

STAFF PAPER

April 2018

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 (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) discuss the agenda topics for the July 2018 Accounting Standards Advisory Forum (ASAF) meeting;
 - (b) provide ASAF with a short update on the International Accounting Standards Board's[®] (Board) agenda projects; and
 - (c) provide ASAF members with feedback on how the staff or the Board have considered (or will consider) the advice given at the December 2017 ASAF meeting.

Project update and agenda planning

2. There are three appendices to this paper:
 - Appendix A sets out the suggested agenda topics for the July 2018 ASAF meeting.
 - Appendix B is an update of the Board's Work Plan and includes details of advice previously requested from ASAF and when we plan to seek future advice. Further details of the projects are available on the IFRS Foundation website.
 - Appendix C sets out a table summarising the feedback from the December 2017 ASAF meeting and how the staff or the Board have considered (or will consider) this feedback.

Questions to ASAF members

1. Do ASAF members have any comments on the proposed agenda topics for the July 2018 ASAF meeting (Appendix A)?
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 (Appendix B) or on when the Board plans to seek the advice of ASAF?

ASAF Agenda topics

Meeting	Agenda topic
April 2018 (Actual)	Rate-regulated Activities
	Disclosure Initiative— <i>Principles of Disclosure</i>
	Commodity loans and related transactions
	Accounting Policies and Accounting Estimates (Amendments to IAS 8)
	Goodwill and Impairment
	Primary Financial Statements
	IFRS Foundation <i>Due Process Handbook</i> – Review
	Is financial reporting still an effective tool for equity investors in Australia?
July 2018 (Proposed)	Dynamic Risk Management
	Disclosure Initiative— <i>Principles of Disclosure</i>
	Equity Instruments—Impairment and Recycling (EFRAG)
	Business Combinations Under Common Control (HKICPA and (OIC)
	Primary Financial Statements
	Property, Plant and Equipment— <i>Proceeds before Intended Use</i> (Amendments to IAS 16)

Project	Project objective	Past ASAF input	Future ASAF input
Research Projects			
Principles of Disclosure	<p>The Board is consulting stakeholders about possible principles of disclosure that could help the Board develop better disclosure requirements and help preparers communicate information more effectively to users of financial statements.</p> <p>The Discussion Paper <i>Disclosure Initiative—Principles of Disclosure</i> closed for comment on 2 October 2017.</p>	<p>December 2017 We provided an initial overview of comments on the Discussion Paper and asked for ASAF members’ advice on the project’s next steps.</p> <p>July 2017 ASAF members shared initial feedback from their jurisdictions on the proposals in the Discussion Paper.</p> <p>Advice was requested on all major topics discussed in the <i>Principles of Disclosure</i> Discussion Paper.</p>	<p>April 2018 We will provide a brief update on Board and staff activities since discussing the comment letter feedback summary with ASAF in December 2017. We will then ask ASAF members their advice about next steps on the project.</p> <p>July 2018 We will discuss specific topics, depending on the Board’s decisions regarding the project’s direction at its March 2018 meeting.</p>

Project	Project objective	Past ASAF input	Future ASAF input
<p>Primary Financial Statements</p>	<p>The Board is exploring targeted improvements to the structure and content of the primary financial statements, with a focus on the statement(s) of financial performance.</p> <p>The Board will continue its discussions through early 2018 before deciding whether to publish a Discussion Paper or an Exposure Draft.</p>	<p>December 2017 We asked for feedback on the staff proposals to introduce an investing category and comparable subtotals in the statement of financial performance. The views of ASAF members were also requested on better ways to communicate other comprehensive income.</p> <p>September 2017 ASAF members discussed: (i) research by the New Zealand Accounting Standards Board on the views of investors about the usefulness of alternative performance measures; and (ii) feedback on the UK Financial Reporting Council’s Discussion Paper <i>Improving the Statement of Cash Flows</i>.</p> <p>July 2017 ASAF members discussed papers on: (i) the presentation of earnings before interest and tax (EBIT); (ii) the presentation of a management operating performance measure; and (iii) the presentation of the share of profit or loss of associates and joint ventures.</p> <p>March 2017 ASAF members discussed the outcome of the initial research and proposed scope of the project.</p> <p>July 2016 We asked ASAF members’ advice on the scope of the project.</p> <p>ASAF also discussed the UK Financial Reporting Council’s Discussion Paper <i>Improving the Statement of Cash Flows</i>.</p> <p>December 2015 ASAF members received a verbal update on the project.</p>	<p>April 2018 At the meeting we will:</p> <p>(i) ask for ASAF members’ advice on possible improvements to the statement(s) of financial performance for financial institutions;</p> <p>(ii) provide an update of the Board’s tentative decisions at its March 2017 and September 2017 Board meetings to develop general principles for aggregation and disaggregation as well as some improvements to the requirements in IAS 1 <i>Presentation of Financial Statements</i> for the presentation of an analysis of expenses by function and by nature; and</p> <p>(iii) ask for the ASAF members’ advice on some further aspects that we have identified which could improve the level of aggregation and disaggregation of financial information.</p> <p>July 2018 We will discuss specific topics, depending on how the project has progressed.</p>

