

## STAFF PAPER

December 2015

## Accounting Standards Advisory Forum

<b>Project</b>	<b>Accounting Standards Advisory Forum</b>		
<b>Paper topic</b>	<b>IASB Project Update &amp; Agenda Planning</b>		
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This paper has been prepared for discussion at a public meeting of the Accounting Standards Advisory Forum and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

**Introduction**

1. The aim of this paper is to:
  - (a) provide the Accounting Standards Advisory Forum (ASAF) with a short update on the IASB's current agenda projects;
  - (b) discuss the agenda topics for the ASAF meetings in April and July 2016; and
  - (c) provide ASAF members with feedback on how the staff or the IASB has considered the advice that was given at the previous ASAF meetings in July and October 2015.
2. The views of ASAF members are sought on the proposed agenda topics.

**Project update and agenda planning**

3. The status of current IASB projects, as at 16 October 2015, is summarised in Appendix A of this paper. Further details of the projects are available on the IASB website.

**Question 1 for ASAF members**

Do ASAF members have any comments on the project update or the proposals for the time at which it is envisaged that the IASB will seek the advice of the ASAF?

4. In Appendix B of this paper we include suggested agenda topics for the April and July 2016 meetings.

**Questions 2 and 3 for ASAF members**

Do ASAF members have any comments on the proposed agenda topics?

Do ASAF members wish to add items arising from their jurisdiction to the proposed agenda topics?

5. In Appendix C of this paper we include a table summarising the feedback received from the ASAF and how the IASB staff have used this feedback.

## Project update

Project	Project status	Past ASAF input	Future ASAF input
<b>Upcoming Standards</b>			
Insurance Contracts	<p><i>The project objective is to provide a single principle-based Standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The project also aims to enhance comparability of financial reporting between entities, jurisdictions and capital markets. That comparability is largely lacking today because of various accounting practices that have developed in piecemeal fashion over many years.</i></p>	<p>The ASAF’s advice has been sought on all major aspects of the project during its redeliberations of the 2013 ED.</p> <p><b>March 2015</b></p> <p>The ASAF discussed the transition relief provisions on initial application of the <i>Insurance Contracts</i> Standard after implementation of IFRS 9 <i>Financial Instruments</i> and a paper provided by the Accounting Standards Board of Japan on the <i>Use of OCI for Presentation of Unearned Profits</i>.</p> <p><b>July 2015</b></p> <p>The ASAF discussed two papers submitted by the Australian Accounting Standards Board (AASB):</p> <p>(a) <i>Disclosure of discount rate impacts and accretion of the Contractual Service Margin (CSM) – non-participating contracts.</i></p> <p>(b) <i>Contractual Service Margin – non-participating insurance contracts.</i></p>	<p>Further advice from the ASAF is not planned for this project.</p>

## Project update

Project	Project status	Past ASAF input	Future ASAF input
		<p><b>October 2015</b></p> <p>The ASAF was provided, as part of this project update, with a verbal update on the project including the project’s interaction with IFRS 9.</p>	
Leases	<p><i>The project objective is to develop a new Leases Standard that establishes the principles that entities would apply to report useful information to investors and analysts about the amount, timing and uncertainty of cash flows arising from a lease. To meet that objective, a lessee should recognise assets and liabilities arising from a lease.</i></p>	<p>The ASAF’s advice has been sought on all major aspects of the project during its redeliberations of the 2013 Exposure Draft (ED).</p>	<p>The new <i>Leases</i> Standard is in the balloting process and no further advice will be sought at the ASAF meetings.</p>

## Project update

Project	Project status	Past ASAF input	Future ASAF input
<b>Exposure Drafts</b>			
<p><i>Conceptual Framework</i></p> <p><i>The ASAF acts as the advisory body for this project.</i></p>	<p><i>The objective of the Conceptual Framework project is to improve financial reporting by providing a more complete, clear and updated set of concepts. To achieve this, the IASB is building on the existing Conceptual Framework—updating it, improving it and filling in the gaps instead of fundamentally reconsidering all aspects of the Conceptual Framework.</i></p> <p>The comment period is open until 25 November 2015.</p>	<p>The advice of the ASAF has been sought on the following areas of the <i>Conceptual Framework</i>:</p> <ul style="list-style-type: none"> <li>(a) measurement;</li> <li>(b) role of the business model;</li> <li>(c) implications for long-term investment;</li> <li>(d) executory contracts;</li> <li>(e) distinction between equity and liabilities;</li> <li>(f) presentation in other comprehensive income (OCI);</li> <li>(g) stewardship;</li> <li>(h) reliability;</li> <li>(i) liabilities; and</li> <li>(j) recognition and derecognition.</li> </ul> <p><b>October 2015</b></p> <p>The ASAF reviewed the feedback from the World Standard-Setters (WSS) meeting. Its views were also sought on the proposals set out in the ED in relation to</p>	<p><b>December 2015</b></p> <p>The Accounting Standards Board of Japan (ASBJ) will provide a paper on how to describe the recognition criteria in the <i>Conceptual Framework</i>.</p> <p><b>April and July 2016</b></p> <p>Topics will be identified depending on feedback on the ED.</p>

## Project update

Project	Project status	Past ASAF input	Future ASAF input
		measurement and about how the proposals in the ED could affect the project on rate regulated activities..	
<b>Discussion Papers</b>			
Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging	The objective of this project is to develop an approach to better reflect entities' dynamic risk management activities in their financial statements and to enhance the usefulness of the financial information to help users of financial statements to better understand such activities. Operational feasibility has also been one of the considerations that have been evaluated when exploring an accounting approach for dynamic risk management.	<p>The ASAF's advice was sought in developing the Discussion Paper (DP).</p> <p><b>December 2014</b></p> <p>ASAF members considered the findings from outreach activities to the DP.</p> <p><b>July 2015</b></p> <p>Advice was sought on what additional information needs there are relating to an entity's dynamic interest rate risk management activities not identified through comment letters to the DP and outreach activities.</p>	<p><b>April 2016</b></p> <p>The staff will seek further advice from the ASAF following this work.</p>
Rate-regulated Activities	<i>A DP was published in September 2014 to identify what information about the financial effects of rate regulations is most relevant to users of financial statements in making investment and lending decisions and to determine how best to reflect that</i>	<p>In developing the DP advice was sought from the ASAF on the features of rate regulation; specifically the features that may create rights and obligations that distinguish rate-regulated activities from other activities.</p> <p><b>July 2015</b></p>	<p><b>April 2016</b></p> <p>The staff plan to seek the ASAF's views on a proposed model for activities that are subject to defined rate regulation.</p>

## Project update

Project	Project status	Past ASAF input	Future ASAF input
	<p><i>information in financial statements.</i></p>	<p>The ASAF’s advice was sought on how best to reflect the effects of the regulatory revenue requirement when the entity performs specified activities in a different period than the period in which it bills customers for those activities.</p> <p><b>October 2015</b></p> <p>At this meeting the ASAF discussed the implications of the <i>Conceptual Framework</i> ED on the Rate-regulated Activities project and any resulting accounting model for reporting the financial effects of defined rate regulation.</p>	

## Project update

Project	Project status	Past ASAF input	Future ASAF input
<b>Disclosure Initiative (research and implementation)</b>			
Principles of Disclosure (POD)	<p>This project is the cornerstone of the Disclosure Initiative. Its objective is to improve existing guidance in IFRS that helps entities determine the basic structure and content of a complete set of financial statements</p> <p>The project's aim is to set the basis for replacing the general presentation and disclosure requirements in IAS 1 <i>Presentation of Financial Statements</i>.</p>	<p>The advice of the ASAF has been sought on all significant topics to be discussed in the future DP.</p> <p>The ASAF last discussed this project in July 2015.</p>	<p><b>July 2016</b></p> <p>It is not anticipated that the ASAF's advice will be sought until after the DP is published.</p> <p>It is currently anticipated that the DP will be published in Q1 of 2016 with a 150 day comment period. The ASAF's views will be sought in July 2016 instead of April 2016, allowing ASAF members time to consider the contents of the DP.</p>
Review of Disclosures in current Standards	<p>The objective of this project is to develop a drafting guide for the IASB to use when developing disclosure requirements in new and amended Standards. The project also aims to identify targeted improvements to disclosure requirements in existing Standards.</p>	<p>We have not discussed this project with the ASAF.</p>	<p><b>December 2015</b></p> <p>ASAF members will be provided with an update on this Disclosure Initiative project.</p>



