board meeting. This was a short supplementary paper that simplified the recommendations in the original board paper to facilitate discussion at the meeting.

Update on Board's Work Plan as at 30 September 2018

40. Appendix B sets out the Board's Work Plan as at 30 September 2018. The Work Plan is annotated to provide details of any changes in project timings in the period, May–September 2018.

41. The staff notes that the Discussion Paper *Financial Instruments with Characteristics of Equity* was issued in June 2018 as scheduled in our last two reports to the DPOC.
42. Since our last report to the DPOC timetable adjustments have been made to the expected dates for the next milestones (for research and standard-setting projects) for Business Combinations under Common Control, Discount Rates, Goodwill and Impairment, Share-based Payment and Rate-regulated Activities. These adjustments are explained in Appendix B.

Appendix A—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 July 2018	
Project Objective	The Board is discussing whether it can develop requirements that would improve the comparability and transparency of accounting for business combinations under common control and help investors to better compare and understand information about such transactions that companies provide in financial statements.	
Last due process document	None	
Comment letter summary presented to the Board	Not applicable	
Last discussion with consultative groups (this due process stage)	ASAF ⁶	July 2018
	CMAC ⁷	June 2018 (Joint CMAC/GPF meeting)
	GPF ⁸	June 2018 (Joint CMAC/GPF meeting)
	Other	Emerging Economies Group (EEG)—December 2017
Next due process steps	Publish a Discussion Paper in H2 2019	

Disclosure Initiative—Principles of Disclosure (see paragraphs 28 and 29 of this report)

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

⁶ Accounting Standards Advisory Forum

⁷ Capital Markets Advisory Committee

⁸ Global Preparers Forum

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

Comment letter summary presented to the Board		February 2018.
Last discussion with consultative groups (this due process stage)	ASAF	April 2018
	CMAC	June 2018 (Joint CMAC/GPF meeting)
	GPF	June 2018 (Joint CMAC/GPF meeting)
	Other	<ul style="list-style-type: none"> IFRS Taxonomy Consultative Group: April 2018 IFRS Advisory Council: April 2017
Next due process steps		Publish project Summary (no date yet set)

Discount Rates

Current status		Project completed—last Board discussion March 2017
Project Objective		The Board examined why IFRS Standards require different discount rates. The Board identified some discount rate issues that may be investigated while doing other projects.
Last due process document		None
Comment letter summary presented to the Board		Not applicable
Last discussion with consultative groups (this due process stage)	ASAF	July 2015
	CMAC	None
	GPF	March 2017
	Other	None
Next due process steps		Publish a Project Summary in December 2018

Dynamic Risk Management

Current status		Active research project—last Board discussion September 2018
Project Objective		To explore whether accounting model can be developed that will provide users of financial statements with better information about a company's dynamic risk management activities and how it manages those activities.
Last due process document		Discussion Paper issued April 2014
Comment letter summary presented to the Board		March 2015
Last discussion with consultative groups (this due process stage)	ASAF	March 2017
	CMAC	None
	GPF	March 2017
	Other	None
Next due process steps		Core Model H1 2019

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

	The Board is developing a core model which will be discussed with stakeholders before developing a second discussion paper.
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Extractive Activities (see paragraph 25 of this report)

Current status	Active research project—last Board discussion September 2018 (project transferred from the research pipeline in September 2018)	
Project Objective	To gather evidence to help decide whether to start a project to develop proposals to replace IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i> . Before deciding the scope and direction of this research project, the Board has asked those national standard-setters who contributed to the 2010 Discussion Paper about extractive activities to make the Board aware of any developments since the paper's 2010 publication.	
Last due process document	None	
Comment letter summary presented to the Board	Not applicable	
Last discussion with consultative groups (this due process stage)	ASAF	None
	CMAC	None
	GPF	None
	Other	None
Next due process steps	Review research	

Financial Instruments with Characteristics of Equity

Current status	Active research project—last Board discussion January 2018 (sweep issues)	
Project Objective	To investigate improvements to the classification requirements for financial instruments that have characteristics of both liabilities and equity, as well as exploring improvements to presentation and disclosure requirements.	
Last due process document	Discussion Paper issued June 2018 (comment period ends January 2019)	
Comment letter summary presented to the Board	Not applicable	
Last discussion with consultative groups (this due process stage)	ASAF	July 2018 (Education Session)
	CMAC	June 2016 (Joint CMAC/GPF meeting)
	GPF	June 2016 (Joint CMAC/GPF meeting)
	Other	World Standard-setters Conference – September 2017
Next due process steps	Discuss Feedback on the Discussion Paper in H1 2019	

