

AGENDA PAPER

IFRS® Foundation Trustees meeting – Due Process Oversight Committee

Munich

June 2019

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 for the period January to May 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 6–34). 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 deliberations and decisions in the period.
 - (b) Other matters occurring during the period for the attention of the DPOC (paragraphs 35–51). 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 52).

(d) Changes in the Board's Work Plan in the period (paragraphs 53–54).

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 31 May 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
Interest Rate Benchmark Reform (Proposed amendments to IFRS 9 and IAS 39)	May 2019	Exposure Draft	March 2019	6 March 2019
Annual Improvements to IFRS Standards 2018–2020	May 2019	Exposure Draft	December 2018	5 December 2018
Updating a Reference to the Conceptual Framework (Proposed amendments to IFRS 3)	May 2019	Exposure Draft	December 2018	5 December 2018

¹ Paragraph 6.6 of the *Due Process Handbook* set out the due process requirements for the Board when issuing an Exposure Draft. Before issuing the 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
Deposits relating to taxes other than income tax (IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>)	January 2019	September 2018	January 2019
Assessment of promised goods or services (IFRS 15 <i>Revenue from Contracts with Customers</i>)	January 2019	September 2018	January 2019
Investment in a subsidiary accounted for at cost: Partial disposal (IAS 27 <i>Separate Financial Statements</i>)	January 2019	September 2018	January 2019
Investment in a subsidiary accounted for at cost: Step acquisition (IAS 27 <i>Separate Financial Statements</i>)	January 2019	September 2018	January 2019
Application of the Highly Probable Requirement when a Specific Derivative is Designated as a Hedging Instrument (IFRS 9 <i>Financial Instruments</i> and IAS 39 <i>Financial instruments: Recognition and Measurement</i>)	March 2019	September 2018	March 2019
Physical Settlement of Contracts to Buy or Sell a Non-financial Item (IFRS 9 <i>Financial Instruments</i>)	March 2019	November 2018	March 2019
Credit Enhancement in the Measurement of Expected Credit Losses (IFRS 9 <i>Financial Instruments</i>)	March 2019	November 2018	March 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
Curing of a Credit-impaired Financial Asset (IFRS 9 <i>Financial Instruments</i>)	March 2019	November 2018	March 2019
Sale of Output by a Joint Operator (IFRS 11 <i>Joint Arrangements</i>)	March 2019	November 2018	March 2019
Liabilities in relation to a Joint Operator's Interest in a Joint Operation (IFRS 11 <i>Joint Arrangements</i>)	March 2019	September 2018	March 2019
Over Time Transfer of Constructed Good (IAS 23 <i>Borrowing Costs</i>)	March 2019	November 2018	March 2019
Customer's Right to Receive Access to the Supplier's Software Hosted on the Cloud (IAS 38 <i>Intangible Assets</i>)	March 2019	November 2018	March 2019

IFRS Taxonomy due process documents issued

8. The following table lists the IFRS Taxonomy due process documents issued in the period together with the review undertaken.
9. The Board is required to approve IFRS 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 IFRS Taxonomy Consultative Group (ITCG) provides guidance throughout the development of an IFRS Taxonomy Update and normally also reviews all content changes. During the period, no IFRS Taxonomy Update was issued reflecting new or amended IFRS Standards.

IFRS Taxonomy Update	Issued	Approved by Board ³	Reviewed ³	
			IFRS Taxonomy Review Panel	ITCG
IFRS Taxonomy 2018—Update 1 <i>Common Practice</i> (IFRS 13 <i>Fair Value Measurement</i>)	March 2019	n/a	January and February 2019	January and February 2019
IFRS Taxonomy 2018—Update 2 <i>General Improvements</i>	March 2019	n/a	February 2019	February 2019

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 deliberations and decisions in the period

