
Accounting Standards Advisory Forum meeting

Date **July 2023**
Project **ASAF**
Topic **ASAF planning and feedback from previous meetings**
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Introduction

1. The aim of this paper is to:
 - (a) discuss the agenda topics for the September 2023 meeting of the Accounting Standards Advisory Forum (ASAF); and
 - (b) provide ASAF members with feedback on how the staff or the International Accounting Standards Board (IASB) have considered (or will consider) the advice given at the December 2022, February 2023 and March 2023 ASAF meetings.
2. Information about the IASB's work plan and the status of projects is available on the IFRS Foundation website.

Structure of the paper and questions for ASAF members

3. There are two appendices to this paper:
 - (a) Appendix A sets out the suggested agenda topics for the September 2023 ASAF meeting; and
 - (b) Appendix B sets out a table summarising the feedback from the December 2022, February 2023 and March 2023 ASAF meetings and how the staff or the IASB have considered (or will consider) this feedback.

Questions for ASAF members

1. Do ASAF members have any comments on the proposed agenda topics for the September 2023 ASAF meeting or wish to add items arising from their jurisdiction to the proposed agenda topics (Appendix A)?
2. Do ASAF members have any comments on how the feedback from the December 2022, February 2023 and March 2023 ASAF meetings has been (or will be) used by the staff or the IASB (Appendix B)?

Appendix A—ASAF agenda topics

Agenda topic	Purpose of the discussion
September 2022 ASAF meeting	
Disclosure Initiative— Subsidiaries without Public Accountability: Disclosures	Seek advice from ASAF members on some aspects of the project, including whether to retain the requirement that the ultimate or any intermediate parent financial statements should be available for public use, the approach to addressing the proposed disclosure requirements and the structure of the Standard.
Post-implementation Review of IFRS 9— Impairment	Seek advice from ASAF members on matters to be considered in the Post-implementation Review of impairment requirements in IFRS 9.
Rate-regulated Activities	Seek ASAF members' advice on recent IASB's discussions on total allowed compensation and the scope of the Accounting Standard to be issued.
Goodwill and Impairment	Presentation by the UK Endorsement Board of a research paper on a hybrid approach to subsequent measurement of goodwill.
December 2022 ASAF meeting	
Business Combinations under Common Control	Seek ASAF members' advice on staff's initial views on how to respond to feedback on selecting the measurement method(s) to apply to business combinations under common control.
Equity Method	Seek input from ASAF members to help assess the implications on IASB's tentative decisions in ASAF members' jurisdictions.
Post-implementation Review of IFRS 15	Seek advice from ASAF members on matters to be considered in the Post-implementation Review of IFRS 15.
Provisions—Targeted Improvements	Seek input from ASAF members on discount rates for provisions within the scope of IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> —specifically, whether discount rates for provisions should reflect non-performance risk and whether financial statements currently disclose enough information about the rates entities use to discount provisions.
Primary Financial Statements	Update on targeted outreach
Variable and contingent consideration	Presentation by EFRAG of its research project on variable and contingent consideration.
February 2023 ASAF meeting	
International Tax Reform – Pillar Two Model Rules	Provide ASAF members with an overview of the proposals in the Exposure Draft <i>International Tax Reform – Pillar Two Model Rules</i> (proposed amendments to IAS 12), ask ASAF members for information about the implementation of the Pillar Two model rules in their countries or jurisdictions and clarify any questions ASAF members had about the proposals in the Exposure Draft.
March 2023 ASAF meeting	
Equity Method	Seek ASAF members' input for the effects analysis on the potential amendments (preferred approach)
Rate-regulated Activities	Seek ASAF members' advice on the IASB's recent discussions on the scope and total allowed compensation of the Accounting Standard to be issued.

Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures	Seek ASAF members' advice on the expected benefits and costs of the proposals for stakeholders in their jurisdiction to help develop the Effects Analysis.
IASB and ISSB Connectivity	Provide ASAF members with a brief update on Connectivity between the work of the IASB and the work of the ISSB before opening up the discussion for Q&A with ASAF members.
Primary Financial Statements	Seek ASAF members' advice on the factors the IASB should consider in determining the transition period and effective date of the forthcoming IFRS Accounting Standard <i>General Presentation and Disclosures</i> and the expected costs and benefits of the forthcoming IFRS Accounting Standard to help develop the effects analysis that will be published with the Accounting Standard.
Business Combinations—Disclosures, Goodwill and Impairment	Seek ASAF members' feedback on some suggestions respondents to the Discussion Paper had for changes to the impairment test of cash-generating units containing goodwill.
July 2023 ASAF meeting	
Intangibles	Presentation by EFRAG summarising the feedback received on Discussion Paper “Better Information on Intangibles – Which is the Best Way to Go?” and EFRAG’s current recommendations in response to the feedback, and presentation by UKEB on its report “Accounting for Intangibles: UK Stakeholders’ Views”.
Business Combinations – Disclosures, Goodwill and Impairment	Provide ASAF members with an education session on the IASB’s proposals to require an entity to disclose better information about business combinations.
Primary Financial Statements	Provide ASAF members with an update on the project and will seek advice from ASAF members on the illustrative examples planned to be issued with the forthcoming IFRS Accounting Standard <i>General Presentation and Disclosures</i> .
Business Combinations under Common Control (BCUCC)	Provide ASAF members with an update on the project and will seek information from ASAF members about what problems might be caused by the current gap in the IFRS literature and which direction the IASB should take on the project.
Provisions – Targeted Improvements	Seek input from ASAF members on possible amendments to the requirements and examples supporting the ‘present obligation’ recognition criterion in IAS 37 Provisions, Contingent Liabilities and Contingent Assets.
Climate-related risks (in the Financial Statements)	Seek input from ASAF members as part of the early-stage research on the IASB’s recently launched project on Climate-related risks (in the Financial Statements)
Equity Method	Seek ASAF members input on whether the IASB should publish an exposure draft of amendments to IAS 28 Investments in Associate and Joint Ventures or a revised IAS 28.
September 2023 ASAF meeting (proposed topics)	
Equity Method	Implication of the IASB’s tentative decisions in the equity method project to other investments that are accounted for applying the equity method

Appendix B—Feedback from the December 2022, February 2023 and March 2023 ASAF meeting

