

## STAFF PAPER

July 2018

## Accounting Standards Advisory Forum

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

## Introduction

1. The aim of this paper is to:
  - (a) discuss the agenda topics for the October 2018 Accounting Standards Advisory Forum (ASAF) meeting;
  - (b) provide ASAF with a short update on the International Accounting Standards Board's<sup>®</sup> (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 April 2018 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 October 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 April 2018 ASAF meeting and how the staff or the Board have considered (or will consider) this feedback.

3. In relation to the agenda for the October 2018 meeting we would like to bring one matter to your attention:

*IFRS 3 Business Combinations reference to the Conceptual Framework*

4. ASAF members will shortly receive a request for technical advice in relation to updating IFRS 3 *Business Combinations* reference to the *Conceptual Framework*. This project is not yet on the Work Plan. We are seeking help to identify conflicts that would arise between IFRS 3 and other Standards if we updated the reference to the Conceptual Framework in paragraph 11 of IFRS 3. The request for assistance will ask ASAF members for advice by 24 August 2018. This timetable will enable staff to review the advice and report to ASAF at its meeting in October 2018.

**Questions to ASAF members**

1. Do ASAF members have any comments on the proposed agenda topics for the October 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
<b>July 2018 (Actual)</b>	Financial Instruments with the Characteristics of Equity (Education Session)
	Business Combinations Under Common Control: Hong Kong Institute of Certified Public Accountants and Organismo Italiano di Contabilità
	Business Combinations Under Common Control
	Better Communication—Primary Financial Statements
	Better Communication—Draft Framework for Reporting Performance Measures: Accounting Standards Board of Canada (AcSB)
	IAS 16 Property, Plant and Equipment— <i>Proceeds before Intended Use</i> (Amendments to IAS 16)
	Goodwill and Impairment
	Disclosure Initiative—Standards-level review of disclosures
	Accounting for pensions: AScB
<b>October 2018 (Proposed)</b>	Equity Instruments—Impairment and Recycling: European Financial Reporting Advisory Group
	IFRS 3 <i>Business Combinations</i> reference to the <i>Conceptual Framework</i>
	Rate-regulated Activities
	Dynamic Risk Management
	Financial Instruments with the Characteristics of Equity
	Better Communication—Primary Financial Statements

Project	Project objective	Past ASAF input	Future ASAF input
<b>Research Projects</b>			
<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><b>December 2017</b> ASAF members’ views were requested 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><b>April 2016</b> We asked for ASAF members’ comments on the proposed direction of the project.</p> <p><b>December 2015</b> 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><b>March 2015</b> We asked advice on the staff’s preliminary view on which method to apply for a BCUCC.  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><b>July 2018</b> The HKICPA and OIC would like to discuss the findings from its research survey with investors on Business Combinations Under Common Control, including the feedback from the International Forum of Accounting Standard Setters.</p> <p>Advice is requested on the approaches developed by staff for transactions within the scope of the project.</p>

