

STAFF PAPER

October 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 December 2018 Accounting Standards Advisory Forum (ASAF) meeting;
 - (b) provide ASAF with a short update on the International Accounting Standards Board's (Board) technical projects; and
 - (c) provide ASAF members with feedback on how the staff and the Board have considered (or will consider) the advice given at the July 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 December 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 July 2018 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 December 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
October 2018 (Actual)	Financial Instruments with the Characteristics of Equity – Introduced by Asian-Oceanian Standard-setters Group.
	IFRS 3 <i>Business Combinations</i> reference to the <i>Conceptual Framework</i>
	Extended External Reporting—New Zealand Accounting Standard Board
	Rate-regulated Activities
	Extractive Activities
	Accounting Policies and Accounting Estimates (Amendments to IAS 8)
	Project update – including updates on the Goodwill and Impairment, and Disclosure Initiative—Targeted Standards-level Review of Disclosures projects.
December (Proposed)	Better Communication—Primary Financial Statements
	Management Commentary Practice Statement
	Business Combinations under Common Control
	Pension Benefits that Depend on Asset Returns
	Provisions research project
	Financial Instruments with Characteristics of Equity

Project	Project objective	Past ASAF input	Future ASAF input
Research Projects			
<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 business 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 H2 of 2019.</p>	<p>July 2018 ASAF members discussed the findings from the Hong Kong Institute of Certified Public Accountants (HKICPA) and Organismo Italiano di Contabilità (OIC) in their research survey with investors on BCUCC.</p> <p>ASAF members’ advice was requested on the approaches developed by staff for transactions within the scope of the project.</p> <p>December 2017 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>April 2016 We asked for ASAF members’ comments on the proposed direction of the project.</p> <p>December 2015 The 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 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>December 2018 Staff will provide an update on the project and seek ASAF members’ views on topics to be discussed by the Board.</p>

Project	Project objective	Past ASAF input	Future ASAF input
<p>Disclosure Initiative— Principles of Disclosure</p>	<p>The Board has added separate projects to its agenda to:</p> <ul style="list-style-type: none"> (a) develop guidance to help improve the way the Board drafts disclosure requirements in IFRS Standards and perform a targeted Standards-level review of disclosure requirements; and (b) develop guidance and examples to help entities apply materiality judgements to accounting policy disclosure. <p>The Board plans to publish a summary of the research findings from the Principles of Disclosure project.</p>	<p>April 2018 ASAF members provided advice on the following topics:</p> <ul style="list-style-type: none"> (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>December 2017 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>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>The Board has decided how it is going to address the feedback to the Discussion Paper.</p> <p>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 publish a Discussion Paper in 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 or through outreach activities.</p>	<p>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 objective of this project is to improve the information that companies provide in their financial statements about financial instruments they have issued, by:</p> <p>(a) investigating challenges with the classification of financial instruments applying IAS 32 Financial Instruments: Presentation; and</p> <p>(b) considering how to address those challenges through clearer principles for classification and enhanced requirements for presentation and disclosure.</p> <p>The Board published a Discussion Paper in June 2018. The Discussion Paper is open for comment until 7 January 2019.</p>	<p>July 2018 An education session was held for ASAF members on the Discussion Paper <i>Financial Instruments with Characteristics of Equity</i>.</p> <p>March 2017 ASAF members 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 members’ advice on the project outreach and messaging.</p> <p>July 2016 We asked ASAF members’ advice on how to apply the ‘no practical ability to avoid’ concept to classification of liabilities and equity.</p> <p>March 2015 ASAF members discussed examples of financial instruments with characteristics of equity.</p> <p>ASAF members also discussed the feedback on EFRAG’s Discussion Paper <i>Classification of Claims</i>.</p> <p>September 2014 We asked ASAF members’ advice on which of two broad alternatives it should pursue when proceeding with the project.</p>	<p>October 2018 We will provide an opportunity for ASAF members to share initial views on the proposals in the Discussion Paper.</p> <p>December 2018 We will discuss with ASAF members their views on the Discussion Paper.</p>

