

STAFF PAPER

7 – 8 July 2016

Accounting Standards Advisory Forum

Project	Accounting Standards Advisory Forum		
Paper topic	IASB Project Update & Agenda Planning		
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Introduction

1. The aim of this paper is to:
 - (a) discuss the agenda topics for the September 2016 Accounting Standards Advisory Forum (ASAF) meeting;
 - (b) provide the ASAF with a short update on the International Accounting Standards Board (the Board’s) agenda projects; and
 - (c) provide ASAF members with feedback on how the staff or the Board have considered the advice that was given at the April 2016 ASAF meeting.

Project update and agenda planning

2. Appendix A of this paper sets out the suggested agenda topics for the September and December 2016 ASAF meetings. We have also included the draft agenda for the World Standard-Setters conference (WSS). The WSS conference will take place the same week as the September 2016 ASAF meeting.
3. An update on the Board’s work plan, as at 26 May 2016, is summarised in Appendix B 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>). The list of projects reflects the draft IASB work plan for 2017-2021, in the light of the Board’s discussion in May 2016. At its meeting in July 2016 the Board will discuss feedback on the draft work plan received at this ASAF meeting and the IFRS Advisory Council.
4. Appendix C of this paper sets out a table summarising the feedback received at the April 2016 ASAF meeting and how the staff have used this feedback.

Questions ASAF members

1. Do ASAF members have any comments on the proposed agenda topics for the September 2016 meeting?
2. Do ASAF members wish to add items arising from their jurisdiction to the proposed agenda topics?
3. 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?

Appendix A—ASAF Agenda topics

Meeting	Potential agenda topic
July 2016 (Actual)	<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; (b) Goodwill and Impairment (EFRAG & ASB Japan); and (c) Primary Financial Statements.
	Project updates and agenda planning
September 2016 (Proposed)	<i>Conceptual Framework.</i>
	Definition of a business
	Agenda Consultation and working with National Standard-setters
	Feasibility Studies
	Rate-regulated Activities (AcSB)
	Research projects; (a) Primary Financial Statements.
	Project updates and agenda planning
December 2016 (Proposed)	Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging (EFRAG).
	Research projects: (a) Primary Financial Statements; (b) Principles of Disclosure; (c) Review of Disclosures in current Standards; and (d) Goodwill and Impairment.
	Project updates and agenda planning

World Standard-Setters Conference

Monday 26 and Tuesday 27 September 2016

The Grange City Hotel, Tower Hill (London)

A one-and-a-half-day World Standard-Setters Conference

Monday 26 September 2016

Programme day-1:

Conference chair—*Mary Tokar*, Member, IASB

08:30 **Registration**

Tea/Coffee

09:00 **Welcome to the World Standard-Setters Conference**

Hans Hoogervorst, *Chairman, IASB*

09.30 **IASB Technical programme update**

Hugh Shields, *Executive Technical Director, IASB*

10.15 **2015 Agenda Consultation & Structure and Effectiveness Review**

Yael Almog, *Executive Director, IFRS Foundation*

Peter Clark, *Technical Director, IASB*

April Pitman, *Senior Technical Manager, IASB*

11.30 **Tea/Coffee**

11.45 **Implementation and Education update**

Henry Rees, *Director of Implementation and Adoption Activities, IASB*

12:30 **Lunch**

13.30 **Conceptual Framework**

Rachel Knuble, *Technical Principal, IASB*

Joan Brown, *Technical Principal, IASB*

5 presenters x ±10 minutes each

15:00 **Optional sessions**

1. **Education session: IFRS 15 Revenue from Contracts with Customers**
Henry Rees, *Director of Implementation and Adoption Activities, IASB*
2. **Education session: IFRS 9 Financial Instruments**
Kumar Dasgupta, *Technical Director, IASB*
3. **Education session: IFRS 16, Leases**
Patrina Buchanan, *Associate Director, IASB*
4. **Education session: Insurance contracts**
Joanna Yeoh, *Senior Technical Manager, IASB*
5. **Translations Adoption Copyright Team presentation**
Lorida Tieri, *Translations Project Manager, IFRS Foundation*