Project	Project objective	Past ASAF input	Future ASAF input
<p>Disclosure Initiative—Principles of Disclosure</p>	<p>The Board is now focusing on specific disclosure issues that are not addressed by the targeted Standards-level review project (see below project). These relate to the location of information and accounting policy disclosures. The Board will continue its discussions throughout the second quarter of 2018 before deciding whether, and how, to address those disclosure issues.</p>	<p><b>April 2018</b> ASAF members provided advice on the following topics: (a) location of information—specifically, IFRS information outside the financial statements and non-IFRS information inside the financial statements; and (b) accounting policy disclosures.</p> <p><b>December 2017</b> The IASB provided an initial overview of comments on the Discussion Paper and asked for ASAF members’ advice on the project’s next steps.</p> <p><b>July 2017</b> 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>The Board has decided how it is going to address the feedback to the <i>Discussion Paper</i>. Future ASAF input will be asked on specific projects (see below).</p>
<p>Dynamic Risk Management</p>	<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><b>March 2017</b> ASAF discussed the research findings from the work undertaken by the European Financial Reporting Advisory Group (EFRAG).</p> <p><b>April 2016</b> ASAF received an update on the project and the plans for future deliberations.</p> <p><b>July 2015</b> 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 or through outreach activities.</p> <p>We asked ASAF’s advice in developing the Discussion Paper.</p>	<p><b>October 2018</b> Further advice from ASAF will be requested 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 June 2018.</p>	<p><b>March 2017</b> ASAF discussed possible examples that illustrate the practical implications of the model that will be included in the forthcoming Discussion Paper.</p> <p><b>December 2016</b> We asked ASAF’s advice on the project outreach and messaging.</p> <p><b>July 2016</b> We asked ASAF’s advice on how to apply the ‘no practical ability to avoid’ concept to classification of liabilities and equity.</p> <p><b>March 2015</b> 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 provided advice on the scope of this project.</p> <p><b>September 2014</b> We asked ASAFs advice on which of two broad alternatives it should pursue when proceeding with the project.</p>	<p><b>July 2018</b> At this meeting the staff will provide ASAF members with an education session on the forthcoming Discussion Paper</p> <p><b>October 2018</b> We will provide an opportunity for ASAF members to share initial views on the proposals in the Discussion Paper.</p>

<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><b>April 2018</b> ASAF members advice was requested on:</p> <ul style="list-style-type: none"> <li>(i) a staff proposal for an approach that would amend the impairment testing of goodwill by considering movements in headroom. Headroom is the excess of the recoverable amount of a cash-generating unit (or group of units) over the carrying amount of that unit (or group of units).</li> <li>(ii) the requirement in IFRS 3 <i>Business Combinations</i> to recognise all identifiable intangible assets acquired in a business combination separately from goodwill.</li> </ul> <p><b>September 2017</b> ASAF discussed:</p> <ul style="list-style-type: none"> <li>(i) proposals in the EFRAG Discussion Paper <i>Goodwill Impairment Test: Can it be improved?</i>; and</li> <li>(ii) staff proposals to improve the effectiveness measures for the impairment test.</li> </ul> <p><b>July 2017</b> ASAF discussed two papers by the Accounting Standards Board of Japan (ASBJ):</p> <ul style="list-style-type: none"> <li>(i) Possible Approaches to Addressing the Too-Little-Too-Late issue;</li> <li>(ii) Research Paper No.3: <i>Analyst Views on Financial Information about Goodwill</i>.</li> </ul> <p>In addition, ASAF discussed staff proposals for simplifying and improving the impairment test model.</p> <p><b>July 2016</b> ASAF discussed findings from the research on Goodwill and Impairment undertaken by the ASBJ and European Financial Reporting Advisory Group (EFRAG).</p> <p><b>December 2015</b> We asked ASAF’s advice on the Board’s tentative decisions from meetings in October and November 2015.</p>	<p><b>July 2018</b> We are seeking ideas and advice from ASAF members on how to improve disclosures about business combinations, goodwill and impairment of goodwill.</p>
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<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 throughout 2018. The Board has yet to decide whether to publish a Discussion Paper or an Exposure Draft.</p>	<p><b>April 2018</b> At the April meeting the staff:</p> <ul style="list-style-type: none"> <li>(i) asked for ASAF members’ advice on possible improvements to the statement(s) of financial performance for financial institutions;</li> <li>(ii) provided 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</li> <li>(iii) asked 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.</li> </ul> <p><b>December 2017</b> 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><b>September 2017</b> ASAF members discussed:</p> <ul style="list-style-type: none"> <li>(i) research by the New Zealand Accounting Standards Board on the views of investors about the usefulness of alternative performance measures; and</li> <li>(ii) feedback on the UK Financial Reporting Council’s Discussion Paper <i>Improving the Statement of Cash Flows</i>.</li> </ul> <p><b>July 2017</b> ASAF members discussed papers on:</p> <ul style="list-style-type: none"> <li>(i) the presentation of earnings before interest and tax (EBIT);</li> <li>(ii) the presentation of a management operating performance measure; and</li> </ul>	<p><b>July 2018</b> At this meeting staff will present an overview of the Board’s tentative decisions and are seeking advice on the next steps in the project.</p> <p><b>October 2018</b> Staff will discuss specific topics, depending on how the project has progressed.</p>
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Project	Project objective	Past ASAF input	Future ASAF input
		<p>(iii) the presentation of the share of profit or loss of associates and joint ventures.</p> <p><b>March 2017</b> ASAF members discussed the outcome of the initial research and proposed scope of the project.</p> <p><b>July 2016</b> 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><b>December 2015</b> ASAF members received a verbal update on the project.</p>	

