

## STAFF PAPER

April 2020

## Accounting Standards Advisory Forum

|                    |  |  |  |
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| <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 provide ASAF members:
  - (a) with a short update on the International Accounting Standards Board's (Board) technical projects;
  - (b) with feedback on how the staff and the Board have considered (or will consider) the advice given at the December 2019 ASAF meeting; and
  - (c) discuss future ASAF meeting agendas.

**Project update and agenda planning**

2. There are three appendices to this paper:
  - (a) Appendix A sets out the current status of the Board's research and standard-setting projects, and a forecast status as at July 2020.
  - (b) Appendix B is an update of the Board's work plan and includes details of advice previously requested from ASAF. Further details of the projects are available on the IFRS Foundation website.
  - (c) Appendix C sets out a table summarising the feedback from the December 2019 ASAF meeting and how the staff or the Board have considered (or will consider) this feedback.
3. The staff have not included an agenda for the ASAF meeting scheduled for 9—10 July 2020 because we wish to discuss with ASAF members whether to hold a meeting.

4. As demonstrated in the table in Appendix A, the Board envisages its research and standard-setting projects will be: (i) out for comment (eg, Goodwill and Impairment, Business Combinations under Common Control); or (ii) nearing completion of the project's consultation document (eg, Management Commentary, Rate-regulated Activities, Post-implementation Reviews).
5. In view of the above, we are asking for ASAF members' views on whether to hold a meeting in July 2020, or if members would prefer to cancel the meeting. In making this decision ASAF members should be aware the next ASAF meeting would be 1—2 October 2020.

#### **Questions to ASAF members**

1. What are ASAF members' views on whether to hold a meeting in July 2020?
2. Do ASAF members have any comments on the update of the Board's work plan (Appendix B)?
3. Do ASAF members have any comments on how the feedback to the December 2019 has (or will) be used by the Board (Appendix C)?

## Current and expected status of the Board's research and standard-setting projects

ASAF Agenda ref 5  
Appendix A

| Project  | Current stage                    | Next milestone                            | Expected status at July 2020  |
|--|----------------------------------|---|---|
| Business Combinations under Common Control                 | Drafting Discussion Paper        | Discussion Paper Q2 2020                  | Discussion Paper open for comment                                     |
| Dynamic Risk Management                                    | Designing outreach               | Core Model Outreach Q2 2020               | Field testing of core model   |
| Extractive Activities                                      | Research                         | Review Research                           | Depending on research findings discussing project scope               |
| Financial Instruments with Characteristics of Equity       | Research                         | Decide Project Direction H2 2020          | Considering feedback from outreach, including April 2020 ASAF meeting |
| Goodwill and Impairment                                    | Drafting Discussion Paper        | Discussion Paper March 2020               | Discussion Paper open for comment                                     |
| Pension Benefits that Depend on Asset Returns              | Research                         | Review Research                           | Research  |
| Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12 | Research                         | Review Research                           | Drafting Request for Information                                      |
| 2020 Agenda Consultation                                   | Drafting Request for Information | Request for Information H2 2020           | Drafting Request for Information                                      |
| Management Commentary                                      | Board deliberations              | Exposure Draft H2 2020                    | Board deliberations   |
| Primary Financial Statements                               | Exposure Draft open for comment  | Exposure Draft Feedback                   | Comment period closed   |
| Rate-regulated Activities                                  | Drafting Exposure Draft          | Exposure Draft H2 2020                    | Drafting Exposure Draft   |
| Disclosure Initiative—Subsidiaries that are SMEs           | Developing consultation document | Decide Discussion Paper or Exposure Draft | Board deliberations   |

