

AGENDA PAPER

IFRS® Foundation Trustees meeting – Due Process Oversight Committee

New York City **October 2019**

Agenda ref 1B

CONTACT Henry Rees

Technical Activities: Key Issues and Update

Purpose of the report

1. This report provides the Due Process Oversight Committee (DPOC) with an update on the activities of the International Accounting Standards Board (Board) and the IFRS Interpretations Committee for the period June to September 2019.
2. The report sets out how the Board and the Interpretations Committee have fulfilled their due process obligations, as set out in the *Due Process Handbook*. The report aims to assist the DPOC in fulfilling its role of overseeing the due process activities of the Board and the Interpretations Committee, as set out in paragraphs 2.1–2.15 of the *Due Process Handbook*. Paragraph 2.8(a) of the *Due Process Handbook* explains:

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

3. **At this meeting there are no projects for which the DPOC is being asked to specifically confirm that due process has been followed.**
4. The report is structured as follows:
 - (a) Due process procedures in the period (paragraphs 6–35). 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; and
 - (iii) Other due process deliberations and decisions in the period.
 - (b) Other matters occurring during the period for the attention of the DPOC (paragraphs 36–42). This part of the report provides background information for the DPOC about some of the activities of the Board and Interpretations Committee in the period.
 - (c) Agenda paper compliance report (paragraph 43).
 - (d) Changes in the Board’s Work Plan in the period (paragraph 44).

5. The accompanying appendices are as follows:

Appendix A—Changes in the Work Plan in the period

Appendix B—Overview of projects on the Work Plan at 30 September 2019 reflecting the changes indicated in Appendix A. 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

Due process procedures in the period

Standard-setting due process documents issued

6. The following table lists the standard-setting due process documents 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
Amendments to IFRS 17 <i>Insurance Contracts</i>	June 2019	Exposure Draft	April 2019	4 April 2019
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Proposed amendments to IAS 12)	July 2019	Exposure Draft	January 2019	16 January 2019
Disclosure of Accounting Policies (Proposed amendments to IAS 1 and IFRS Practice Statement 2)	August 2019	Exposure Draft	April 2019	4 April 2019
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	September 2019	IFRS Amendment	August 2019	21 August 2019

¹ Paragraphs 6.22–6.24 and 6.6 of the *Due Process Handbook* set out the due process requirements for the Board when issuing a new or amended Standard and an Exposure Draft, respectively. Before issuing the new or amended Standard or Exposure Draft, the staff presents a summary of the due process steps to the Board and asks the Board to confirm that it is satisfied that all necessary steps have been completed. The DPOC receives a copy of this summary in advance of the Board discussion

Interpretations Committee Agenda Decisions published

7. The following table lists the agenda decisions published by the 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 tentative (ie draft) agenda decision was published for comment for 60 days; and
 - the feedback on the tentative agenda decision was discussed by the Committee before finalisation.

Topic	Final Agenda Decision published	Tentative Agenda Decision published	Feedback discussed by the Committee
Holdings of Cryptocurrencies	June 2019	March 2019	June 2019
Costs to Fulfil a Contract (IFRS 15 <i>Revenue from Contracts with Customers</i>)	June 2019	March 2019	June 2019
Subsurface Rights (IFRS 16 <i>Leases</i>)	June 2019	March 2019	June 2019
Effect of a Potential Discount on Plan Classification (IAS 19 <i>Employee Benefits</i>)	June 2019	March 2019	June 2019
Compensation for Delays or Cancellations (IFRS 15 <i>Revenue from Contracts with Customers</i>)	September 2019	June 2019	September 2019
Lessee's Incremental Borrowing Rate (IFRS 16 <i>Leases</i>)	September 2019	June 2019	September 2019
Fair Value Hedge of Foreign Currency Risk on Non-Financial Assets (IFRS 9 <i>Financial Instruments</i>)	September 2019	June 2019	September 2019
Presentation of Liabilities or Assets Related to Uncertain Tax Treatments (IAS 1 <i>Presentation of Financial Statements</i>)	September 2019	June 2019	September 2019

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*).

