

STAFF PAPER

7 – 8 April 2016

Accounting Standards Advisory Forum

Project	Accounting Standards Advisory Forum		
Paper topic	IASB Project Update & Agenda Planning		
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This paper has been prepared for discussion at a public meeting of the Accounting Standards Advisory Forum. The views expressed in this paper do not represent the views of the International Accounting Standards Board[®] (“the Board”) or any individual member of the Board. Comments on the application of IFRS[®] Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. 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 International Accounting Standards Board (the Board’s) current agenda projects;
 - (b) discuss the agenda topics for the ASAF meetings in July 2016; and
 - (c) provide ASAF members with feedback on how the staff or the Board have considered the advice that was given at the December ASAF meeting.
2. The views of ASAF members are sought on the proposed agenda topics for the July 2016 ASAF meeting.

Project update and agenda planning

3. The status of projects, as at 19 February 2016, is summarised in Appendix A of this paper. Further details of the projects are available on the website (<http://www.ifrs.org/Current-Projects/IASB-Projects/Pages/IASB-Work-Plan.aspx>).

Question 1 for ASAF members

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

4. In Appendix B of this paper we include suggested agenda topics for the July 2016 ASAF meeting.

Questions 2 and 3 for ASAF members

2. Do ASAF members have any comments on the proposed agenda topics?
3. 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 December 2015 ASAF meeting and how the staff have used this feedback.

Project update

Project	Project status	Past ASAF input	Future ASAF input
Upcoming Standards			
Insurance Contracts	<p>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 a piecemeal fashion over many years.</p>	<p>The ASAF’s advice has been sought on major aspects of the project during its redeliberations of the 2013 ED.</p> <p>March 2015</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>July 2015</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>At its meeting in February 2016 the Board confirmed it has completed all the necessary due process steps on the Insurance Contracts project to date and instructed the staff to commence the drafting process.</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>October 2015</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>	
Exposure Drafts			
<p><i>Conceptual Framework</i></p> <p>The ASAF acts as the advisory body for this project.</p>	<p>The objective of the <i>Conceptual Framework</i> project is to improve financial reporting by providing a more complete, clear and updated set of concepts. To achieve this, the Board is building on the existing <i>Conceptual Framework</i>—instead of fundamentally reconsidering all aspects of the <i>Conceptual Framework</i>.</p> <p>The comment period on the <i>Conceptual Framework</i> Exposure Draft (ED) closed on 25 November 2015.</p>	<p>The advice of the ASAF was sought on major aspects of the ED during its development.</p> <p>October 2015</p> <p>The ASAF reviewed the feedback from the World Standard-Setters (WSS) meeting on the ED. Its views were also sought on the proposals set out in the ED in relation to measurement and about how the proposals in the ED could affect the project on rate-regulated activities.</p> <p>December 2015</p> <p>The Accounting Standards Board of Japan (ASBJ) provided a paper on how to describe the recognition criteria in the <i>Conceptual Framework</i>.</p>	<p>April 2016</p> <p>We are seeking advice on the strategy for developing the <i>Conceptual Framework</i>.</p> <p>July 2016</p> <p>Topics will be identified depending on the feedback from the ED.</p>

Project update

Project	Project status	Past ASAF input	Future ASAF input
Discussion Papers			
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>December 2014</p> <p>ASAF members considered the findings from outreach activities to the DP.</p> <p>July 2015</p> <p>Advice was sought on what additional information needs there are relating to an entity's dynamic interest rate risk management activities that were not identified through comment letters to the DP and outreach activities.</p>	<p>April 2016</p> <p>The staff will provide a project update.</p> <p>The staff will seek further advice from the ASAF when they have completed their research on understanding core demand deposit modelling.</p>
Rate-regulated Activities	A DP was published in September 2014 to identify what information about the financial effects of rate regulation is most relevant to users of financial statements in making investment and lending decisions and to determine how best to reflect that information in financial statements.	<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>July 2015</p> <p>The ASAF's advice was sought on how best to reflect the effects of the regulatory revenue requirement when the</p>	<p>April 2016</p> <p>The staff will present an illustrative example in which a government (through a rate regulator) requires the construction of a new water treatment plant. The rate regulator is considering four options for the funding of the construction. ASAF</p>

Project update

Project	Project status	Past ASAF input	Future ASAF input
		<p>entity performs specified activities in a different period than the period in which it bills customers for those activities.</p> <p>October 2015</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>	<p>members' views are being sought on what assets, liabilities, income and expenses they think the rate-regulated water company should recognise under each option.</p>