Standard-setting Projects

Research Projects

Other Project

| Project   | Project objective  | Past ASAF advice   |
|---|--|--|
| <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 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 Q2 2020.</p> | <p><b>July 2019</b><br/>ASAF members provided views on the staff’s analysis of when a current value approach and a predecessor approach should be used for BCUCC. Members also provided views on particular aspects of both approaches.</p> <p><b>April 2019</b><br/>ASAF members provided views on the accounting approach to BCUCC between entities that are wholly owned by the controlling party, including transactions that affect lenders and other creditors in the receiving entity and those undertaken in preparation for an initial public offering.</p> <p><b>December 2018</b><br/>ASAF members provided views on whether a current value approach should be applied to all BCUCC that affect non-controlling shareholders and if not, how that distinction should be made.</p> <p><b>July 2018</b><br/>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 provided advice on the approaches developed by staff for transactions within the scope of the project.</p> <p><b>December 2017</b><br/>ASAF members discussed the:<br/>(a) clarifications of the scope of the project; and<br/>(b) factors to consider in selecting an appropriate accounting method for transactions within the scope of the project.</p> <p><b>April 2016</b><br/>ASAF members commented on the proposed direction of the project.</p> <p><b>December 2015</b><br/>The HKICPA presented a paper on how BCUCC are accounted for in Hong Kong.</p> |

| Project   | Project objective   | Past ASAF advice  |
|---|---|---|
| <p>Business Combinations under Common Control (BCUCC)</p> |   | <p>ASAF members discussed how the predecessor method should be applied when a BCUCC takes place.</p> <p><b>March 2015</b><br/>ASAF members discussed 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>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 start outreach on the core model to gather stakeholders’ views in Q2 2020.</p> | <p><b>October 2019</b><br/>ASAF members provided feedback on the overview of the core model being developed by the Board.</p> <p><b>March 2017</b><br/>ASAF discussed the research findings from the work undertaken by the European Financial Reporting Advisory Group (EFRAG).</p> <p><b>April 2016</b><br/>ASAF received an update on the project and the plans for future deliberations.</p> <p><b>July 2015</b><br/>ASAF provided advice on additional information needs relating to an entity’s dynamic interest rate risk management activities not identified through comment letters on the Discussion Paper <i>Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging</i>, or through outreach activities.</p> |

| Project   | Project objective  | Past ASAF advice   |
|---|--|--|
| <p>Extractive Activities</p>                                | <p>The Board has started work on its research project on extractive activities. This research project aims to gather evidence to help the Board decide whether to start a project to develop proposals on accounting requirements that would amend or replace IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>.</p> <p>Before deciding the scope and direction of this research project, the Board has asked those national standard-setters who contributed to a Discussion Paper <i>Extractive Activities</i> about extractive activities to make the Board aware of any developments since the paper's publication in 2010.</p>  | <p><b>October 2018</b><br/>ASAF members provided advice on:</p> <ul style="list-style-type: none"> <li>(a) significant changes in extractive activities in their jurisdiction since the Board issued the 2010 Discussion Paper <i>Extractive Activities</i> that they think the Board should be aware of as it starts its research; and</li> <li>(b) views on whether users understand the diversity of accounting practice for extractive activities and how they address this diversity.</li> </ul>      |
| <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> <ul style="list-style-type: none"> <li>(a) investigating challenges with the classification of financial instruments applying IAS 32 <i>Financial Instruments: Presentation</i>; and</li> <li>(b) considering how to address those challenges through clearer principles for classification and enhanced requirements for presentation and disclosure.</li> </ul> <p>The Board published a Discussion Paper <i>Financial Instruments with Characteristics of Equity</i> in June 2018.</p> <p>The Board has discussed the comments received on the Discussion Paper. At its September 2019 meeting, the Board tentatively decided to consider making clarifying amendments to IAS 32. The Board will decide the project direction in the second half of 2020.</p> | <p><b>October 2019</b><br/>ASAF members shared their views on the tentative direction of the project.</p> <p><b>December 2018</b><br/>ASAF members shared feedback from outreach activities in their jurisdiction on the proposals in the Discussion Paper.</p> <p><b>October 2018</b><br/>ASAF members shared initial views on the proposals in the Discussion Paper.</p> <p><b><i>ASAF members provided advice for development of the Discussion Paper between September 2014 and July 2018.</i></b></p> |
| <p>Goodwill and Impairment</p>                              | <p>Goodwill is an asset recognised when one company acquires another company. Goodwill reflects expected future economic benefits produced by assets acquired in a merger or acquisition</p>   | <p><b>December 2018</b><br/>ASAF members provided views on:</p> <ul style="list-style-type: none"> <li>(a) staff's ideas for identifying better disclosures about business combinations.</li> <li>(b) amortisation of goodwill and whether members believe it is feasible to estimate the</li> </ul>   |