<p>Goodwill and Impairment</p>	<p>Following feedback from the Post-implementation Review of IFRS 3 <i>Business Combinations</i>, the Board is investigating making improvements to IFRS 3 and IAS 36 <i>Impairment of Assets</i>.</p> <p>The Board has finalised its discussion on the objectives for the next stage of this research in the light of findings from the research performed to date and is now exploring possible improvements to disclosures about acquisitions and possible simplifications to the accounting for goodwill and the impairment test.</p> <p>The Board plans to publish a Discussion Paper, the timing of which is yet to be determined</p>	<p>July 2018 ASAF members were asked for their views on proposed disclosure improvements and their ideas on how to improve disclosures about business combinations, goodwill and impairment of goodwill.</p> <p>April 2018 ASAF members’ advice was requested on:</p> <ul style="list-style-type: none"> (a) 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). (b) the requirement in IFRS 3 <i>Business Combinations</i> to recognise all identifiable intangible assets acquired in a business combination separately from goodwill. <p>September 2017 ASAF members discussed:</p> <ul style="list-style-type: none"> (a) proposals in the EFRAG Discussion Paper <i>Goodwill Impairment Test: Can it be improved?</i>; and (b) staff proposals to improve the effectiveness measures for the impairment test. <p>July 2017 ASAF members discussed two papers by the Accounting Standards Board of Japan (ASBJ):</p> <ul style="list-style-type: none"> (a) Possible Approaches to Addressing the Too-Little-Too-Late issue; (b) Research Paper No.3: <i>Analyst Views on Financial Information about Goodwill</i>. <p>In addition, ASAF members discussed staff proposals for simplifying and improving the impairment test model.</p> <p>July 2016 ASAF members discussed findings from the research on Goodwill and Impairment undertaken by the ASBJ and European Financial Reporting Advisory Group (EFRAG).</p>	<p>October 2018 An update on the project will be presented.</p>
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Project	Project objective	Past ASAF input	Future ASAF input
Goodwill and Impairment (continued)		<p>December 2015 We asked ASAF members for advice on the Board’s tentative decisions from meetings in October and November 2015.</p>	
IBOR Reform and the Effects on Financial Reporting	<p>The Board is exploring the possible effects on financial reporting of interbank offered rate (IBOR) reform.</p>	<p>New project</p>	<p>We will determine when best to ask for ASAF members’ advice after we have completed our initial research.</p>
Primary Financial Statements	<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>July 2018 ASAF members provided advice on whether to move this project from the Board’s research agenda to the standard-setting agenda.</p> <p>April 2018 At the April meeting the staff:</p> <ul style="list-style-type: none"> (a) asked for ASAF members’ advice on possible improvements to the statement(s) of financial performance for financial institutions; (b) 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 (c) 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. <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>December 2018 Staff will discuss specific topics, depending on how the project has progressed.</p>

Project	Project objective	Past ASAF input	Future ASAF input
Primary Financial Statements (continued)		<p>September 2017 ASAF members discussed:</p> <ul style="list-style-type: none"> (a) research by the New Zealand Accounting Standards Board on the views of investors about the usefulness of alternative performance measures; and (b) feedback on the UK Financial Reporting Council’s Discussion Paper <i>Improving the Statement of Cash Flows</i>. <p>July 2017 ASAF members discussed papers on:</p> <ul style="list-style-type: none"> (a) the presentation of earnings before interest and tax (EBIT); (b) the presentation of a management operating performance measure; and (c) the presentation of the share of profit or loss of associates and joint ventures. <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>	

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 Q4 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>	<p>The Board has completed its assessment of these projects and plans no further work.</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>April 2016 We asked ASAF’s advice on the possible next steps in this project.</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 other projects			
<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 will continue its discussions before deciding to publish a second Discussion Paper or an Exposure Draft.</p>	<p>April 2018 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): (a) unit of account and asset/liability definitions; and (b) scope of the model.</p> <p>ASAF members were asked for advice on how best to communicate the rationale for the Board's tentative decisions.</p> <p>September 2017 ASAF members discussed illustrative examples, exploring issues relating to the measurement of regulatory assets or regulatory liabilities.</p> <p>July 2017 ASAF members' advice on the draft model 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>October 2018 We are seeking advice from ASAF members on identifying a disclosure objective and related disclosure requirements for the model.</p>
<p>Management Commentary</p>	<p>To update IFRS Practice Statement 1 <i>Management Commentary</i> issued in 2010. In undertaking the project, the Board will consider how broader financial reporting could complement and support IFRS financial statements.</p>	<p>December 2017 ASAF received an update on the Board's deliberations.</p>	<p>December 2018 We will discuss with ASAF members our research findings to date.</p>