Project update

Project	Project status	Past ASAF input	Future ASAF input
Disclosure Initiative (research and implementation)			
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 amending or 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 major topics to be discussed in the future DP.</p> <p>The ASAF last discussed this project in July 2015.</p>	<p>September 2016</p> <p>It is currently anticipated that the DP will be published in Q2 of 2016 with a 150-day comment period.</p> <p>To permit ASAF members to seek input on the DP following publication views will be sought in September 2016.</p>
Review of Disclosures in current Standards	<p>The objective of this project is to develop internal guidance for the Board 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>December 2015</p> <p>The views of ASAF members were sought on how the staff plan to develop drafting guidelines for the Board to assist in developing disclosures requirements in new or amended Standards.</p>	<p>April 2016</p> <p>ASAF members will be provided with an update on the Disclosure Initiative.</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.	<p>The advice of the ASAF has been sought on the content and a draft Practice Statement.</p> <p>December 2015</p> <p>ASAF members' preliminary views on the ED were sought.</p> <p>We also discussed ASAF members' plans for implementation of the Practice Statement in their jurisdiction.</p>	<p>April 2016</p> <p>ASAF members will be provided with an update on the Disclosure Initiative, including the initial feedback from the ED.</p> <p>July 2016</p> <p>Topics will be identified depending on feedback from the ED.</p>
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 in accounting estimate.	<p>The advice of the ASAF was sought on this project when it was part of the Principles of Disclosure project.</p> <p>December 2015</p> <p>ASAF members were provided with a verbal update on the project.</p>	<p>July 2016</p> <p>Depending on discussions with the Board, the staff may discuss the projects proposals with the ASAF in July 2016.</p>

Project update

Project	Project status	Past ASAF input	Future ASAF input
Research			
Assessment phase			
Discount Rates	This research project is reviewing discount rate requirements in IFRS Standards, explaining why those differences exist and assessing whether there are any inconsistencies that the Board should address.	The ASAF has previously discussed the approach to this project. July 2015 The findings of the research work were discussed with the ASAF.	Requests for further advice from the ASAF will depend on how the Board decides to develop this project when it has assessed the feedback from the Agenda Consultation.
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 impairment-only approach and an	The ASAF discussed the findings from the PIR in March 2015. December 2015 ASAF members' views on the Board's tentative decisions from the Board meetings in October and November 2015 were discussed.	Requests for further input from the ASAF will depend on the findings of the current research the Board is undertaking.

Project update

Project	Project status	Past ASAF input	Future ASAF input
	<p>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>Requests for advice from the ASAF will depend on how the Board decides to develop this project when it has assessed the feedback from the Agenda Consultation.</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>July 2015</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>October 2015</p> <p>At this meeting, initial views were sought on some <i>Conceptual Framework</i>-related issues arising from that possible accounting method.</p>	<p>April 2016</p> <p>ASAF members will be provided with a project update.</p>

Project update

Project	Project status	Past ASAF input	Future ASAF input
Post-employment Benefits	The Board is undertaking a 'broad-based' review, focussing 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 being observed when the requirements in IAS 19 are applied to them.	<p>The advice of the ASAF was sought on the scope of this project at its meeting in December 2014.</p> <p>December 2015</p> <p>ASAF members' views were sought on possible approaches that may address hybrid plans.</p>	<p>Requests for further advice from the ASAF will depend on feedback to the Agenda Consultation.</p>
Primary Financial Statements	<p>In its Disclosure Initiative project on Principles of Disclosure, the Board proposes to specify that the primary financial statements are the statements of financial position, profit or loss and OCI, changes in equity and cash flows.</p> <p>The purpose of the Primary Financial Statements project is to examine the</p>	<p>December 2015</p> <p>ASAF members were provided with a verbal update on the project.</p>	<p>April 2016</p> <p>ASAF members will be provided with a project update.</p> <p>July 2016</p> <p>ASAF members will be asked to provide advice on the scope of the</p>

Project update

Project	Project status	Past ASAF input	Future ASAF input
	purpose, structure and content of these statements, including the relationship between the individual statements.		project, taking into consideration feedback from the 2015 Agenda Consultation.
Provisions, Contingent Liabilities and Contingent Assets	<p>The objective of this research project is to decide:</p> <p>(a) whether to add to the Board's work plan a project to amend aspects of <i>IAS 37 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 Board should consider.</p>	<p>July 2015</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>October 2015</p> <p>The ASAF discussed the feedback from the WSS meeting.</p>	Requests for further advice from the ASAF will depend on how the Board decides to develop this project when it has assessed the feedback from the Agenda Consultation.
Share-based Payment	<p>The objective of the project is twofold:</p> <p>(a) to identify whether it is IFRS 2 that is causing the perceived complexity, and if it is, to identify the most common areas of complexity. To achieve this, the project is reviewing the main</p>	The ASAF has not previously discussed this project.	<p>April 2016</p> <p>ASAF members' views are being sought on the possible next steps in this project.</p>