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Primary Financial Statements (December 2022)</p> <p>The purpose of this session was to provide ASAF members with an update on the targeted outreach held between September and December 2022. The staff thanked members for their involvement in organising, attending and summarising meetings with stakeholders in their jurisdictions.</p>		
<p>Targeted Outreach</p>	<p>The staff provided a summary of the principal messages received during the meetings. Overall, ASAF members agreed with the direction of the IASB’s redeliberations and said that they would prefer for the project to be completed as soon as possible.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 6-9 of the December 2022 meeting summary note.</p>	<p>(a) At its January 2023 meeting, the IASB discussed the feedback from targeted outreach and next steps. The four topics added to the redeliberation plan were discussed at the IASB meetings in March and May 2023.</p>
<p>Post-implementation Review of IFRS 15 Revenue from Contracts with Customers (December 2022)</p> <p>The purpose of this session was for ASAF members to share their overall views on IFRS 15 <i>Revenue from Contracts with Customers</i>, and, in particular, on: (a) the application matters on which the IASB should seek feedback as part of the post-implementation review (PIR) of IFRS 15; (b) the transition to IFRS 15; and (c) the benefits and costs of implementing and applying the Standard.</p>		
<p>Matters to consider in the PIR</p>	<p>All ASAF members said that overall IFRS 15 is working well and has achieved its objective although applying the Standard can still be challenging. ASAF members suggested the IASB seek feedback on various matters as part of the PIR of IFRS 15, including: the relationship between IFRS 15 and other IFRS Accounting Standards, principal versus agent considerations, the timing of revenue recognition, variable consideration, licensing and various other matters.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 15-27 of the December 2022 meeting summary note.</p>	<p>At the March 2023 IASB meeting, the IASB discussed the feedback received from outreach, including feedback from ASAF members. The IASB considered this feedback in deciding on which matters to ask questions about in the Request for Information, which is expected to be published by end of June 2023.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Business Combinations under Common Control (December 2022)</p> <p>The purpose of this session was to update ASAF members on the IASB's Business Combinations under Common Control (BCUCCs) project and ask ASAF members' views on particular aspects of the staff's analysis on selecting the measurement method(s) to apply to BCUCCs.</p>		
<p>Staff's initial views on the principle for selecting which measurement a receiving entity would apply to BCUCCs</p>	<p>ASAF members had mixed views on the staff's initial view on the principle for selecting the measurement method. Some members said they would prefer an entity to evaluate the substance of each BCUCC to determine which measurement method to apply, but, for practical reasons, accepted the staff's initial views while another member said that a book-value method should apply to all BCUCCs for a number of reasons.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 30–36 of the December 2022 meeting summary note.</p>	<p>The staff will consider ASAF members' comments on these matters as part of future deliberations with the IASB if the IASB continues with the current project direction.</p> <p>As we will discuss in the July 2023 ASAF meeting, the IASB is currently considering the project direction.</p>
<p>Staff's initial views on whether a receiving entity would be permitted or required to deviate from the principle (referred to collectively as 'exceptions')</p>	<p>ASAF members had mixed views on whether an exception should be made for BCUCCs which affect insignificant Non-Controlling Shareholders. A few members disagreed with the potential government-related entities exception.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 37–47 of the December 2022 meeting summary note.</p>	<p>The staff will consider ASAF members' comments on these matters as part of future deliberations with the IASB if the IASB continues with the current project direction.</p> <p>As we will discuss in the July 2023 ASAF meeting, the IASB is currently considering the project direction.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Provisions – Discount rates (December 2022)</p> <p>The purpose of this session was to obtain ASAF members’ views on discount rates used to measure long-term provisions within the scope of IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>, and on information disclosed about the rates used.</p> <p>On discount rates for provisions, ASAF members were asked: (i) whether the IASB should amend IAS 37 to specify the treatment of non-performance risk (ii) if so, which of nine factors already identified by the IASB should carry most weight in deciding whether to require or to prohibit the inclusion of non-performance risk; and (iii) whether the IASB should consider other factors. On disclosure of information about rates used to discount provisions, ASAF members were asked: (i) whether the IASB should add to IAS 37 a requirement to disclose information about rates used; and (ii) if so, what information IAS 37 would require an entity to disclose.</p>		
<p>Discount rates for provisions</p>	<p>Most ASAF members agreed that the IASB could reduce diversity in practice by amending IAS 37 to specify the treatment of non-performance risk.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 39–60 of the December 2022 meeting summary note.</p>	<p>The IASB will be asked to make decisions on these matters at a future IASB meeting. The staff will consider ASAF members’ comments in developing its recommendations.</p>
<p>Disclosure of information about rates used to discount provisions</p>	<p>ASAF members said they thought IAS 37 should require an entity to disclose information about the rates used to discount provisions and shared detail about the rationale for their views.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 61–64 of the December 2022 meeting summary note.</p>	
<p>Equity Method (December 2022)</p> <p>The purpose of this session was to update ASAF members on the progress of the Equity Method project and to obtain ASAF members views on four alternatives identified by the staff to answer the application question: How should an investor recognise gains and losses that arise from the sale of a subsidiary to its associate applying the requirements of IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures?;</p>		
<p>Gains and losses from transactions between an investor and its associates</p>	<p>ASAF members provided a range of views on the four alternatives identified by the staff. ASAF members also provided views on other application questions relating to the Equity Method.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 66–72 of the December 2022 meeting summary note.</p>	<p>In March 2023, the IASB tentatively decided to propose that an investor, in applying IAS 28, would recognise the full gain or loss on all transactions with its associates.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
International Tax Reform – Pillar Two Model Rules (February 2023)		
<p>The purpose of the session was to: (a) provide ASAF members with an overview of the proposals in the Exposure Draft <i>International Tax Reform—Pillar Two Model Rules</i> (proposed amendments to IAS 12); (b) ask ASAF members for information about the implementation of the Pillar Two model rules in their countries or jurisdictions; and (c) clarify any questions ASAF members had about the proposals in the Exposure Draft. The IASB did not seek ASAF members' views on the proposals.</p>		