Project	Project objective	Past ASAF input	Future ASAF input
<p>Business Combinations under Common Control (BCUCC)</p>	<p>The Board is discussing whether it can develop requirements that would improve the comparability and transparency of accounting for combinations under common control to help investors compare and better understand information that companies provide in financial statements about such transactions.</p> <p>The Board plans to publish a Discussion Paper in H1 of 2019.</p>	<p>December 2017 We provided an update on the Board’s discussions and sought ASAF members’ views on: (i) clarifications of the scope of the project; and (ii) factors to consider in selecting an appropriate accounting method for transactions within the scope of the project.</p> <p>April 2016 We asked for ASAF members’ comments on the proposed direction of the project.</p> <p>December 2015 The Hong Kong Institute of Certified Public Accountants (HKICPA) presented 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 We asked advice on the staff’s preliminary view on which method to apply for a BCUCC.</p> <p>ASAF has 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>July 2018 The OIC and HKCPA will present the results of their investors’ survey on mergers and acquisitions under common control.</p>

Project	Project objective	Past ASAF input	Future ASAF input
Dynamic Risk Management	<p>The Board is exploring whether it can develop an accounting model that will provide users of financial statements with better information about a company’s dynamic risk management activities and how it manages those activities.</p> <p>The Board plans to seek feedback on the core model in H1 of 2019.</p>	<p>March 2017 ASAF discussed the research findings from the work undertaken by the European Financial Reporting Advisory Group (EFRAG).</p> <p>April 2016 ASAF received an update on the project and the plans for future deliberations.</p> <p>July 2015 ASAF’s advice was requested on additional information needs relating to an entity’s dynamic interest rate risk management activities not identified through comment letters on the Discussion Paper and through outreach activities.</p> <p>We asked ASAF’s advice in developing the Discussion Paper.</p>	<p>July 2018 The staff will seek further advice from ASAF following Board discussions.</p>

Project	Project objective	Past ASAF input	Future ASAF input
<p>Financial Instruments with Characteristics of Equity</p>	<p>The Board is exploring whether it can improve the existing requirements in IAS 32 <i>Financial Instruments: Presentation</i> for classifying financial instruments that have characteristics of both a liability and an equity. The Board will also examine presentation and disclosure requirements.</p> <p>The Board plans to publish a Discussion Paper in Q2 2018.</p>	<p>March 2017 ASAF discussed possible examples that illustrate the practical implications of the model that will be included in the forthcoming Discussion Paper.</p> <p>December 2016 We asked ASAF’s advice on the project outreach and messaging.</p> <p>July 2016 We asked ASAF’s advice on how to apply the ‘no practical ability to avoid’ concept to classification of liabilities and equity.</p> <p>March 2015 ASAF discussed examples of financial instruments with characteristics of equity.</p> <p>ASAF also discussed the feedback on EFRAG’s Discussion Paper <i>Classification of Claims</i>.</p> <p>ASAF has provided advice on the scope of this project.</p> <p>September 2014 We asked ASAFs advice on which of two broad alternatives it should pursue when proceeding with the project.</p>	<p>September 2018 We will provide an opportunity for ASAF members to share views on the proposals in the Discussion Paper.</p>