Project update

Project	Project status	Past ASAF input	Future ASAF input
	<p>application issues that have arisen in practice; and</p> <p>(b) to analyse why IFRS 2 has attracted many interpretation requests.</p>		
Development phase			
<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 Board 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>March 2015</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>December 2015</p> <p>The Hong Kong Institute of Certified Public Accountants (HKICPA) provided a paper on how BCUCC are accounted for in Hong Kong.</p>	<p>April 2016</p> <p>The staff will provide an update on the project and discuss the approach to the project.</p>

Project update

Project	Project status	Past ASAF input	Future ASAF input
		<p>The staff sought ASAF members' views on how the predecessor method should be applied when a BCUCC takes place.</p>	
<p>Equity Method of Accounting</p>	<p>The objective aims to review the circumstances in which the equity method is applied in current IFRS Standards, with the objective of identifying the financial reporting problems arising from the application of the equity method.</p>	<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 the European Financial Reporting Advisory Group (EFRAG), <i>A One-line Consolidation or a Measurement Basis?</i></p> <p>October 2015</p> <p>The ASAF provided views on possible changes to the equity method of accounting.</p> <p>December 2015</p> <p>EFRAG presented a paper on a proposed scope for a project of the equity method.</p>	<p>Requests for further advice from the ASAF will depend on how the Board decides to develop this project when it has assessed the feedback from the Agenda Consultation.</p>

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>March 2015</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>April 2016</p> <p>The staff will provide a project update.</p> <p>July 2016</p> <p>Requests for further advice from the ASAF will depend on how the Board decides to develop this project when it has assessed the feedback from the Agenda Consultation.</p>
Inactive projects			
Foreign Currency Translation	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 Board should replace IAS 21 or undertake some narrower-scope	The ASAF's advice was sought in December 2014.	The Board intends to remove this project from the research programme, unless it receives strong new evidence from the Agenda Consultation that it

Project update

Project	Project status	Past ASAF input	Future ASAF input
	improvements—including the accounting for long-term payables and receivables when a currency is thinly traded and volatile.		should reassess its decision.
Inflation	To consider the requests made for the Board to examine the consequences of high inflation, as opposed to hyperinflation, on financial reporting.	<p>December 2014</p> <p>The ASAF received a presentation from the Group of Latin-American Standard-Setters (GLASS).</p>	<p>April 2016</p> <p>GLASS will present a further paper to the ASAF.</p> <p>The Board 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

Implementation projects as at 19 February 2016			
<i>(The Board 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	Next steps
Annual Improvements to IFRS 2014–2016 Cycle & 2015-2017	The Board 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 Board confirmed at its meeting in May 2015 that it had completed all the necessary due process steps in relation to the 2014–2016 Cycle.	To decide the project direction within 6 months.
Applying IFRS 9 <i>Financial Instruments</i> with IFRS 4 <i>Insurance Contracts</i>	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.	<p>December 2015</p> <p>The ASAF discussed how it could support the project’s outreach.</p> <p>April 2016</p> <p>The ASAF will discuss the feedback from the ED and the project’s next steps.</p>	To decide the project direction within 3 months.
Clarifications Arising from the Post-implementation Review (Proposed amendments to IFRS 8)	The Board discussed proposals to clarify IFRS 8 <i>Operating Segments</i> with respect to issues identified by the PIR.	At its meeting in June 2015 the Board confirmed that it is satisfied that all due process steps to date have been complied with and instructed the staff to commence the balloting process for the ED.	To publish an ED within 3 months.

