

## STAFF PAPER

October 2020

IASB<sup>®</sup> Meeting

Project	2020 Agenda Consultation		
Paper topic	Approach to the Board's current projects		
CONTACTS	Aishat Akinwale	<a href="mailto:aakinwale@ifrs.org">aakinwale@ifrs.org</a>	+44 (0) 20 7246 6910

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**Purpose and structure of this paper**

1. As specified in the Due Process Handbook, one of the objectives of an agenda consultation is to seek input on the financial reporting issues that should be given priority.
2. The purpose of this paper is to:
  - (a) present the staff's proposed approach to seeking feedback on the priority of the Board's current projects in the Request for Information; and
  - (b) ask whether the Board agrees with that approach.
3. This paper is structured as follows:
  - (a) Background (paragraphs 4-5).
  - (b) Approach to current work plan projects (paragraphs 6-10).
  - (c) Approach to research pipeline and other projects (paragraphs 11-14).
  - (d) Summary and question for the Board (paragraphs 15-16).
  - (e) Appendix A—Status of the current work plan projects as of October 2020.

## Background

4. Paragraph 4.3 of the Due Process Handbook explains:

The [Agenda Consultation] review could also seek views on financial reporting matters that respondents think should be given priority by the Board, together with any proposals to withdraw from the Board's work plan any projects that have not proceeded as planned or for which the prospects for progress are limited.

5. In this paper, we discuss whether the Request for Information should ask stakeholders to comment on and, if necessary, re-prioritise:

- (a) current work plan projects (paragraphs 6-10).
- (b) research pipeline and other projects (paragraphs 11-14).

## Approach to current work plan projects

6. The Board's work plan includes active research projects, standard-setting projects and maintenance projects. Appendix A to this paper summarises the status of these projects as of October 2020<sup>1</sup>.

7. At the September 2019 Board meeting, a few Board Members suggested that the Request for Information on the 2020 Agenda Consultation ('the agenda consultation') should ask stakeholders to re-prioritise some current work plan projects. In their view, this approach would give the Board flexibility to take on any new projects suggested in the agenda consultation. We do not support taking this approach because:

- (a) many of these work plan projects were identified as priorities in previous agenda consultations.
- (b) the Board has already received—or will receive in the future—feedback, through project outreach or consultation documents, about whether and how to advance these work plan projects. We think specific feedback on

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<sup>1</sup> More information on work plan projects can be downloaded from the individual project pages here: <https://www.ifrs.org/projects/work-plan/>

these projects should be dealt with separately from the agenda consultation process.

(c) the life cycle of some work plan projects may be longer than the five-yearly agenda consultation. Therefore, re-prioritising projects already underway at each agenda consultation could lead to inefficient starts and stops of the projects.

8. In addition, we note that the Board is making progress on almost all of the current work plan projects and will have made further progress by March 2021 when the Request for Information will be published. We expect some of those projects to be completed either before, or during, the 2022–2026 time frame that the agenda consultation covers. Therefore, we expect that the Board will still be able to retain flexibility to address new issues that stakeholders may raise in the agenda consultation.
9. Furthermore, most stakeholders that participated in the outreach undertaken to develop the list of potential projects to be included in the Request for Information (see Agenda Paper 24D) suggested that the Board should finalise the current work plan projects before adding any new projects to the work plan.
10. In light of all the above, we think the Request for Information should not specifically ask stakeholders to re-prioritise the current work plan projects. We plan to include a general question in the Request for Information asking whether stakeholders have any comments on the Board’s current work plan as a whole.

### **Approach to research pipeline and other projects**

11. Following the 2015 Agenda Consultation, the Board created a pipeline of future research projects that are not active but that the Board expects to start work on before the agenda consultation.
12. The Board has not started work on the following projects (and it is unlikely that they will be started by March 2021 when the Request for Information will be published):

- (a) research pipeline projects on<sup>2</sup>:
  - (i) High Inflation: Scope of IAS 29 *Financial Reporting in Hyperinflationary Economies*;
  - (ii) Pollutant Pricing Mechanisms; and
  - (iii) Variable and Contingent Consideration.
- (b) a Post-implementation Review (PIR) of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The Board is not required to carry out a PIR of IFRS 5, but decided that a PIR would be the most effective and efficient way to review issues identified by the IFRS Interpretations Committee.