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

Goodwill and Impairment (see paragraphs 26 and 27 of this report)

Current status	Active research project—last Board discussion July 2018	
Project Objective (revised July 2018)	<p>To explore whether disclosures could be improved to enable investors to assess more effectively whether a business combination was a good investment decision and whether the acquired business is performing after the acquisition as was expected at the time of the acquisition.</p> <p>To pursue the objective of simplifying the accounting for goodwill by:</p> <ul style="list-style-type: none"> (a) pursuing possible relief from the mandatory annual quantitative impairment test of goodwill; and (b) exploring whether to reintroduce amortisation of goodwill. <p>To pursue two targeted improvements to the calculation of value in use for the impairment test in IAS 36 Impairment of Assets.</p>	
Last due process document	None	
Comment letter summary presented to the Board	Not applicable	
Last discussion with consultative groups (this due process stage)	ASAF	July 2018
	CMAC	March 2018
	GPF	March 2018
	Other	None
Next due process steps	Publish a Discussion Paper or Exposure Draft (no date yet set)	

IBOR Reform and the Effects on Financial Reporting (see paragraphs 18-20 of this report)

Current status	Active research project—last Board discussion June 2018	
Project Objective	To explore the possible effects on financial reporting of interbank offered rate (IBOR) reform.	
Last due process document	None	
Comment letter summary presented to the Board	Not applicable	
Last discussion with consultative groups (this due process stage)	ASAF	None
	CMAC	None
	GPF	None
	Other	None
Next due process steps	Decide Project Direction in December 2018	

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

Pension Benefits that Depend on Asset Returns (see paragraph 25 of this report)

Current status		Active research project (<i>project transferred from the research pipeline in September 2018</i>)
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	None
	CMAC	None
	GPF	None
	Other	None
Next due process steps		Review research H2 2019

Post Implementation Review of IFRS 13 Fair Value Measurement (see paper 1C for this meeting)

Current status		Completed, subject to publishing Feedback Statement—last Board discussion March 2018
Project Objective		To examine the effects of IFRS 13 <i>Fair Value Measurement</i> on financial reporting.
Last due process document		Request for information issued May 2017.
Comment letter summary presented to the Board		January 2018
Last discussion with consultative groups (this due process stage)	ASAF	December 2017
	CMAC	October 2017
	GPF	June 2017
	Other	IFRIC November 2016, Emerging Economics Group November 2016
Next due process steps		Publish a Feedback Statement in December 2018

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

Share-based payment

Current status		Completed—last Board discussion May 2016
Project Objective		The Board examined why IFRS 2 <i>Share-based Payments</i> generated many application questions for the Interpretations Committee.
Last due process document		None
Comment letter summary presented to the Board		Not applicable
Last discussion with consultative groups	ASAF	April 2016
	CMAC	None
	GPF	March 2016
	Other	
Next due process steps		Publish a Project Summary in October 2018

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

Section 2 Standard-setting projects

Management Commentary

Current status		Active project—last Board discussion July 2018
Project Objective		To revise and update Practice Statement 1 <i>Management Commentary</i> issued in 2010.
Last due process document		None
Comment letter summary presented to the Board		Not applicable
Last discussion with consultative groups (this due process stage)	ASAF	December 2017
	CMAC	June 2018 (Joint CMAC/GPF meeting)
	GPF	June 2018 (Joint CMAC/GPF meeting)
	Other	Management Commentary Consultative Group: September 2018 IFRS Advisory Council: April 2017
Next due process steps		Publish an Exposure Draft in H1 2020

Primary Financial Statements (see paragraphs 21-24 of this report)

Current status		Active project—last Board discussion September 2018
Project Objective		To develop targeted improvements to the structure and content of the primary financial statements, with a focus on the statement(s) of financial performance.
Last due process document		None
Comment letter summary presented to the Board		Not applicable
Last discussion with consultative groups (this due process stage)	ASAF	July 2018
	CMAC	June 2018 (Joint CMAC/GPF meeting)
	GPF	June 2018 (Joint CMAC/GPF meeting)
	Other	<ul style="list-style-type: none"> • IFRS Taxonomy Consultative Group: April 2018 • IFRS Advisory Council: September 2018
Next due process steps		Publish a Discussion Paper or Exposure Draft in H1 2019