16:30 **Tea/Coffee**

17:00 **Optional sessions**

1. **Education session: IFRS 15 Revenue from Contracts with Customers**
Henry Rees, *Director of Implementation and Adoption Activities, IASB*
2. **Education session: IFRS 9 Financial Instruments**
Kumar Dasgupta, *Technical Director, IASB*
3. **Education session: IFRS 16, Leases**
Patrina Buchanan, *Associate Director, IASB*
4. **Education session: IFRS for SMEs**
Michelle Fisher, *Senior Technical Manager, IASB*
5. **Education session: Insurance contracts**
Joanna Yeoh, *Senior Technical Manager, IASB*

18:30 Close Day

19:00 Dinner

With address by Michel Prada, *Chairman of the Trustees, IFRS Foundation*

Tuesday 27 September 2016

Programme day-2

08:00 **Optional drop-in and meet the Translations Adoption Copyright Team**

Lorida Tieri, *Translations Project Manager, IFRS Foundation*

09:00 **Reporting Financial Performance – case study**

Facilitated by Stephen Cooper, Member, IASB

Rachel Knubley, *Technical Principal, IASB*

Anne McGeachin, *Technical Principal, IASB*

Michelle Sansom, *Technical Principal, IASB*

ANOx2

10:30 **Tea/Coffee**

11:00 **Feedback on the Reporting Financial Performance – case study**

12:30 **Working with National Standard-Setters to foster consistent application**

Michelle Sansom, *Technical Principal, IASB*

13:00 **Lunch**

Project Update

Project	Project status	Past ASAF input	Future ASAF input
Upcoming Standards			
Insurance Contracts	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.	The ASAF's advice has been requested on major aspects of the project during the Board's redeliberations of the 2013 Exposure Draft (ED).	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 balloting process. Further advice from the ASAF is not planned for this project.
<i>Conceptual Framework</i> The ASAF acts as the advisory body for this project.	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> .	April 2016 ASAF provided advice on the strategy for developing the <i>Conceptual Framework</i> . The advice of the ASAF was requested on major aspects of the ED during its development.	July 2016 Advice is being requested on: (a) suggestions for refining the proposed liability concepts; (b) whether and how to apply the 'no practical ability to avoid' concept to classification of liabilities and equity; and (c) how to refine the proposed recognition concept on probability.

Project Update

Project	Project status	Past ASAF input	Future ASAF input
			<p>September 2016</p> <p>Topics will be selected depending on the progress made in redeliberations of the ED.</p>
Discussion Papers			
<p>Rate-regulated Activities</p>	<p>A discussion paper (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>	<p>April 2016</p> <p>The ASAF discussed an illustrative example in which a government (through a rate regulator) requires the construction of a new water treatment plant.</p> <p>October 2015</p> <p>ASAF discussed the implications of the <i>Conceptual Framework</i> ED on the project and any resulting accounting model for reporting the financial effects of defined rate regulation.</p> <p>July 2015</p> <p>The ASAF's advice was requested 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>September 2016</p> <p>The Canadian Accounting Standards Board will present its research findings relating to Rate-regulated Activities.</p>

Project Update

Project	Project status	Past ASAF input	Future ASAF input
		The advice of ASAF was requested on the features of rate regulation in developing the DP.	
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>July 2015</p> <p>Advice was requested 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>The advice of ASAF was requested in developing the DP.</p>	<p>December 2016</p> <p>The European Financial Reporting Advisory Group (EFRAG) will present its research findings on how European banks model core-demand deposits.</p> <p>The staff will seek further advice from the ASAF when they have completed their research on core demand deposit modelling.</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 Standards 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 requested on major topics to be discussed in the future DP.</p> <p>The ASAF last discussed this project in July 2015.</p>	<p>December 2016</p> <p>It is currently anticipated that the DP will be published in Q3 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 requested in December 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 scope and content of the project was discussed.</p>	<p>December 2016</p> <p>The next steps for this project will depend on feedback received on the Principles of Disclosure Discussion Paper.</p> <p>We will seek ASAF members' views on next steps in December 2016</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>December 2015</p> <p>ASAF members' preliminary views on the ED were requested.</p> <p>ASAF members also discussed plans for implementation of the Practice Statement in their jurisdictions.</p> <p>The advice of the ASAF was requested on the content of the draft Practice Statement.</p>	<p>July 2016</p> <p>Advice is requested on matters arising from the feedback on the ED of the IFRS Practice Statement: <i>Application of Materiality to Financial Statements</i>.</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.	The advice of the ASAF was requested on this project when it was part of the Principles of Disclosure project.	<p>July 2016</p> <p>ASAF members' views are requested on the draft proposals as set out and discussed at the April 2016 Board meeting, Agenda Paper 25A.</p>