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 Q3 2018.</p>	<p><b>July 2015</b> ASAF discussed the findings of the research work.</p> <p><b>September 2014</b> 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 Q3 2018.</p>	<p><b>April 2016</b> 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
<b>Standard-setting and related projects</b>			
Rate-regulated Activities	<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 will continue its discussions through the first half of 2018 before deciding to publish a second Discussion Paper or an Exposure Draft.</p>	<p><b>April 2018</b> ASAF members were updated on the Board's tentative decisions on two aspects of the accounting model being developed for defined rate regulation (the model):</p> <ul style="list-style-type: none"> <li>(i) unit of account and asset/liability definitions; and</li> <li>(ii) scope of the model.</li> </ul> <p>ASAF members were asked for advice on how best to communicate the Board's tentative decisions.</p> <p><b>September 2017</b> ASAF members discussed illustrative examples, exploring issues relating to measurement of the regulatory asset or liability.</p> <p><b>July 2017</b> ASAF members' advice on the draft model for accounting for rate-regulated activities was requested.</p> <p><b>March 2017</b> ASAF received an update on the Board's deliberations.</p> <p><b>December 2016</b> We asked ASAF's advice on the core principles and key features of the model.</p>	<p><b>October 2018</b> The staff will seek ASAF members' advice about how best to consult on the project moving forward.</p>
Management Commentary	To update the IFRS Practice Statement 1 <i>Management Commentary</i> issued in 2010	<p><b>December 2017</b> ASAF received an update on the Board's deliberations.</p>	The Board will seek input from ASAF as the project progresses

Project	Project objective	Past ASAF input	Future ASAF input
<b>Post-implementation reviews (PIR)</b>			
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>The Board plans to issue a Feedback Statement in H2 2018.</p>	<p><b>December 2017</b> We provided an overview of the responses to the Request for Information and asked ASAF members’ advice on the project’s next steps.</p> <p><b>July 2017</b> We requested ASAF members’ initial views on the Request for Information published May 2017.</p> <p><b>December 2016</b> We asked ASAF members’ advice on the scope of the second phase of the PIR of IFRS 13.</p>	<p>The Board has conclude its deliberations on this stage of the PIR.</p> <p>We do not expect to ask further advice from ASAF.</p>
Disclosure Initiative—Targeted Standards-level Review of Disclosures	<p>The Board is currently:</p> <ul style="list-style-type: none"> <li>developing guidance for the Board itself to use when developing and drafting disclosure requirements; and</li> <li>selecting one or two IFRS Standards on which to test that guidance.</li> </ul>	<p>The past ASAF input was provided on the Disclosure Initiative—Principles of Disclosure project (see above).</p> <p>The Board added the Targeted Standards-level Review of Disclosures project in response to feedback on the <i>Disclosure Initiative—Principles of Disclosure</i> Discussion Paper.</p>	<p><b>July 2018</b> At this meeting ASAF members’ advice is requested on:</p> <ul style="list-style-type: none"> <li>the Board’s process for developing and drafting disclosure requirements;</li> <li>which IFRS Standard(s) could be the subject of the Board’s targeted Standards-level review of disclosures, including ASAF members reasons for selecting these IFRS Standard(s).</li> </ul>

Project	Objective	Status	Next steps
<b>Maintenance projects</b>			
<b>Accounting Policies and Estimates<sup>1</sup></b> (Amendments to IAS 8)	The Board proposed clarifying the distinction between a change in accounting policy and a change in an accounting estimate—the two are accounted for differently	The Exposure Draft closed for comment on 15 January 2018.  ASAF members provided advice on the next steps in the project at its April 2018 meeting.	The Board will decide the project direction at a future meeting.
<b>Accounting Policy Changes</b> (Amendments to IAS 8)	The Board has tentatively decided to amend IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> 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 costs and benefits of applying the change retrospectively.	ASAF discussed the staff proposals at its July 2017 meeting.	Exposure Draft published in March 2018 with a comment letter deadline of 27 July 2018.
<b>Availability of a Refund</b> (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 or a surplus.	Issue an IFRS amendment.
<b>Classification of Liabilities</b> (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> .	Decide project direction in Q3 2018.