Project	Project objective	Past ASAF input	Future ASAF input
<p>Goodwill and Impairment</p>	<p>The Board is assessing whether, and if so how, to respond to issues raised in the post-implementation review of IFRS 3 Business Combinations.</p> <p>This involves exploring whether the existing impairment test for goodwill can be improved or simplified, whether goodwill should be amortised and whether some identifiable intangible assets acquired in a business combination could be allowed to be included within goodwill. The Board is also considering implications on related disclosure requirements.</p> <p>The Board plans to publish a Discussion Paper or an Exposure Draft in H2 of 2018.</p>	<p>September 2017 ASAF discussed:</p> <ul style="list-style-type: none"> (i) proposals in the EFRAG Discussion Paper <i>Goodwill Impairment Test: Can it be improved?</i>; and (ii) staff proposals to improve the effectiveness measures for the impairment test. <p>July 2017 ASAF discussed two papers by the Accounting Standards Board of Japan (ASBJ):</p> <ul style="list-style-type: none"> (i) Possible Approaches to Addressing the Too-Little-Too-Late issue; (ii) Research Paper No.3: <i>Analyst Views on Financial Information about Goodwill</i>. <p>In addition, ASAF discussed staff proposals for simplifying and improving the impairment test model.</p> <p>July 2016 ASAF discussed findings from the research on Goodwill and Impairment undertaken by the ASBJ and European Financial Reporting Advisory Group (EFRAG).</p> <p>December 2015 We asked ASAF’s advice on the Board’s tentative decisions from meetings in October and November 2015.</p>	<p>April 2018 ASAF members will be asked to provide advice on:</p> <ul style="list-style-type: none"> (i) Improving effectiveness of impairment testing of goodwill by using the unrecognised headroom (the excess of the recoverable amount over the carrying amount) of a cash-generating unit (or groups of units) as an additional input in the impairment testing of goodwill; and (ii) Whether there are ways to allow some identifiable intangible assets acquired in a business combination to be included within goodwill without losing the information currently provided; and (iii) The Board’s tentative decisions on other matters from meetings in December 2017 and January 2018.

Project	Project objective	Past ASAF input	Future ASAF input
Discount Rates	<p>The Board examined why different IFRS® Standards require different discount rates. The Board identified some discount rate issues that may be investigated while doing other projects.</p> <p>The Board plans to publish a summary of the research findings in Q2 2018.</p>	<p>July 2015 ASAF discussed the findings of the research work.</p> <p>September 2014 ASAF discussed the proposed scope and approach to this project.</p>	
Share-based Payment	<p>The Board examined why IFRS 2 <i>Share-based Payments</i> generated many application questions for the IFRS Interpretations Committee. Several of these resulted in narrow-scope amendments.</p> <p>The Board has completed its research and concluded that no further amendments to IFRS 2 are needed.</p> <p>The Board plans to publish a summary of the research findings in Q2 2018.</p>	<p>April 2016 We asked ASAF’s advice on the possible next steps in this project.</p>	<p>The Board has completed its assessment of these projects and plans no further work.</p> <p>The staff are considering how best to make the work performed visible and retrievable.</p> <p>We do not expect to ask further advice from ASAF.</p>

Project	Project objective	Past ASAF input	Future ASAF input
Standard-setting and related projects			
<p><i>Conceptual Framework</i></p>	<p>The Board is finalising an update to the <i>Conceptual Framework for Financial Reporting</i> to provide a more complete, clear and updated set of concepts to use when the Board develops or revises IFRS Standards.</p> <p>The Board plans to publish the revised <i>Conceptual Framework</i> in March of 2018.</p>	<p>March 2017 ASAF discussed members’ additional comments on the proposals in the Exposure Draft <i>Conceptual Framework for Financial Reporting</i>.</p> <p>December 2016 We asked ASAF’s advice on: (i) the concepts supporting the liability definition; and (ii) the staff recommendations for the approach to capital maintenance in the revised <i>Conceptual Framework</i>.</p> <p>September 2016 We asked ASAF’s advice on: (i) the selection of a relevant measurement basis; (ii) how the Measurement Chapter of the <i>Conceptual Framework</i> should discuss the factors that assist in the selection of a relevant measurement basis; and (iii) the link between the reporting of financial performance and measurement.</p> <p>July 2016 We asked ASAF’s advice on: (i) possible refinements to the proposed liability concepts; (ii) whether and how to apply the ‘no practical ability to avoid’ concept to classification of liabilities and equity; and (iii) possible refinements to the proposed concepts for recognition of assets and liabilities with a low probability of inflows or outflows of economic benefits.</p> <p>April 2016 We asked ASAF’s advice on the strategy for developing the <i>Conceptual Framework</i>.</p>	<p>The Board has concluded its deliberations of the proposals in the Exposure Draft <i>Conceptual Framework for Financial Reporting</i>.</p> <p>We are not anticipating further discussions with ASAF.</p>