Project	Project objective	Past ASAF input	Future ASAF input
Disclosure Initiative— Targeted Standards-level Review of Disclosures	The Board is currently: (a) developing guidance for the Board itself to use when developing and drafting disclosure requirements; and (b) testing that guidance by applying it to IAS 19 <i>Employee Benefits</i> and IFRS 13 <i>Fair Value Measurement</i> .	July 2018 ASAF members provided advice on: (a) the Board’s process for developing and drafting disclosure requirements; and (b) 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).	Future ASAF input on the Targeted Standards-level Review of Disclosures will be sought on proposed amendments to the disclosure requirement in IAS 19 and IFRS 13.
Disclosure Initiative— Accounting Policies	To develop guidance and examples to help entities apply materiality judgements to accounting policy disclosure.	New project.	We will determine when best to ask for ASAF members’ advice after we have completed our initial research.
Disclosure Initiative— Definition of Material (Amendments to IAS 1 and IAS 8)	To clarify the definition of what information is material in preparing financial statements.	December 2017 We asked for ASAF members’ views on the Exposure Draft <i>Disclosure Initiative— Definition of Material (Proposed amendments to IAS 1 and IAS 8)</i> . March 2015 Discussed as part of the Disclosure Initiative topic.	We are not seeking further input from the ASAF. We plan to issue an Amendment in Q4 2018.

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 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>December 2017 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>July 2017 We requested ASAF members’ initial views on the Request for Information published May 2017.</p> <p>December 2016 We asked ASAF members’ advice on the scope of the second phase of the PIR of IFRS 13.</p>	<p>The Board has concluded its deliberations on the PIR. It plans to publish a Report and Feedback Statement later in 2018.</p> <p>We do not expect to ask further advice from ASAF.</p>

Project	Objective	Status/ASAF discussions	Next steps
Maintenance projects			
<i>Projects highlights in [] have been or will be discussed at ASAF meetings.</i>			
Accounting Policies and Estimates (Amendments to IAS 8)	To clarify 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.	October 2018 We are asking ASAF members for views on the proposed course of action to respond to feedback received on the Exposure Draft—in particular regarding the definitions of accounting estimates and accounting policies as proposed in the Exposure Draft.
Accounting Policy Changes (Amendments to IAS 8)	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.	The Exposure Draft closed for comment on 27 July 2018. ASAF discussed the staff proposals at its July 2017 meeting.	The Board will consider the feedback on the Exposure Draft at a future date.
Availability of a Refund (Amendments to IFRIC 14)	To amend IFRIC 14 to clarify the accounting when other parties have rights to make particular decisions about a company's defined benefit plan.	The Board will continue its discussions at a future meeting.	Issue an IFRS amendment.
Classification of Liabilities (Amendments to IAS 1)	To clarify whether companies classify debt as current or non-current in particular situations.	The Board will commence discussions in Q3 2018.	Decide project direction in Q3 2018.
Costs Considered in Assessing whether a Contract is Onerous (Amendment to IAS 37)	To clarify the meaning of the term 'unavoidable costs' in the definition of an onerous contract.	At its meeting in July 2018, the Board tentatively decided to propose a narrow-scope amendment to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> to address this matter.	Issue an Exposure Draft in Q4 2018.

Project	Objective	Status/ASAF discussions	Next steps
Maintenance projects			
<i>Projects highlights in [] have been or will be discussed at ASAF meetings.</i>			
Definition of a Business (Amendment to IFRS 3)	To clarify 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 Q3 2018.
Improvements to IFRS 8 Operating Segments (Proposed amendments to IFRS 8 and IAS 34)	To clarify the meaning of ‘chief operating decision maker’ and to improve the disclosure requirements for operating segments.	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 Q4 2018.
Property, Plant and Equipment—Proceeds before Intended Use (Amendments to IAS 16)	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.	July 2018 ASAF members provided advice on the next steps for this project taking into consideration the feedback received in comment letters and from additional outreach. July 2017 ASAF members discussed the Exposure Draft proposals. The Board discussed a summary of the feedback on the Exposure Draft at its December 2017 meeting.	The Board will consider feedback on the Exposure Draft at a future date.