## Project update

Project	Project status	Past ASAF input	Future ASAF input
Materiality	The objective of this project is to help preparers, auditors and regulators to use judgement when applying the concept of materiality.	The advice of the ASAF has been sought on the content and a draft Practice Statement.	<p><b>December 2015</b></p> <p>We published an ED in October 2015. ASAF members' preliminary views on the ED are being sought.</p> <p>We would also like to discuss if, or what plans, ASAF members have for implementation of the Practice Statement in their region.</p> <p><b>April 2016</b></p> <p>We would like to discuss with ASAF members the feedback to the ED.</p>
Amendments to IAS 7	The IASB has published an ED of amendments to IAS 7 <i>Statement of Cash Flows</i> with the objective of improving disclosures about an entity's financing activities and cash and cash equivalents.	We do not envisage seeking advice from the ASAF on this project.	None.
Amendments to IAS 8	The objective of the proposed amendment is to clarify the existing distinction between a change in accounting policy and a change	The advice of the ASAF was sought on this project when it was part of the project on Principles of Disclosure. We do not envisage seeking further advice from the ASAF on	<p><b>December 2015</b></p> <p>ASAF members will be provided with a</p>

## Project update

Project	Project status	Past ASAF input	Future ASAF input
	in accounting estimate.	this project.	verbal update on the project.
<b>Research</b>			
<b>Assessment phase</b>			
Discount Rates	This research project is reviewing discount rate requirements in IFRS, explaining why those differences exist and assessing whether there are any inconsistencies that the IASB should address.	The ASAF has previously discussed the approach to this project.  <b>July 2015</b>  The findings of the research work were discussed with the ASAF.	Requests for further advice from the ASAF will depend on how the IASB decides to develop this project.
Goodwill and Impairment	Three areas of focus identified in the Post-implementation Review of IFRS 3 <i>Business Combinations</i> (the 'PIR') are being considered:  (a) whether changes should be made to the existing impairment test for goodwill and other non-current, non-financial assets;  (b) subsequent accounting for goodwill, including the relative merits of an	The ASAF discussed the findings from the PIR in March 2015.	<b>December 2015</b>  We would like ASAF members' views on the IASB's tentative decisions from the IASB meetings in October and November 2015.

## Project update

Project	Project status	Past ASAF input	Future ASAF input
	<p>impairment-only approach and an amortisation and impairment approach; and</p> <p>(c) the extent to which other intangible assets should be separated from goodwill.</p>		
Income Taxes	<p>The research on income taxes aims to better understand the needs of financial statement stakeholders and assess whether the Standard should undergo fundamental change or be subject to ‘narrow-scope’ amendments.</p>	<p>The ASAF has not previously discussed this project.</p>	<p><b>April 2016</b></p> <p>We will provide the ASAF with feedback on a survey on income taxes.</p>
Pollutant Pricing Mechanisms	<p>The objective of the project is to develop an analysis of the common economic characteristics of a variety of schemes to identify their financial effects before making an initial assessment of the potential financial reporting issues.</p>	<p><b>July 2015</b></p> <p>The ASAF’s advice was sought on possible accounting approaches to address a fact pattern relating to a particular pollutant pricing mechanism; a cap-and-trade type of emissions trading scheme (ETS). .</p> <p><b>October 2015</b></p> <p>The ASAF discussion in July 2015 identified a possible</p>	<p><b>April 2016</b></p> <p>We will seek views on the project’s proposals.</p>

## Project update

Project	Project status	Past ASAF input	Future ASAF input
		accounting model for a cap-and-trade ETS. In this meeting, initial views were sought on some <i>Conceptual Framework</i> -related issues arising from that possible accounting method.	
Post-employment Benefits	The IASB is undertaking a 'broad-based' review, focusing on developing a model for pension plans that range from pure defined contribution to pure defined benefit. There is a growing range of hybrid plan designs that incorporate features of both defined contribution and defined benefit plans. Such plans were not envisaged when IAS 19 <i>Employee Benefits</i> was developed and problems are observed when the requirements in IAS 19 are applied to them.	The advice of the ASAF was sought on the scope of this project at its meeting in December 2014.	<b>December 2015</b> ASAF members' views are being sought on possible approaches that may address hybrid plans.
Primary Financial Statements	In its Disclosure Initiative project on POD, the IASB proposes to specify that the primary financial statements are the statements of financial position, profit or	The ASAF has not previously discussed this project.	<b>December 2015</b> ASAF members will be provided with a verbal update on the project.

## Project update

Project	Project status	Past ASAF input	Future ASAF input
	<p>loss and OCI, changes in equity and cash flows.</p> <p>The purpose of the Primary Financial Statements project is to examine the purpose, structure and content of these statements, including the relationship between the individual statements.</p>		<p><b>April 2016</b></p> <p>Depending on the project's progress, the ASAF's advice will be sought on the scope of this project.</p>
Provisions, Contingent Liabilities and Contingent Assets	<p>The objective of this research project is to decide:</p> <p>(a) whether to add to the IASB's work plan a project to amend aspects of IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>; and</p> <p>(b) if so, which aspects of IAS 37 should be within the scope of the project and what possible solutions the IASB should consider.</p>	<p><b>July 2015</b></p> <p>The ASAF's advice was sought on the objectives of the project, problems with IAS 37 and implications for the <i>Conceptual Framework</i>.</p> <p><b>October 2015</b></p> <p>The ASAF discussed the feedback from the WSS meeting.</p>	<p>Requests for further advice from the ASAF will depend on feedback to the Agenda Consultation.</p>
Share-based Payment	<p>The objective of the project is to identify the most common areas of complexity in</p>	<p>The ASAF has not previously discussed this project.</p>	<p><b>April 2016</b></p> <p>The ASAF's advice will be sought on</p>

## Project update

Project	Project status	Past ASAF input	Future ASAF input
	<p>IFRS 2 <i>Share-based Payment</i> and— whenever possible—their main causes. To achieve this, the project has identified and explored the main application issues that arise in practice.</p>		<p>the project direction following the Agenda Consultation.</p>
<b>Development phase</b>			
<p>Business Combinations under Common Control (BCUCC)</p>	<p>The objective of this project is to identify whether and when the acquiring entity should use the previous carrying amounts of a transferred business (carry-over accounting) and whether and when it should apply business combination accounting.</p> <p>The IASB has decided to give priority to considering BCUCC when the transactions involve third parties—such as a business combination in anticipation of an initial public offering; or cases in which the acquiring entity has non-controlling interests.</p>	<p><b>March 2015</b></p> <p>We sought the views of the ASAF on the staff’s preliminary view on which method to apply to account for a BCUCC.</p> <p>The ASAF also discussed a paper by the Canadian Accounting Standards Board, which sets out the historical and current accounting practices in Canada for BCUCC, with specific reference to the Canadian related party accounting Standard.</p>	<p><b>December 2015</b></p> <p>The Hong Kong Institute of Certified Public Accountants (HKICPA) will provide a paper on how BCUCC have been accounted for in Hong Kong. It will also present its investor analysts’ views on what information is useful when a BCUCC takes place.</p> <p>The IASB staff will be seeking ASAF members’ views on how the predecessor method should be applied when a BCUCC takes place.</p>

## Project update

Project	Project status	Past ASAF input	Future ASAF input
Equity Method of Accounting	The objective aims to review the circumstances in which the equity method is applied in current IFRS, with the objective of identifying the financial reporting problems arising from the application of the equity method.	<p>The advice of the ASAF has been sought on the scope of the project.</p> <p>The ASAF has also discussed the Korea Accounting Standards Board (KASB) research paper, <i>The Equity Method</i>, and the short paper by European Financial Reporting Advisory Group (EFRAG), <i>A One-line Consolidation or a Measurement Basis?</i></p> <p><b>October 2015</b></p> <p>The ASAF provided views on possible changes to the equity method of accounting.</p>	Requests for further advice from the ASAF will depend on feedback to the Agenda Consultation.