Project update

Implementation projects as at 19 February 2016			
<i>(The Board 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	Next steps
Clarification of Classifications of Share-based Payment Transactions (Proposed amendments to IFRS 2) <i>(Closed for comment 25 March 2015)</i>	The Board proposes three amendments to IFRS 2: <ul style="list-style-type: none"> (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. 	At its meeting in December 2015 the Board confirmed that it is satisfied that all due process steps to date have been complied with and instructed the staff to commence the balloting process for the final amendments.	To issue an amendment to the Standard within 3 months.
Clarifications to IFRS 15	This ED includes proposed clarifications to IFRS 15 <i>Revenue from Contracts with Customers</i> that result from the Board's consideration of issues discussed by the Transition Resource Group (TRG) for Revenue Recognition.	Drafting IFRS Standard.	To issue an amendment to the Standard within 3 months.
Classification of Liabilities (Proposed amendments to IAS 1)	The objective of this project is to clarify when rights to defer settlement affect the classification of liabilities.	At its December 2015 meeting the Board considered a summary of feedback on the ED. At is February	To issue an amendment to the Standard within 6 months.

Project update

Implementation projects as at 19 February 2016			
<i>(The Board 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	Next steps
		2016 meeting the Board started to discuss some of the main comments received on the ED.	
Definition of a Business	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 meeting in June 2015 the Board confirmed that it is satisfied that all due process steps to date have been complied with and instructed the staff to commence the balloting process for the ED.	To publish an ED within 3 months.
Remeasurement on a plan amendment, curtailment or settlement/Availability of a refund of a surplus from a defined benefit plan (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 6 months.

Project update

Implementation projects as at 19 February 2016			
<i>(The Board 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	Next steps
Remeasurement of previously held interests—obtaining control or joint control in a joint operation that constitutes a business (Proposed amendment to IFRS 3 and IFRS 11)	The ED will clarify the accounting for transactions involving previously held interests.	At its meeting in December 2015 the Board confirmed that it is satisfied that all due process steps have been completed and gave the staff permission to commence the balloting process.	To publish an ED within 3 months.
Transfer of Investment Property (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.	ED published in December 2015.	To decide on the project's direction within 6 months.

Project update

Implementation projects as at 19 February 2016			
<i>(The Board 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	Next steps
Interpretations			
Uncertainty in Income Tax	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.	To decide on the project's direction within 6 months.
Foreign Currency Transactions and Advance Consideration	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.	To decide on the project's direction within 6 months.

Appendix B—ASAF Agenda topics

Meeting	Potential agenda topic
April 2016 (Actual)	<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 Inflation—GLASS; (b) Business Combinations Under Common Control; and (c) Share-based Payment.
	Project updates and agenda planning.
July 2016 (Proposed)	<i>2015 Agenda Consultation.</i>
	<i>Conceptual Framework.</i>
	Disclosure Initiative: (a) Materiality Practice Statement; and (b) Amendments to IAS 8.
	Research projects; (a) Financial Instruments with Characteristics of Equity; and (b) Primary Financial Statements.
	Project updates and agenda planning

Topic	ASAF Input	How ASAF input has been used
<p>AASB-KASB Joint Research Project on IFRS implementation: Accounting Judgments on Terms of Likelihood in IFRS: Korea and Australia</p>	<p>The staff of the Australian Accounting Standards Board (AASB) (Eric Lee) and the Korea Accounting Standards Board (KASB) (Youngmi Seo) presented Agenda Paper 1—<i>Accounting Judgements on Terms of Likelihood in IFRS: Korea and Australia</i>. The research identifies differences in the interpretation of the meaning of the term ‘likelihood’.</p> <p>ASAF members noted:</p> <ul style="list-style-type: none"> (a) What is important is the outcome of applying the Standards. It is important that application of the Standards provides comparable outcomes. (b) Translation is itself an issue, social, economic and cultural differences also lead to different behaviours. (c) Translation issues require careful management and the Board should not underestimate the frequency with which translation issues arise. ASAF members made a number of suggestions on how the Board might address translation issues in drafting the Standards. (d) There are differences related to the experience of applying Standards and how auditors make different interpretations of ‘likelihood’. <p>One ASAF member noted that principle-based Standards require the application of judgement, and having clear terms helps management when making judgements. He asked whether it might be useful to</p>	<p>The staff plan to discuss the findings of the project with the Board. This is likely to be in Q4 of 2016.</p>