<sup>1</sup> Blue shading indicates projects that have been discussed with ASAF.

Project	Objective	Status	Next steps
<b>Maintenance projects</b>			
<b>Definition of a Business</b> (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 H2 2018.
<b>Disclosure Initiative— Definition of Material</b> (Amendments to IAS 1 and IAS 8)	The Board has proposed clarifying the definition of what information is material in preparing financial statements.	<b>December 2017</b> 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> .  <b>March 2015</b> Discussed as part of the Disclosure Initiative topic.	Decide project direction in June 2018.
<b>Improvements to IFRS 8 Operating Segments</b> (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.	During the meeting on 22 March 2018 the Board decided not to Amend IFRS 8.  At its December 2017 meeting ASAF provided advice on the project’s next steps.	Publish a Feedback Statement in H2 2018

Project	Objective	Status	Next steps
<b>Maintenance projects</b>			
<p><b>Property, Plant and Equipment—Proceeds before Intended Use</b> (Amendments to IAS 16)</p>	<p>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.</p>	<p>The Exposure Draft was discussed at the July 2017 ASAF meeting.</p> <p>The Board discussed a summary of the feedback on the exposure draft at its December 2017 meeting.</p>	<p><b>July 2018</b></p> <p>The staff are asking ASAF members for advice on the best course of action to follow on this project, considering the feedback received in comment letters and from additional outreach. We will provide ASAF members with an oral summary of comments received at the June Interpretations Committee meeting, at which we are seeking advice from the Committee</p>

Project	Objective	Status	Next steps
<b>Maintenance projects</b>			
<b>Next Annual Improvements Cycle</b>			
<b>Fees in the ‘10 per cent’ test for derecognition</b> (Amendments to IFRS 9)	The Board has tentatively decided to amend 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.
<b>Lease Incentives</b> (Amendments to IFRS 16 Illustrative Examples)	The Board has tentatively decided to amend Illustrative Example 13 accompanying IFRS 16 <i>Leases</i> as part of the next annual improvements to IFRS Standards. The proposed amendment would remove from the example the illustration of the reimbursement of leasehold improvements by the lessor.	At its meeting in May 2018, the Board tentatively decided to amend IFRS 16 as part of the next annual improvements cycle.	
<b>Subsidiary as a First-time Adopter</b> (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.	
<b>Taxation in Fair Value Measurements</b> (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 ASAF advice	How the advice is applied
<b>Rate-regulated Activities</b>		
<b>Unit of account and asset/liability definitions</b>	<p>Overall ASAF members thought the rationale supporting the unit of account provided in the agenda papers was consistent with the rationale provided for why the incremental rights and obligations meet the asset and liability definitions in the <i>Conceptual Framework for Financial Reporting</i>.</p> <p>ASAF members provided advice about how the rationale supporting what the economic resource in liability definition for rate-regulated activities could be improved.</p>	<p>The advice provided by ASAF members will be used in drafting the next due process document and supporting materials.</p>
<b>Scope</b>	<p>ASAF members provided advice on the Board’s tentative decision that the accounting model for rate-regulated activities should apply to defined rate regulation.</p> <p>ASAF members noted the importance:</p> <ul style="list-style-type: none"> <li>(i) of the regulatory framework being enforceable/binding on both the entity and the rate regulator, and that a rate-adjustment mechanism of the type specified exists; and</li> <li>(ii) of the scope referring to activities rather than industries because this provides a principle that focuses on the contents of the regulatory agreement.</li> </ul>	
<b>Communication</b>	<p>ASAF members provided advice on:</p> <ul style="list-style-type: none"> <li>(i) The importance of developing “plain English” communications materials to help stakeholders understand the characteristics of defined rate regulation and determine whether the activity is within the scope of the model.</li> <li>(ii) The need for illustrative examples.</li> <li>(iii) Staff outreach: that the staff reach out to entities close to the boundary of the scope of the model and regulators.</li> </ul>	