## Project update

Project	Project status	Past ASAF input	Future ASAF input
Financial Instruments with Characteristics of Equity	<p>This project is currently investigating potential improvements:</p> <p>(a) to the classification of liabilities and equity in IAS 32 <i>Financial Instruments: Presentation</i>, including investigating potential amendments to the definitions of liabilities and equity in the <i>Conceptual Framework</i>; and</p> <p>(b) to the presentation and disclosure requirements for financial instruments that have equity characteristics, irrespective of whether they are classified as liabilities or equity.</p>	<p>We have sought the advice of the ASAF on the scope of this project.</p> <p><b>March 2015</b></p> <p>The ASAF discussed examples of financial instruments with characteristics of equity.</p> <p>The ASAF also discussed the feedback on EFRAG's DP <i>Classification of Claims</i>.</p>	<p><b>April 2016</b></p> <p>Requests for further advice from the ASAF will depend on how the IASB progresses the project.</p>
<b>Inactive projects</b>			
Foreign Currency Translation	<p>To consider the requests made by the KASB to review IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> and assess whether the IASB should replace IAS 21 or undertake some narrower-scope</p>	<p>The ASAF's advice was sought in December 2014.</p>	<p>The IASB intends to remove this project from the research programme, unless it receives strong new evidence from the Agenda Consultation that it</p>



**Project update**

Project	Project status	Past ASAF input	Future ASAF input
	<p>improvements—including the accounting for long-term payables and receivables when a currency is thinly traded and volatile.</p>		<p>should reassess its decision.</p>

## Project update

Project	Project status	Past ASAF input	Future ASAF input
Inflation	To consider the requests made for the IASB to examine the consequences of high inflation as opposed to hyper-inflation on financial reporting.	<p><b>December 2014</b></p> <p>The ASAF received a presentation from the Group of Latin-American Standard Setters standard-setter (GLASS).</p>	<p><b>April 2016</b></p> <p>GLASS will present a further paper to the ASAF.</p> <p>The IASB intends to remove this project from the research programme, unless it receives strong new evidence from the Agenda Consultation (including the ASAF discussion in April 2016) that it should reassess its decision.</p>

## Project update

<b>Implementation projects</b>			
<i>(The IASB does not normally seek the advice of the ASAF on these projects because it is separately advised by the IFRS Interpretations Committee.)</i>			
<b>Project</b>	<b>Objective</b>	<b>Status</b>	<b>IASB's next steps</b>
<b>Annual Improvements to IFRS 2014–2016 Cycle</b>	The IASB has adopted the Annual Improvements process to deal efficiently with a collection of narrow-scope amendments to IFRS, even though the amendments are unrelated.	The IASB confirmed at its meeting in May 2015 that it had completed all the necessary due process steps.	To publish an ED in Q4 2015.
<b>Clarifications Arising from the Post-implementation Review</b> (Proposed amendments to IFRS 8)	The IASB discussed proposals to clarify IFRS 8 <i>Operating Segments</i> with respect to issues identified by the PIR.	The IASB has asked the staff to prepare proposals for a narrow-scope amendment to IFRS 8 for future public consultation.	To publish an ED within three months.
<b>Clarification of Classifications of Share-based Payment Transactions</b> (Proposed amendments to IFRS 2)  <i>(Closed for comment 25 March 2015)</i>	The IASB proposes three amendments to IFRS 2: (a) measurement of cash-settled share-based payment transactions that include a performance condition; (b) modification of a share-based payment from cash-settled to equity-settled; and (c) share-based payments settled net of tax withholdings.	The IASB will deliberate the comments received, and the recommendations from the Interpretations Committee.	To decide on the project's direction within three months.

## Project update

<b>Implementation projects</b>			
<i>(The IASB does not normally seek the advice of the ASAF on these projects because it is separately advised by the IFRS Interpretations Committee.)</i>			
<b>Project</b>	<b>Objective</b>	<b>Status</b>	<b>IASB's next steps</b>
<b>Clarifications to IFRS 15</b>	This ED includes proposed clarifications to IFRS 15 <i>Revenue from Contracts with Customers</i> that result from the IASB's consideration of issues discussed by the Transition Resource Group (TRG) for Revenue Recognition.	An ED is out for comment until 28 October 2015.	To decide on the project's direction within three months.
<b>Classification of Liabilities</b> (Proposed amendments to IAS 1)	The objective of this project is to clarify when rights to defer settlement affect the classification of liabilities.	An ED was published 10 February 2015; comments closed 10 June 2015.	To decide on the project's direction within three months.
<b>Definition of a Business</b>	The project aims to resolve the difficulties that arise when an entity is determining whether it has acquired a business or a group of assets.	At its December 2015 meeting, the IASB plans to review the due process steps taken to date before issuing an Exposure Draft.	To publish an ED within three months.
<b>Different effective dates of IFRS 9 and the new Insurance Contracts Standard</b>	The objective of this project is to address the temporary accounting consequences of the different effective dates of IFRS 9 and the new insurance contracts Standard.	The IASB confirmed at its meeting in September 2015 that it had completed all the necessary due process steps.	To publish an ED within three months. <b>December 2015</b>

## Project update

<b>Implementation projects</b>			
<i>(The IASB does not normally seek the advice of the ASAF on these projects because it is separately advised by the IFRS Interpretations Committee.)</i>			
<b>Project</b>	<b>Objective</b>	<b>Status</b>	<b>IASB's next steps</b>
			<p>We will discuss how ASAF members can support the project outreach.</p> <p><b>April 2016</b></p> <p>We expect to discuss the feedback the IASB received on the ED.</p>
<b>Effective Date of Amendments to IFRS 10 and IAS 28</b>	The IASB is consulting on postponing the effective date for amendments made in 2014, pending further research on the equity method of accounting.	An ED was published 10 August 2015; out for comment until 9 October 2015.	To decide on the project's direction in Q4 of 2015.
<p><b>Fair Value Measurement: Unit of Account</b> (Amendments to IFRS 10, IFRS 12, IAS 27, IAS 28 and IAS 36)</p> <p><i>(Closed for comment 16 January 2015)</i></p>	<p>To clarify the unit of account for investments in subsidiaries, joint ventures and associates and their corresponding fair value measurement when those investments are quoted.</p> <p>The ED also included a proposed illustrative example to IFRS 13 <i>Fair Value Measurement</i> to illustrate the</p>	The IASB decided at its meeting in April 2015 that the proposed illustrative example to IFRS 13 in the ED appropriately illustrates the application of the portfolio exception of that Standard.	To decide on the project's direction within six months.