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

Rate-regulated Activities

Current status		Active project—last Board discussion July 2018
Project Objective		To develop a new accounting model to give users of financial statements better information about a company's incremental rights and obligations arising from its rate-regulated activities.
Last due process document		Discussion Paper issued 17 September 2014
Comment letter summary presented to the Board		March 2015
Last discussion with consultative groups (this due process stage)	ASAF	April 2018
	CMAC	March 2018
	GPF	March 2016
	Other	Consultative Group for Rate Regulation: November 2017 World Standard-setters conferences: September 2017
Next due process steps		Publish a second Discussion Paper or an Exposure Draft in H2 2019

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

Section 3—Maintenance projects

Project	Objective	Project Status	Next steps
Accounting Policies and Accounting Estimates (Proposed amendments to IAS 8)	To clarify the existing distinction between a change in accounting policy and a change in accounting estimate.	In July 2018 the Board received a summary of feedback from ASAF members on particular aspects of the Exposure Draft issued in 2017. The advice of the Interpretations Committee was obtained in September 2018.	Decide project direction in October 2018
Accounting Policy Changes (Proposed amendments to IAS 8)	To lower the impracticability threshold regarding retrospective application of voluntary changes in accounting policies that result from agenda decisions. The proposed threshold would include a consideration of the benefits and cost of applying the change retrospectively.	The comment period on the Exposure Draft closed on 27 July 2018.	Consider Exposure Draft feedback in December 2018
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.	At the June 2018 meeting, the staff provided an update on its work assessing whether principles-based approach could be found for an entity to assess the availability of a refund of a surplus in a pension plan than that required in IFRIC 14 and discussed next steps.	Issue an IFRS Amendment (no date yet set)
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	To clarify whether companies classify debt as current or non-current if they have a right to renew the debt. The Board published proposed amendments to IAS 1 to clarify those criteria. It is now considering comments received on its proposals and aims to finalise the amendments in 2019.	Work on this project has recommenced now the revised <i>Conceptual Framework</i> has been issued. In September 2018 the Board received an update on the status of the project and further work planned by staff.	Issue IFRS Amendment (no date yet set)

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

Project	Objective	Project Status	Next steps
Costs Considered in Assessing whether a Contract is Onerous (Amendments to IAS 37)	To clarify the meaning of the term 'unavoidable costs' in the IAS 37 definition of an onerous contract.	The Board is beginning the balloting process for the Exposure Draft of a narrow-scope amendment to IAS 37.	Issue an Exposure Draft in December 2018
Definition of a Business (Amendments to IFRS 3)	To clarify how a company determines whether it has acquired a business or a group of assets. The accounting models differ for those two types of transactions.	The Board has now balloted the final amendment to IFRS 3 <i>Business Combinations</i> .	Issue an IFRS amendment in October 2018
Disclosure Initiative— Accounting Policies	To develop guidance and examples for IFRS Practice Statement 2 Making Materiality Judgement to help entities apply materiality judgements to accounting policy disclosure.	The Board added this project to its agenda in July 2018 in response to feedback on the Disclosure Initiative— Principles of Disclosure Discussion Paper.	Issue an Exposure Draft (no date yet set)
Disclosure Initiative— Definition of Material (Amendments to IAS 1 and IAS 8)	To clarify the definition of what information is material in preparing financial statements.	The Board completed its re-deliberations in June 2018 and is now balloting the final amendment.	Issue an IFRS Amendment in November 2018
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 September 2018 the Board reviewed a summary of draft guidance for the Board to use when developing and drafting disclosure objectives and requirements. The staff will now test the guidance on IAS 19 <i>Employee Benefits</i> and IFRS 13 <i>Fair Value Measurements</i> .	Issue an Exposure Draft (no date yet set)

