

# STAFF PAPER

7–8 July 2016

## Accounting Standards Advisory Forum

Projects	<b>Conceptual Framework Financial Statements with Characteristics of Equity</b>		
Paper topic	Introduction to the session		
CONTACTS	Joan Brown	jbrown@ifrs.org	
	Manuel Kapsis	mkapsis@ifrs.org	+44 (0)20 7246 6459
	Prahalad Halgeri	phalgeri@ifrs.org	+44 (0)20 7246 6905

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### Introduction to the session

1. The International Accounting Standards Board (‘the Board’) has started to consider the feedback it received on the Exposure Draft *Conceptual Framework for Financial Reporting*.
2. The purpose of this session is to obtain advice from the ASAF on three topics that the Board will be considering at its forthcoming meetings.

#### *AP1A Conceptual Framework—Concepts to support the liability definition*

3. Agenda Paper 1A requests views from ASAF members on staff suggestions for possible refinements to the concepts proposed to support the liability definition.

#### *AP1B Financial Instruments with Characteristics of Equity—Economic compulsion*

4. Agenda paper 1B discusses claims against an entity that grant the issuer the right to choose between two alternative settlement outcomes, each of which would meet the definition of a liability (or of equity) in the absence of the other equity (or liability) outcome.

5. The purpose is to obtain ASAF members' views on the circumstances in which 'economic compulsion' should be considered when classifying such claims as liabilities or equity. The Board wishes to consider this topic at the same time as it redeliberates the *Conceptual Framework* proposals.

*AP1C Conceptual Framework— Recognition—low probability of a flow of economic benefits*

6. Agenda Paper 1C requests views from ASAF members on staff suggestions for possible refinements to the concepts proposed for recognition of assets and liabilities with a low probability of inflows or outflows of economic benefits.