Project	Objective	Status/ASAF discussions	Next steps
Maintenance projects			
<i>Projects highlights in [] have been or will be discussed at ASAF meetings.</i>			
Next Annual Improvements Cycle			
Fees in the ‘10 per cent’ test for derecognition (Amendments to IFRS 9)	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.	Issue an Exposure Draft. The timing of publication of the proposed amendments depends on the identification of other matters for inclusion in the annual improvements process.
Lease Incentives (Amendments to IFRS 16 Illustrative Examples)	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 Illustrative Example 3 accompanying IFRS 16 as part of the next annual improvements cycle.	
Subsidiary as a First-time Adopter (IFRS 1)	To amend 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)	To amend 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
Business Combinations under Common Control		
<p>Summary of Joint Investor Survey</p>	<p>The Hong Kong Institute of Certified Professional Accountants (HKICPA) and Organismo Italiano di Contabilità (OIC) presented the results of a survey undertaken to:</p> <ul style="list-style-type: none"> • understand whether investors assess the underlying substance of mergers and acquisitions under common control (business combinations under common control) differently from mergers and acquisitions between third parties; and • explore the factors that could indicate the differences in the underlying substance of BCUCC contrasted with the underlying substance of mergers and acquisitions between third parties. <p>ASAF members generally indicated that they found the survey findings interesting and suggested the findings could be useful to the Board’s BCUCC project.</p>	
<p>Measurement approaches for transactions within the scope</p>	<p>Some ASAF members agreed with the staff’s initial assessment that a current value measurement approach would provide the most useful information to non-controlling shareholders (NCI) in the receiving entity. ASAF members made the following suggestions:</p> <ol style="list-style-type: none"> (a) The staff’s assessment should be supported by further discussion and analysis of why a current value measurement approach would provide the most useful information. (b) It is important to consider whether particular characteristics of NCI (eg size or nature) would affect the selection of the appropriate measurement approach. (c) The measurement approach selected needs to be the approach that provides the most useful information for all primary users of the receiving entity’s financial statements, including the controlling party. <p>Some ASAF members noted that in many jurisdictions there are laws and regulations that protect NCI and therefore it is reasonable to assume that BCUCC take place on market terms or that the NCI has remedy rights.</p> <p>One ASAF member did not agree with the use of a current value measurement approach for BCUCC transactions. The member supported the concern that measurement</p>	<p>The staff will consider ASAF members’ views as it develops recommendations for the Board.</p>

Topic	Summary of ASAF advice	How the advice is applied
	<p>uncertainty can arise in a current value measurement approach. The member also disagreed with recognising goodwill in a BCUCC because these transactions may not take place at fair value therefore any goodwill recognised would reflect the measurement uncertainty relating to the measurement of the fair value of the consideration.</p> <p>A member suggested that the measurement approach should be selected by considering whether the transaction has economic substance.</p> <p>A member suggested that if the current value measurement approach is used for BCUCC, additional disclosures (eg explaining the purpose of the transaction and valuation assumptions) should be provided to help users of financial statements understand the transaction.</p>	
<p>Primary Financial Statements</p>		
	<p>The purpose of this session was to seek ASAF members’ advice on moving the Primary Financial Statements project from the Board’s research agenda to its standard-setting agenda.</p> <p>ASAF members said that they thought the project has met the due process criteria for moving to standard-setting.</p> <p>ASAF members had differing views on whether the first due process document should be a Discussion Paper or an Exposure Draft.</p>	<p>The Board is discussing this topic and considering ASAF advice in September 2018 (Agenda Paper 21E).</p>
<p>Better Communication–Draft Framework for Reporting Performance Measures</p>		
	<p>ASAF members were asked to provide feedback on the Accounting Standards Board of Canada (AcSB’s) Draft Framework for Reporting Performance Measures. ASAF members expressed support of the draft Framework and encouraged the AcSB to continue its work.</p>	<p>The work is relevant to the Management Commentary Practice Statement project.</p>

Topic	Summary of ASAF advice	How the advice is applied
Property, Plant and Equipment (PPE): Proceeds before Intended Use		
	<p>ASAF members were asked for advice on the possible ways forward regarding the Exposure Draft (ED) <i>Property Plant and Equipment—Proceeds before Intended Use</i> (proposed amendments to IAS 16).</p> <p>Many ASAF members supported proceeding with approach 3 outlined in agenda papers 4, 4A and 4B that proposed the Board proceed with additional disclosure requirements and consider possible alternative standard-setting approaches (for example, (i) clarify when an item of PPE is available for use; or (ii) address the matter within the Board's research project on Extractive Activities).</p> <p>ASAF members made the following comments:</p> <ul style="list-style-type: none"> (a) One member outlined the prevalence and materiality of the matter for its jurisdiction's extractive entities; in contrast another member noted the matter was not prevalent in its jurisdiction. (b) One member said such proceeds could be material for junior mining entities but may not be material for larger mining entities. (c) Another member suggested that the Board perform an effect analysis to clarify the materiality of the matter. 	<p>The staff will incorporate the advice received when it discusses the project direction with the IFRS Interpretations Committee and the Board, expected to be Q4 2018.</p>
Goodwill and Impairment		
<p>Disclosure approaches that the Board tentatively decided to consider</p>	<p>ASAF members expressed mixed views about approaches that the Board tentatively decided to consider to improve disclosure requirements for business combinations, goodwill and impairment.</p> <p>Some ASAF members recommended separating the improvements to disclosures into two separate categories, depending on whether the objective is to provide information about:</p> <ul style="list-style-type: none"> (a) the acquisition and whether it has been a success; or (b) the impairment test. 	<p>Feedback from ASAF will be incorporated into the Board papers for the October 2018 Board meeting.</p>