<b>Disclosure Initiative – Principles of Disclosure</b>		
<p><b><i>Location of information—IFRS information outside the financial statements</i></b></p>	<p>ASAF members commented on the application of the term ‘annual report’ to their jurisdiction, some members noted the term is defined in their jurisdiction.</p> <p>Many ASAF members agreed with the use of cross-referencing, however some members expressed concern about:</p> <ul style="list-style-type: none"> <li>(i) whether cross-referencing would make it difficult to identify the complete set of information that makes up the financial statements; and</li> <li>(ii) the audit implications of cross-referencing.</li> </ul> <p>There were mixed views on the four potential solutions that the staff identified to address concerns about providing IFRS information outside the financial statements.</p>	<p>To be discussed with the Board at its July 2018 meeting.</p>
<p><b><i>Location of information—non-IFRS information inside the financial statements</i></b></p>	<p>There were mixed views from ASAF members on whether the Board should define non-IFRS information.</p> <p>Some ASAF members suggested an alternative to defining non-IFRS information was to develop principles to address issues that could arise from entities providing in their financial statements additional information that is not necessary to comply with IFRS Standards.</p>	
<p><b><i>Accounting policy disclosures</i></b></p>	<p>Some ASAF members commented that the Board’s recent publication to help entities apply judgment about materiality will also be helpful to entities in deciding which accounting policies to disclose.</p> <p>There were mixed views among ASAF members regarding the need to develop guidance for entities on which accounting policies to disclose. Some ASAF members suggested developing education materials as an alternative.</p>	

<b>Commodity loans and related transactions</b>		
<b>Transactions</b>	ASAF members discussed the extent that entities in their jurisdictions enter into transactions involving commodities, digital currencies, emissions allowances and other assets such as artwork held for investment purposes and/or for use in a similar way to cash.	
<b>Possible standard-setting</b>	<p>ASAF members discussed potential standard-setting alternatives:</p> <ul style="list-style-type: none"> <li>(i) An investments Standard;</li> <li>(ii) A Standards-based project: Characteristics of transactions; and</li> <li>(iii) An IAS 8 project: Characteristics of transactions.</li> </ul> <p>ASAF members views were mixed between alternatives (i) and (ii); members generally did not support alternative (iii).</p>	<p>Include in the Emerging Economies Group agenda paper 2, May 2018.</p> <p>To be discussed with the Board at its July 2018 meeting.</p>
<b>Accounting Policies and Accounting Estimates (Amendments to IAS 8)</b>		
<b>Next steps for the project</b>	<p>ASAF members' views were sought on whether to include illustrative examples, as requested by some respondents to the Exposure Draft <i>Accounting Policies and Accounting Estimates</i> (Proposed amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>) in September 2017.</p> <p>ASAF members acknowledge the difficulties in developing illustrative examples, but did not support the example proposed in the agenda paper.</p> <p>ASAF members recommended that the Board proceed with the proposed amendments.</p>	<p>The advice will be considered by the Board when it discusses the next steps to this project.</p>