IFRS 17 Insurance Contracts

10. The Board has now completed the balloting of its Exposure Draft of proposed amendments to the new insurance contracts Standard, IFRS 17. The Exposure Draft will propose amendments that are intended to assist entities implementing IFRS 17, without changing its fundamental principles, without reducing the usefulness of information that its application provides to users of financial statements and without unduly disrupting implementation processes that are already under way. Although narrow in scope, the targeted amendments address many of the concerns and challenges raised by stakeholders.
11. As reported at previous meetings, in developing the Exposure Draft, the Board considered concerns and challenges raised through the Transition Resource Group for IFRS 17 and through other stakeholder engagement. As a result of those considerations, the Board decided to propose 12 targeted amendments to IFRS 17 in eight areas. The Board concluded that the potential costs of these targeted amendments to IFRS 17 could be justified, if those amendments would provide significant relief to entities implementing the Standard and:
 - (a) would not result in significant loss of useful information for users of financial statements relative to that which would otherwise be provided by IFRS 17; and
 - (b) would avoid unduly disrupting implementation already under way or risking undue delays in the effective date of IFRS 17.
12. The Basis for Conclusions on the Exposure Draft will explain the Board's rationale for proposing some and rejecting other amendments suggested by stakeholders.
13. The proposed amendments include a one-year deferral of the effective date of IFRS 17 to January 2022 (and relatedly a further one-year delay in the implementation of IFRS 9 *Financial Instruments* for some insurers to continue to enable them to first apply IFRS 17 and IFRS 9 simultaneously).
14. The Exposure Draft is expected to be issued towards the end of June 2019. At its May 2019 meeting, the Board set a comment period of 90 days, which the DPOC had approved at its meeting in April 2019. The Board concluded this set an appropriate balance between the need to:
 - (a) allow stakeholders time to consider the proposed amendments and provide any further input to the Board; and
 - (b) finalise any amendments to IFRS 17—including confirming the mandatory effective date of 1 January 2022—to provide clarity about those amendments on a timely basis and minimise disruption to implementation.
15. During the comment period, Board and staff members will undertake outreach to raise awareness of the proposed targeted amendments and encourage high-quality feedback.

We will also be communicating to users of financial statements and others that the benefits of IFRS 17 remain unchanged and that IFRS 17 is urgently needed.

16. Although it is possible that further implementation challenges could arise, the Board expects that any substantive implementation challenges have now been identified through the extensive activities it has undertaken in the two years since the issuance of the Standard. Furthermore, the Board believes any further changes to IFRS 17 could disrupt, rather than help, the implementation process. Accordingly, after the proposed amendments are finalised, the Board intends to avoid standard-setting for any further issues identified before it undertakes the post-implementation review of IFRS 17.

Update on the Transition Resource Group for IFRS 17

17. In April 2019, the Transition Resource Group held its fourth meeting, at which it considered 46 submissions. To date the TRG has considered all 127 implementation questions submitted.
18. No further TRG meetings are scheduled. A TRG meeting may be scheduled in the future depending on the nature of any new submissions and whether discussion of those submissions would provide helpful education to stakeholders at this stage of implementing IFRS 17, without disrupting implementation under way. However, we note that as many entities are now at an advanced stage of IFRS 17 implementation, it would not be useful to hold a further TRG meeting to discuss submissions that cover only mechanical or narrow aspects of the requirements in IFRS 17 or that include only specific fact patterns.

IBOR Reform and its Effects on Financial Reporting

19. 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.
20. 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).
21. To address the pre-replacement issues, in May 2019, the Board published the Exposure Draft *Interest Rate Benchmark Reform*, which proposes amendments to IFRS 9 *Financial Instruments* and its predecessor IAS 39 *Financial Instruments: Recognition and Measurement*. The objective of the Exposure Draft is to propose providing 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.
22. Given the urgency of addressing the pre-replacement issues, and the narrow-scope of the Exposure Draft, the Board set a comment period of 45 days, which the DPOC had approved at its meeting in March 2019. The comment period closes on 17 June 2019 and the Board aims to issue any final amendments later this year.
 23. The Board has not yet considered whether and, if so, how to address any replacement issues. The Board noted that a range of issues could arise at different points in time due to the uneven timing of the replacement of existing interest rate benchmarks coupled with different approaches to replacement and different benchmarks being considered in different markets. In addition, the specific conditions and details of the replacement interest rate benchmarks have yet to be finalised. Board discussions on Phase 2 for the replacement issues will commence in the second half of 2019.