Topic	Summary of ASAF advice	How the advice is applied
	<p>Several ASAF members were supportive of disclosing the reasons for payment of premium together with the key targets or assumptions supporting the acquisition of actual performance to those target assumptions. However, members commented:</p> <ul style="list-style-type: none"> (a) tracking an acquisition would be difficult and costly if the acquired business has been integrated into the acquirer’s other businesses. (b) the information could be commercially sensitive and one member stated that as a consequence entities may provide only boilerplate information. (c) the ability to verify the information. <p>Most ASAF members generally did not support disclosing a breakdown of goodwill by past acquisition, expressing the following concerns:</p> <ul style="list-style-type: none"> (a) whether companies are able to track goodwill by past acquisition if the acquired business has been integrated with an existing business; (b) the costs involved; and (c) whether this information would provide benefits to users of financial statements. <p>Most ASAF members did not support disclosing headroom each year, mainly because it might mean having to disclose the value of a segment or of the whole entity, and this information would be sensitive. In addition, one member commented that disclosing the value of the whole entity is not necessary to meet the objective of general purpose financial reporting in the <i>Conceptual Framework</i>.</p>	
<p>Other additional possible disclosures or suggestions to improve disclosure requirements about business combinations, goodwill and impairment</p>	<p>A member expressed concerns about disclosing the revenue and operating profit of the acquired business. He emphasised that this could be misleading since this information relates only to the acquired business and could ignore synergies with other parts of the existing business.</p> <p>There was limited support for the disclosure of total net assets less goodwill because currently this information is readily available for users.</p> <p>ASAF member suggestions included:</p> <ul style="list-style-type: none"> (a) exploring providing the disclosures at the operating segment level. 	<p>Feedback from ASAF will be incorporated into the Board papers for the October 2018 Board meeting.</p>

Topic	Summary of ASAF advice	How the advice is applied
	<ul style="list-style-type: none"> (b) disclosing how changes in the business environment or management strategy have affected management’s estimates of value in use. (c) disclosure of the reason why an entity has chosen a particular assumption when applying IAS 36 <i>Impairment of Assets</i> is more important than disclosure of what the assumption is for growth rate or discount rate. (d) a disclosure based on concepts similar to those underlying a subsequent cash flow test used in former UK Standard FRS 11 <i>Impairment of Fixed Assets and Goodwill</i> but rejected by the Board when developing the amendments made to IAS 36 in 2004. (e) information about the payback period of the acquisition can be useful for assessing stewardship. 	
<p>Better Communication–Targeted Standards-level review of Disclosures</p>		
<p>Guidance for the Board</p>	<p>In relations to the proposals for Guidance for the Board, ASAF members’ comments included:</p> <ul style="list-style-type: none"> (a) users should be asked <i>why</i> they need the requested information and <i>how</i> they expect to use it. (b) the sub-steps within the process for developing the content of disclosure objectives and requirements should be applied in an iterative and flexible way, rather than a mechanical way. (c) there might be instances where repeating, duplicating or having multiple similar disclosure requirements across IFRS Standards would be necessary. Consequently, the Board should not be strict in avoiding these cross-standard disclosure requirements. (d) the Board should ask preparers to perform a field-test of proposed disclosure objectives and requirements. 	<p>The Board discussed this topic at its July 2018 meeting, agenda paper 11B. We will provide the ASAF members with an update of this project at its meeting in October 2018.</p>

Topic	Summary of ASAF advice	How the advice is applied
Selecting Standard(s) for Review	ASAF members expressed mixed views on which of the shortlisted Standards the Board should select for review. The notes of the ASAF meeting include a table summarising the Standards that ASAF members supported for the targeted standards-level review of disclosure requirements.	ASAF members views were discussed with the Board at its July 2018 meeting as part of agenda paper 11D.
Accounting for pensions – hybrid plans		
	The AcSB member presented agenda paper 7, Research on Pensions: Hybrid Plans, which summarised the results of a research project led by the AcSB. ASAF members noted the existence of hybrid plans varies by jurisdiction.	This topic is not currently on the Board’s agenda. The topic will be discussed as part of the Research Update at the Board’s September 2018 meeting.