Project	Project objective	Past ASAF input	Future ASAF input
		ASAF members were also asked for their views on a proposal by EFRAG on a potential expansion to Chapter 6 of the <i>Conceptual Framework for Financial Reporting</i> Exposure Draft to address EFRAG concerns.	
<p><i>Disclosure Initiative— Definition of Material</i></p> <p>(Amendments to IAS 1 and IAS 8)</p>	<p>The Board has proposed clarifying the definition of what information is material in preparing financial statements.</p>	<p>December 2017 We asked for ASAF members’ views on the Exposure Draft; Disclosure Initiative—<i>Definition of Material (Proposed amendments to IAS 1 and IAS 8)</i>.</p> <p>March 2015 Discussed (indirectly) as part of the Disclosure Initiative topic.</p>	<p>Whether we ask ASAF for further advice will depend on the feedback to the Exposure Draft.</p>
<p>Rate-regulated Activities</p>	<p>The Board is developing a new accounting model to give users of financial statements better information about a company’s incremental rights and obligations arising from its rate-regulated activities.</p> <p>The Board expects to decide in the second quarter of 2018 whether to publish a second Discussion Paper or an Exposure Draft.</p>	<p>September 2017 ASAF members discussed illustrative examples, exploring issues relating to measurement of the regulatory asset or liability.</p> <p>July 2017 ASAF members’ advice on the draft model for accounting for rate-regulated activities was requested.</p> <p>March 2017 ASAF received an update on the Board’s deliberations.</p> <p>December 2016 We asked ASAF’s advice on the core principles and key features of the model.</p>	<p>April 2018 We will provide a brief update on the Board’s discussions and tentative decisions since discussing the project with ASAF in September 2017.</p> <p>We will outline the rationale for those decisions and ask ASAF members for advice about how we can best communicate that rationale.</p>
<p>Management Commentary</p>	<p>To update the IFRS Practice Statement 1 <i>Management Commentary</i> issued in 2010</p>	<p>December 2017 ASAF received an update on the Board’s deliberations.</p>	<p>The Board will seek input from ASAF as the project progresses</p>

Project	Project objective	Past ASAF input	Future ASAF input
Post-implementation reviews (PIR)			
IFRS 13 <i>Fair Value Measurement</i>	<p>The Board is examining the effect of IFRS 13 <i>Fair Value Measurement</i> on financial reporting. IFRS 13 came into effect in 2013, introducing a framework for measuring fair value.</p> <p>The Board has published a Request for Information. The RFI closed for comment on 22 September 2017.</p>	<p>December 2017 We provided an overview of responses to the Request for Information and asked ASAF members’ advice on the project’s next steps.</p> <p>July 2017 We requested ASAF members’ initial views on the Request for Information published May 2017.</p> <p>December 2016 We asked ASAF’s advice on the scope of the second phase of the PIR of IFRS 13.</p>	<p>The Board will conclude its deliberations on this stage of the PIR in the next few months. Consequently, we are not anticipating further discussions with ASAF.</p>

Project	Objective	Status	Next steps
Maintenance projects			
Accounting Policies and Estimates (Amendments to IAS 8)	The Board proposed clarifying the distinction between a change in accounting policy and a change in an accounting estimate.	The Exposure Draft closed for comment on 15 January 2018.	The Board will consider the feedback to the Exposure Draft at its March 2018 meeting. At the April 2018 meeting we will provide ASAF with an overview of the feedback on the Exposure Draft and ask ASAF members for advice for the next steps in the project.
Accounting Policy Changes (Amendments to IAS 8)	The Board has tentatively decided to amend IAS 8 to lower the impracticability threshold regarding retrospective application of voluntary changes in accounting policies that result from agenda decisions. The proposed threshold would include a consideration of the benefits and costs of applying the change retrospectively.	ASAF discussed the staff proposals at its July 2017 meeting.	Publish Exposure Draft in March 2018.
Availability of a Refund (Amendments to IFRIC 14)	The Board has proposed amending IFRIC 14 to clarify the accounting when other parties have rights to make particular decisions about a company's defined benefit plan.	Following comments on the effects of the proposals, the Board is performing further work to assess whether it can establish a more principles-based approach in IFRIC 14 for an entity to assess the availability of a refund of a surplus.	Issue an IFRS amendment.
Classification of Liabilities (Amendments to IAS 1)	The Board has proposed clarifying whether companies classify debt as current or non-current if they have a right to renew the debt.	The Board will continue discussions after completing the revision of the <i>Conceptual Framework for Financial Reporting</i> .	Issue an amendment in H2 2018.