Topic	Final Agenda Decision published	Tentative Agenda Decision published	Feedback discussed by the Committee
Disclosure of Changes in Liabilities Arising from Financing Activities (<i>IAS 7 Statement of Cash Flows</i>)	September 2019	June 2019	September 2019
Subsequent Expenditure on Biological Assets (<i>IAS 41 Agriculture</i>)	September 2019	June 2019	September 2019

Other due process deliberations and decisions in the period

IFRS 17 Insurance Contracts

8. As reported at the June 2019 meeting, the Board issued an Exposure Draft of proposed amendments to IFRS 17 *Insurance Contracts* in June 2019 with a 90-day comment period (as approved by the DPOC). The proposed amendments are intended to support implementation of IFRS 17 by reducing the costs of implementing the Standard and making it easier for entities to explain their results when they apply the Standard. The proposed amendments do not change the fundamental principles of the Standard or reduce the usefulness of information for users of financial statements. They also should not unduly disrupt implementation processes that are already under way. The proposals include a one-year deferral of the effective date to January 2022 (and a further one-year delay in the implementation of IFRS 9 *Financial Instruments* for some insurers). Although narrow in scope, the targeted amendments address many of the concerns and challenges raised by stakeholders.
9. Since the Exposure Draft was issued Board and staff members have met stakeholders in about 70 individual and group meetings, including a series of discussion forums in 13 jurisdictions. Given the objective of the Exposure Draft, the outreach focused on entities issuing insurance contracts. Nonetheless, feedback was also sought from auditors, regulators, users of financial statements and standard-setters.
10. The Board plans to start considering the feedback on the Exposure Draft at its October 2019 meeting. As previously reported, the Board's objective is to issue any resulting amendments to IFRS 17 in mid-2020.

IBOR Reform and its Effects on Financial Reporting

11. As reported at previous meetings, the Board has been considering the possible effects on financial reporting resulting from the reform of interest rate benchmarks such as interbank offered rate rates (IBOR) and their possible replacement with alternative, nearly risk-free interest rates.
12. The Board decided to consider the potential accounting implications in two phases:
 - (a) Phase 1—focussing on financial reporting issues arising in the period leading up to the replacement of an existing interest rate benchmark with an alternative interest rate benchmark (pre-replacement issues); and
 - (b) Phase 2—focussing on issues that might arise when an existing interest rate benchmark is replaced with an alternative interest rate benchmark (replacement issues).
13. As reported in June 2019, to address the pre-replacement issues, the Board issued an Exposure Draft in May 2019 of proposed amendments to IFRS 9 *Financial Instruments* and its predecessor IAS 39 *Financial Instruments: Recognition and Measurement*. The objective of the proposals was to provide entities with temporary relief from applying specific existing hedge accounting requirements that could result

in them having to discontinue hedge accounting solely due to the uncertainty arising from the reform of interest rate benchmarks. In the Board's view discontinuation of hedge accounting solely due to such uncertainties before the reform's economic effects are known would not provide useful information.

14. Given the urgency of addressing the pre-replacement issues, and the narrow scope of the Exposure Draft, the Board (with the approval of the DPOC) set a comment period of 45 days, which closed on 17 June 2019.
15. The Board received 84 comment letters on the Exposure Draft. Most respondents welcomed the Board's timely response to address the pre-replacement issues and broadly supported the proposals. There was also general consensus among respondents that the proposals should be finalised as quickly as possible.
16. Recognising the urgency of the matter, the Board convened an additional meeting in August 2019 to expediate finalising the amendments. At that meeting, the Board confirmed the proposals in the Exposure Draft, with a few clarifications and modifications that respond to the feedback. These included simplifying the disclosure requirements.
17. At the August meeting, the Board decided that the proposals did not require re-exposure because none of the modifications constituted fundamental changes on which respondents had not had the opportunity to comment. The Board also confirmed that it was satisfied that it had complied with the applicable due process requirements. The Board issued the amendments on 26 September 2019 and they come into effect for annual periods beginning on or after 1 January 2020 with earlier application permitted.
18. Concurrently, the Board is considering potential replacement issues (ie Phase 2) based on the input gathered from research activities as well as the feedback received in comment letters on the May 2019 Exposure Draft. In September 2019 the Board discussed its preliminary scope of issues to be considered and the timetable for future Board discussions. It will start deliberating these issues in October 2019.