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

Project	Objective	Project Status	Next steps
Fees in the '10 per cent' test for derecognition (Amendments to IFRS 9)	To clarify which fees and costs a company includes in a quantitative '10 per cent' test for assessing whether to derecognise a financial liability.	The timing of publication of the proposed amendments depends on the identification of other matters for inclusion in the next Annual Improvements process.	Issue an Exposure Draft
Improvements to IFRS 8 Operating Segments (Amendments to IFRS 8 and IAS 34)	To clarify the meaning of 'chief operating decision maker' and to improve the disclosure requirements for operating segments.	At its meeting in March 2018, the Board decided not to proceed with its proposal.	Publish Feedback Statement in December 2018
Lease Incentives (Amendment to Illustrative Example 13 accompanying IFRS 16)	To amend Illustrative Example 13 accompanying IFRS 16 <i>Leases</i> as part of the next annual improvements to IFRS Standards. The proposed amendment would remove from the example the illustration of the reimbursement of leasehold improvements by the lessor.	The timing of publication of the proposed amendments depends on the identification of other matters for inclusion in the next Annual Improvements process.	Issue an Exposure Draft
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	To reduce the diversity in how companies account for the proceeds from selling items produced while testing an item of plant or equipment before it is ready for its intended use.	In June 2018, the Interpretations Committee's advice was obtained on the Exposure Draft feedback and the next steps for the project.	Issue an IFRS Amendment (no date yet set)

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

Project	Objective	Project Status	Next steps
Subsidiary as a first-time adopter (Amendments to IFRS 1)	To require a subsidiary that measures assets and liabilities at its date of transition to IFRS Standards using the amounts reported by its parent to also measure cumulative translation differences using the amounts reported by its parent.	The timing of publication of the proposed amendments depends on the identification of other matters for inclusion in the next Annual Improvements process.	Issue an Exposure Draft
Taxation in Fair Value Measurements (Amendments to IAS 41)	To amend IAS 41 <i>Agriculture</i> to remove the requirement for entities to exclude taxation cash flows when measuring the fair value of biological assets using a present value technique.	The timing of publication of the proposed amendments depends on the identification of other matters for inclusion in the next Annual Improvements process.	Issue an Exposure Draft
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	To consider whether and how to update a reference to the old version of the <i>Conceptual Framework</i> in IFRS 3 <i>Business Combinations</i> with a reference to the revised version issued in 2018.	The ASAF's advice is being requested in October 2018.	Decide project direction in November 2018

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

Section 4—Current IFRS Taxonomy projects

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

Project	Objective	Project status	Next steps
IFRS Taxonomy Update—Common Practice (IFRS 13)	Improve the IFRS Taxonomy content by reflecting commonly reported practices for the disclosure requirements of IFRS 13 <i>Fair Value Measurement</i> .	Proposed update out for comment.	Analyse comments received on the proposed IFRS Taxonomy Update which was published in September 2018. Comment letter deadline 19 November 2018.
IFRS Taxonomy Update—2018 General Improvements	Improve the IFRS Taxonomy content by reviewing a number of improvements to the IFRS Taxonomy 2018 to support consistent tagging.	First discussion at the September 2018 meeting of the IFRS Taxonomy Consultative Group (ITCG).	Discussion with ITCG and Review Panel.

Appendix B—Work Plan as at 30 September 2018

Description	Next milestone	Original forecast for next milestone	Expected date for next milestone		Explanation of changes in expected dates
			as at 1 May 2018	as at 30 September 2018	
Research Projects					
Business Combinations under Common Control	Discussion Paper	H1 2018	H1 2019	H2 2019	Change from H1 2019 to H2 2019. It took longer than expected to discuss and conclude on technical issues. (Previous change arose on detailed review of project plan.)
Disclosure Initiative—Principles of Disclosure	Project Summary	n/a	n/a	No date set	New milestone—no date yet set
Discount Rates	Project summary	Q3 2017	June 2018	December 2018	Change from June 2018 to December 2018 due to staff focussing on projects with higher priority. The project summary will only summarise information already in publicly available Board papers.
Dynamic Risk Management	Core model	H2 2018	H1 2019	H1 2019	No change this period. (Previous change due to the Board decision to undertake outreach on the core model before publication of a Discussion Paper.)