Project	Objective	Status	Next steps
Maintenance projects			
Definition of a Business (Amendment to IFRS 3)	The Board has proposed clarifying how a company determines whether it has acquired a business or a group of assets. The accounting models differ for those two types of transactions.	At its September 2017 meeting ASAF discussed a comparison between the Board’s tentative decisions made at its April and June 2017 meetings and the Accounting Standards Update <i>Clarifying the Definition of a Business</i> issued by the FASB in January 2017. The Board has concluded its redeliberations of the proposed amendments.	Issue an Amendment in Q2 2018.
Improvements to IFRS 8 Operating Segments (Proposed amendments to IFRS 8 and IAS 34)	The Board has published an Exposure Draft proposing to clarify the meaning of ‘chief operating decision maker’ and to improve the disclosure requirements for operating segments.	The Board considered a summary of the feedback on the ED in November 2017. At its December 2017 meeting ASAF provided advice on the project’s next steps	The Board will discuss the project’s next steps at its March 2018 meeting.
Property, Plant and Equipment—Proceeds before Intended Use (Amendments to IAS 16)	The Board has proposed narrow-scope amendments to reduce diversity in how companies account for proceeds from selling items produced while testing an item of plant or equipment before it is ready for its intended purpose.	The Exposure Draft was discussed at the July 2017 ASAF meeting. The Board discussed a summary of the feedback on the exposure draft at its December 2017 meeting.	The IFRS Interpretations Committee will deliberate the proposed amendments at a future meeting, taking the feedback into consideration. We also plan to discuss the feedback to the Exposure Draft and staff proposals on how to proceed with the project with ASAF.

Project	Objective	Status	Next steps
Maintenance projects			
Next Annual Improvements Cycle			
Fees in the ‘10 per cent’ test for derecognition (Amendments to IFRS 9)	The Board will propose amending IFRS 9 <i>Financial Instruments</i> to clarify which fees and costs a company includes in a quantitative ‘10 per cent’ test for assessing whether to derecognise a financial liability.	At its meeting in April 2017, the Board tentatively decided to amend IFRS 9 as part of the next annual improvements cycle.	Publish Exposure Draft. The timing of publication of the proposed amendments depends on the identification of other matters for inclusion in the annual improvements process.
Subsidiary as a First-time Adopter (IFRS 1)	The Board has tentatively decided to propose amending IFRS 1 to require a subsidiary that measures its assets and liabilities at its date of transition to IFRS Standards using the amounts reported by its parent to also measure cumulative translation differences using the amounts reported by its parent.	At its meeting in December 2017, the Board tentatively decided to amend IFRS 1 as part of the next annual improvements cycle.	
Taxation in Fair Value Measurements (IAS 41)	When an entity uses a discounted cash flow technique to determine the fair value of biological assets, IAS 41 requires the entity to exclude taxation cash flows from the calculation. The Board will propose amending IAS 41 to remove the requirement to exclude cash flows from taxation when measuring the fair value of biological assets using a present value technique.	At its meeting in December 2017, the Board tentatively decided to amend IAS 41 as part of the next annual improvements cycle.	

