

STAFF PAPER

April 2020

IASB® meeting

Project	Board timelines
Paper topic	Impact of covid-19
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Purpose of this paper

1. The coronavirus pandemic represents an unprecedented global crisis, affecting not only our collective health and well-being, but the global economy. As a result of the crisis, stakeholder priorities may understandably have changed. The purpose of this paper is to consider how the Board can assist stakeholders during this difficult time by adjusting its timelines. These considerations are similar to those made by other standard-setting and regulatory organisations.
2. Due to the uncertainty and evolving nature of this crisis, the staff will continue to monitor the situation and assess whether to recommend further changes in the future.
3. Separate from these considerations about the Board's timelines, the staff is also actively monitoring financial reporting issues arising from covid-19.

Summary of staff recommendation

4. Issued amendments: the staff recommends that the Board delay by one year the effective date of *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* to annual reporting periods beginning on or after 1 January 2023.
5. Published consultation documents: the staff recommends that the Board extend the consultation period by (approximately) three months for the following consultation documents:

- (a) the Exposure Draft *General Presentation and Disclosures*;
 - (b) the Request for Information *Comprehensive Review of the IFRS for SMEs Standard*; and
 - (c) the Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment*.
6. Forthcoming major consultations: the publication dates of forthcoming major consultation documents planned for 2020 will be delayed.

Structure of the paper

7. This paper is organised as follows:
- (a) stakeholder feedback (paragraphs 8-11);
 - (b) final amendments (paragraphs 12-15);
 - (c) consultation documents (paragraphs 16-21); and
 - (d) appendix A- summary of changes to consultation document timelines.

Stakeholder feedback

8. Informal stakeholder feedback from a range of sources notes that, despite the crisis, some projects continue to be a high priority. Specifically, stakeholders have emphasised the urgency of:
- (a) the project on IBOR Phase 2, including the need for a short comment period on the consultation document. The project seeks to address financial reporting issues arising during the reform of interest rate benchmarks.
 - (b) the project on amendments to IFRS 17 *Insurance Contracts* and the temporary exemptions from applying IFRS 9 *Financial Instruments* in IFRS 4 *Insurance Contracts*. This is because entities implementing IFRS 17 need certainty about the amendments to IFRS 17 to avoid undue disruption to implementation already well under way.
9. For other projects, stakeholders have requested extensions and delays to the publication dates of consultation documents so that they have sufficient time to

develop the thoughtful feedback that is critical to the setting of high-quality financial reporting Standards. These stakeholders note:

- (a) stakeholder priorities have changed under the current circumstances, with standard-setting matters being replaced by more fundamental, potentially existential, issues. Also, many of the stakeholders traditionally involved in our consultations are dealing with complex financial reporting issues in the current environment.
 - (b) even if some stakeholders are able to focus on standard-setting matters, covid-19 has created new challenges due to lockdowns. For example, several outreach meetings have been cancelled. Although Board members, staff¹ and some stakeholders are using alternative means, such as videoconferences, to discuss the Board's consultation documents, virtual meetings may not be as effective as in-person meetings.
10. Some stakeholders have also suggested that capacity should be retained for urgent questions that may arise from the covid-19 crisis, such as those that resulted in the [educational materials](#) published on 27 March 2020 to support the consistent and robust application of IFRS 9 during this pandemic.
 11. With this backdrop, the staff recommends the changes to the Board's work plan described in paragraphs 12-21.

Final amendments

Issued amendments

12. The Board issued *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* in January 2020. The staff recommends that the Board delay the effective date of these amendments by one year to annual reporting periods beginning on or after 1 January 2023². This is because, as reported in paragraph 22 of [Agenda paper 29](#) to the Board's September 2019 meeting, applying those

¹ For example, since February 2020, Board and staff members have participated in several remote outreach meetings and webcasts, with nearly 10,000 real-time participants or subsequent viewers.

² This recommendation would not amend other aspects of the transition and effective date requirements (e.g., permissibility of early application).

amendments could affect some entities' compliance with loan covenants. Respondents to both the Exposure Draft and the subsequent targeted consultation stressed the need for enough time between any amendments being issued and the effective date for affected entities to re-negotiate covenants. The covid-19 pandemic has created new pressures which mean that any such re-negotiations may not be able to start as early as planned and may be more protracted.