13. The Board has not yet started work on these projects because it had to devote resources to:

- (a) the amendments to IFRS 17 *Insurance Contracts*, Management Commentary, and IBOR Reform and its Effects on Financial Reporting, which were not originally on the work plan for the 2016–2021 period;
- (b) maintain momentum on other major projects; and
- (c) respond to urgent issues arising from covid-19.

14. We think the Request for Information should ask stakeholders to comment on and, if necessary, re-prioritise those projects described in paragraph 12. This is because the approach:

- (a) is consistent with the guidance in the Due Process Handbook about current projects that the agenda consultation process could seek views on withdrawing (see paragraph 4)—that is, these are projects that have not proceeded as planned and for which the prospects for progress are limited before the Request for Information is published;

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<sup>2</sup> Further information about research pipeline projects can be accessed here: <https://www.ifrs.org/projects/work-plan/research-programme/#pipeline>. At this Board meeting, staff are asking the Board to start work on the Equity Method project in order to simultaneously conduct outreach on the equity method with outreach on the Request for Information on the Post-implementation Review of IFRS 10, 11 and 12 (see Agenda Paper 13 for this meeting).

- (b) will allow the Board to receive updated information from stakeholders about the problem to be solved by these projects and their importance relative to other potential new projects; and
- (c) was supported by some stakeholders that participated in the outreach undertaken to develop the list of potential projects to be included in the Request for Information (see Agenda Paper 24D).

**Summary and question for the Board**

15. We recommend taking the following approach to the Board’s current projects in the Request for Information:
- (a) to not ask stakeholders to re-prioritise the Board’s current work plan projects.
  - (b) to identify the following research pipeline and other projects for stakeholders to comment on and, if necessary, re-prioritise:
    - (i) High Inflation: Scope of IAS 29.
    - (ii) Pollutant Pricing Mechanisms.
    - (iii) Variable and Contingent Consideration.
    - (iv) Post-implementation Review of IFRS 5.
16. We plan to include a question in the Request for Information asking stakeholders to provide any other comments on the Board’s current work plan as a whole.

<b>Question for the Board</b>
Do you agree with the proposed approach in paragraph 15?

**Appendix A—Status of the current work plan projects as of October 2020<sup>3</sup>**

Project	Status
<b>Active research projects</b>	
Business Combinations under Common Control	Issue a Discussion Paper in November 2020
Dynamic Risk Management	Core Model outreach in October 2020
Extractive Activities	Decide project direction in H1 2021
Financial Instruments with Characteristics of Equity	Decide project direction in December 2020
Goodwill and Impairment	Discussion Paper open for comment until December 2020
Pension Benefits that Depend on Asset Returns	Review research in November 2020
Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12	Publish Request for Information in December 2020
<b>Standard-setting projects</b>	
Disclosure Initiative—Subsidiaries that are SMEs	Decide the next consultation document in December 2020.
Management Commentary	Issue an Exposure Draft in Q1 2021
Primary Financial Statements	Consider Exposure Draft feedback in December 2020
Rate-regulated Activities	Issue an Exposure Draft in Q1 2021
<b>Maintenance projects</b>	
2019 Comprehensive Review of the IFRS for SMEs Standard	Request for Information open for comment until 27 October 2020
Accounting Policies and Accounting Estimates (Amendments to IAS 8)	Issue an IFRS Amendment in December 2020
Availability of a Refund (Amendments to IFRIC 14)	Decide on project direction at a future meeting

<sup>3</sup> Status of projects as of 15 October 2020.

Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	Decide on project direction in October 2020
Disclosure Initiative—Accounting Policies	Issue an IFRS Amendment in December 2020
Disclosure Initiative—Targeted Standards-level Review of Disclosures	Issue an Exposure Draft in Q1 2021
Lack of Exchangeability (Amendments to IAS 21)	Issue an Exposure Draft at a future date
Lease Liability in a Sale and Leaseback	Issue an Exposure Draft in November 2020
Provisions—Targeted Improvements	Decide on project direction at a future meeting