

STAFF PAPER

May 2020

Board Meeting

Project	Research Programme
Paper topic	Research Update
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Purpose of the paper

1. This paper gives a brief update on the research programme since the last update, provided in the Board's meeting in January 2020.
2. Appendix A summarises the Board's active research projects and the projects in its research pipeline. More information can be downloaded from the individual project pages, which can be accessed from the research projects tab on <http://www.ifrs.org/projects/work-plan/>.
3. The staff expect to provide the next Research Update in around three or four months.

Recent developments

4. In April 2020, the Board delayed the comment deadline for the Discussion Paper on Goodwill and Impairment, and discussed changes to its timelines for some other research projects, in the light of the coronavirus pandemic. As this crisis develops, we will continue to monitor the situation and consider whether further changes to the timelines will be necessary. In doing so, we will aim to make progress on projects where this will not depend on a level of engagement with stakeholders that we cannot reasonably ask them to provide during these challenging times. All comments below reflect the updated timelines.

5. The other main developments in the research programme, including Post-implementation Reviews, since January 2020 are as follows:
- (a) In January 2020, the Board completed its review of the research project on Provisions and added to its maintenance work plan a project to develop targeted amendments to IAS 37 *Provisions, Contingent liabilities and Contingent Assets*.
 - (b) In January 2020, the Board moved the research project on Subsidiaries that are SMEs to the standard-setting work plan.
 - (c) In February 2020, the Board completed its discussion of the research performed in the project on Business Combinations under Common Control. The Board now aims to publish a Discussion Paper in Q3 2020.
 - (d) In March 2020, in its research project on Goodwill and Impairment, the Board published a Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment*. The comment deadline is 31 December 2020 (originally 15 September 2020 but postponed in April 2020 in the light of the coronavirus pandemic).
 - (e) The Board held an initial discussion on Pension Benefits that Depend on Asset Returns and has continued its discussions on Financial Instruments with Characteristics of Equity.
 - (f) The Board has not discussed the project on Extractive Activities and Dynamic Risk Management (DRM), but will do so at future meetings. Outreach on the core model for developing the DRM model is now planned for H2 2020.
 - (g) In April 2020, the Board decided to proceed with the Post-implementation Review (PIR) of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosures of Interests in Other Entities* and expects to publish a Request for Information (RFI) in Q4 2020.
 - (h) The staff aim to start work on the pipeline research project on the Equity Method in the next few months because there may be synergies

with analysis of responses the Board may receive to the Request for Information on the PIR of IFRS 11 and IFRS 12.

- (i) It is now unlikely that work will start in the next few months on the other pipeline projects, or on the Post-implementation Review of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. This is because of the need to devote resources to high-priority projects, such as the amendments to projects on IFRS 17 and IBOR and urgent application issues raised by stakeholders as a result of the coronavirus pandemic, and also to maintain momentum on projects already active.

Question for the Board

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1. Do Board members have any questions or comments on the projects or about the research programme generally?

Appendix A: Summary of the Research programme at 5 May 2020

Active research projects

A1. Seven research projects are on the Board's active work plan.

Active projects	
<i>Project</i>	<i>Status</i>
Financial Instruments with Characteristics of Equity	Board discussions continue, exploring making clarifying amendments to IAS 32.
Goodwill and Impairment	Discussion Paper published March 2020, comment deadline 31 December 2020.
Dynamic Risk Management	Outreach on core model planned H2 2020.
Business Combinations Under Common Control	Staff are drafting a Discussion Paper for publication around Q3 2020.
Extractive Activities	Board discussions continue.
Pension Benefits that Depend on Asset Returns	Board discussions continue.
Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12	Staff are drafting a Request for Information for publication around Q4 2020

A2. As a reminder, the expected output of a research project is not an Exposure Draft. The expected output is evidence to help the Board decide whether to add to its work plan a standard-setting project or maintenance project.

Research pipeline

A3. The Board set up a pipeline of research projects in late 2016, following the latest Agenda Consultation. Pipeline projects are not yet on the active work plan.

A4. The research pipeline initially included eight projects, of which four have since become active (between September 2018 and March 2019). The Board consciously limited the size of the research pipeline so that it contains only those research projects on which it thought it could realistically expect to do a significant amount of the research before the next agenda consultation, which started in 2020.

- A5. The research pipeline is not fixed through to 2021. The Board is free to add projects to the research pipeline if and when it sees fit. The Board has not added any projects to the pipeline since setting it up in 2016.
- A6. The projects in the research pipeline are listed below. Appendix B provides information about them.

Pipeline projects
Equity Method
High Inflation: Scope of IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
Pollutant Pricing Mechanisms
Variable and Contingent Consideration

Post-implementation review of IFRS 5

- A7. The Board decided after the most recent Agenda Consultation to carry out 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. The purpose of the PIR would be to evaluate whether IFRS 5 is working as the Board intended. IFRS 5 came into effect in 2005.

Starting pipeline projects and Post-implementation Reviews

- A8. The Board said in the Feedback Statement *IASB Work Plan 2017-2021* that when it assesses whether and when to add a research project from the pipeline to its research programme of active research projects, it will need to consider various factors, including:
- (a) the urgency of the problem;
 - (b) the extent and complexity of the research needed;
 - (c) the likely time commitment for stakeholders;
 - (d) the overall balance of the active work plan;
 - (e) interactions with other current or future projects;

- (f) the availability of appropriate staff and sufficient Board time to carry out the research project over an appropriate timescale, without diverting resources from other projects; and
- (g) the most efficient time to carry out the work.

A9. Because it is not feasible to forecast those factors in detail, the Board has not set an order of priority for individual projects within its research pipeline.

A10. We provided information on each of the pipeline projects in January 2020 in appendix B to Agenda Paper 8.