Project Update

Project	Project status	Past ASAF input	Future ASAF input
Proposed active research projects			
Business Combinations under Common Control (BCUCC)	<p>The objective of this project is to identify whether and when:</p> <ul style="list-style-type: none"> (i) an acquiring entity should use the previous carrying amounts of a transferred business (carry-over accounting); and (ii) to apply business combination accounting. <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>April 2016 ASAF discussed the approach to the project.</p> <p>December 2015 The Hong Kong Institute of Certified Public Accountants (HKICPA) provided a paper on how BCUCC are accounted for in Hong Kong. The staff requested ASAF members’ views on how the predecessor method should be applied when a BCUCC takes place.</p> <p>March 2015 The views of ASAF were requested on the staff’s preliminary view on which method to apply to account for a BCUCC. The ASAF also discussed a paper by the Canadian Accounting Standards Board, which set out the historical and current accounting practices in Canada for BCUCC, with specific reference to the Canadian related party accounting Standard.</p>	<p>Future advice from ASAF will be requested when the project progresses.</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>March 2015</p> <p>The ASAF discussed examples of financial instruments with characteristics of equity. The ASAF also discussed the feedback on EFRAG's <i>DP Classification of Claims</i>.</p> <p>ASAF has provided advice on the scope of this project.</p>	<p>July 2016</p> <p>Advice is requested on how to apply the 'no practical ability to avoid' concept to classification of liabilities and equity.</p>
Goodwill and Impairment	<p>Three areas of focus identified in the Post-implementation Review of IFRS 3 <i>Business Combinations</i> ('the PIR') are being considered:</p> <p>(a) whether changes should be made to the existing impairment test for goodwill and other non-current, non-financial assets;</p>	<p>December 2015</p> <p>ASAF members' views on the Board's tentative decisions from the Board meetings in October and November 2015 were discussed.</p> <p>The ASAF discussed the findings from the PIR in March 2015.</p>	<p>July 2016</p> <p>The findings from the research on Goodwill and Impairment undertaken by the Accounting Standards Board of Japan and European Financial Reporting Advisory Group will be discussed.</p> <p>December 2016</p> <p>We will discuss the tentative decisions, if any,</p>

Project Update

Project	Project status	Past ASAF input	Future ASAF input
	<p>(b) subsequent accounting for goodwill, including the relative merits of an 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>		of the project work to date.
Primary Financial Statements	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>December 2015</p> <p>ASAF members were provided with a verbal update on the project.</p>	<p>July 2016</p> <p>We plan to request ASAF members' advice on the scope of the project, taking into consideration feedback from the 2015 Agenda Consultation.</p> <p>ASAF will also discuss the UK Financial Reporting Council's staff paper on the Statement of Cash Flows.</p>
Proposed research pipeline			
Equity Method of Accounting	The objective aims to review the circumstances in which the equity method is applied in current Standards, with the objective of identifying the financial reporting problems arising from the	<p>December 2015</p> <p>EFRAG presented a paper on a proposed scope for the project.</p> <p>October 2015</p> <p>The ASAF provided views on possible changes to</p>	Future advice from ASAF will be requested after the PIR of IFRS 10 <i>Consolidated Financial Statements</i> , IFRS 11 <i>Joint Arrangements</i> and IFRS 12 <i>Disclosure of Interests in Other Entities</i> .

Project Update

Project	Project status	Past ASAF input	Future ASAF input
	application of the equity method.	<p>the equity method of accounting.</p> <p>The advice of the ASAF has been requested 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>	
Extractive Activities	IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i> is a temporary Standard and provides a number of exemptions. A more permanent solution will be required to fill a gap with respect to this significant global industry.		This project has not started.
Pollutant Pricing Mechanisms	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>October 2015</p> <p>At this meeting, initial views were requested on some <i>Conceptual Framework</i>-related issues arising from that possible accounting method.</p> <p>July 2015</p> <p>The ASAF's advice was requested on possible accounting approaches to address a fact pattern</p>	Future advice from ASAF will be requested when the project progresses.