Topic	Summary of advice	Action
Primary Financial Statements		
<p><i>Subtotals in the statement(s) of financial performance</i></p>	<p>Most ASAF members were generally supportive of introducing additional defined subtotals in the statement(s) of financial performance.</p> <p>Overall ASAF members supported the Board’s approach to focus initially on non-financial entities but encouraged the Board to test its proposals on entities in various industries.</p> <p>ASAF members commented on the boundary between ‘income and expenses from investments’ and ‘finance income and expenses’;</p> <ul style="list-style-type: none"> (i) Two ASAF members said that the categories would be more intuitive if ‘income and expenses from investments’ covered assets and ‘finance income and expenses’ covered liabilities. (ii) ASAF members had mixed views on the definition of excess cash; some members did not consider the Board should attempt to define excess cash, whereas others suggested the Board explore the topic in a discussion paper. 	<p>This advice will be used in developing a Discussion Paper or Exposure Draft.</p> <p>We will be seeking the advice of ASAF about adapting our proposals for financial institutions at the April 2018 meeting</p>
<p><i>Income and expenses from investments</i></p>	<p>ASAF members supported introducing an ‘income and expenses from investments’ category in the statement(s) of financial performance. There was support for the principle-based approach, but one member stressed the importance of clarifying the definition.</p> <p>Some members said the interaction ‘income and expenses from investments’ category in the statement(s) of financial performance and the ‘investing’ category in the statement of cash flows was unclear. One member said that they needed to be aligned.</p> <p>ASAF members had different views on the label for the subtotal above the ‘income and expenses from investments’ category; some members suggested profit before investing, financing and income tax whereas others preferred operating profit.</p>	<p>This advice will be used in developing a Discussion Paper or Exposure Draft.</p>

Topic	Summary of advice	Action
	<p>ASAF members had mixed views on the presentation of the share of profit or loss of associates and joint ventures. ASAF members said the Board should explore various approaches and propose guidance for distinguishing between integral and non-integral associates and joint ventures in a Discussion Paper.</p>	<p>At its January 2018 meeting the Board tentatively decided that entities should be required to present the results of ‘integral’ associates and joint ventures separately from those of ‘non-integral’ associates and joint ventures (IASB meeting, January 2018, Agenda paper 21B). However, we intend to discuss the different approaches considered by the Board in the Discussion Paper or Exposure Draft.</p>
<p>Finance income and expenses</p>	<p>ASAF members had mixed views on the proposed definition for ‘finance income and expenses’ (ie the ‘I’ in EBIT).</p>	<p>This advice will be used in developing the Discussion Paper or Exposure Draft.</p>
<p>Better ways to communicate other comprehensive income (OCI)</p>	<p>ASAF members, except for the ANC and SAFRC members, did not support relabelling the two categories of OCI or introducing a new subtotal between the two categories.</p> <p>Some ASAF members were in favour of developing investor education materials on OCI, even though the Board had tentatively decided against this.</p>	
<p>Disclosure Initiative – Definition of Material (Proposed amendments to IAS 1 and IAS 8)</p>		
<p>Exposure Draft, Definition of Material—Proposed amendments to IAS 1 and IAS 8</p>	<p>Some ASAF members commented that the proposal to change ‘could influence the economic decisions’ to ‘could reasonably be expected to influence decisions’ in the definition of material is helpful.</p> <p>Most ASAF members thought that including the concept of obscuring information in the definition of material could make it difficult to apply the definition in practice. However, there were differing views on how to address the concern.</p> <p>One member did not support the Board proceeding with the proposals in the Exposure Draft.</p> <p>Some ASAF members made additional suggestions to improve the application of the definition of material.</p>	<p>This feedback will be included in the comment letter summary to the Exposure Draft.</p>

Topic	Summary of advice	Action
Disclosure Initiative – Principles of Disclosure		
Technology and digital reporting considerations	<p>ASAF members generally thought the Board should consider the effect of digital reporting on the disclosure problem. However, some ASAF members expressed concerns that digital reporting may contribute to an increase in disclosure overload.</p> <p>One ASAF member said that, it is difficult for stakeholders to express views on the effect of digital reporting because stakeholders do not have a clear picture of what digital reporting means.</p>	<p>The advice provided has been used to help the staff develop recommendations for the project next steps (see agenda papers A11, A11A to A11B of the March 2018 Board meeting.)</p>
Development of disclosure principles	<p>There were mixed views from ASAF members on if the Board should develop principles for the Board to use in developing and organising disclosure objectives and requirements in IFRS Standards.</p>	
Standards-level review of disclosures	<p>Some members expressed the view that the Board should prioritise a standards-level review of disclosure requirements rather than developing the disclosure principles.</p> <p>It was suggested that the Board could address these different recommendations by using a hybrid approach. That is, while the Board is developing disclosure principles, a few Standards may be reviewed in testing the effectiveness of those principles.</p>	
Project direction and focus	<p>ASAF members advised the Board to define clearly the project’s aims and key deliverables. ASAF members noted:</p> <ul style="list-style-type: none"> (i) A potentially a wide expectation gap between the Board’s intentions and stakeholder expectations with respect to the outcomes of the project. (ii) The Board should consider ways in which to increase the relevance of financial statements. (iii) The Board should clarify early on in the project whether the project deliverables will be in mandatory or non-mandatory guidance. 	