## Project update

Implementation projects			
<i>(The IASB does not normally seek the advice of the ASAF on these projects because it is separately advised by the IFRS Interpretations Committee.)</i>			
Project	Objective	Status	IASB's next steps
	application of the portfolio exception of that Standard.	<p>In addition, the IASB decided that a separate publication of the proposed illustrative example in IFRS 13 was not required, because it is non-authoritative in nature and the comments received did not reveal significant diversity in practice.</p> <p><b>October 2015</b></p> <p>As part of the research that the IASB is undertaking, we gathered ASAF's views on the relevance of the measurement proposed in the ED and their assessment of the population of entities that may be affected by the proposals in the ED in their jurisdictions. .</p>	
<b>Recognition of Deferred Tax</b>	To clarify the accounting for deferred tax assets for	Redeliberations.	To issue a Standard within three

## Project update

<b>Implementation projects</b>			
<i>(The IASB does not normally seek the advice of the ASAF on these projects because it is separately advised by the IFRS Interpretations Committee.)</i>			
<b>Project</b>	<b>Objective</b>	<b>Status</b>	<b>IASB's next steps</b>
<b>Assets for Unrealised Losses</b> (Amendments to IAS 12)	unrealised losses on debt instruments measured at fair value.		months.
<b>Remeasurement on a plan amendment, curtailment or settlement/Availability of a refund of a surplus from a defined benefit plan</b> (Proposed amendments to IAS 19 and IFRIC 14)	To clarify:  (a) the availability of a refund of a surplus from a defined benefit plan when an independent trustee has a unilateral power; and  (b) the remeasurement on a plan amendment, curtailment or settlement.	An ED was published in June 2015.	To decide on the project's direction within six months.

## Project update

Implementation projects			
<i>(The IASB does not normally seek the advice of the ASAF on these projects because it is separately advised by the IFRS Interpretations Committee.)</i>			
Project	Objective	Status	IASB's next steps
<b>Transfer of Investment Property</b> (Proposed amendments to IAS 40)	This narrow-scope amendment will propose to bring the guidance on transfers of investment property more in line with the principle for classification of investment property.	The IASB confirmed at its meeting in May 2015 that it had completed all the necessary due process steps.	To publish an ED in Q4 2015.
Interpretations			
<b>Uncertainty in Income Tax</b>	To provide guidance for the recognition and measurement of current tax, deferred tax liabilities and deferred tax assets when there is uncertainty in income taxes.	Draft Interpretation published in October 2015	Comment deadline is 19 January 2016
<b>Foreign Currency Transactions and Advance Consideration</b>	To provide guidance that assists in identifying the date of the transaction for revenue transactions denominated in a foreign currency, as an interpretation of paragraph 22 of IAS 21.	Draft Interpretation published in October 2015	Comment deadline is 19 January 2016



## Appendix B—ASAF Agenda topics

Meeting	Potential agenda topic
<b>December 2015</b> <b>(Actual)</b>	The impact of cultural differences on the implementation of IFRS
	Disclosure Initiative: (a) Materiality Practice Statement; and (b) next steps in the Disclosure Initiative.
	<i>Conceptual Framework</i> —Recognition
	Research projects: (a) Equity Method of Accounting; (b) Goodwill and Impairment; (c) Business Combinations Under Common Control; and (d) Post-employment Benefits.
	Role of Post-implementation Reviews
	Project update and agenda planning: (a) Different effective dates of IFRS 9 and the new Insurance Contracts Standard; (b) Primary Financial Statements; and (c) Changes in Accounting Policies.
<b>April 2016</b> <b>(Proposed)</b>	Feedback to the <i>2015 Agenda Consultation</i>
	<i>Conceptual Framework</i>
	Rate-regulated Activities
	Different effective dates of IFRS 9 and the new Insurance Contracts Standard
	Research projects: (a) Accounting for Dynamic Risk Management; (b) Accounting for Inflation—GLASS; (c) Income Taxes; (d) Share-based Payment; (e) Financial Instruments with Characteristics of Equity; (f) Pollutant Pricing Mechanisms; and (g) Primary Financial Statements.
	Project update and agenda planning
<b>July 2016</b> <b>(Proposed)</b>	Disclosure Initiative: (a) Materiality Practice Statement; and (b) <i>Principles of Disclosure DP</i> .
	<i>Conceptual Framework</i>
	<b><i>Other topics will depend on the outcome from the 2015 Agenda Consultation</i></b>

Topic	ASAF Input	How ASAF input has been used
<p><b>Insurance Contracts</b></p> <p>ASAF members discussed three topics related to the IASB’s Insurance Contracts project:</p> <p>(a) an AASB and New Zealand Accounting Standards Board (NZASB) paper on the recognition pattern for the CSM in profit or loss;</p> <p>(b) an AASB and NZASB paper on the rate used for interest accretion on the CSM and the disclosure related to impacts of the discount rate; and</p> <p>(c) an update on the IASB’s tentative decisions since the last ASAF meeting, including the papers to be discussed with the IASB at the</p>	<p><b><i>Recognition of CSM for insurance contracts</i></b></p> <p>A recommendation from the AASB and the NZASB was that when the expected pattern of release for the CSM differs significantly from the passage of time, the CSM should be recognised in profit or loss on the basis of the expected timing of incurred claims and benefits.</p> <p>Most ASAF members supported the IASB’s tentative decision, because:</p> <p>(a) even though many insurers liked the idea of using methods other than the passage of time to recognise the CSM, they also agreed that the passage of time method was the most practical method and the easiest to implement;</p> <p>(b) the service provided in the contract is related to a stand-ready obligation, which some regard as a constant over time;</p> <p>(c) for life products, the benefits are expected at the end of the contract and they did not believe that recognising the CSM using the pattern of claims and benefits would be suitable, because the CSM would be released only towards the end of the contract; and</p> <p>(d) the CSM could be seen as a residual amount and therefore the</p>	<p><b>Recognition of CSM for insurance contracts:</b> no action planned</p> <p><b>Rate used for interest accretion and unlocking the CSM and the disclosure related to impacts of the discount rate:</b> At its November meeting, the IASB will consider the similarities and differences between the general measurement model and the variable fee approach, and consider whether to amend those models to make a single model. The staff has included the feedback from the presenters with feedback from other constituents in the paper for that discussion.</p>

Topic	ASAF Input	How ASAF input has been used
<p>July 2016 meeting.</p>	<p>pattern based on the passage of time would be appropriate.</p> <p><b><i>Rate used for interest accretion and unlocking the CSM and the disclosure related to impacts of the discount rate</i></b></p> <p>The AASB and the NZASB presented a proposal for contracts without participating features. That proposal:</p> <ul style="list-style-type: none"> <li>(a) would use a current rate for the measurement of the CSM, including the interest accretion and unlocking. This would make the CSM closer to a current value and would make the measurement of the whole insurance liability more consistent.</li> <li>(b) would not require using the discount rate at inception for any disclosures.</li> <li>(c) would not involve requiring a current rate to be used for the measurement of the CSM for entities that have elected the accounting policy choice to recognise changes in discount rates in OCI.</li> </ul> <p>ASAF members had differing views on which rate should be used to measure CSM.</p>	

Topic	ASAF Input	How ASAF input has been used
	<p><b><i>Update on the project</i></b></p> <p>The IASB staff presented an update on the project, including its interaction with the effective date of IFRS 9.</p> <p>Some ASAF members provided comments on the interaction between IFRS 9 and the new Insurance Contracts Standard</p>	
<p><b>Discount Rates</b></p> <p>At the July 2015 ASAF meeting the IASB staff:</p> <p>(a) provided a summary of findings from the research project on present value measurements (PVMs)—discount rates and the potential inconsistencies identified;</p> <p>(b) sought ASAF members’ views on the findings and on whether there is a need for change in each of the</p>	<p><b><i>Scope of PVMs in IFRS</i></b></p> <p>ASAF members provided a variety of thoughts on the scope of PVMs in IFRS, including that the principle of accounting for the time value of money should be emphasised, preferably in the <i>Conceptual Framework</i>.</p> <p>Some ASAF members noted that this did not mean that there was a need to change specific measurements that do not reflect the time value of money at the moment.</p> <p><b><i>Impact of PVMs on performance reporting.</i></b></p> <p>ASAF members’ comments included:</p> <p>(a) there are inconsistencies in the impact of discounting on performance reporting but these may be better addressed in other projects;</p>	<p>ASAF members’ comments fed into the summary of findings presented to the IASB in its September 2015 meeting.</p>