Project Update

Project	Project status	Past ASAF input	Future ASAF input
		relating to a particular pollutant pricing mechanism; a cap-and-trade type of emissions trading scheme (ETS).	
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 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 Board should consider.</p>	<p>October 2015</p> <p>The ASAF discussed the feedback from the WSS meeting.</p> <p>July 2015</p> <p>The ASAF’s advice was requested on the objectives of the project, problems with IAS 37 and implications for the <i>Conceptual Framework</i>.</p>	<p>Future advice from ASAF will be requested when the project progresses, which is likely to be after the <i>Conceptual Framework</i> is issued.</p>
Variable and contingent consideration	<p>The study will address the cross-cutting issue that has arisen in several topics and has been discussed by the IFRS Interpretations Committee and the Board.</p>		<p>This project has not started.</p>

Project Update

Proposed feasibility studies (to assess whether it is feasible to develop a targeted amendments)			
High Inflation	Feasibility study to extend the scope of IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i> to cover economies subject to high, rather than hyper, inflation.	<p>April 2016 GLASS presented a further paper to the ASAF requesting that the threshold for requiring the application of IAS 29 to cover economies subject to high, rather than hyper, inflation.</p> <p>December 2014 The ASAF received a presentation from the Group of Latin-American Standard-Setters (GLASS).</p>	The feasibility study has not started.
Pensions: benefits that depend on asset returns	Feasibility study to develop an approach that focuses on the relationship between the cash flows included in the measurement of these pension benefits and the discount rate.	<p>December 2015 ASAF members' views were requested on possible approaches that may address hybrid plans.</p>	The feasibility study has not started.
Small and Medium-sized Entities (SMEs) that are subsidiaries	Feasibility study to establish if it is possible to permit subsidiaries that are SMEs to use the recognition and measurement requirements in Standards and the disclosure requirements for the IFRS for SMEs.		The feasibility study has not started.

Project Update

Projects proposed to be removed from the Board's work plan			
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 improvements—including the accounting for long-term payables and receivables when a currency is thinly traded and volatile. The Board plans no further work.	The ASAF's advice was requested in December 2014.	
Income Taxes	The research on income taxes aimed 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. The Board plans no further work.	The ASAF has not discussed this project.	
Post-employment Benefits	The Board carried out research on: <ul style="list-style-type: none"> (a) global trends in pensions; (b) potential models that might address hybrid plans; and (c) the potential impact of the Agenda Consultation and other IASB projects (for example, on the Conceptual Framework 	<p>December 2015 ASAF members' views were requested on possible approaches that may address hybrid plans.</p> <p>December 2014 The advice of the ASAF was requested on the scope of this project.</p>	

Project Update

	<p>project and on Insurance contracts). The Board plans no further work, except the proposed feasibility study on benefits that depend on asset returns (see above)</p>		
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Project Update

Research projects nearing completion			
Share-based Payment	<p>The objective of the project is twofold:</p> <p>(d) 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 application issues that have arisen in practice; and</p> <p>(e) to analyse why IFRS 2 has attracted many interpretation requests.</p>	<p>April 2016</p> <p>ASAF members' views were requested on the possible next steps in this project.</p>	<p>This project is nearing completion and it is not expected that further advice will be requested from ASAF.</p>
Discount Rates	<p>This research project is reviewing discount rate requirements in Standards, explaining why those differences exist and assessing whether there are any inconsistencies that the Board should address.</p>	<p>The ASAF has previously discussed the approach to this project.</p> <p>July 2015</p> <p>The findings of the research work were discussed with the ASAF.</p>	<p>This project is nearing completion and it is not expected that further advice will be requested from ASAF.</p>

Project Update

Implementation projects as at 20 May 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 Standards, 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 3 months and 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>April 2016</p> <p>The ASAF discussed the feedback from the ED, the Board’s recent tentative decisions, the staff’s recommendations for the April 2016 meeting and the project’s next steps.</p> <p>December 2015</p> <p>The ASAF discussed how it could support the project’s outreach.</p>	To issue the amendment to the Standard in September 2016.