Primary Financial Statements

19. At its July 2019 meeting, the Board confirmed that it had completed all necessary steps to commence the balloting process for an exposure draft for the project. The working title of the Exposure Draft is *General Presentation and Disclosures in Financial Statements*.
20. In the project, the Board is developing improvements to how information is communicated in the financial statements, with a focus on information included in the statement of profit or loss.
21. The key proposals would introduce:
 - (a) additional required subtotals in the statement(s) of financial performance, such as operating profit and profit before financing and tax;

- (b) required disclosures about management-defined performance measures (sometimes referred to as alternative performance measures);
 - (c) new guidance on disaggregation of information in the financial statements (including disaggregation principles, disaggregation of operating expenses either by nature or by function in the statement(s) of financial performance, guidance on disaggregation of large 'other balances' and a requirement to disaggregate information about unusual income and expenses); and
 - (d) limited changes to the statement of cash flows to improve consistency of classifications by removing options.
22. As reported in June 2019, the Board decided to issue an exposure draft to obtain feedback on its proposals rather than a discussion paper. The Exposure Draft will be in the form of a new IFRS Standard to replace IAS 1 *Presentation of Financial Statements*.
23. The Exposure Draft is currently in the drafting and balloting stage, with publication expected in December 2019. The Exposure Draft package includes the draft Standard, application guidance, illustrative examples and the basis for conclusions including effects analysis. The comment period for the Exposure Draft will be 180 days.

Goodwill and Impairment

24. At its June and July 2019 meetings, the Board decided to issue a discussion paper on the goodwill and impairment project with the preliminary views that it should develop proposals:
- (a) to improve the disclosure requirements in IFRS 3 *Business Combinations*, with particular focus on helping users of financial statements assess whether the business combination is meeting the expectations management had when the business was acquired;
 - (b) that an entity should present total equity before goodwill in its statement of financial position;
 - (c) to remove the requirement to carry out an annual quantitative impairment test for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use; and
 - (d) to make two targeted improvements to the calculation of value in use.
25. The discussion paper will also discuss the Board's preliminary views that:
- (a) it is not feasible to make significant improvements to the impairment test;
 - (b) it should not reintroduce amortisation of goodwill; and
 - (c) the Board should not develop a proposal to include some intangible assets within goodwill.
26. Given the close vote by the Board not to reintroduce amortisation (eight of 14 Board members voted to retain the impairment-only approach), the Discussion Paper will

include a balanced discussion presenting both approaches, amortisation and impairment-only, and seek stakeholders' help to find a more conclusive answer to the question of whether to retain the impairment-only approach or return to an amortisation approach.

27. The vote by the Board to remove the requirement for an annual quantitative impairment test was also close. Stakeholders' views of the impact of reducing the frequency of a quantitative test on the robustness of the impairment test will also be sought.
28. At the July 2019 meeting, the Board confirmed that it had completed all necessary steps to commence the balloting process for the Discussion Paper. The Board expects to issue the Discussion Paper in the February 2020, with a comment period of 180 days.

Rate-regulated Activities

29. At its July 2019 meeting, the Board confirmed that it had completed all necessary steps to commence the balloting process for an exposure draft of a new standard to replace IFRS 14 *Regulatory Deferral Accounts*.
30. As reported at previous meetings, the Board has developed an accounting model for regulatory assets and regulatory liabilities arising when an entity, subject to defined rate regulation, supplies goods or services. The model is intended to give users of financial statements information about an entity's rate -regulated activities that supplements the information provided by IFRS 15 *Revenue from Contracts with Customers*, without amending the requirements of that Standard.
31. During the period, the Board refined its tentative proposals on various aspects of the model in the light of a refined description of the model's underlying principles, and further developed its proposals for measuring regulatory assets and regulatory liabilities. In addition, the Board reviewed a summary of the model's likely effects that it has considered in making tentative decisions throughout the project.
32. In deciding to consult through an exposure draft, instead of a second discussion paper, the Board noted:
 - (a) users' demand for this project is strong. The project's objective is to address users' long-standing concerns and information requirements. It is preferable to respond to users' needs without unnecessary delay.
 - (b) users support the overall direction of the project. This implies there is a need for improved information about the effects of defined rate regulation in entities' financial statements that, in the Board's view, the proposals in this project would address.
 - (c) the financial reporting problem is well defined and the proposals are sufficiently detailed for publication of an exposure draft.