Primary Financial Statements

24. As reported at previous meetings, the Board is working towards issuing a consultation document for this project at the end of 2019.
25. During the period, the Board refined its tentative proposals on management performance measures in the light of feedback from targeted outreach with securities regulators. Regulators had expressed concerns about the proposals, including concerns that the lack of specific constraints on such measures could lead to entities disclosing management performance measures that are incomplete or biased and hence misleading. To address those concerns, the Board tentatively decided to specify that:
 - (a) management performance measures should faithfully represent the financial performance of the entity to the users of financial statements; and
 - (b) an entity may identify a measure as a management performance measure in its financial statements only if it uses the same measure in its other public communications with users.
26. In addition, the Board:
 - (a) further developed its proposals on how financial entities, such as banks, should classify income and expenses in the Board's proposed new structure for the statement(s) of financial performance;
 - (b) developed proposals to require disclosure of unusual items; and
 - (c) developed guidance on aggregation and disaggregation, including a proposal to require entities to present goodwill in the balance sheet.
27. At its May 2019 meeting, the Board considered whether the consultation document should be a discussion paper or an exposure draft. Paragraph 5.5 of the *Due Process Handbook* states that publishing a discussion paper is not a mandatory due process step, but that the Board must be satisfied that it has sufficient information and understands the problem and the potential solutions well enough to proceed without a

discussion paper. The Board concluded that this was the case and decided, therefore, that it would issue an exposure draft. In reaching this decision the Board noted:

- (a) the strong demand from users of financial statements for this project. The project objective is to address users' long-standing concerns. It is preferable to respond to users' needs on a timely basis.
 - (b) the strong support from users for the overall direction of the project and most of the proposals. This implies the project proposals would improve the usefulness of information in financial statements.
 - (c) the financial reporting problem is well defined and the proposals are sufficiently detailed for publication of an exposure draft.
 - (d) the Board has received a lot of stakeholder input through extensive outreach and related consultations on other projects, for example from the Discussion Paper *Principles of Disclosure*.
 - (e) drafting is critical for key concepts included in the proposals. It would be more effective to test drafting in the form of a draft new Standard (or amendments to a Standard).
28. The Board will continue its discussions at its June and July meetings, and in July will also be asked for permission to begin the balloting process for the Exposure Draft.

Narrow-scope and other amendments

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)

29. In January 2019, 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 12 *Income Taxes*.
30. The proposed amendments relate 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.
31. The Exposure Draft will have a comment period of 120 days in accordance with paragraph 6.7 of the *Due Process Handbook*. The Exposure Draft is expected to be issued in June 2019.

Disclosure Initiative—Accounting Policies

32. In April 2019, 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 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*.
33. The proposed amendments are intended to help entities provide accounting policy disclosures that are more useful to users of financial statements. They are one of the outcomes from the Board's Discussion Paper *Principles of Disclosure*.

34. 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 third quarter of 2019.

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

Technical projects

Financial Instruments with Characteristics of Equity

35. The comment period of the Discussion Paper *Financial Instruments with Characteristics of Equity* ended in January 2019. The Board received over 120 comment letters. At its March 2019 meeting, the Board discussed key themes emerging from the feedback on the Discussion Paper. There was broad support for the Board undertaking some form of standard setting but mixed views were expressed on the approach. Other key themes included concerns relating to the classification proposal and resulting change in classification for some financial instruments. General support was expressed for the disclosure proposals, with particular support from users of financial statements.
36. At its June 2019 meeting, the Board will begin discussing more detailed summaries of feedback on specific sections of the Discussion Paper.