Project Update

Implementation projects as at 20 May 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
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 6 months.
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 in June 2016.

Project Update

Implementation projects as at 20 May 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
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 its February 2016 meeting the Board started to discuss some of the main comments received on the ED. Because the project focuses on the nature of rights and obligations, further discussion will await progress on the <i>Conceptual Framework</i> .	To issue an amendment to the Standard after 6 months.
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 in June 2016 This project is being discussed at the September 2016 ASAF meeting.

Project Update

Implementation projects as at 20 May 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 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: <ul style="list-style-type: none"> (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, the comment period ended on 19 October 2015.	To decide on the project's direction within 6 months.
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 in June 2016.

Project Update

Implementation projects as at 20 May 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
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. The Interpretations Committee commenced its redeliberations of the proposals at its meeting in May 2016.	To issue the amendment to the Standard within 6 months.
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 for identifying the date of the transaction for recognition of income, asset or liability when advance consideration is paid or received and denominated in a foreign currency.	Draft Interpretation published in October 2015. Interpretations Committee commenced its redeliberations of the proposals in May 2016	To issue the Interpretation after 6 months.

Topic	ASAF Input	How ASAF input has been used
<p>2015 Agenda Consultation</p>	<p>ASAF members discussed:</p> <ul style="list-style-type: none"> (a) The number of narrow-scope amendments that are issued and how best to consult on these documents. (b) The scope, purpose and timing of Post-implementation Reviews. (c) The number of research projects that should be on the Board’s agenda at any one time. 	<p>At its April and May meetings the Board discussed how the messages received from the 2015 Agenda Consultation should affect the development of its future work plan.</p> <p>ASAF is being consulted again on this topic in July 2016.</p>

<p>Strategy for the <i>Conceptual Framework</i></p>	<p>The ASAF members were asked for their views on the:</p> <ul style="list-style-type: none"> (a) strategy for redeliberations (including whether and how to develop the chapters of the Conceptual Framework dealing with measurement and the reporting of financial performance); (b) proposed approach to dealing with the distinction between equity and liabilities in a separate research project; (c) timetable for the project; and (d) approach to updating the Conceptual Framework. <p>Some ASAF members recommended finalising the project, including the chapters on measurement and reporting financial performance, without delay, based on the proposals in the Exposure Draft (ED). Most ASAF members supported the Board’s proposal to explore the distinction between liabilities and equity in a separate research project. Many ASAF members suggested that the Board should also undertake more work on measurement and reporting financial performance, but they expressed different views on whether and how that should affect the project’s timetable. A few ASAF members suggested that more work was needed on other topics, such as the proposed guidance on the meaning of the term ‘present obligation’ and on recognition and derecognition. ASAF members generally agreed that the <i>Conceptual Framework</i> should be updated over time, for example, as a result of research on other projects.</p>	<p>The Board considered the views of ASAF members when it decided its strategy for redeliberations at its meeting April 2016.</p>
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<p>Conceptual Framework: EFRAG’s paper on measurement</p>	<p>The EFRAG’s paper discussed particular aspects of the chapter on Measurement proposed in the ED. The paper received mixed response from ASAF members:</p> <ul style="list-style-type: none"> (a) Some members disagreed with the proposals to give more prominence to dual measurement and business model in selecting a measurement basis. (b) A few members cautioned the Board against including the ideas expressed in the EFRAG’s paper in the Conceptual Framework because that would, in their view, create the need to re-expose the ED. 	<p>The staff will consider EFRAG’s paper and the views of ASAF members when developing proposals for the measurement chapter.</p> <p>The board will discuss the measurement chapter in July.</p>
<p>Rate-regulated Activities</p>	<p>ASAF members considered the illustrative example set out in Appendix 1 of Agenda Paper 3 of the meeting.</p> <p>During the discussion, ASAF members made assumptions, and raised questions, about the underlying terms of the regulatory agreement and the enforceability of those terms. Some members placed more weight on the regulatory terms than other members. Many members noted that the regulatory agreement affects the economics of the transactions and should, therefore, be reflected in the accounting.</p> <p>ASAF members provided a variety of answers to the questions, outlining their key considerations in developing the answers.</p>	<p>The staff will use the input received, together with other research findings, to develop an accounting model and supporting rationale.</p>

