



EFRAG UPDATE

JUNE 2020

The EFRAG Update is published on a monthly basis to inform constituents about due process publications, public technical discussions held and decisions taken during that month.

Coronavirus – Update on EFRAG’s meetings and events

EFRAG will continue to monitor the impact of COVID-19 pandemic on its activities recognising the circumstances and priorities of our stakeholders and adapt its activities accordingly:

- All EFRAG public meetings of the EFRAG Board, EFRAG TEG and EFRAG CFSS are still turned into webcast meetings until further notice. Due to the particular circumstances, the meetings have been shortened and the frequency has been increased. Digital access to these public meetings is provided as usual;
- All EFRAG public events and outreaches until further notice have been turned into webcast format (see below) or postponed;
- EFRAG has adjusted the timelines of several of its projects taking into account the priorities of its stakeholders during the pandemic and is flexible in obtaining input through outreaches, field tests and other means, recognising the availability and individual circumstances of the stakeholders concerned. Input of stakeholders is an essential part of EFRAG’s due process as public interest organisation.

EFRAG staff is mainly working from home and is contactable by email, Teams or phone. The EFRAG offices are open during working hours.

You can find contact details [here](#).

PUBLICATIONS

Final Endorsement Advice

On 3 June 2020, EFRAG completed its due process regarding *Covid-19-Related Rent Concessions (Amendment to IFRS 16)* and submitted its Endorsement Advice Letter to the European Commission.

For more details, please see the [EFRAG website](#).



Draft Endorsement Advices

On 25 June 2020, EFRAG has issued a Draft Endorsement Advice letter and a separate invitation to comment relating to the endorsement for use in the EU of *Annual Improvements to IFRS Standards 2018-2020*. Comments are requested by 7 September 2020.

For more details, please see the [EFRAG website](#).

On 25 June 2020, EFRAG has issued a Draft Endorsement Advice letter and a separate invitation to comment relating to the endorsement for use in the EU of *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)*. Comments are requested by 7 September 2020.

For more details, please see the [EFRAG website](#).

On 25 June 2020, EFRAG issued a Draft Endorsement Advice letter and a separate invitation to comment relating to the endorsement for use in the EU of *Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)*. Highlighting that the entire endorsement process is urgent, comments are requested by 3 July 2020.

For more details, please see the [EFRAG website](#).

On 24 June 2020, EFRAG issued its Draft Endorsement Advice letter and a separate invitation to comment relating to the endorsement for use in the EU of *Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)*. Comments are requested by 7 September 2020.

For more details, please see the [EFRAG website](#).

On 24 June 2020, EFRAG issued its Draft Endorsement Advice letter and a separate invitation to comment relating to the endorsement for use in the EU of *Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)*. Comments are requested by 7 September 2020.

For more details, please see the [EFRAG website](#).

Final Comment Letter

On 3 June 2020, EFRAG published its Final Comment Letter in response to the IASB Exposure Draft *ED/2020/3 Classification of Liabilities as Current or Non-current - Deferral of Effective Date (Amendments to IAS 1)*.

For more details, please see the [EFRAG website](#).

WEBINARS AND ON-LINE OUTREACHES

Online joint outreach event on *Primary Financial Statements*

On 17 June 2020, EFRAG hosted an online joint outreach event with the Norwegian Accounting Standards Board, the Norwegian Society of Financial Analysts and the IASB on the Exposure Draft *General Presentation and Disclosures*. The main objective of this public webinar meeting was to discuss the IASB proposals for a new shape of the primary financial



statements and EFRAG’s preliminary views with Norwegian stakeholders. The webcast format of this webinar allowed as well the active involvement of stakeholders from other jurisdictions that participated in the event and provided their answers to the pool questions proposed during the event, in addition to asking questions to the panellists.

For more details, please see the [EFRAG website](#).

OPEN CONSULTATIONS

Title and description	Closing date
EFRAG Draft Endorsement Advice on IASB Publication <i>Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)</i>	3 July 2020
EFRAG Draft Endorsement Advice on IASB Publication <i>Annual Improvements to IFRS Standards 2018-2020</i>	7 September 2020
EFRAG Draft Endorsement Advice on IASB Publication <i>Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)</i>	7 September 2020
EFRAG Draft Endorsement Advice on IASB Publication <i>Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)</i>	7 September 2020
EFRAG Draft Endorsement Advice on IASB Publication <i>Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)</i>	7 September 2020
EFRAG draft comment letter on IASB Exposure Draft <i>ED/2019/7 General Presentation and Disclosures</i>	28 September 2020
EFRAG draft comment letter on IASB Discussion Paper <i>DP/2020/1 Business Combinations—Disclosures, Goodwill and Impairment</i>	30 November 2020

For more information please see [EFRAG’s consultations page](#).

EFRAG BOARD

Webcast meeting

The EFRAG Board held a webcast meeting on [16 June 2020](#) and discussed the following topics:



EFRAG Research Project *Crypto Assets*

The EFRAG Board approved the Discussion Paper ('the DP') on crypto-assets (liabilities) and agreed an approach to consultation and getting stakeholders' feedback on the DP.