Topic	ASAF Input	How ASAF input has been used
<p>five aspects of research discussed: scope of PVMs, impact of PVMs on performance reporting, PVM objectives, components of PVMs and measurement methodology; and</p> <p>(c) sought ASAF members' views on the next steps in the project.</p>	<p>(b) the guidance in the <i>Conceptual Framework</i> should address when and why some items should be recognised in OCI and not in profit or loss; and</p> <p>(c) this aspect of the work should be linked to the research project on primary financial statements and to previous work on financial statement presentation.</p> <p><b>PVM objectives</b></p> <p>In discussing the measurement objectives for different PVMs, ASAF members' comments included:</p> <p>(a) a clear measurement objective should be a starting-point for determining how to arrive at a present value, but many Standards do not provide a clear objective;</p> <p>(b) the concept of value in use is not so complex and should remain but there are concerns about possible manipulation and about whether it is enforceable; and</p> <p>(c) it is not clear what it means to adopt an entity perspective in measurement and different interpretations may arise.</p>	

Topic	ASAF Input	How ASAF input has been used
	<p><b>Next steps</b></p> <p>In discussing the next steps in the project, ASAF members’ comments included that publishing findings of the research would create a good reference point for future standard-setting activities.</p>	
<p><b>Conceptual Framework</b></p> <p><b>(July 2015)</b></p> <p>At this meeting ASAF members discussed:</p> <p>(a) the recognition and derecognition proposals in the <i>Conceptual Framework</i> ED; and</p> <p>(b) a paper prepared by EFRAG—<i>Profit or loss versus OCI</i>.</p>	<p><b>Recognition</b></p> <p>ASAF members’ comments included:</p> <p>(a) the proposed recognition criteria, which refer to the qualitative characteristics of useful information, are too high-level to provide useful guidance to either the IASB or preparers of financial statements. They called for more concrete criteria to be included in the <i>Conceptual Framework</i>.</p> <p>(b) probability should be retained as a recognition criterion</p> <p>(c) the <i>Conceptual Framework</i> should not include recognition criteria—that is, if something meets the definition of an asset or a liability, it should, at least in concept, be recognised. Decisions not to recognise a particular asset or liability would be made at the Standards level on the basis of cost-benefit considerations.</p>	<p>The IASB staff will use the feedback from these discussions to identify aspects of the <i>Conceptual Framework</i> proposals that might merit further consideration by the IASB when it is considering responses to the Exposure Draft.</p>

Topic	ASAF Input	How ASAF input has been used
	<p>(d) reliability should be retained as a qualitative characteristic and that assets and liabilities should be recognised only if they can be measured reliably</p> <p>(e) some ASAF members stated that they found the discussion of the different types of uncertainty (for example, existence, outcome and measurement uncertainty) in the <i>Conceptual Framework</i> ED to be confusing.</p> <p><b>Derecognition</b></p> <p>ASAF members were asked whether they agreed with the proposed discussion of derecognition in the <i>Conceptual Framework</i> ED. While some ASAF members expressed support for the proposed approach to derecognition, many stated that the IASB should adopt a ‘control’ approach whereby assets (liabilities) are derecognised if control of the asset is lost (ie the entity no longer has a present obligation).</p> <p><b>Profit or loss vs OCI</b></p> <p>A paper developed by EFRAG on the reporting of income or expense in profit or loss or OCI was presented.</p>	

Topic	ASAF Input	How ASAF input has been used
	<p>Some ASAF members expressed support for the idea that an entity’s business model should drive decisions about measurement bases and the use of OCI. However, others suggested that other factors should also be considered.</p> <p>Some ASAF members, and some IASB members, disagreed with the suggestion in the paper that the use of dual measurement and, hence, the use of OCI should be expanded. They stated that OCI is not well understood by investors and so expanding its use would be unlikely to provide better information to investors.</p> <p>One ASAF member suggested that the use of the business model concept should be explored further and thought should be given to whether it should be identified as a factor to consider in the chapter of the <i>Conceptual Framework</i> dealing with the qualitative characteristics of useful information.</p> <p>Some ASAF members stated that further work is needed on profit or loss and OCI but that any such work should not hold up completion of the <i>Conceptual Framework</i>.</p>	
<b>Conceptual Framework</b>		



Topic	ASAF Input	How ASAF input has been used
<p><b>(October 2015)</b></p> <p>At this meeting ASAF members discussed:</p> <p>(a) feedback from the WSS meeting on:</p> <p style="padding-left: 20px;">(i) possible implications for IAS 37 of the proposals in the <i>Conceptual Framework</i> ED;</p> <p style="padding-left: 20px;">(ii) the proposals on measurement in the <i>Conceptual Framework</i> ED;</p> <p>(b) Possible implications of the <i>Conceptual Framework</i> ED for the Rate-regulated Activities project.</p>	<p><b><i>Feedback on the possible implications for IAS 37 from the Conceptual Framework proposals</i></b></p> <p>The Chairs of the break-out groups from the WSS meeting reported that participants had concluded that the proposed concepts (especially the concepts on measurement) would guide the IASB in broadly the right direction if it were to amend IAS 37. However, participants had expressed some reservations.</p> <p>Both groups had focussed primarily on the implications of the proposed concepts for identifying liabilities. On this topic, the main concern was that the proposed description of a ‘present obligation’ would broaden the definition of a liability further than was intended and further than would be desirable. The proposed definitions seemed, to some, to encompass future costs (such as audit fees and start-up costs) and dividends.</p> <p>On the topic of recognition, participants in both groups had started by expressing a view that items meeting the definition of an asset or a liability should be recognised in the financial statements, unless there was a good reason for excluding them. However, participants had gone</p>	<p><b>Feedback on the possible implications for IAS 37 of the <i>Conceptual Framework</i> proposals</b></p> <p>The IASB staff have used the feedback from these discussions to identify aspects of the <i>Conceptual Framework</i> measurement proposals that might merit further consideration by the IASB when it is considering responses to the Exposure Draft.</p> <p>Among the aspects identified for further consideration are:</p> <ul style="list-style-type: none"> <li>• the proposed description of a ‘present obligation’ and its implications for specific transactions identified by WSS and ASAF members;</li> <li>• whether a low probability of future outflows should, on its own, be a reason for not recognising an asset or a liability; and</li> </ul>

Topic	ASAF Input	How ASAF input has been used
	<p>on to acknowledge the need to consider relevance, faithful representation and, in particular, cost-benefit considerations. Participants in one group had questioned whether a low probability of future inflows or outflows should, in itself, be a reason for not recognising an asset or a liability.</p> <p>In the discussion that followed, ASAF members echoed WSS participants’ concerns that the proposed description of a present obligation may be broadening the definition of a liability too much.</p> <p>On the topic of measurement, one ASAF member suggested that the IASB should give more consideration to measurement bases in which measures of future cash flows are updated, but the rates used to discount the cash flows are not updated.</p> <p><b>Feedback on the proposals on measurement</b></p> <p>The Chairs of the break-out groups at the WSS meeting summarised the feedback from the WSS meeting. ASAF members then discussed that feedback and commented on the measurement proposals in the ED.</p>	<ul style="list-style-type: none"> <li>whether, and in what circumstances, there would be a case for not updating the discount rates used when applying cash-flow-based measurement techniques.</li> </ul> <p>The IASB staff will use the feedback from these discussions to identify aspects of the <i>Conceptual Framework</i> proposals that might merit further consideration by the IASB when it is considering</p>