Topic	Summary of advice	Action
Post-implementation Review of IFRS 13 <i>Fair Value Measurement</i>		
<p>Feedback received in response to the Request for Information (RFI) for the Post-)</p>	<p>ASAF members agreed with the feedback received on the RFI that IFRS 13 is generally working well in practice.</p> <p>ASAF members recommended that the Board should do more work on disclosures. The AcSB member suggested that the disclosures required by IFRS 13 could be good examples for the <i>Principles of Disclosure</i> project to review.</p> <p>The FASB member commented that investors’ suggestions on IFRS 13 disclosures were consistent with feedback the FASB received in its PIR.</p> <p>ASAF members recommended that the Board continue work on a solution to the unit of account or ‘PxQ’ issue. ASAF members suggestion to address the issue included:</p> <ul style="list-style-type: none"> (i) consider allowing the investments to be measured as a single unit of account and requiring disclosure of a reconciliation of that amount to the result of a PxQ calculation; and (ii) address the issue at the point of recognition. <p>Many ASAF members advised the Board not to consider further work on the following topics;</p> <ul style="list-style-type: none"> (i) The application of the highest and best use for non-financial assets; (ii) Application of judgement; (iii) Fair value measurement of biological assets; and (iv) Unquoted equity instruments. 	<p>The advice provided has been used to help the staff develop recommendations for the project’s next steps (see agenda paper 7A of the March 2018 Board meeting.)</p>

Topic	Summary of advice	Action
Management Commentary		
<p><i>IFRS Practice Statement 1 Management Commentary (Practice Statement) issued in 2010,</i></p>	<p>Most ASAF members supported the Board’s decision to update the Practice Statement. ASAF members noted:</p> <ul style="list-style-type: none"> (i) Updating the Practice Statement alone would be perceived by stakeholders as the Board doing the bare minimum. This member noted it is important for the Board to manage stakeholder expectations by clearly communicating the issue. (ii) The Practice Statement should remain as non-mandatory, however, a member noted there may ultimately be a case for mandating in certain areas in the Practice Statement, such as ‘risk’. (iii) Revising the Practice Statement provides the Board an opportunity to reflect best practice and prompt jurisdictions to consider whether national practice was living up to global standards. (iv) The Board should work more closely with the participants in the Corporate Reporting Dialogue with the aim of bringing their respective frameworks closer together, and to look more widely at where financial reporting was impacted, including the work of the Financial Stability Board’s Task Force on Climate-related Disclosures. 	<p>The feedback provided will be used as the project progresses.</p>
Academic Liaison		
	<p>The purpose of this session was to gather information from members about their experience in liaising with academics, and their views on whether the activities they engaged in with academics would work in the broader international context of the Board.</p> <p>Members explained their academic liaison activities. Overall, there was support for the Board to continue/develop its academic liaison activities.</p>	<p>The feedback will help inform the staff in developing the IASB’s strategy for engagement with academia.</p>

