

STAFF PAPER

October 2020

Board Meeting

Project	Work plan
Paper topic	Covid-19 implications
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (the Board). The views expressed in this paper do not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB® *Update*.

Purpose of the paper

1. In April 2020, the Board adjusted timetables for non-urgent projects to assist stakeholders coping with challenges arising from the covid-19 pandemic.
Specifically:
 - (a) the Board extended the consultation period on documents that had already been published.
 - (b) publication of other major consultation documents was postponed.
2. Staff also committed to monitoring the situation to assess whether further changes were needed in the future.
3. We observe that these challenges persist, to varying degrees around the world. Although the situation in some places has improved, others are facing potential new restrictions, continued remote working, reduced government support and fewer resources from furloughs, illness and the mental and physical toll from the longevity of this crisis. As a result, stakeholder capacity to engage on consultation documents may understandably be limited at the moment.
4. As noted on Agenda Paper 8 for this meeting, we believe that our processes and staffing are such that we can achieve the current timetables. However, recent feedback, most notably at the October 2020 ASAF meeting, suggests we should consider whether further adjustments are needed due to stakeholder capacity

constraints. This paper assesses this need, for both published and forthcoming major consultations expected in the next six months.

Summary of questions for the Board

5. This paper asks whether the Board agrees with the staff recommendation to extend the comment period for the Discussion Paper on Business Combinations under Common Control to 270 days from 180 days.
6. This paper also asks for Board member comments on:
 - (a) the potential comment period for the Request for Information on the PIR of IFRS 10, 11 and 12.
 - (b) the deferral of the publication date for the Exposure Draft on Management Commentary to May 2020.

Structure of the paper

7. This paper is structured as follows:
 - (a) Arguments (paragraphs 8–17);
 - (b) Application of arguments to projects (paragraphs 18–33);
 - (c) Questions for the Board; and
 - (d) Appendix A: Illustration of current vs. potential timetable.

Arguments

8. This section of the paper sets out arguments for and against timetable changes – either as comment period extensions or publication deferrals.

Against timetable changes

9. The Due Process Handbook states that the Board normally allows at least 120 days for comment on requests for information, discussion papers and exposure drafts. This 120-day period is the norm, intended to provide sufficient time for

considered feedback to be provided while allowing for translation, year-end reporting and holiday periods, which vary around the world. The Board may deviate from this norm in specific situations, such as when a consultation document is particularly complex or when the Board is floating significantly new thinking, which may require additional time for the debate to mature. Many recent consultation documents have been published with more than the 120-day comment period. Although there have been good reasons, there is a risk that periods in excess of 120-days will become the new norm. Lengthening the comment periods on more documents risks further reinforcing this perception.

10. Timetable changes may delay important improvements to financial reporting.
11. Timetable changes may also cause a loss of momentum on projects, resulting in the need for greater internal and external resources, for example to accommodate personnel changes, to restart the project at a later date.
12. Although there are a significant number of published and forthcoming consultation documents, they do not affect all stakeholders equally. For example, the Request for Information on the 2020 Agenda Consultation is a strategic consultation document and, therefore, may be less time-consuming to respond to than other consultation documents. Additionally, the Exposure Draft on Rate-Regulated Activities will be of interest to a more targeted group of stakeholders compared to the other consultation documents.
13. We have also observed that stakeholders have been able to provide timely, considered feedback on consultations during the covid-19 pandemic even when comment periods were short (such as in the case of the exposure drafts related to covid-19-related rent concessions and IBOR phase 2).

For timetable changes

14. As noted in paragraph 3 and as raised by some ASAF members at the October 2020 meeting, challenges from the covid-19 pandemic persist for some stakeholders.
15. As noted in paragraph 12 and also as raised by some ASAF members, there are a significant number of published and forthcoming consultation documents. Although many stakeholders may not be interested in all consultation documents

to the same extent, some stakeholders (such as national standard-setters, regulators and accounting firms) are likely to respond to all documents.

16. The Board has completed work on all urgent projects. The remaining projects need doing but they are not urgent.
17. Sufficient time is critical to ensure the quality of stakeholder feedback, which helps ensure the Board continues to set high-quality globally accepted financial reporting standards. It also reduces the risk of further amendments after issuing a Standard for previously unidentified issues, which can otherwise be disruptive to users of financial statements and other stakeholders.

Application of arguments to projects

Overview

18. This section of the paper analyses the arguments in paragraphs 8–17, as applied to each project with a published or forthcoming consultation document. Overall:
 - (a) in developing the analysis in paragraphs 20–33, we sought to take a holistic view of the timetable, making limited, targeted changes that balance the arguments in paragraphs 8–17.
 - (b) the analysis in paragraphs 20–33 is also based on our view that any timetable changes should be made now, so that stakeholders can plan. This is in contrast to a ‘wait and see’ approach in which timetable changes could be made after publication of the consultation document. Staff thinks that a ‘wait and see’ approach would be disruptive to stakeholders, be unfair to those that were targeting the original deadline and set precedent for less discipline around deadlines in the future.
19. Appendix A provides a graphical presentation of the current and potential timetable, based on the analysis in paragraphs 20–33.

Discussion Paper on Business Combinations – Disclosures, Goodwill and Impairment

20. The Board issued this discussion paper in March 2020 and extended the comment period in April 2020 to 31 December 2020 due to covid-19.
21. We do not recommend any further changes to the comment period. At the October 2020 ASAF meeting, some members expressed difficulty in obtaining input due to covid-19 and because some members were focused on responding to the Exposure Draft on General Presentation and Disclosures.
22. However, other members confirmed they would meet the deadline. In addition, approximately seven months of the nine-month comment period has elapsed, so stakeholders are likely to be in the final stages of their consideration. Allowing additional time would be unfair to those who have acted to meet the 31 December 2020 deadline. Moreover, any extension would cover some or all of the first quarter of 2021. Some ASAF members noted that this is year-end reporting season for many companies. This means that extra time may not help those stakeholders who are otherwise busy with year-end commitments.