Topic	ASAF Input	How ASAF input has been used
	<p>define a range for each of the different terms of likelihood. Other ASAF members noted fewer terms would assist management when they are making judgements.</p>	
<p>Disclosure Initiative—draft Materiality Practice Statement</p>	<p>The objective of the session was to ask for the ASAF members’ views on the Exposure Draft IFRS Practice Statement <i>Application of Materiality to Financial Statements</i> (‘the Materiality Practice Statement’) on the application of materiality.</p> <p>There was no clear consensus on whether the Board should issue mandatory or non-mandatory guidance on the topic of materiality.</p> <p>With regard to the content of the draft Materiality Practice Statement, the ASAF members made the following points:</p> <ul style="list-style-type: none"> (a) The content is in line with expectations as discussed at the ASAF meeting in March 2015. (b) The usefulness of the examples contained in the draft Materiality Practice Statement was discussed; some members thought that the examples illustrated the discussion well, whereas others thought that they did not clarify the application of materiality in sufficient practical detail. (c) There was a concern that the draft Materiality Practice Statement is only a repetition of current IFRS Standards. (d) The main points from the draft Materiality Practice Statement 	<p>ASAF input will be considered as part of the analysis of feedback received on the Materiality Practice Statement.</p>

Topic	ASAF Input	How ASAF input has been used
	<p>could be moved into IAS 1 <i>Presentation of Financial Statements</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>.</p> <p>(e) A question was raised over whether the draft Materiality Practice Statement provided sufficiently detailed guidance.</p>	
<p>Conceptual Framework—Recognition Criteria</p>	<p>ASAF members discussed a paper prepared by the Accounting Standards Board of Japan (ASBJ) and presented by Tomo Sekiguchi—<i>Recognition Criteria in the Conceptual Framework</i>.</p> <p>ASAF members expressed different views on the proposal that the probability criterion should be kept for recognition of assets and liabilities arising from ‘other events’.</p> <p>Some ASAF members supported the proposal, but gave different reasons. Other ASAF members expressed support for the recognition criteria proposed in the ED and disagreed with the proposal to reinstate the probability criterion.</p> <p>Some ASAF members supported the recognition criteria proposed in the ED but thought that the <i>Conceptual Framework</i> should include more definitive guidance on how a low probability of a flow of economic benefits can affect recognition.</p>	<p>The Board will consider this paper and the comments from ASAF members together with other feedback on the Exposure Draft proposals on recognition as it redeliberates the <i>Conceptual Framework</i> Exposure Draft.</p>

Topic	ASAF Input	How ASAF input has been used
<p>Research Project: Post-employment Benefits</p>	<p>The staff asked if the ASAF members support any specific practical solution or support conceptually sound approaches that would cover broader plans and topics in IAS 19 <i>Employee Benefits</i>.</p> <p>ASAF members generally supported continuation of this research project, taking account of trends in pensions. Some stated that the Board should consider broader topics, for example, the unit of account, net presentation, presentation of performance (recycling) and discount rates.</p> <p>ASAF members explained that there are diverse views about accounting for new types of pension plans and diverse practices (for example, the approach in IFRIC Draft Interpretation D9 <i>Employee Benefit Plans with a Promised Return on Contributions or Notional Contributions</i> is used in some jurisdictions), whereas some stakeholders may want to retain current practices.</p>	<p>The staff have noted the input from ASAF and are waiting for the Board to consider further work on the project in the light of responses to the Agenda Consultation.</p>
<p>Goodwill and impairment</p>	<p>ASAF members were asked for feedback on the Board’s initial discussions and for any advice on the way forward with the project. ASAF members’ comments included:</p> <p>(a) Some support an impairment-only approach for goodwill, because feedback from users indicates that it provides better information than an amortisation with impairment approach. However other ASAF members supported amortisation of goodwill and noted that it does provide some useful information</p>	<p>Feedback from the ASAF was included in the February 2016 Board meeting papers.</p> <p>At its March 2016 meeting the Board will focus primarily on ways to improve the impairment requirements, including considering how better, more timely, information can be provided to investors while still achieving an appropriate</p>

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	<p>for users, for example about the payback period.</p> <p>(b) The Board should be careful about changing the requirements for accounting for goodwill, because there is no ideal approach.</p> <p>(c) It is important to consider what information users want; it was said that we should focus on the benefits for users of the current information versus the costs to preparers of applying the requirements.</p> <p>(d) The Board should focus primarily on improving the impairment test, because such an improvement would be required regardless of the approach for accounting for goodwill. However, some ASAF members were concerned that simplifying the impairment test may increase concerns expressed by investors about impairments being recognised too late.</p> <p>(e) In addition, some ASAF members thought it necessary to retain a robust impairment test if the impairment-only approach is maintained. This reflects the fact that the Board decided that if a rigorous and operational impairment test could be devised, more useful information would be provided to users of an entity's financial statements under an approach in which goodwill is not amortised, but is instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the</p>	<p>cost-benefit balance.</p> <p>A joint meeting with the FASB is expected during the next few months to discuss accounting for goodwill and intangible assets in a business combination.</p>