<p>Overview of proposed amendments and information provided by ASAF members</p>	<p>ASAF members provided information about whether their jurisdictions are expected to implement the Pillar Two model rules; and the current status of such implementation, including when related legislation is expected to be enacted (or substantively enacted).</p> <p>Additional information is summarised in the February 2023 meeting summary note.</p>	<p>In April 2023, the IASB considered feedback on the Exposure Draft. The information provided by ASAF members in February 2023 helped the IASB understand the status of implementation of the Pillar Two model rules in different jurisdictions, which was an important factor the IASB considered in making its decisions.</p> <p>The IASB published final amendments to IAS 12 in May 2023.</p>
Equity Method (March 2023)		
<p>The purpose of the session was to present to the ASAF members the IASB's tentative decisions on the application questions on (a) changes in an investor's ownership interest while retaining significant influence; and (b) recognition of losses.</p>		
<p>Project update – IASB's tentative decisions to date</p>	<p>ASAF members generally supported the IASB's tentative decisions, although some members mentioned that they have reservations with some of the decisions.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 3–28 of the March 2023 meeting summary note.</p>	<p>In April 2023 the IASB decided to move the Equity Method project to its standard-setting work plan and to work towards publishing an exposure draft.</p> <p>The IASB will consider the feedback from ASAF members as it develops the exposure draft.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Rate Regulated Activities (March 2023)</p> <p>The purpose of the session was to update ASAF members on the redeliberations of the Exposure Draft <i>Regulatory Assets and Regulatory Liabilities</i> and seek their views on whether the IASB's tentative decisions in the second half of 2022 on scope and total allowed compensation help to address stakeholder's concerns about the proposals.</p>		
<p>Scope</p>	<p>ASAF members generally welcomed the IASB's tentative decision to clarify the interaction between the final Accounting Standard and IFRIC 12 <i>Service Concession Arrangements</i>.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 30–31 of the March 2023 meeting summary note.</p>	<p>The IASB will continue to redeliberate the proposals at future meetings.</p>
<p>Total allowed compensation</p>	<p>ASAF members overall welcomed the IASB's tentative decisions: (a) to retain the proposed definition of allowable expense; (b) on the accounting for regulatory assets or regulatory liabilities arising from differences between the regulatory recovery period and the assets' useful lives using the concept of direct (no direct) relationship. Some members, however, said that stakeholders had questions on this concept or expected its application would require significant judgement; and (c) to clarify the treatment of regulatory returns on assets not yet available for use when an entity capitalises borrowing costs and there is a direct relationship between the entity's regulatory capital base and its property, plant and equipment.</p> <p>ASAF members had mixed views about the IASB's tentative decision that an entity should not recognise as a regulatory asset the inflation adjustment to the regulatory capital base.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 32–38 of the March 2023 meeting summary note.</p>	<p>The IASB will continue to redeliberate the proposals at future meetings.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (March 2023)</p> <p>The purpose of the session was to ask ASAF members for their views on:</p> <p>(a) the potential effects (costs and benefits) of applying the Standard as proposed in the Exposure Draft <i>Subsidiaries without Public Accountability: Disclosures</i> (Exposure Draft); and</p> <p>(b) whether ASAF members agree that the benefits of applying the new Standard will outweigh the costs of applying it.</p>		
<p>Potential effects</p>	<p>Most ASAF members agreed with the cost–benefit analysis presented by the staff and said that the benefits of applying the new IFRS Accounting Standard will outweigh the costs. Many members said they support the new Standard. Some members also supported the optional nature of the nature of the Standard and said that it is important in the entity’s own cost–benefit assessment when it considers electing to apply the new Standard.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 41–48 of the March 2023 meeting summary note</p>	<p>The feedback on the potential effects of applying the new IFRS Accounting Standard will be reflected in the effects analysis that will be published with the new Standard.</p>
<p>IASB and ISSB Connectivity (March 2023)</p> <p>The purpose of the session was to provide ASAF members with an update on the work of the IASB and ISSB as it relates to connectivity. The session was intended to complement ‘Connectivity – what is it and does it deliver?’, a recent article by IASB Chair Andreas Barckow and ISSB Chair Emmanuel Faber.</p>		
<p>Perspectives on connectivity and considerations from various jurisdictions</p>	<p>ASAF members shared their thoughts on the topic of connectivity, and comments relating to developments in their jurisdictions.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 49–51 of the March 2023 meeting summary note</p>	<p>The IASB (and ISSB) have considered ASAF members’ comments in updating their communications about ‘connectivity’. The IASB will also consider ASAF members’ comments in its Climate-related Risks in the Financial Statements project and its Management Commentary project. The ISSB will also consider ASAF members’ comments as part of its consultation on the strategic direction and balance of the ISSB’s activities.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Primary Financial Statements (March 2023)</p> <p>The purpose of the session was:(a) to update ASAF members on the Primary Financial Statements project; and (b) to obtain input from ASAF members:</p> <ul style="list-style-type: none"> (i) on factors that the IASB should consider in determining the transition period and effective date of the forthcoming IFRS Accounting Standard <i>General Presentation and Disclosures</i>; and (ii) to understand the expected costs and benefits for stakeholders of the forthcoming IFRS Accounting Standard to help develop the effects analysis that will be published with the Accounting Standard. 		
	<p>Detailed feedback provided by ASAF members is summarised in paragraphs 52–87 of the March 2023 meeting summary note</p>	<p>The feedback from ASAF members on the transition period and effective date will be considered by the IASB at a future meeting. The feedback on the expected costs and benefits of the forthcoming IFRS Accounting Standard will be reflected in the effects analysis that will be published with the IFRS Accounting Standard.</p>
<p>Business Combinations – Disclosures, Goodwill and Impairment (March 2023)</p> <p>The purpose of the session was to seek ASAF members' views on some suggestions made by respondents to the Discussion Paper <i>Business Combinations—Disclosures, Goodwill and Impairment</i> for changes to the impairment test of cash-generating units containing goodwill (impairment test).</p> <p>ASAF members were asked about: (a) the criteria used to select suggestions to be explored further; (b) suggested changes to improve the application of the impairment test by reducing management over-optimism; (c) suggested changes to improve the application of the impairment test by reducing shielding; and (d) suggested ways to reduce the cost and complexity of the impairment test.</p>		
	<p>Many ASAF members suggested there should be more focus on shielding rather than management over-optimism.</p> <p>ASAF members provided a range of views on the suggestions for changes to the impairment test.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 88–131 of the March 2023 meeting summary note</p>	<p>The feedback from ASAF members was reported to the IASB in its May 2023 meeting.</p> <p>The feedback on improving the application of the impairment test will be further considered by the IASB at a future IASB meeting when it decides which, if any, of those suggestions to propose in an exposure draft.</p>