13. Should the Board decide in favour of this recommendation, it will need to issue an exposure draft to propose this change in the effective date. Agenda paper 32A for this meeting discusses the due process for an exposure draft and seeks permission to begin the balloting process.

Forthcoming amendments

14. For the reasons described in paragraph 8, the staff recommends no change to the timing of the IBOR Phase 2 amendments and the IFRS 17 amendments.
15. To facilitate more efficient post-publication procedures by stakeholders, the issue dates of the final amendments for the following small maintenance projects will be bundled together:
 - (a) As described in our [news release](#) of 27 March 2020, the issue dates of three narrow-scope amendments have been delayed so that they can be issued with a fourth, planned for May 2020. The staff does not recommend any further delay in the effective date because these projects are narrow in scope. The affected final amendments are:
 - (i) Property, plant and equipment: proceeds before intended use (Amendments to IAS 16).
 - (ii) Annual improvements—comprised of: Fees included in the '10 per cent' test for derecognition of financial liabilities; lease incentives; subsidiary as a first-time adopter; and taxation in fair value measurements.
 - (iii) Updating a reference to the Conceptual Framework (Amendments to IFRS 3).
 - (iv) Onerous contracts—costs of fulfilling a contract (Amendments to IAS 37).

- (b) The final amendment *Accounting Policies and Accounting Estimates (Amendments to IAS 8)* will be delayed and issued no earlier than Q4 2020. The amendment will be issued together with final amendments resulting from other maintenance projects such as *Disclosure Initiative—Accounting Policies* and *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*, should the Board decide to proceed to final amendments on those projects. The Board has already tentatively decided on an effective date of 1 January 2022 for the project on *Accounting Policies and Accounting Estimates*. However, the staff may, at a future meeting, ask the Board whether it wishes to reconsider this tentative decision and recommend the same effective dates for all projects in this bundle.

Question 1 for the Board

1. Does the Board agree with the staff recommendation in paragraph 12 to issue an exposure draft proposing to delay the effective date of *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* to annual reporting periods beginning on or after 1 January 2023.

Consultation documents

16. The staff's recommendations for changes to the timelines for consultation documents is set forth below. Progress on small maintenance projects (for example, lack of exchangeability) will continue as stakeholder time permits around major consultations and are excluded from this discussion. Appendix A summarises these changes.

Published consultation documents

17. For the reasons described in paragraph 8, the staff recommends no change to the comment period for the IBOR Phase 2 exposure draft.
18. To provide more time for stakeholders to develop high-quality responses to consultation documents already issued, the staff recommends that the Board extend

the consultation period by approximately three months for the following consultation documents:

- (a) the Exposure Draft *General Presentation and Disclosures*;
- (b) the Request for Information *Comprehensive Review of the IFRS for SMEs Standard*; and
- (c) the Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment*.

A three-month extension will provide additional time for stakeholders without losing momentum and unduly delaying financial reporting improvements for investors.

Forthcoming consultation documents

19. The timing of forthcoming consultation documents will be targeted as noted in the Appendix A. In developing these targets, we have considered the following factors:

- (a) the need to reduce the number of overlapping consultations so that stakeholders can focus on fewer consultations at a time. When consultations overlap, we will plan publication dates to reduce the number of overlapping major consultations that affect large numbers of stakeholders. In contrast, it may be possible to publish consultations on targeted activities, such as rate-regulated activities, at the same time as other consultations.
- (b) the need to allow for the possibility of overlapping consultations when there may be benefits in allowing stakeholders to consider related projects together. For example, it may be beneficial for there to be some overlap in the consultations on goodwill and impairment and business combinations under common control.
- (c) the need to expeditiously proceed with the management commentary project as there appears to be increasing interest in this project.
- (d) the need to ensure that stakeholders are able to invest the time necessary to provide the Board with high-quality feedback and to allow for sufficient time to consider the effects, if any, of covid-19 on financial reporting priorities. Therefore, the Request for Information on the Board's Agenda

Consultation will be postponed to 31 March 2021. This timing is still within the timeframe contemplated by the Due Process Handbook, which states that the next consultation should commence at the latest five years after the completion of the previous consultation, which was in 2016.