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	<p>goodwill might be impaired</p> <p>(f) One ASAF member stated that accounting requirements for identification and measurement of intangible assets closely relate to subsequent accounting requirements for goodwill.</p> <p>(g) Maintaining convergence with US GAAP was important and the ASAF members supported the Board and the FASB working together.</p>	
<p>Different effective dates of IFRS 9 and the new Insurance Contracts Standard</p> <p>(Applying IFRS 9 <i>Financial Instruments</i> with IFRS 4 <i>Insurance Contracts</i>)</p>	<p>In this session, the staff provided an explanation of the overlay approach to be proposed in the forthcoming Exposure Draft ('the ED')</p> <p><i>The overlay approach</i></p> <p>Some ASAF members commented on the potential complexity and costs associated with the overlay approach.</p> <p>Another ASAF member highlighted concerns about the potential confusion regarding the dual display of profit or loss and the statement of comprehensive income between IAS 39 <i>Financial Instruments: Recognition and Measurement</i> and IFRS 9.</p> <p><i>The temporary exemption from applying IFRS 9</i></p> <p>One ASAF member noted that only specified insurers (as defined in the</p>	<p>The Board will consider the ASAF input received alongside the feedback received from the Exposure Draft to decide if the Board should proceed with the overlay approach and the temporary exemption to IFRS 9 and the form those approaches should take.</p>

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	<p>ED) would therefore qualify for this temporary exemption.</p> <p>Some ASAF members commented on the application of the predominance test.</p>	
<p>Business Combinations under Common Control (BCUCC)</p>	<p>The staff presented a paper that provided an update on the project, and sought input from ASAF members on how the predecessor method should be applied in order to provide useful information.</p> <p>ASAF members stated that it was important for the Board to establish a conceptual basis for the application of the predecessor method.</p> <p>ASAF members agreed with that preliminary view that the Board should not prescribe where in equity the difference between consideration transferred and the acquired assets and liabilities should be recognised</p> <p>ASAF members agreed with the staff that the Board should not prescribe how consideration in the form of shares should be measured.</p> <p>Most ASAF members did not express a view as to which carrying amounts should be used in applying the predecessor method.</p> <p>There was a mixed response from ASAF members on the date when the entities should be combined and how comparative information should be presented.</p>	<p>Feedback from the ASAF will be included in the April 2016 Board meeting papers.</p>

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<p>Role of Post-implementation Reviews</p>	<p>The ASAF discussed a paper describing the process used for the Board’s Post-implementation Reviews (PIRs).</p> <p>Many ASAF members supported the overall approach that the Board followed in PIRs. The main points of advice that the ASAF members made were as follows:</p> <ul style="list-style-type: none"> (a) A number of ASAF members thought that PIRs should not be restricted to new Standards, but that older Standards should also be reviewed. (b) The level and nature of issues submitted to the Interpretations Committee would be a good basis for determining when an older Standard should be reviewed. (c) Many ASAF members thought that a longer period of time was needed after the effective date before a PIR was conducted (d) Many ASAF members supported the inclusion in the PIR of a review of relevant academic literature. 	<p>The strategic aspects of PIRs were discussed by the Advisory Council at its meeting in February 2016. The Advisory Council was provided with a summary of the ASAF discussion and advice on the strategic aspects of PIRs.</p> <p>The results of both the ASAF discussion and the Advisory Council’s discussion will be provided as input to the Board as its plans for the next PIRs.</p>
<p>Disclosure Initiative—next steps</p>	<p>The staff discussed the <i>Principles of Disclosure</i> and the <i>Standards-level Review of Disclosures</i> projects, which are part of the Disclosure Initiative, and asked for ASAF members’ views.</p> <p>One ASAF member noted that there was no clear link between the <i>Conceptual Framework</i> and the <i>Principles of Disclosure</i> project.</p>	

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	<p>Several ASAF members thought the Board <i>Drafting Guide</i> should be exposed for public comment.</p>	
<p>The Equity Method</p>	<p>Françoise Flores, Chair of the EFRAG TEG sought the views of the ASAF members on EFRAG’s proposal for the scope of the Board’s project on the equity method of accounting.</p> <p>ASAF members had varied views on the proposal.</p> <p>As regards the project itself, several ASAF members considered that the Board needs to identify what information value is provided by the equity method of accounting before assuming that the equity method will continue to be used and before proceeding with improvements to it.</p>	<p>The discussion will be considered as part of the feedback to the 2015 Agenda Consultation.</p>