Appendix B—Work Plan as at 30 September 2018

Description	Next milestone	Original forecast for next milestone	Expected date for next milestone		Explanation of changes in expected dates
			as at 1 May 2018	as at 30 September 2018	
Extractive Activities	Review research	n/a	n/a	No date set	New project, previously in research pipeline—no date yet set
Financial Instruments with Characteristics of Equity	Discussion Paper feedback	n/a	n/a	H1 2019	New milestone this period
Goodwill and Impairment	Discussion Paper or Exposure Draft	May 2018	H2 2018	No date set	Change from H2 2018 to no date. After extensive discussion, the Board decided to refocus the objectives for the remaining work.
IBOR Reform and the Effects on Financial Reporting	Decide Project Direction	n/a	n/a	December 2018	New project
Pension benefits that depend on asset returns	Review Research	n/a	n/a	H2 2019	New project, previously in research pipeline
PIR of IFRS 13 <i>Fair Value Measurement</i>	Feedback statement	H2 2018	H2 2018	December 2018	No change this period
Share-based Payment	Project summary	Q3 2017	June 2018	October 2018	Change from June to October 2018 due to staff focussing on projects with higher priority. The project summary will only summarise information already in publicly available Board papers.

Appendix B—Work Plan as at 30 September 2018

Description	Next milestone	Original forecast for next milestone	Expected date for next milestone		Explanation of changes in expected dates
			as at 1 May 2018	as at 30 September 2018	
Standard-setting					
Management Commentary	Exposure Draft	H1 2020	No date set	H1 2020	Dates set this period when the project plan was finalised
Primary Financial Statements	Discussion Paper or Exposure Draft	H1 2018	H1 2019	H1 2019	No change this period. (Previous change due to it taking longer to discuss and conclude on technical issues than expected. Changes in project staffing also created delays)
Rate-regulated Activities	Discussion Paper or Exposure Draft	H1 2018	H1 2019	H2 2019	It took longer than expected to discuss and conclude on technical issues. (Previous change arose on rescheduling the project to allow application of the revised <i>Conceptual Framework</i> and reflect feedback from the consultative group.)
Other Projects					
IFRS Taxonomy Update—Common Practice	Proposed Update	June 2018	June 2018	September 2018	Change from June to September 2018 due to staff availability
IFRS Taxonomy Update—2018 General Improvements	Proposed Update	N/A	N/A	December 2018	New project this period

Appendix B—Work Plan as at 30 September 2018

Description	Next milestone	Expected date for next milestone		Explanation of changes in expected dates
		as at 1 May 2018	as at 31 September 2018	
Maintenance Projects				
Accounting Policies and Accounting Estimates (Amendments to IAS 8)	Decide Project Direction	No date set	October 2018	Date set in period
Accounting Policy Changes (Amendments to IAS 8)	Exposure Draft feedback	H2 2018	December 2018	No change this period
Availability of a Refund (Amendments to IFRIC 14)	IFRS Amendment	No date set	No date set	No change this period
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	IFRS Amendment	Date related to previous due process step	No date set	
Costs Considered in Assessing whether a Contract is Onerous (Amendments to IAS 37)	Exposure Draft	n/a	December 2018	New project
Definition of a Business (Amendments to IFRS 3)	IFRS Amendment	June 2018	October 2018	There have been limited staff resources working on the project
Disclosure Initiative—Accounting Policies	Exposure Draft	n/a	No date set	New project—date not yet set
Disclosure Initiative—Definition of Material (Amendments to IAS 1 and IAS 8)	IFRS Amendment	Date related to previous due process step	November 2018	
Disclosure Initiative—Targeted Standards-level review of disclosure	Exposure Draft	Date related to previous due process step	No date set	

Appendix B—Work Plan as at 30 September 2018

Description	Next milestone	Expected date for next milestone		Explanation of changes in expected dates
		as at 1 May 2018	as at 31 September 2018	
Improvements to IFRS 8 <i>Operating Segments</i> (Amendments to IFRS 8 and IAS 34)	Feedback Statement	H2 2018	December 2018	No change this period
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	IFRS Amendment	No date set	No date set	Timing is dependent on obtaining further feedback from respondents
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	Decide project direction	n/a	November 2018t	New project
Annual Improvements (next cycle) <ul style="list-style-type: none"> - IFRS 9 ('Fees in the 10 per cent' test for derecognition) - IFRS 1 (Subsidiary as a First-time Adopter) - IAS 41 (Taxation in fair value measurements) - IFRS 16 Illustrative Examples (IFRS 16 <i>Leases</i>) 	Exposure Draft	No date set	No date set	The timing of publication of the proposed amendments depends on the identification of other matters for inclusion in the annual improvements process