- (d) drafting is critical for key concepts included in the proposals. It would be more effective to test drafting in the form of an exposure draft (ie draft standard) rather than in the form of a discussion paper.
33. 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 the first half of 2020.

Narrow-scope and other amendments

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

34. In September 2019, the Board confirmed it was satisfied that it had complied with applicable due process requirements to issue an amendment to IAS 1 *Presentation of Financial Statements*. The proposed amendments will clarify the requirements relating to classifying a liability as current or non-current, emphasising that the classification is based on the rights existing at the end of the reporting period.
35. The amendments are expected to be issued in the first quarter of 2020. The effective date will be for annual reporting periods beginning on or after 1 January 2022.

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

Technical projects

Financial Instruments with Characteristics of Equity

36. The comment period of the Discussion Paper *Financial Instruments with Characteristics of Equity* ended in January 2019. The Board received over 120 comment letters. The Board considered an overview of the feedback on the Discussion Paper at its March 2019 meeting and discussed detailed summaries of feedback at its June and July 2019 meetings.
37. At its September 2019 meeting, the Board discussed the direction for the project. Based on the feedback received, it tentatively decided to pursue another approach to achieve the objectives set out the Discussion Paper. Instead of articulating new classification principles as proposed in the Discussion Paper (thereby introducing new terminology that could give rise to new interpretation questions), it decided to address practice issues by clarifying the underlying principles in the existing Standard IAS 32 *Financial Instruments: Presentation*. The Board concluded this would be a more effective and efficient way of providing guidance and improving the consistency of application across financial instruments bearing in mind that IAS 32 works well for many less complex financial instruments.

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

38. At its September 2019 meeting, the Board formally activated the Post-implementation Review of the 'consolidation suite' of Standards, namely IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of*

Interests in Other Entities. Over the next three months, the staff will undertake outreach to set the appropriate scope for the review.

Agenda Consultation

39. The Board has begun work on its 2020 Agenda Consultation, as required every five years by the Due Process Handbook. The primary objective of an agenda consultation is to seek formal public input on the following areas, within the Board's current remit:
- strategic direction and balance of the Board's work plan. In this regard, the Board preliminarily plans to seek feedback on the balance of activities related to research and standard-setting, proactively supporting consistent application, the IFRS Taxonomy, the IFRS for SMEs Standard and further improving the understandability and accessibility of IFRS Standards.
 - the criteria for assessing standard-setting projects that may be added to the Board's work plan.
 - financial reporting issues that should be given priority.
40. The Board expects to issue a Request for Information in September 2020, with a 120-day comment period. The 2020 Agenda Consultation will conclude in the fourth quarter of 2021 with the issuance of a Feedback Statement and the Board's Work Plan for 2022–2026.
41. The staff is currently performing outreach to help the Board determine what to include in the Request for Information to ensure that the Board obtains sufficient evidence to make sound decisions.

Implementation activities

Interpretations Committee

42. The Interpretations Committee met in June and September 2019 and published six tentative agenda decisions and 10 final agenda decisions, all but one of which include material explaining the application of IFRS Standards to support their consistent application. At the close of the September meeting, there were two submissions from stakeholders that had not yet been considered by the Committee.

Agenda paper compliance report³

43. In the period June to September 2019, all agenda papers discussed by the Board and the Interpretations Committee were made available on our public website unaltered. Five Board papers were posted after the posting deadline as follows:

³ 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.'

- June 2019: Business Combinations under Common Control— Paper 23A. This paper was posted a day late due to technical problems incorporating various diagrams into the paper.
- June 2019: Goodwill and Impairment—Papers 18D, E, F and G. Three of these papers were posted a day late and one paper two days late. The late posting was judged preferable to the timetable slipping. In addition, three of these papers presented material previously considered by the Board and the other paper was a summary of the conclusions in the other papers.