Discussion Paper on Business Combinations under Common Control

23. This discussion paper is expected to be published in November 2020, deferred from June 2020, due to a mix of covid-19, matters arising in the balloting process and resource constraints. Staff does not plan any further covid-19-related deferrals because this would result in a loss of project momentum. It would also result in a loss of potential efficiencies for stakeholders in considering this discussion paper while the Discussion Paper on Business Combinations – Disclosures, Goodwill and Impairment and the Request for Information on PIR of IFRS 10, 11 and 12, as noted in paragraph 25, are open for comment.
24. In September 2020, the Board decided on a 180-day comment period. This comment period recognised the need for time to allow the debate to mature, covid-19 challenges, the volume of Board consultation documents and the broader applicability of the topic compared to, for example, Rate-Regulated Activities. However, at the October 2020 ASAF meeting, members still had concerns about the comment period due to resource constraints from the overlap in consultation

documents and the challenges of year-end reporting in a covid-19 environment. Staff notes that the covid-19 situation has not improved in many parts of the world, compared to the situation in April 2020, at which time the Board provided a 270-day comment period for the Exposure Draft on General Presentation and Disclosures, the Request for Information on the Comprehensive Review of the IFRS for SMEs Standard, and the Discussion Paper on Business Combinations—Disclosures, Goodwill and Impairment. We therefore recommend extending the comment period on this discussion paper to 270 days.

Request for Information on PIR of IFRS 10, 11 and 12

25. This request for information is expected to be published in December 2020, deferred from August 2020 due to covid-19. Staff does not plan any further covid-19-related deferrals because this would result in a further loss of project momentum and the research underlying the request for information may risk becoming stale. In addition, there may be synergies for stakeholders to consider this consultation document at the same as the Discussion Paper on Business Combinations under Common Control, as one ASAF member noted at the October 2020 meeting that the experts involved with both consultation documents are often the same.
26. However, to alleviate pressure, the Board may wish to provide an extended comment period when it decides on this matter in November 2020.

Exposure Draft on Management Commentary

27. This exposure draft is expected to be published in February 2021, which would overlap with five other forthcoming consultation documents. Staff plans to defer this exposure draft to May 2021 to reduce the overlaps. In addition, a deferral may allow time for greater clarity about stakeholder views and potential next steps with respect to the consultation on sustainability reporting published by the Trustees of the IFRS Foundation in September 2020. This clarity may allow for more focused comments on this exposure draft, saving stakeholders time in responding.

28. Staff does not expect this deferral to result in a significant loss in momentum because:
- (a) unlike other projects, Management Commentary was not deferred in April 2020 due to covid-19 (although the project was delayed to February 2021 from December 2020 to allow for more time to finalise drafting).
 - (b) Board deliberations continue through October 2020, keeping the topic fresh in stakeholders' minds.
29. As noted in Agenda Paper 15C for this meeting, the Board will decide on the comment period closer to publication of the exposure draft.

Exposure Draft on Rate-Regulated Activities

30. This exposure draft is expected to be published in January 2021, after being delayed by five months due to a mix of covid-19 and matters arising in the balloting process. Staff does not plan any further covid-19-related deferrals because this would result in a further loss of project momentum.
31. In September 2020, the Board decided on a 150-day comment period. During this meeting, Board members observed that this exposure draft affects a narrow group of stakeholders who have been following the project closely and are keen for the Board to progress. Therefore, we do not recommend any changes to the comment period.

Exposure Draft on the Disclosure Initiative—Targeted Standards-level Review of Disclosures and Request for Information on the 2020 Agenda Consultation

32. Both consultation documents are expected to be published in March 2021, deferred from September 2020 due to covid-19. We do not plan any further covid-19-related deferrals because this would result in a further loss of project momentum.
33. The Board decided on a 180-day comment period on Disclosure Initiative—Targeted Standards-level Review of Disclosure at its June 2020 meeting and will

decide on the comment period on the 2020 Agenda Consultation at a future meeting.

Questions for the Board

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1. Does the Board agree with the staff recommendation in paragraph 5 to extend the comment period for the Discussion Paper on Business Combinations under Common Control to 270 days from 180 days?
2. Do you have any comments on the potential comment period for the Request for Information on the PIR of IFRS 10, 11 and 12?
3. Do you have any comments on the deferral of the publication date for the Exposure Draft on Management Commentary to May 2021?

Appendix A: Illustration of current vs. potential timetable

A1. The table below compares the current vs. potential timetable for all Board projects, other than narrow-scope amendments and proposed IFRS Taxonomy updates, expected to be published in the next six months. Unless otherwise already decided by the Board, this table assumes a 120-day comment period, in line with the *Due Process Handbook*; these projects are highlighted in yellow.

Consultation Document	Current												Potential															
	2020		2021										2020		2021													
	N	D	J	F	M	A	M	J	J	A	S	O	N	D	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Published																												
Discussion Paper - Business Combinations - Disclosures, Goodwill and Impairment																												
Forthcoming																												
Broad-based technical topics																												
Discussion Paper - Business Combinations under Common Control																												
Request for Information - PIR of IFRS 10, 11 and 12																												
Exposure Draft - Management Commentary																												
Exposure Draft - Targeted Standards-level Review of Disclosures																												
Targeted technical topics																												
Exposure Draft - Rate-regulated Activities																												
Strategic topics																												
Request for Information – 2020 Agenda Consultation																												