Goodwill and Impairment

37. As previously reported to the DPOC, the Board is:
- (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) exploring whether it is possible to simplify the accounting for goodwill, without making the information provided to users significantly less useful to users of financial statements, by:
 - (i) exploring possible relief from the mandatory annual quantitative impairment test of goodwill; and
 - (ii) exploring whether to reintroduce amortisation of goodwill.
 - (c) exploring two targeted improvements to the calculation of value in use for the impairment test in IAS 36 *Impairment of Assets*.
38. At the April and May 2019 Board meetings, the Board discussed potential improvements to the disclosure objectives and disclosure requirements of IFRS 3 *Business Combinations* and potential relief from the mandatory annual quantitative impairment test of goodwill.

39. The Board intends to discuss in its June 2019 Board meeting which preliminary views on the above objectives it wishes to express in a Discussion Paper. The Board plans to publish the Discussion Paper around the end of 2019.

Rate-regulated Activities

40. The Board is developing an accounting model for regulatory assets and regulatory liabilities arising when an entity subject to defined rate regulation supplies goods or services.
41. The Board discussed the project at six of its 2018 meetings and reached numerous tentative decisions. However, discussions about measurement held in December 2018 highlighted a lack of clarity in the description of the model's principles. As a result, Board members expressed mixed views for some of the proposed requirements of the model.
42. In the light of those discussions, in May 2019, the Board discussed a refined description of the model that clarified its underlying principles.
43. The Board will continue its discussions in June 2019 and plans to publish a consultation document around the end of 2019. The Board is expected to confirm in July 2019 whether that document will be an Exposure Draft, rather than a Discussion Paper.

Dynamic Risk Management

44. The Board is developing an accounting model for dynamic risk management that would enable investors to better understand an entity's dynamic risk management and to evaluate the effectiveness of the risk strategies applied.
45. During 2019 the financial instruments team have been primarily focusing on the IBOR Reform project given its urgency. Nonetheless, in April 2019 the Board discussed and tentatively agreed the presentation requirements in the model for the statement of financial position and the statement of profit or loss. The remaining topics of disclosure and operational simplification will be discussed in July 2019 accompanied by a demonstration of the core model. The plan remains to complete outreach on the core model in the second half of 2019, although there is a risk that the second phase of the IBOR Reform project could affect this timeline.

2019 Comprehensive Review of the IFRS for SMEs Standard

46. During the period the Board commenced the 2019 Comprehensive Review of the *IFRS for SMEs* Standard. This is the second comprehensive review of the *IFRS for SMEs* Standard since it was issued in 2009, the first review being completed in 2015. In the first phase of the 2019 Review, the Board is developing a Request for Information to obtain views on whether and, if so, how the *IFRS for SMEs* Standard should be aligned with IFRS Standards and amendments not currently incorporated into the *IFRS for SMEs* Standard. This includes considering the new financial instruments, revenue recognition and leases Standards.

47. The Board plans to issue the Request for Information at the end of 2019.

Implementation activities

Interpretations Committee

48. The Interpretations Committee met in January and March 2019 and published four tentative agenda decisions and 12 final agenda decisions, each of which includes material explaining the application of IFRS Standards to support their consistent application. At the close of the March meeting, there was one submission from a stakeholder that had not yet been considered by the Committee.
49. In March 2019, the rubric in *IFRIC Update* introducing new agenda decisions was amended to express the Board's view that entities should be entitled to sufficient time to implement changes in accounting policy that result from an agenda decision published by the Interpretations Committee. This was in the light of some feedback on three tentative agenda decisions expressing concern that implementing those agenda decisions would require significant effort, including changes to systems, processes and controls.
50. As discussed at the DPOC's meeting in January 2019, the Board had confirmed this view about the timing of implementing agenda decisions in December 2018 when considering the feedback on its Exposure Draft *Accounting Policy Changes*. The DPOC has also proposed giving this view greater visibility by including it in its proposed amendments to the *Due Process Handbook*.
51. To support the new rubric, Sue Lloyd posted an educational article on the website *Time is of the Essence*.

Agenda paper compliance report⁴

52. In the period January to May 2019, all agenda papers discussed by the Board and the Interpretations Committee were made available on our public website unaltered. Three Board papers were posted after the posting deadline as follows:
- February 2019: Primary Financial Statements—Illustrations for papers 21A and 21B. This paper provided illustration of approaches described in other February papers.
 - April 2019: Dynamic Risk Management—Presentation. This paper replaced the originally posted paper with some amendments.