Changes in the Board’s Work Plan in the period

44. Appendix A details *changes* in the Board’s Work Plan in the period June to September 2019. This includes explaining any changes in project timings in the period.

Appendix A—Changes in the Work Plan in the period June to September 2019

Description	Next milestone	Original forecast for next milestone	Expected date for next milestone		Explanation of changes in expected dates
			as at 1 June 2019	as at 30 September 2019	
Research Projects					
Extractive Activities	Review Research	H2 2019	H2 2019	H1 2020	Due to need for additional research and staff availability
Goodwill and Impairment	Discussion Paper	H2 2019	H2 2019	February 2020	Drafting taking longer than initially planned due to need to encourage considered responses on this perennially controversial topic
Pensions Benefits that Depend on Asset Returns	Review research	H2 2019	Q4 2019	H2 2020	Project was dormant following departure in February of the staff assigned. Now about to restart
Post-implementation Review IFRS 10, 11 & 12	Review research	n/a	n/a	Q1 2020	Project activated in period
Standard-setting Projects					
Management Commentary	Exposure Draft	H1 2020	H1 2020	H2 2020	We are holding an extra meeting of the Consultative Group in December and additional time needed to consider feedback and discuss with Board
Rate-regulated Activities	Exposure Draft	n/a	H2 2019	H1 2020	Drafting slower than expected, and impending changes in staffing makes it unrealistic to make up the slippage

Appendix A—Changes in the Work Plan in the period June to September 2019

Description	Next milestone	Original forecast for next milestone	Expected date for next milestone		Explanation of changes in expected dates
			as at 1 June 2019	as at 30 September 2019	
Maintenance Projects					
Accounting Policies and Accounting Estimates (Amendments to IAS 8)	Decide Project Direction	October 2018	No date set	Q4 2019	Date set in period
Amendments to IFRS 17 <i>Insurance Contracts</i>	Exposure Draft Feedback	n/a	n/a	Q4 2019	New milestone set in period
Annual improvements to IFRS Standards 2018-2020	Exposure Draft Feedback	n/a	No date set	Q4 2019	Date set in period
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	IFRS Amendment	n/a	H2 2019	Q1 2020	Due to staff resource
Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)	Exposure Draft Feedback	n/a	n/a	No date set	New milestone set in period
Disclosure Initiative—Accounting Policies	Exposure Draft Feedback	n/a	n/a	Q1 2020	New milestone set in period
Disclosure Initiative—Targeted Standards-level review of disclosure	Exposure Draft	n/a	No date set	H2 2020	Date set in period
IBOR Reform and its Effects on Financial Reporting—Phase 1	IFRS Amendment	n/a	September 2019	n/a	Project completed in period—IFRS Amendment issued in September 2019
IBOR Reform and its Effects on Financial Reporting—Phase 2	Exposure Draft	n/a	n/a	No date set	Project added to work plan in period

Appendix A—Changes in the Work Plan in the period June to September 2019

Description	Next milestone	Original forecast for next milestone	Expected date for next milestone		Explanation of changes in expected dates
			as at 1 June 2019	as at 30 September 2019	
Onerous Contracts—Cost of fulfilling a Contract (Amendments to IAS 37)	IFRS Amendment	n/a	n/a	Q2 2020	New milestone set in period
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	IFRS Amendment	n/a	No date set	Q1 2020	Date set in period
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	Exposure Draft Feedback	n/a	No date set	Q4 2019	Date set in period

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

Section 1 Research projects

Business Combinations under Common Control

Current status	Active research project—last Board discussion September 2019	
Project Objective	The Board is discussing whether it can develop requirements that would improve the comparability and transparency of accounting for business combinations under common control.	
Last due process document	None	
Comment letter summary presented to the Board	Not applicable	
Last discussion with consultative groups (this due process stage)	ASAF ⁴	July 2019
	CMAC ⁵	June 2019 (Joint CMAC/GPF meeting)
	GPF ⁶	June 2019 (Joint CMAC/GPF meeting)
	Other	<ul style="list-style-type: none"> World Standard-setters Conference—September/October 2019 Emerging Economies Group—March 2019
Next due process steps	Issue a Discussion Paper in H1 2020	