20. The Board also planned to conduct outreach with banks on the core model it has developed on the Dynamic Risk Management project, prior to developing a consultation document. Given the effects of covid-19, to allow sufficient time for banks to consider the outreach materials and provide high-quality responses during those meetings, the outreach will be postponed to the second half of 2020, with a target of providing feedback to the Board by December 2020.
21. Comment periods for forthcoming consultation documents will be determined closer to their publication. Although the Board has already tentatively decided on a comment period of 120 days for the Exposure Draft on Rate-regulated Activities, the staff may ask the Board, at a future meeting, whether it wishes to reconsider this tentative decision in light of the current environment.

Question 2 for the Board

2. Does the Board agree with the staff recommendations in paragraph 18 to extend the consultation period by (approximately) three months for:
 - (a) the Exposure Draft *General Presentation and Disclosures*;
 - (b) the Request for Information *Comprehensive Review of the IFRS for SMEs Standard*; and
 - (c) the Discussion Paper *Business Combinations – Disclosures, Goodwill and Impairment*?

Appendix A – summary of changes to consultation document timelines³

Table 1: tabular presentation of changes

Consultation document	Original publication date	Revised publication date	Original comment deadline	Revised comment deadline	Discussion
Published					
Exposure Draft <i>Interest Rate Benchmark Reform—Phase 2</i>	Apr. 2020		May 2020		See paragraph 17
Exposure Draft <i>General Presentation and Disclosures</i>	Dec. 2019		Jun. 2020	Sept. 2020	See paragraph 18
Request for Information <i>Comprehensive Review of the IFRS for SMEs Standard</i>	Jan. 2020		Jul. 2020	Oct. 2020	See paragraph 18
Discussion Paper <i>Business Combinations—Disclosures, Goodwill and Impairment</i>	Mar. 2020		Sept. 2020	Dec. 2020	See paragraph 18
Forthcoming					
Broad-based topics					
Discussion Paper <i>Business Combinations under Common Control</i>	Jun. 2020	Sept. 2020	TBD		See paragraph 19(b)
Request for Information <i>Post-implementation Review of IFRS 10, 11 and 12</i>	Aug. 2020	Dec. 2020	TBD		See paragraph 19(a)
Exposure Draft <i>Management Commentary</i>	Dec. 2020		TBD		See paragraph 19(c)
Request for Information <i>2020 Agenda Consultation</i>	Sept. 2020	Mar. 2021	TBD		See paragraph 19(d)
Exposure Draft <i>Disclosure Initiative—Targeted Standards-Level of Review of Disclosures</i>	Sept. 2020	Mar. 2021	TBD		See paragraph 19(a)
Targeted activities					
Exposure Draft <i>Rate-regulated Activities</i>	Aug. 2020	Oct. 2020	Dec. 2020	TBD	See paragraph 19(a), 21

³ The months reflected in this appendix are estimates

Table 2: bar graph presentation of changes

Original dates
Revised dates
Effect if Board decides on 180-day comment period (normally 120 days)

	Original		Recommended	
	2020	2021	2020	2021
	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D
Consultation Document				
Published				
Exposure Draft <i>Interest Rate Benchmark Reform - Phase 2</i>				
Exposure Draft <i>General Presentation and Disclosure</i>				
Request for Information <i>Comprehensive Review of IFRS for SMEs Standard</i>				
Discussion Paper <i>Business Combinations - Disclosures, Goodwill and Impairment</i>				
Forthcoming				
Broad-based topics				
Discussion Paper - Business Combinations under Common Control				
Request for Information -- Post-implementation Review of IFRS 10, 11 and 12				
Exposure Draft - Management Commentary				
Request for Information - Agenda Consultation				
Exposure Draft - Targeted Standards-Level of Review of Disclosures				
Targeted activities				
Exposure Draft - Rate-regulated Activities				