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	<p>One ASAF member expressed general support for the measurement chapter but also expressed the following views:</p> <ul style="list-style-type: none"> <li>(a) There should be a more explicit link between the selection of a measurement basis and the objective of financial reporting.</li> <li>(b) Measurement uncertainty should not be part of relevance but, instead, part of faithful representation.</li> <li>(c) How an asset is realised (generating cash flow directly or indirectly) is important for the selection of a measurement basis. However, this can change over time so it is important to consider whether there are any impediments to changing the way in which an asset is realised.</li> </ul> <p>One ASAF member questioned whether it is necessary to categorise measurement bases (historical cost and current value). However, some IASB members and some ASAF members disagreed with this view, arguing that categorising measurement bases helps to impose discipline on the IASB when selecting a measurement basis and can help to</p>	<p>responses to the Exposure Draft.</p>

Topic	ASAF Input	How ASAF input has been used
	<p>communicate the objective of a selected measurement basis. Another ASAF member stated that the two points of view were not necessarily antagonistic.</p> <p>Some ASAF members stated that the Conceptual Framework should include a measurement objective.</p> <p>One ASAF member stated that the risks associated with a particular asset or liability are important and, hence, the characteristics of an asset or liability are an important factor to consider when selecting a measurement basis.</p> <p>Some ASAF members favoured giving more weight to one factor (the way in which an asset or liability contributes to future cash flows) than to another factor (the characteristics of the asset or liability). Views were also expressed that two separate discussions are needed to clarify how the factors can help in selecting measurement bases for the statement of financial position and separately, the statement of financial performance. The reporting of financial performance should be given priority.</p> <p>One ASAF member expressed the view that historical cost</p>	

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	<p>measurements reflect asymmetric prudence, but noted that the Conceptual Framework Exposure Draft does not acknowledge that asymmetric prudence might sometimes be useful.</p> <p>Some ASAF members expressed the view that, when an asset contributes to cash flows indirectly, the most relevant measurement basis would be historical cost. Other members stated that they support the use of historical cost on cost-benefit grounds but that current measurement bases (including current cost) often provide more relevant information.</p> <p>ASAF members discussed the linkage between measurement and capital maintenance. Some thought that the measurement section of the Conceptual Framework should discuss capital maintenance.</p> <p>Some ASAF members stated that the use of Other Comprehensive Income might help to widen the use of current value measurement bases in the statement of financial position, and hence enrich the information content of financial statements.</p> <p><b><i>Possible implications of the Conceptual Framework ED for the Rate-regulated Activities project</i></b></p>	

Topic	ASAF Input	How ASAF input has been used
	Please see the feedback on Rate-regulated Activities.	
<p><b>IAS 37 Provisions, Contingent Liabilities and Contingent Assets</b></p> <p>(July 2015)</p> <p>The objective of this discussion at ASAF was to obtain initial views of the ASAF on whether the IASB should start an active project to amend IAS 37 and, if so, what the scope of that project should be</p>	<p>ASAF members generally agreed that the papers correctly identified the range of issues that could be addressed in a project to amend IAS 37.</p> <p>ASAF members expressed views on the matters that were most important for the IASB to address. Matters that members identified as being important included updating the guidance on identifying liabilities; adding more guidance on onerous contracts, discount rates and risk; and reviewing some of the terminology.</p> <p>ASAF members expressed differing views on whether the project should consider amendments to the recognition criteria in IAS 37. Whereas one member thought that the criteria should be aligned with those in other Standards, several members thought that the existing criteria worked well in practice and should be retained.</p>	<p>The IASB is likely to wait until it is close to finalising revisions to the Conceptual Framework and has received feedback on its forthcoming agenda consultation before making any decisions on the possible scope of any project to amend IAS 37.</p> <p>The ASAF feedback will be included in the evidence provided to the IASB when the IASB is making those future decisions.</p>
<p><b>Disclosure Initiative</b></p> <p>The staff sought the ASAF members' views on whether there were any other issues that should be included in the</p>	<p><b>POD project—content of the DP</b></p> <p>ASAF members expressed strong support for the POD project and thought that the content of the DP was generally comprehensive.</p> <p>Suggestions were made for additional issues to be considered in the DP</p>	<p>The ASAF feedback has been communicated to the Board, and is also being taken into account during the current drafting phase of the project.</p>

Topic	ASAF Input	How ASAF input has been used
<p><i>Principles of Disclosure DP.</i></p> <p>In addition, the staff sought the ASAF members' views on the proposed changes to the IFRS Taxonomy.</p>	<p>and the broader Disclosure Initiative.</p> <p><b>IFRS Taxonomy</b></p> <p>The views expressed by ASAF members included concern that the quality of the IFRS Taxonomy would be compromised if there was no public exposure of how the changes related to the final Standard were reflected in the IFRS Taxonomy.</p> <p>A concern that some projects have more than one ED and, as a result, are asking respondents to comment on multiple versions of the IFRS Taxonomy may result in an inefficient use of resources.</p>	
<p><b>Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging</b></p> <p>The IASB staff then asked for the ASAF members' comments on:</p> <p>(a) any additional information needs relating to an entity's dynamic risk management of interest rates that</p>	<p>ASAF members made a number of comments on the project including:</p> <p>(a) on the basis of that feedback, it could be noted that there was little support for the portfolio revaluation approach (PRA) being an objective in itself but there was support for fixing accounting mismatches arising, because derivatives are measured at fair value through profit or loss and the hedged items are measured at amortised cost.</p> <p>(b) a recommendation to think about why this project was started in</p>	

Topic	ASAF Input	How ASAF input has been used
<p>are not included in the summarised feedback received on the DP; and</p> <p>(b) possible additional sources of information that the IASB staff could consult for ascertaining such information.</p>	<p>the first place. IFRS 9 does not sufficiently address hedge accounting for open portfolios because it was too difficult to solve this issue in the short term. Consequently, entities are continuing to use IAS 39 <i>Financial Instruments: Recognition and Measurement</i> hedge accounting requirements, which are complex, not very intuitive and do not reflect the actual economics of their hedging activities.</p>	
<p><b>Pollutant Pricing Mechanisms (formerly emissions trading schemes) (July 2015)</b></p> <p>At this meeting, the ASAF members:</p> <p>(a) focussed on a cap-and-trade type of emissions trading scheme (ETS); and</p> <p>(b) provided views about possible accounting approaches using a simple example of a cap-and-trade</p>	<p>The member from China introduced Agenda Paper 7C <i>China’s New Proposal on Accounting for Emission Trading Schemes</i>.</p> <p>ASAF members generally agreed that the introduction of a cap-and-trade ETS imposed new restrictions and potential costs on a participant entity. Consequently, most members think that recognising a ‘Day 1 gain’ in profit or loss would not faithfully represent the economics of the scheme.</p> <p>Many ASAF members expressed a preference for an approach that would result in no gain or loss being recognised in profit or loss during the compliance year, when there is a complete economic hedge between the quantity of pollutants emitted and the allowances</p>	<p>Staff used the feedback from this discussion to outline a possible accounting model, which was discussed by the ASAF in its October 2015 meeting.</p>



Topic	ASAF Input	How ASAF input has been used
ETS.	<p>allocated free of charge by the government.</p> <p>ASAF members discussed a number of other approaches.</p>	
<p><b>Pollutant Pricing Mechanisms</b> <b>(October 2015)</b></p> <p>At this meeting, the ASAF members considered a possible model to account for a cap-and-trade type of ETS that reflected the feedback received from ASAF members in the July 2015 meeting.</p>	<p>Most ASAF members acknowledged that the allocated allowances provide an ‘economic hedge’ against the cost of the scheme.</p> <p>Some ASAF members expressed concerns about recognising the allocated allowances received as assets, because the entity is restricted in how it is able to benefit from the allowances received.</p> <p>However, some ASAF members commented that the entity can use the allowances in different ways to obtain value from them. As a result, the allowances should be reported separately in the financial statements, because failing to recognise the allowances in the statement of financial position could hamper transparency and reduce the relevance of the financial information provided.</p> <p>Consequently, many members reaffirmed the majority view expressed in July 2015, which is that the allocated allowances should be recognised and be measured initially and subsequently at fair value.</p>	<p>The IASB staff used the feedback from ASAF in a presentation to the IASB in an education session during its October 2015 meeting. The presentation outlined the interaction between the possible accounting model and the proposals in the Exposure Draft <i>Conceptual Framework for Financial Reporting</i>.</p>
<b>Rate-regulated Activities</b>	ASAF members expressed mixed views about whether any adjustment	The IASB staff considered the ASAF’s feedback in