Dynamic Risk Management

Current status	Active research project—last Board discussion July 2019	
Project Objective	To explore whether an accounting model can be developed that will provide users of financial statements with better information about a company's dynamic risk management activities and how it manages those activities.	
Last due process document	Discussion Paper 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	None
	Other	World Standard-setters Conference—September/October 2019
Next due process steps	Core Model Q4 2019 The Board is developing a core model which will be discussed with stakeholders before developing a second Discussion Paper.	

Extractive Activities

⁴ Accounting Standards Advisory Forum

⁵ Capital Markets Advisory Committee

⁶ Global Preparers Forum

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

Current status		Active research project—last Board discussion September 2019
Project Objective		To gather evidence to help decide whether to start a project to develop proposals to replace IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i> . Before deciding the scope and direction of this research project, the Board has asked those national standard-setters who contributed to the 2010 Discussion Paper about extractive activities to make the Board aware of any developments since the paper's 2010 publication.
Last due process document		None
Comment letter summary presented to the Board		Not applicable
Last discussion with consultative groups (this due process stage)	ASAF	October 2018 (Presentation)
	CMAC	March 2019
	GPF	None
	Other	Emerging Economies Group—March 2019
Next due process steps		Review research in H1 2020

Financial Instruments with Characteristics of Equity (see paragraphs 36–37 of this report)

Current status		Active research project—last Board discussion September 2019
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 letter summary presented to the Board		March 2019 (High level analysis) June and July 2019 (Detailed analysis)
Last discussion with consultative groups (this due process stage)	ASAF	December 2018 (EFRAG Presentation)
	CMAC	March 2019
	GPF	November 2018
	Other	<ul style="list-style-type: none"> • World Standard-setters Conference—September/October 2019 • Emerging Economies Group—October 2018
Next due process steps		Decide Project Direction in Q4 2019

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

Goodwill and Impairment (see paragraphs 24–28 of this report)

Current status		Active research project—last Board discussion July 2019
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 explore whether it is possible to simplify the accounting for goodwill by:</p> <ul style="list-style-type: none"> (a) exploring possible relief from the mandatory annual quantitative impairment test of goodwill; and (b) exploring whether to reintroduce amortisation of goodwill. <p>To explore two targeted improvements to the calculation of value in use for the impairment test in IAS 36 <i>Impairment of Assets</i>.</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	April 2019
	CMAC	June 2019 (Joint CMAC/GPF meeting)
	GPF	June 2019 (Joint CMAC/GPF meeting)
	Other	<ul style="list-style-type: none"> • World Standard-setters Conference—September/October 2019 • Emerging Economies Group—March 2019
Next due process steps		Issue a Discussion Paper in February 2020

Pension Benefits that Depend on Asset Returns

Current status		Active research project—last Board discussion December 2018
Project Objective		To gather evidence to help decide whether to start a project to develop proposals for targeted amendments to the requirements for defined benefit plans in IAS 19 <i>Employee Benefits</i> . The amendments would relate to employee benefits that depend on the return on a specified pool of assets.
Last due process document		None
Comment letter summary presented to the Board		Not applicable
Last discussion with consultative groups (this due process stage)	ASAF	July 2019
	CMAC	None
	GPF	None
	Other	None
Next due process steps		Review research H2 2020

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

Post-implementation Review of IFRS Standards 10–12

Current status	Active project—last Board discussion September 2019 (<i>project activated in September 2019</i>)	
Project Objective	Gather evidence to assess whether IFRS 10 <i>Consolidated Financial Statements</i> , IFRS 11 <i>Joint Arrangements</i> and IFRS 12 <i>Disclosure of Interests in Other Entities</i> are working as intended.	
Last due process document	None	
Comment letter summary presented to the Board	n/a	
Last discussion with consultative groups (this due process stage)	ASAF	None
	CMAC	None
	GPF	None
	Other	None
Next due process steps	Review Research in Q1 2020	