<b>Goodwill and Impairment</b>		
<p><b><i>Simplifying the value in use calculation, improving disclosure, and amortisation of goodwill</i></b></p>	<p>ASAF members were generally supportive of the Board’s tentative decisions on simplifying the value in use calculation and improving disclosure about business combinations.</p> <p>There was a mixed response from ASAF members about Board’s tentative decision not to propose reintroducing amortisation of goodwill. Some ASAF members suggested that the Board should ask stakeholders in a Discussion Paper for feedback about whether to reintroduce amortisation of goodwill.</p>	<p>Advice incorporated into agenda paper 18C, June 2018, Board meeting.</p>
<p><b><i>Using movements in headroom in testing goodwill for impairment (headroom approach)</i></b></p>	<p>ASAF members expressed concerns that the headroom approach would lead to the additional costs and provided examples of those additional costs. Overall ASAF members did not support the headroom approach.</p> <p>Many ASAF members emphasised that focusing on improving disclosure about acquisitions would be more useful than focusing on unrecognised headroom.</p>	<p>To be discussed with the Board at its July 2018 meeting.</p>
<p><b><i>Intangible assets</i></b></p>	<p>ASAF members expressed mixed views about separate recognition of intangible assets acquired in a business combination, including:</p> <ul style="list-style-type: none"> <li>(i) support for simplifying the process of identifying and measuring intangible assets in a business combination;</li> <li>(ii) the view that only legally-protected intangible assets should be recognised separately from goodwill;</li> <li>(iii) the view that, rather than recognising all identifiable intangible assets in a business combination, it would be better to consider an increased materiality threshold such as separately recognising only legally-protected intangibles or only intangibles with significant value to the business; and</li> <li>(iv) the importance of disclosures.</li> </ul>	<p>Advice incorporated in agenda paper 18D, June 2018, Board meeting.</p>

<b>Primary Financial Statements</b>		
<p><b><i>Approach for financial entities</i></b></p>	<p>Most ASAF members were of the view that the subtotals the Board has tentatively decided to require for non-financial entities—ie ‘profit before investing, financing and income tax’ and ‘profit before financing and income tax’ (EBIT)—would not provide useful information for financial entities, because investing and financing activities are usually part of their core activities.</p> <p>ASAF members suggested alternative approaches:</p> <ul style="list-style-type: none"> <li>(i) exploring defining and requiring alternative subtotals that are commonly used in practice by financial entities, such as net interest margin and operating profit.</li> <li>(ii) allowing entities not to present the proposed subtotals if an alternative approach is more useful.</li> </ul>	<p>Advice incorporated into agenda paper 21A, June 2018, Board meeting.</p>
<p><b><i>Guidance on aggregation and disaggregation</i></b></p>	<p>Some ASAF members supported the criteria suggested in the agenda papers to determine whether a by-function or by-nature presentation provides the most useful information about an entity’s business. Other ASAF members suggested an alternative approaches including:</p> <ul style="list-style-type: none"> <li>(i) an approach that consists of identifying some specific line items that are typically highly aggregated (eg cost of goods sold) and requiring entities to provide an analysis of these line items.</li> <li>(ii) allowing entities to use a mixed presentation that combines by-nature and by-function line items.</li> <li>(iii) requiring a primary analysis of expenses by nature or by function, but should have flexibility to determine how they disaggregate this information further, for example by segment</li> </ul> <p>ASAF members expressed mixed views on the recommendation in the agenda paper to introduce quantitative thresholds to promote more disaggregation.</p>	<p>Advice incorporated into agenda paper 21A and 21B May 2018, Board meeting.</p>

<b>IFRS Foundation <i>Due Process Handbook</i> – Review</b>		
<b>Recommendations</b>	<p>The IASB staff presented an update on the Trustees’ Review of the <i>Due Process Handbook</i> (DPH) and asked ASAF members for their views on its scope.</p> <p>ASAF member supported the scope of the review and made a number of suggestions for topics that the DPH should incorporate.</p> <p>An ASAF member emphasised the importance of balancing improvements to the Board’s already transparent processes and the Board’s ability to respond to stakeholder needs in a timely manner.</p>	Included in the reports to the Due Process Oversight Committee, June 2018.
<b>Project updates and agenda planning</b>		
<b>Research Pipeline Update</b>	<p>The ASAF members’ provided advice on whether the post-implementation reviews 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> should be undertaken as one project or two or more projects.</p> <p>There was support for starting the project as soon as possible as one project but members highlighted outstanding issues associated with the Equity Method of Accounting. Thus, they suggested that if resources were short then the PIR of IFRS 11 (and the related disclosures in IFRS 12) should be prioritised.</p>	IASB agenda paper 8, June 2018, Board meeting.