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<p><b>(July 2015)</b></p> <p>At this meeting, the ASAF members provided views about possible accounting approaches that could be developed to reflect the financial effects of a type of rate regulation described as ‘defined rate regulation’ in the <i>Reporting the Financial Effects of Rate Regulation</i> DP published in September 2014.</p>	<p>to the existing predominant IFRS practice is needed at all.</p> <p>ASAF members who supported making adjustments to the existing predominant IFRS practice had mixed views about when, and why, adjustments should be made.</p> <p>Some ASAF members who supported making adjustments to the existing predominant IFRS practice were comfortable with recognising a ‘regulatory liability’ in cases in which the consideration was included in amounts billed to customers in advance of the entity carrying out the specified activity. In contrast, they were not comfortable with recognising a ‘regulatory asset’ when the activity was carried out in advance of billing customers.</p>	<p>the context of the proposals in the Exposure Draft <i>Conceptual Framework for Financial Reporting</i>. A summary of the possible implications of the <i>Conceptual Framework</i> ED proposals was discussed with the ASAF in October 2015.</p>
<p><b>Rate-regulated Activities</b></p> <p><b>(October 2015)</b></p> <p>At this meeting, ASAF members were asked to provide a basis for the views that they expressed in the July 2015 meeting about reporting the financial effects of rate regulation. In particular,</p>	<p><b><i>Possible implications of the Conceptual Framework ED for the Rate-regulated Activities project</i></b></p> <p>ASAF members discussed the scope and description of defined rate regulation and whether it created financial effects that were not reflected in the current practice, which reiterated the concerns expressed prior to publishing the <i>Reporting the Financial Effects of Rate Regulation</i> DP. Some ASAF members questioned whether the rights</p>	<p>The IASB staff will consider the feedback from ASAF about scope and enforceability when looking to refine the description of defined rate regulation in any future proposals.</p> <p>The IASB staff are currently exploring the issue about control of the infrastructure. This raises issues about distinguishing two types of activity:</p>

Topic	ASAF Input	How ASAF input has been used
<p>ASAF members were asked to relate their views to the concepts proposed in the <i>Conceptual Framework</i> ED.</p>	<p>and obligations described in the <i>Reporting the Financial Effects of Rate Regulation</i> DP could be enforced and whether the financial effects described could be identified in practice.</p> <p>One ASAF member noted that the responses to the <i>Reporting the Financial Effects of Rate Regulation</i> DP established that there is demand from users and preparers of financial statements to more clearly represent the financial effects of defined rate regulation than is currently achieved through the existing predominant IFRS practice.</p> <p>Another ASAF member agreed that scope is crucial but also considered that the <i>Reporting the Financial Effects of Rate Regulation</i> DP provides a good starting point so the discussion should move on to focus on possible accounting models. However, the member also noted that when considering scope, care should be taken to avoid a ‘cliff edge’ effect if entities may drop out of scope. He suggested that maybe a disclosure-only approach may be safer.</p> <p>One ASAF member acknowledged concerns about the need for the regulatory agreement to be enforceable in order for the financial effects to be reflected in the financial statements</p>	<ul style="list-style-type: none"> <li>• the entity’s revenue-generating activities; and</li> </ul> <p>other activities that are required by the defined rate-regulation but do not directly affect the transfer of goods or services to customers in the current period.</p>

Topic	ASAF Input	How ASAF input has been used
	<p>One ASAF member noted the risk that, in his jurisdiction, the rate-regulated entity and the rate regulator are often controlled by the same local government. This could create a risk that the rate-regulator and the entity may be able to use the rate-regulatory mechanisms to engage in earnings management.</p> <p>One ASAF member noted that, when developing an accounting model to recognise regulatory assets and regulatory liabilities, an important issue to consider is who controls the infrastructure or other assets. If the infrastructure is not controlled by the entity, then it is likely to be in the scope of IFRIC 12 <i>Service Concession Arrangements</i>.</p>	
<p><b>IFRS 15 Revenue from Contracts with Customers</b> <b>(July 2015)</b></p> <p>The IASB staff provided an overview of the recent developments relating to the new revenue Standard, IFRS 15.</p>	<p>An ASAF member noted the feedback from their constituents, which highlighted the importance they placed on the IASB and the FASB maintaining convergence on this project.</p>	

Topic	ASAF Input	How ASAF input has been used
<p><b>IFRS 15 Revenue from Contracts with Customers</b></p> <p><b>(October 2015)</b></p> <p>The IASB staff provided an overview of the <i>Clarifications to IFRS 15</i> ED and asked the ASAF members to:</p> <p>(a) comment on the high hurdle applied by the IASB when considering whether and how to amend IFRS 15; and</p> <p>(b) provide their preliminary views on the questions in the ‘Invitation to comment’ section of the ED.</p>	<p><b>Clarifications to IFRS 15</b></p> <p>ASAF members broadly supported the high hurdle applied by the IASB. Some ASAF members highlighted the importance of retaining convergence between IFRS 15 and Topic 606. They also suggested that, if the amendments to be made by each Board are not the same, it is important to explain in the Basis for Conclusions when the Boards expect the outcomes of applying the differing requirements to be the same and when the outcomes could be different.</p> <p>In relation to the specific questions in the ED, one member suggested that the IASB should consider amending IFRS 15 to exempt entities from identifying promised goods or services that are immaterial within the context of the contract. Another member thought that the indicators of control within the guidance on principal versus agent considerations could be articulated to focus on both aspects of control, ie the ability to direct the use of an asset and the ability to obtain substantially all of the remaining benefits from the asset.</p>	<p>The feedback from the ASAF will be considered by the IASB when it redeliberates the proposals in the Exposure Draft.</p>
<b>October 2015</b>		
<b>2015 Agenda Consultation</b>	<b>Factors used to allocate resources</b>	

Topic	ASAF Input	How ASAF input has been used
<p>At its meeting in London on 28 September 2015 the WSS discussed the Request for Views (RFV), in break-out groups. Each breakout group focused its discussions on a single question raised by RFV. At this ASAF meeting, the Chair from each of the break-out groups presented a summary of the group’s views to ASAF members for further discussion and development.</p>	<p>The Chair of the WSS break-out group outlined the group’s view of important factors that should be considered when allocating resources between Standard-level projects, research and implementation activities.</p> <p>In response to the feedback ASAF members discussed the standard-setting time cycle and when changes to IFRS should be made.</p> <p>The ASAF also discussed post-implementation support and the Transition Resource Groups (TRGs).</p> <p>There was a general discussion that the time taken to issue a final Standard was too long, although it was accepted that the IASB’s due process and outreach needed to be robust and transparent and that this absorbed time.</p> <p><b><i>Prioritisation of the research programme</i></b></p> <p>The Chair of this break-out group at the WSS meeting summarised the group’s feedback, noting:</p> <p>(a) topics should be prioritised if they are important to fill a gap in IFRS and if they are capable of being solved through</p>	<p>The staff will collate the input received from the discussions at WSS and ASAF and present it to the IASB with other feedback received in the Agenda Consultation.</p> <p>We plan to update the IASB on this feedback and to include it in the staff’s Agenda Paper “Analysis of Comment Letters and Outreach Conducted” – to be discussed in a public meeting of the IASB in Q1 2016.</p>