⁴ 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.'

- April 2019: Insurance Contracts—Paper 2E. This paper was posted the day after the April meeting of the TRG to provide the Board with feedback from that meeting relevant to matters in one of the other papers.

Changes in the Board's Work Plan in the period

53. Appendix A details *changes* in the Board's Work Plan in the period January to May 2019. This includes explaining any changes in project timings in the period.
54. There were no significant timetable adjustments to research and standard-setting projects in the period.

Appendix A—Changes in the Work Plan in the period January to May 2019

Description	Next milestone	Original forecast for next milestone	Expected date for next milestone		Explanation of changes in expected dates
			as at 1 January 2019	as at 31 May 2019	
Research Projects					
Disclosure Initiative—Principles of Disclosure	Project Summary	March 2019	March 2019	n/a	Project completed in period—Project Summary published in March 2019
Discount Rates	Project summary	Q3 2017	February 2019	n/a	Project completed in period—Project Summary published in February 2019 (Previous changes due to staff focussing on other projects given that the project summary only summarises information already in publicly available Board papers.)
Extractive Activities	Review Research	n/a	No date set	H2 2019	Date set in period
Financial Instruments with Characteristics of Equity	Decide Project Direction	n/a	n/a	H2 2019	New milestone set in period
Subsidiaries that are SMEs	Review Research	n/a	n/a	H2 2019	New project in period
Standard-setting Projects					
No changes to highlight					
Other Projects					
IFRS Taxonomy Update—2018 General Improvements	Analyse Feedback	n/a	No date set	n/a	Project completed in March 2019
IFRS Taxonomy Update—Common Practice (IFRS 13)	Analyse Feedback	March 2019	March 2019	n/a	Project completed in March 2019

Appendix A—Changes in the Work Plan in the period January to May 2019

Description	Next milestone	Original forecast for next milestone	Expected date for next milestone		Explanation of changes in expected dates
			as at 1 January 2019	as at 31 May 2019	
Maintenance Projects					
2019 Comprehensive Review of the IFRS for SMEs Standard	Request for Information	n/a	n/a	H2 2019	New project in period
Accounting Policies and Accounting Estimates (Amendments to IAS 8)	Decide Project Direction	October 2018	April 2019	No date set	No date now set as project is dependent on progress in another project <i>Accounting Policy Changes</i>
Annual improvements to IFRS Standards 2018-2020	Exposure Draft Feedback	n/a	n/a	No date set	New milestone set in period
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	IFRS Amendment	n/a	No date set	H2 2019	Date set in period
Disclosure Initiative—Accounting Policies	Exposure Draft	n/a	No date set	Q3 2019	Date set in period
IBOR Reform and its Effects on Financial Reporting	Exposure Draft Feedback	n/a	n/a	Q3 2019	New milestone set in period
Improvements to IFRS 8 <i>Operating Segments</i> (Amendments to IFRS 8 and IAS 34)	Feedback Statement	H2 2018	February 2019	n/a	Project completed in period—Feedback Statement published in February 2019. (Previous change due to staff focussing on other projects.)
Onerous Contracts—Cost of fulfilling a Contract (Amendments to IAS 37)	Decide project Direction	n/a	n/a	No date set	New milestone set in period
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	Exposure Draft Feedback	n/a	n/a	No date set	New milestone 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 April 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 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 ⁵	April 2019
	CMAC ⁶	March 2019
	GPF ⁷	June 2018 (Joint CMAC/GPF meeting)
	Other	<ul style="list-style-type: none"> World Standard-setters Conference—October 2018 Emerging Economies Group—March 2019
Next due process steps		Publish a Discussion Paper in H1 2020

Dynamic Risk Management (see paragraphs 44–45 of this report)

Current status		Active research project—last Board discussion April 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	None
Next due process steps		<p>Core Model H2 2019</p> <p>The Board is developing a core model which will be discussed with stakeholders before developing a second Discussion Paper.</p>