Update on workplan and *Interest Rate Benchmark Reform - Phase 2* endorsement plan

The EFRAG Board approved the Technical workplan. Based on an overview of the next steps of the IBOR project the EFRAG Board approved a timetable for the endorsement process.

Next meeting

The EFRAG Board will hold its next webcast meetings on [6, 16](#) and [28 July 2020](#).

June 2020 written procedures

The EFRAG Board approved the following documents, using written procedures in June:

- EFRAG Final Comment Letter on the IASB Exposure Draft *ED/2020/3 - Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*;
- EFRAG Draft Endorsement Advice on IASB Publication *Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)*;
- EFRAG Draft Endorsement Advice on IASB Publication *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)*;
- Draft Endorsement Advice on the IASB Publication *Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)*;
- EFRAG Draft Endorsement Advice on IASB Publication *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)*; and
- EFRAG Draft Endorsement Advice on IASB Publication *Annual Improvements to IFRS Standards 2018-2020*.

Expected July 2020 written procedures

The EFRAG Board is not expected to approve any documents using written procedures in July.

EFRAG TECHNICAL EXPERT GROUP (TEG)

Webcast meeting

EFRAG TEG held a webcast meeting on [3-4 June](#) and discussed the following topics:

IFRS 17 *Insurance Contracts*

EFRAG TEG discussed the draft endorsement advice on the Amendments to IFRS 4 *Insurance Contracts*. Members agreed to make reference to the endorsement advice of Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* where it stated that without qualifying the advice, the Amendments to IFRS 4 did not address concerns of many entities undertaking insurance activities that are not predominant insurers. With this inclusion and subject to some editorial changes, EFRAG TEG members recommended the EFRAG Board to approve the draft endorsement advice.



EFRAG TEG also discussed selected contents of the DEA of IFRS 17 about business models in the context of IFRS 17. Due to time constraints, written input was requested from EFRAG TEG members on the issue on CSM allocation for contracts under the VFA.

IASB Publication *Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)*

EFRAG TEG discussed and recommended the EFRAG Board to approve a draft endorsement advice. EFRAG TEG members noted that as part of the feedback on this DEA, including feedback from National Standard-Setters, EFRAG would assess the expected cost/benefit impacts of the amended IAS 37 guidance, including possible implications on contracts that were initially outside the scope of IAS 11 *Constructions Contracts*.

IASB Publication *Property, Plant and Equipment: Proceeds before Intended Use (Amendment to IAS 16)*

EFRAG TEG discussed and recommended a draft endorsement advice for approval to the EFRAG Board subject to drafting amendments.

IASB Publication *Annual Improvements to IFRS Standards 2018-2020*

EFRAG TEG discussed and recommended a draft endorsement advice for approval to the EFRAG Board subject to drafting amendments. EFRAG TEG suggested to prepare a letter to the IASB that would be sent, following the EFRAG Board approval, regarding the amendment to the Illustrative Example 13 accompanying IFRS 16 *Leases* which is not subject to the endorsement in the EU.

EFRAG Research Project *Variable and Contingent Consideration*

EFRAG TEG discussed a preliminary outline of the future EFRAG's Discussion Paper ('the DP') on variable consideration. EFRAG TEG reiterated the importance of this research on variable consideration and welcomed the proposed drafting of the DP. Members made some drafting improvements and suggestions to better expound and define the scope and issues considered in the DP.

Further discussions of the DP are foreseen for H2 of 2020.

No decisions were taken at the meeting.

Next meeting

EFRAG TEG will hold next webcast meetings on [1 and 2 July](#), [6](#) and [8 July 2020](#).

June 2020 written procedures

The EFRAG TEG recommended for approval to the EFRAG Board the following documents, using written procedures in June:

EFRAG Draft Endorsement Advice on IASB Publication *Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)*.



EUROPEAN REPORTING LAB

Project Task Force on reporting of non-financial risks and opportunities and linkage to the business model (PTF-RNFRO)

The composition of the newly appointed PTF-RNFRO, that will operate the second project of the European Lab, was publicly announced on 4 June 2020. Its first webcast meeting took place on 10 June 2020 and allowed members to introduce themselves and share their initial views and expectations for the project.

European Lab Steering Group (European Lab SG)

The European Lab SG held a webcast meeting on 24 June 2020. The members received an update from the European Commission on its activities around the area of non-financial reporting standards and a presentation of preliminary statistical results based on the responses received to the public consultation for the revision of the EU Non-Financial Reporting Directive.

Members also received a briefing on the first meeting of the PTF-RNFRO (see above).

Next Steps

The European Lab SG nominations sub-committee will interview candidates for the role of Chair of the PTF-RNFRO and the European Lab SG will appoint the Chair.

The date for the second meeting of the PTF-RNFRO has not yet been fixed.

The next scheduled meeting of the European Lab SG will take place on 15 September 2020.