Topic	ASAF Input	How ASAF input has been used
	<p>standard-setting activities;</p> <p>(b) geographically widespread issues are more important than those affecting only a single jurisdiction; and</p> <p>(c) convergence was not considered to be a factor for prioritisation; improving the quality of IFRS was more important.</p> <p>ASAF members noted:</p> <p>(a) a key factor in prioritising projects on the research programme is who is affected by the project and by how much. The greater the number of affected entities, and the more significant the impact on those affected, the higher the priority.</p> <p>(b) the degree of diversity in practice is an important issue.</p> <p>(c) the IASB should look to the future to anticipate what topics will be important in a few years' time.</p> <p><b><i>Level and mix of implementation support provided</i></b></p> <p>The Chair of this break-out group at the WSS meeting summarised the group's feedback noting:</p>	

Topic	ASAF Input	How ASAF input has been used
	<p>(a) the IFRS Interpretations Committee (the ‘Interpretations Committee’) needs to maintain a balance between the need to respond quickly and stakeholders’ ability to absorb change.</p> <p>(b) TRGs could be helpful but should not be a required step in the IASB’s due process.</p> <p>(c) some members of the group thought there are too many narrow-scope amendments and that submissions to the Interpretations Committee should be reviewed before being discussed in public.</p> <p>(d) support for the involvement of WSS in the initial outreach on agenda submissions to the Interpretations Committee, which aims to define the issue and identify whether the issue is widespread.</p> <p>(e) support for the work of the Education Initiative, but thought that greater use could be made of technology such as webcasts.</p> <p>ASAF members supported the comments raised.</p> <p><b><i>Pace of change and the level of detail given in IFRS</i></b></p> <p>The Chair of this break-out group at the WSS meeting summarised the</p>	



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	<p>group’s feedback, noting:</p> <ul style="list-style-type: none"> <li>(a) that the pace of change is affected by how long the entity has been reporting in accordance with IFRS. Generally, participants in the break-out group thought the pace of change was about right.</li> <li>(b) views among members of the break-out group about the level of detail included in Standards were divided—some thought too much guidance was provided; others thought too little guidance was provided—depending on the Standard.</li> <li>(c) all members of the break-out group agreed that clear principles are required in IFRS—clear principles should mean that the IASB would not have to deal with individual issues.</li> <li>(d) some held the view that it was difficult to engage with stakeholders throughout the standard-setting process. Some members thought that <i>IASB Update</i> did not provide a clear enough description of the IASB’s thinking, so that stakeholders were surprised by the final Standard.</li> <li>(d) there is a perceived gap between the thinking at the end of</li> </ul>	

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	<p>deliberations and issuing the Standard itself.</p> <p><b><i>Proposal to extend the interval between agenda consultations to 5 years</i></b></p> <p>The Chair of this break-out group at the WSS meeting explained that the group generally preferred a 5-year interval between Agenda Consultations. The reasons include that 5 years aligns with the term of office for IASB members and the IASB’s Chair. Some had expressed concern at the consultation burden placed on stakeholders.</p> <p>ASAF members generally supported the comments made by WSS but noted the need for flexibility in setting the IASB’s agenda.</p>	
<p><b>Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value</b></p> <p>ASAF members were asked to provide their views on the relevance of the proposed measurement included in the <i>Measuring Quoted Investments in Subsidiaries, Joint Ventures and</i></p>	<p>ASAF members were asked how frequently investment entities have investments in subsidiaries that are quoted. ASAF members noted that it was rare for investment entities to have quoted investments in subsidiaries. However, when those investments are quoted and measured at fair value, the impact of the proposals could be significant</p> <p>In relation to how frequently non-investment entities have investments in subsidiaries, joint ventures and associates that are quoted and measured at fair value in the parent’s separate financial statements,</p>	<p>The input provided by the ASAF members forms part of the research work that the IASB is currently undertaking on the relevance of the proposed measurement in the ED. The feedback provided by the ASAF members along with other feedback received from outreach will be discussed by the IASB at its November meeting.</p>

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<p><i>Associates at Fair Value</i> ED and their assessment of the population of entities that may be affected by the proposals in the ED in their jurisdictions.</p>	<p>some ASAF members commented that for non-investment entities this was not a common situation. However, when those investments are quoted and measured at fair value in the investor’s separate financial statements, the impact of the proposals could be significant.</p> <p>In relation to the question on how relevant the fair value measurement of quoted investments is on the basis of P × Q, ASAF members noted:</p> <ul style="list-style-type: none"> <li>(a) some of their constituents thought that P × Q resulted in a relevant measurement, while others were concerned about the alignment of the fair value measurement with the unit of account.</li> <li>(b) P × Q is not relevant, because it is not consistent with the unit of account being the investment as a whole.</li> <li>(c) P × Q was reliable, highly irrelevant and not consistent with the definition of fair value.</li> <li>(d) P × Q was irrelevant, because the price of one share cannot be used to measure a large shareholding.</li> <li>(e) P × Q is a relevant fair value measurement for quoted investments because they are generally not transferred to a third party on an</li> </ul>	

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	<p>aggregated basis; however, in instances in which quoted investments are disposed of as a block, the fair value measurement should be determined by applying a valuation technique or by adjusting Level 1 prices. This member also commented that investments in subsidiaries, joint ventures and associates should be measured at historical cost in the separate financial statements, irrespective of whether they are quoted or not. This is because fair value is not a relevant measurement in these instances, because the investments are held for the purpose of generating cash flows in the ordinary course of business.</p> <p>Regarding whether using P × Q would be relevant for the measurement of the recoverable amount of quoted cash-generating units (CGUs) on the basis of fair value less costs of disposal, it was commented that the relevance depended on the closeness of the alignment between the CGU and the quoted entity.</p>	
<p><b>The Equity Method of Accounting</b> In this session, the FASB briefly outlined</p>	<p>Generally the ASAF members did not support the approach outlined in the Agenda Paper.</p>	<p>We plan to update the IASB on the feedback and reconsider the approach to the project following</p>

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<p>its simplification project on the equity method of accounting, which includes eliminating the requirement for an entity to measure at fair value its share of the investee’s identifiable assets and liabilities.</p> <p>The IASB staff sought the views of the ASAF members on the IASB staff’s preliminary proposals to amend the equity method of accounting. Those proposals included the elimination of both the requirement for an entity to measure at fair value its share of the investee’s identifiable assets and the requirement to adjust for the entity’s share of gains and losses from ‘upstream’ and ‘downstream’ transactions.</p>		<p>feedback to the <i>2015 Agenda Consultation</i>.</p>

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<p><b>The different effective dates of IFRS 9 and the new Insurance Contracts Standard</b></p> <p>At the IASB’s September 2015 meeting, ASAF members received an update on the IASB’s tentative decisions.</p>	<p>The following comments were made on the forthcoming ED.</p> <p>Some supported a shortened comment period but that urgency should not prejudice the IASB’s consideration of the due process for the finalisation of the new Insurance Contracts Standard.</p> <p>One ASAF member noted that preparers in their jurisdiction are unlikely to apply the overlay and deferral approaches. Instead, those preparers support the reassessment of the business model and the options for financial assets on the transition to the new Insurance Contracts Standard. Accordingly, the IASB’s decisions on those transition reliefs should be highlighted in the Basis for Conclusions in the forthcoming ED.</p> <p>Two ASAF members noted their concerns on which reporting entities would qualify for the deferral approach.</p>	<p>The IASB has set a comment period of 60 days.</p> <p>The staff plan to consider the suggestion on the Basis made by ASAF members in the drafting of the exposure draft. The staff will consider the views of ASAF members that were concerned about the IASB’s tentative decision on the scope of the Deferral Approach together with the feedback on the ED.</p>