⁵ Accounting Standards Advisory Forum

⁶ Capital Markets Advisory Committee

⁷ Global Preparers Forum

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

Extractive Activities

Current status		Active research project—last Board discussion March 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 H2 2019

Financial Instruments with Characteristics of Equity (see paragraphs 35–36 of this report)

Current status		Active research project—last Board discussion March 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)
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—October 2018 • Emerging Economies Group—October 2018
Next due process steps		Decide Project Direction in H2 2019

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

Goodwill and Impairment (see paragraphs 37–39 of this report)

Current status		Active research project—last Board discussion May 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	November 2018
	GPF	November 2018
	Other	<ul style="list-style-type: none"> • World Standard-setters Conference—October 2018 • Emerging Economies Group—March 2019
Next due process steps		Publish a Discussion Paper in H2 2019

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	December 2018
	CMAC	None
	GPF	None
	Other	None
Next due process steps		Review research H2 2019

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

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
	Other	None
Next due process steps		Review Research in H2 2019

Subsidiaries that are SMEs

Current status		Active research project—last Board discussion April 2019 (<i>project transferred from the research pipeline in March 2019</i>)
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
	Other	None
Next due process steps		Review Research in H2 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 May 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	April 2019
	CMAC	March 2019
	GPF	March 2019
	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		Publish an Exposure Draft in H1 2020

Primary Financial Statements (see paragraphs 24–28 of this report)

Current status		Active project—last Board discussion May 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	December 2018
	CMAC	November 2018
	GPF	November 2018
	Other	<ul style="list-style-type: none"> • World Standard-setters Conference—October 2018 • IFRS Advisory Council—September 2018 • IFRS Taxonomy Consultative Group—April 2018
Next due process steps		Publish an Exposure Draft in H2 2019

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

Rate-regulated Activities (see paragraphs 40–43 of this report)

Current status		Active project—last Board discussion May 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 2017 • Emerging Economics Group—March 2019
Next due process steps		Publish a second Discussion Paper or an Exposure Draft in H2 2019

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 <i>New project in period</i>	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> . See paragraphs 46–47.	Publish a Request for Information in H2 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 had an education session at its April 2019 meeting in which it discussed the staff's (i) analysis of feedback on the Exposure Draft and (ii) preliminary views on the project direction.	Decide project direction (no date yet set)
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.	<p>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.</p> <p>In April 2019, ASAF members provided their views on the best way to proceed in light of the feedback in the comment letters.</p>	Decide project direction (no date yet set)

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

Project	Objective	Project Status	Next steps
Amendments to IFRS 17 <i>Insurance Contracts</i>	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 10–18.	Issue an Exposure Draft in June 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 Board issued an Exposure Draft in May 2019.</p>	<p>Consider Exposure Draft feedback (no date yet set)</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 March 2019, the Board continued its discussion of comments on the Exposure Draft. The staff is now performing focused consultation to obtain a better understanding of the practical effect of some of the Board's clarifications.	Issue an IFRS Amendment in H2 2019
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 is balloting the Exposure Draft.	Issue an Exposure Draft in June 2019
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 has begun the process of balloting the Exposure Draft.	Issue an Exposure Draft in Q3 2019
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 (no date yet set)
IBOR Reform and its Effects on Financial Reporting	To explore the effects on financial reporting arising from the possible discontinuance of interest rate benchmarks such as LIBOR, EURIBOR and TIBOR.	The Board issued an Exposure Draft in May 2019. See paragraphs 19–23.	Consider Exposure Draft feedback in Q3 2019

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 May 2019, the Board discussed a summary of feedback on the Exposure Draft it issued in December 2018.	Decide project direction (no date yet set)
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 November 2018, the Board tentatively decided to proceed with the proposed amendments with some modifications. The Board will consider possible modifications at its June 2019 meeting.	Issue an IFRS Amendment (no date yet set)
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 Board issued an Exposure Draft in May 2019.	Consider Exposure Draft feedback (no date yet set)

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

Section 4—Current IFRS Taxonomy projects

Currently there are no IFRS Taxonomy projects on the work plan.