Provisions

Current status	Active research project—last Board discussion May 2019	
Project Objective	Gather evidence to help the Board decide whether to add to its work plan a project to amend aspects of IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> .	
Last due process document	None	
Comment letter summary presented to the Board	n/a	
Last discussion with consultative groups (this due process stage)	ASAF	April 2019
	CMAC	March 2019
	GPF	March 2019
	Advisory Council	September 2019 (consulted on whether to add to standard-setting programme)
Next due process steps	Review Research in Q4 2019	

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

Subsidiaries that are SMEs

Current status		Active research project—last Board discussion September 2019
Project Objective		Gather evidence to help the Board decide whether to start a project to develop a proposal permitting subsidiaries that are SMEs to apply the recognition and measurement requirements of IFRS Standards with the disclosure requirements of the IFRS for SMEs Standard.
Last due process document		None
Comment letter summary presented to the Board		n/a
Last discussion with consultative groups (this due process stage)	ASAF	April 2019
	CMAC	None
	GPF	March 2019
	Advisory Council	September 2019 (consulted on whether to add to standard-setting programme)
Next due process steps		Review Research in Q4 2019

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

Section 2 Standard-setting projects

Management Commentary

Current status		Active project—last Board discussion September 2019
Project Objective		To revise and update Practice Statement 1 <i>Management Commentary</i> issued in 2010.
Last due process document		None
Comment letter summary presented to the Board		Not applicable
Last discussion with consultative groups (this due process stage)	ASAF	July 2019
	CMAC	June 2019 (Joint CMAC/GPF meeting)
	GPF	June 2019 (Joint CMAC/GPF meeting)
	Other	<ul style="list-style-type: none"> • World Standard-setters Conference—October 2018 • Management Commentary Consultative Group—April 2019 • IFRS Advisory Council—April 2017
Next due process steps		Issue an Exposure Draft in H2 2020

Primary Financial Statements (see paragraphs 19–23 of this report)

Current status		Active project—last Board discussion September 2019
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 2019
	CMAC	June 2019 (Joint CMAC/GPF meeting)
	GPF	June 2019 (Joint CMAC/GPF meeting)
	Other	<ul style="list-style-type: none"> • World Standard-setters Conference—September/October 2019 • IFRS Advisory Council—September 2018 • IFRS Taxonomy Consultative Group—June 2019
Next due process steps		issue an Exposure Draft in Q4 2019

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

Rate-regulated Activities (see paragraphs 29–33 of this report)

Current status		Active project—last Board discussion September 2019
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 September 2014
Comment letter summary presented to the Board		March 2015
Last discussion with consultative groups (this due process stage)	ASAF	October 2018
	CMAC	March 2018
	GPF	March 2016
	Other	<ul style="list-style-type: none"> • Consultative Group for Rate Regulation—November 2017 • World Standard-setters Conference—September/October 2019 • Emerging Economics Group—March 2019
Next due process steps		Issue an Exposure Draft in H1 2020

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

Section 3—Maintenance projects

Project	Objective	Project Status	Next steps
2019 Comprehensive Review of the IFRS for SMEs Standard	To undertake the second periodic comprehensive review of the <i>IFRS for SMEs Standard</i> .	The Board is developing a Request for Information focused on obtaining views on whether and, if so, how to update the <i>IFRS for SMEs Standard</i> for IFRS Standards and amendments not currently incorporated into the <i>IFRS for SMEs Standard</i> .	Publish a Request for Information in Q4 2019
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.	The Board will determine the project direction at a future meeting.	Decide project direction in Q4 2019
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 Board discussed feedback on one aspect of the Exposure Draft in December 2018. The Board will consider the remaining aspects of the Exposure Draft at a future meeting.	Decide project direction (no date yet set)
Amendments to IFRS 17 Insurance Contracts	To consider possible amendments responding to stakeholder concerns and implementation challenges raised since the Standard was issued. The Board is assessing possible amendments against criteria it developed in October 2018.	See paragraphs 8–10 of this report.	Consider Exposure Draft feedback in Q4 2019