Topic	Summary of advice	Action
Information deficiencies and consolidated financial statements		
	<p>Andreas Barckow, the DRSC member, presented on the perceived information deficiencies of consolidated financial statements, in particular, the loss of information about subsidiary entities through the elimination procedures in preparing consolidated financial statements.</p> <p>Whilst all ASAF members acknowledged the validity of the issues raised, they equally were in agreement that consolidated financial statements still provide useful information to users, that said, ASAF members did provide some suggestions on how to address the perceived deficiencies.</p>	<p>The staff will consider the discussion from this session when planning the post-implementation review of IFRS 10 <i>Consolidated Financial Statements</i>.</p>
Exposure Draft: Improvements to IFRS 8 Operating Segments (Amendments to IFRS 8 and IAS 34)		
Identification of the chief operating decision maker (CODM)	<p>Many ASAF members did not consider the proposed amendments to IFRS 8 to help identification of the CODM as sufficient to warrant amending the Standard.</p>	<p>The advice provided has been used to help the staff develop recommendations for the project's next steps (see agenda paper 27, 27A-27D of the March 2018 Board meeting.)</p>
Criteria for aggregating operating segments	<p>There was no clear consensus from ASAF members on the alternative ideas the staff presented on the aggregation criteria. The FASB noted it was considering ideas for improving the aggregation criteria.</p>	
Link IFRS 8 segments with the annual reporting package	<p>ASAF members shared some concerns about the proposals in the Exposure Draft to link the information in the financial statements with the annual reporting package. Two members suggested addressing the proposed amendment as part of the update to the MCPS.</p>	

Topic	Summary of advice	Action
Business Combinations under Common Control (BCUCC)		
Scope of the project	<p>ASAF members supported the clarification to the scope of the BCUCC project the Board made by at its meeting in October 2017.</p> <p>ASAF members also supported the staff’s recommended focus on the accounting treatment of transactions that give rise to application questions including the staff recommendation not to focus on the distinction between BCUCC and business combinations <i>not</i> under common control.</p>	<p>The staff shared the feedback received from ASAF members at the December 2017 Board meeting.</p>
Methods of accounting - a starting point in the analysis	<p>The staff outline two approaches to developing accounting requirements for transactions within the scope of the BCUCC project; (i) use the acquisition method as a starting point; or (ii) use the so-called predecessor method as a starting point.</p> <p>ASAF members did not express a clear preference regarding the starting point for the analysis. However, they made the following observations:</p> <ul style="list-style-type: none"> (i) an ASAF member suggested that irrespective of whether the acquisition method or the predecessor method is used as the starting point in the analysis, either approach would likely lead to similar practical outcomes. That member also suggested that the so-called ‘fresh start method’ may be appropriate when an accounting acquirer cannot be easily identified (eg in a ‘merger of equals’). (ii) another ASAF member shared the view that different methods may be appropriate for different transactions within the scope of the project. That member also asked the Board to consider the cost constraint on applying the acquisition and the predecessor method in developing proposals for transactions within the scope of the project. (iii) one ASAF member encouraged the Board to consider all alternatives, including developing accounting methods directly from the guidance in the <i>Conceptual Framework for Financial Reporting</i>. Another ASAF member supported that view. 	<p>The advice provided has been used to help the staff to develop recommendations in the project (see agenda paper 23 and 23A of the February 2018 Board meeting.)</p>

Topic	Summary of advice	Action
<p>Methods of accounting - factors to consider</p>	<p>The staff presented a preliminary list of factors the Board might consider in deciding when each method is appropriate.</p> <p>ASAF members made the following comments:</p> <ul style="list-style-type: none"> (i) some ASAF members shared a view that ‘commercial substance’ of a transaction has a role to play in deciding which accounting method is appropriate. However, the terms ‘commercial substance’ and ‘economic substance’ might cause confusion. (ii) some ASAF members expressed a view that ‘purpose of the transaction’ also has a role to play in selecting an appropriate accounting method. (iii) ASAF members expressed mixed views on whether the ‘consideration transferred’ should play a role in determining accounting treatment (iv) ASAF members did not support using ‘decision-making process’ as a factor in determining an appropriate accounting treatment <p>Some members supported using the guidance in the <i>Conceptual Framework for Financial Reporting</i> and focusing on the reporting entity and on understanding which method would provide primary users with the most useful information in each circumstance.</p>	<p>The advice provided will be used to help the staff develop future recommendations in the project.</p>
<p>Methods of accounting - users of financial statements</p>	<p>ASAF members confirmed that they would consider all primary users, not just equity investors in their assessment of which method to apply to a particular transaction with the scope of the project.</p> <p>ASAF members observed that when non-controlling interests exist it is much harder to move businesses around a group in a way that does not benefit the reporting entity, whereas the same level of ‘protection’ is typically not enjoyed by external lenders and other creditors in a wholly owned reporting entity.</p>	<p>The advice provided will be used to help the staff develop future recommendations in the project.</p>