<p>Accounting for Inflation—GLASS</p>	<p>Alexsandro Broedel Lopes presented, on behalf of the Group of Latin American Standard-Setters (GLASS), Agenda Paper 4 ‘Accounting for the Effects of Inflation’</p> <p>GLASS recommended that the Board reduces the level set for one of the indicators that an economy is hyperinflationary. ASAF members:</p> <ul style="list-style-type: none"> (a) understood the call to reduce the threshold in IAS 29 but acknowledged that currently the issue affects limited jurisdictions. (b) encouraged the Board to use indicators to determine whether hyperinflation (or high inflation) exists and so allow management to exercise judgement in deciding when to apply IAS 29. (c) noted IAS 29 was developed some time ago. If it were to be applied more widely application issues may arise and require the support of the IFRS Interpretations Committee 	<p>At its May 2016 meeting the Board tentatively decided that the research pipeline should include a feasibility study on High Inflation. This will assess whether it would be feasible to extend the scope of IAS 29 <i>Financial Reporting in Hyperinflationary Economics</i> to cover economies subject to only high inflation, without amending other requirements of IAS 29.</p>
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<p>Business combinations under common control (BCUCC)</p>	<p>ASAF members received an overview of the research and outreach activities in the BCUCC project.</p> <p>Some ASAF members supported Approach 2 set out in the Agenda Paper; that is, that the predecessor method should be the default, but not the only, method applied in a BCUCC.</p> <p>Some ASAF members did not express a view on how BCUCC should be accounted for and encouraged the Board to develop a conceptual basis for whether and why some or all BCUCC should be accounted for differently compared to business combinations that are not under common control.</p>	<p>The staff will use the input received, together with other research findings, to develop an accounting model and supporting rationale.</p>
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<p>Amendment to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</p>	<p>ASAF members received an update on the Board’s tentative decisions from its March 2016 meeting. Some ASAF members had the following questions and provided the following feedback on the Board’s recent decisions and the staff recommendations for the April 2016 meeting on the revised qualifying criteria for the temporary exemption;</p> <ul style="list-style-type: none"> (a) two members supported making the assessment at a level below the reporting entity (eg that parts of a group would apply IFRS 9 and other parts of the same group would apply IAS 39 in the group’s consolidated financial statements). (b) some members supported the revised qualifying criteria. (c) Some members recommended further exceptions for investments in associates and joint ventures, and first-time adopters <p>ASAF members received and noted the staff recommendations on the overlay approach for the April 2016 Board meeting.</p>	<p>The Board has tentatively decided:</p> <ul style="list-style-type: none"> (a) that the assessment for the temporary exemption should be at the reporting entity level; (b) to confirm the revised qualifying criteria; and (c) to provide further exceptions for investments in associates and joint ventures, and first-time adopters.
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<p>IFRS 2 Share-based Payment—Next steps</p>	<p>ASAF members considered the findings from the research project. Overall, ASAF members supported the findings of the research project:</p> <ul style="list-style-type: none"> (a) In relation to equity-settled share-based payment arrangements, some ASAF members pointed out that, if the Board were to decide to replace the grant date fair value measurement model, there is a risk of replacing that complexity with another complexity (ie a current date fair value measurement model). (b) Some ASAF members stressed that it was important to consider classification and measurement of share-based payment arrangements together with the research project on Financial Instruments with Characteristics of Equity. (c) Two ASAF members believed that the Board should perform a Post-implementation Review of IFRS 2 because of concerns about the number of interpretations of, and amendments to, IFRS 2. 	<p>At its May 2016 meeting the Board received an update on feedback obtained since November 2015, including feedback from ASAF. Following that update, the Board decided:</p> <ul style="list-style-type: none"> (a) not to perform any further research on this topic; (b) that there is no need to seek feedback from stakeholders on that decision or on the staff's findings; and (c) that there is no need to publish a formal research paper or discussion paper summarising the research performed in this project. The staff will consider how best to make the work performed visible and retrievable.
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