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

Project	Objective	Project Status	Next steps
<p>Annual Improvements to IFRS Standards 2018-2020</p> <ul style="list-style-type: none"> • Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities (Amendments to IFRS 9) • Lease Incentives (Amendment to Illustrative Example 13 accompanying IFRS 16) • Subsidiary as a First-time Adopter (Amendments to IFRS 1) • Taxation in Fair Value Measurements (Amendments to IAS 41) 	<ul style="list-style-type: none"> • To clarify which fees and costs a company includes in a quantitative ‘10 per cent’ test for assessing whether to derecognise a financial liability. • 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. • 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. • 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. 	<p>The staff is summarising comments on the Exposure Draft issued in May 2019 and the Board will discuss the summary of feedback on it at a future meeting.</p>	<p>Consider Exposure Draft feedback in Q4 2019</p>
<p>Availability of a Refund (Amendments to IFRIC 14)</p>	<p>To clarify the accounting when other parties have rights to make particular decisions about a company’s defined benefit plan.</p>	<p>The staff is researching how to progress the project.</p>	<p>Issue an IFRS Amendment (no date yet set)</p>

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

Project	Objective	Project Status	Next steps
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	To clarify the criteria for classifying a liability as current or non-current.	In September 2019, the Board gave permission to begin the balloting process for the final amendment.	Issue an IFRS Amendment in Q1 2020
Deferred tax related to assets and liabilities arising from a single transaction (Amendment to IAS 12)	To amend the requirements relating to the recognition of deferred tax when an entity accounts for transactions, such as leases or decommissioning obligations, by recognising both an asset and a liability.	The Board issued an Exposure Draft in July 2019. The comment period ends in November 2019.	Consider Exposure Draft feedback (no date yet set)
Disclosure Initiative—Accounting Policies	To develop guidance and examples for IFRS Practice Statement 2 <i>Making Materiality Judgements</i> to help entities apply materiality judgements to accounting policy disclosure.	The Board issued an Exposure Draft in August 2019. The comment period ends in November 2019.	Consider Exposure Draft feedback in Q1 2020
Disclosure Initiative—Targeted Standards-level Review of Disclosures	To develop guidance for the Board itself to use when developing and drafting disclosure requirements in IFRS Standards. The Board will test this guidance by applying it to the disclosure requirements in IAS 19 <i>Employee Benefits</i> and IFRS 13 <i>Fair Value Measurement</i> .	The staff is testing the guidance on IAS 19 <i>Employee Benefits</i> and IFRS 13 <i>Fair Value Measurements</i> . As part of that testing, Board and staff members have held meetings with over 30 users of financial statement and consulted with the CMAC, GPF and ASAF.	Issue an Exposure Draft in H2 2020
IBOR Reform and its Effects on Financial Reporting—Phase 2 <i>New project in period</i>	To consider the potential financial reporting implications when an existing interest rate benchmark is replaced with an alternative interest rate.	The Board has discussed the scope of issues to be considered and the timetable for future discussions. See paragraphs 11–18.	Issue an Exposure Draft (no date yet set)

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

Project	Objective	Project Status	Next steps
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	To clarify the meaning of the term 'unavoidable costs' in the IAS 37 definition of an onerous contract.	In September 2019, the Board discussed feedback on one aspect of the Exposure Draft in December 2018. The Board will consider the remaining aspects of the Exposure Draft at a future meeting.	Issue an IFRS Amendment in Q2 2020
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.	The Board considered some modifications to the proposals in its Exposure Draft at its June 2019 meeting. The Board will be asked permission to begin the balloting process at a future meeting.	Issue an IFRS Amendment in Q1 2020
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 staff is summarising comments on the Exposure Draft issued in May 2019 for discussion at a future meeting.	Consider Exposure Draft feedback in Q4 2019

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

Section 4—Current IFRS Taxonomy projects

Project	Objective	Project status	Next steps
IFRS Taxonomy Update—Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	To consider changes to the IFRS Taxonomy to reflect the disclosure requirements introduced by <i>Interest Rate Benchmark Reform</i> (Amendments to IFRS 9, IAS 39 and IFRS 7)	Proposed Update is being balloted	Issue proposed IFRS Taxonomy Update October 2019