



February 2016

## EFRAG Update

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.

### February Publications

#### **Final Comment letters and related feedback statements**

On 8 February, EFRAG published its final comment letter on the Draft IFRIC Interpretation DI/2015/2 *Foreign Currency Transactions and Advance Consideration* and the related feedback statement.

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

On 12 February, EFRAG published its final comment letter on the Draft IFRIC Interpretation DI/2015/1 *Uncertainty over Income Tax Treatments* and, on 26 February, EFRAG published the related feedback statement.

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

On 15 February, EFRAG published its final comment letter on the IASB's Exposure Draft ED/2015/11 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*.

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

#### **Response to IFRS Foundation Invitation to Comment and related feedback statement**

On 23 February, EFRAG published its response to the IFRS Foundation's Invitation to Comment *IFRS Taxonomy Due Process* and the related feedback statement.

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

#### **Letter to the European Commission**

On 12 February, EFRAG sent a letter to the European Commission following the publication, by the IASB, of revised amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* postponing their effective date indefinitely. In its letter, EFRAG brought a number of issues to the European Commission's attention before the Commission takes a decision on the endorsement process on the two published amendments to IFRS 10 and IAS 28.

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

## February 2016 meetings and conference calls

This edition of the EFRAG Update contains summaries of meetings and conference calls held in February by:

- The EFRAG Board; and
- The EFRAG Technical Expert Group (EFRAG TEG).

## Detailed meeting reports

### EFRAG Board meeting on 11 February

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The EFRAG Board met on 11 February and discussed the following:

- Draft IFRIC Interpretation DI/2015/1 *Accounting for Uncertainties in Income Taxes*
- IASB Invitation to Comment *IFRS Taxonomy Due Process*
- EFRAG's proactive work on Pension plans
- Work Plan

#### Draft IFRIC Interpretation DI/2015/1 *Accounting for Uncertainties in Income Taxes*

The EFRAG Board approved the EFRAG comment letter on Draft IFRIC Interpretation DI/2015/1 *Uncertainty over Income Tax Treatments*.

#### IFRS Foundation Invitation to Comment *IFRS Taxonomy Due Process*

The EFRAG Board approved the EFRAG comment letter on the IFRS Foundation Invitation to Comment *IFRS Taxonomy Due Process*.

#### EFRAG's proactive work on Pension Plans

The EFRAG Board approved the start of a project on Pension Plans, relating to the first stage which involved the collection of information.

#### Work Plan

The EFRAG Board approved the work plan as presented.

## EFRAG Board conference call on 5 February

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The EFRAG Board met on 5 February and discussed the following:

- IASB Exposure Draft ED/2015/11 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*

### IASB Exposure Draft ED/2015/11 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*

The EFRAG Board approved the EFRAG comment letter on IASB Exposure Draft ED/2015/11 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*.

## EFRAG Board – February written procedures

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The EFRAG Board approved the following document, using written procedures:

- EFRAG final comment letter on Draft IFRIC Interpretation DI/2015/2 *Foreign Currency Transactions and Advance Consideration*
- EFRAG letter to the European Commission on the IASB Publication *Effective Date of Amendments to IAS 28 and IFRS 10*

## EFRAG Board – Expected March written procedures

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During March, the EFRAG Board is expected to approve the following documents using written procedures:

- EFRAG final comment letter on IASB ED/2015/10 *Annual Improvements to IFRSs 2014 - 2016 Cycle*
- EFRAG final comment letter on IASB ED/2015/9 *Transfers of Investment Property*

## EFRAG TEG meeting on 24 and 25 February

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At its conference call on 24 and 25 February, EFRAG TEG discussed:

- IASB Publication *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)*
- IASB ED/2015/10 *Annual Improvements to IFRSs 2014 – 2016 Cycle*
- IASB ED/2015/8 IFRS Practice Statement: *Application of Materiality to Financial Statements*
- IASB Publication *Disclosure Initiative - Amendments to IAS 7*
- IFRS 9 *Financial Instruments*
- EFRAG Proactive work on a Measurement Bulletin
- IASB Project *Insurance Contracts*
- EFRAG 2015 Agenda Consultation

### IASB Publication *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)*

EFRAG TEG considered a draft endorsement advice on *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)* and approved it for forwarding to the EFRAG Board if the European Commission were to make a request for advice containing no unexpected issues.

### IASB ED/2015/10 *Annual Improvements to IFRSs 2014 – 2016 Cycle*

EFRAG TEG agreed to recommend a final comment letter to the EFRAG Board, subject to minor drafting improvements.

EFRAG TEG also approved a feedback statement summarising the input received from constituents and how it has been considered in the drafting of the final comment letter.

### IASB ED/2015/8 IFRS Practice Statement: *Application of Materiality to Financial Statements*

After considering the feedback received from constituents, EFRAG TEG agreed to recommend a final comment letter to the EFRAG Board reiterating the views expressed in the draft comment letter in support of the issue of application guidance on materiality in the non-mandatory form of a Practice Statement. EFRAG reiterated its recommendations that:

- the objectives of the guidance address stakeholders other than preparers in order to promote a common understanding of the role and application of materiality;
- the guidance be drafted in a more concise and practical way, and focus on areas where it is acknowledged that judgement on materiality is the most difficult to exercise; and
- the guidance be issued without waiting for the outcome of the forthcoming discussion paper Principles of Disclosure.

### IASB Publication *Disclosure Initiative - Amendments to IAS 7*

EFRAG TEG members provided their preliminary views on a draft endorsement advice prepared by EFRAG Secretariat.

No decisions were taken at the meeting and the draft endorsement advice will be brought back for discussion at a future meeting; when the letter from the European Commission requesting advice is received.

### IFRS 9 *Financial Instruments*

EFRAG TEG was informed about the topics discussed at the December meeting of the IFRS Transition Resource Group for Impairment of Financial Instruments (ITG). In the discussion, EFRAG TEG exchanged views on the use of discount rates for floating rate financial instruments and the measurement of loss allowances.

EFRAG TEG also discussed the current status of the changes to US GAAP relating to financial instruments. EFRAG TEG assessed that these changes were either already addressed in the endorsement advice or would not have given rise to a different outcome in the endorsement advice, had they been known at the time the endorsement advice was published.

### EFRAG Proactive work on a Measurement Bulletin

EFRAG TEG recommended a paper to the EFRAG Board for approval to submit it to ASAF. The paper is designed to demonstrate how the chapter on measurement in the Conceptual Framework Exposure Draft could easily be expanded to meet the concerns raised by EFRAG in its comment letter.

### IASB Project *Insurance Contracts*

EFRAG TEG members were provided with an overview of the new insurance contracts Standard by an IASB Board member.

### EFRAG 2015 Agenda Consultation

EFRAG TEG finalised its advice to the EFRAG Board on the proactive activities work plan, following the completion of the EFRAG Proactive Agenda consultation. The work plan will be considered by the EFRAG Board at its March meeting.