| Project | Project objective   | Past ASAF advice   |
|---------|---|--|
|         | <p>that are not recognised separately. Each year, the company that makes the acquisition assesses whether the goodwill is impaired.</p> <p>Some stakeholders have stated that impairment of goodwill is not always recognised in a timely fashion and investors have stated that disclosures required by IFRS Standards do not provide enough information to enable them to understand whether the acquired business is performing as was expected at the time of the acquisition.</p> <p>Some companies have stated that the impairment test required for goodwill under IAS 36 <i>Impairment of Assets</i> is costly and complex. Some stakeholders have also stated that the separate recognition and measurement of some intangible assets is challenging.</p> <p>The Board will present in a discussion paper its preliminary view that:</p> <ul style="list-style-type: none"> <li>(a) it should require better disclosures about business combinations;</li> <li>(b) it cannot make the impairment test more effective;</li> <li>(c) it should not reintroduce amortisation of goodwill;</li> <li>(d) it should introduce a requirement to present total equity before goodwill;</li> <li>(e) it should provide relief from the mandatory annual quantitative impairment test;</li> <li>(f) it should improve the calculation of value in use; and</li> <li>(g) it should continue to require identifiable intangible assets to be recognised separately from goodwill.</li> </ul> <p>The Board plans to publish a discussion paper in March 2020.</p> | <p>useful life of goodwill.</p> <p><b>October 2018</b><br/>The staff provided an update on the Goodwill and Impairment project. There was no specific request for feedback from ASAF members.</p> <p><b>July 2018</b><br/>ASAF members provided advice on the proposed disclosure improvements and their ideas on how to improve disclosures about business combinations, goodwill and impairment of goodwill.</p> <p><b>April 2018</b><br/>ASAF members provided advice on:</p> <ul style="list-style-type: none"> <li>(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).</li> <li>(b) the requirement in IFRS 3 to recognise all identifiable intangible assets acquired in a business combination separately from goodwill.</li> </ul> <p><b>September 2017</b><br/>ASAF members discussed:</p> <ul style="list-style-type: none"> <li>(a) proposals in the EFRAG Discussion Paper <i>Goodwill Impairment Test: Can it be improved?</i> and</li> <li>(b) staff proposals to improve the effectiveness of the impairment test.</li> </ul> <p><b>July 2017</b><br/>ASAF members discussed two papers by the Accounting Standards Board of Japan (ASBJ):</p> <ul style="list-style-type: none"> <li>(a) Possible Approaches to Addressing the Too-Little-Too-Late issue;</li> <li>(b) Research Paper No.3: <i>Analyst Views on Financial Information about Goodwill</i>.</li> </ul> <p>In addition, ASAF members discussed staff proposals for simplifying and improving the impairment test model.</p> <p><b>July 2016</b><br/>ASAF members discussed findings from the research on Goodwill and Impairment undertaken by the ASBJ and European Financial Reporting Advisory Group (EFRAG).</p> |

| Project   | Project objective   | Past ASAF advice  |
|---|---|---|
| Goodwill and Impairment (continued)   |   | <p><b>December 2015</b></p> <p>ASAF members provided advice on the Board’s tentative decisions from meetings in October and November 2015.</p>                              |
| Pension Benefits that Depend on Asset Returns   | <p>This is a narrow-scope research project designed to address only some types of pension benefits paid that depend, wholly or partly, on the return on a specified pool of assets. Applying IAS 19 <i>Employee Benefits</i>, a company:</p> <ul style="list-style-type: none"> <li>(a) uses assumptions about future returns on the specified assets in estimating the amount of the benefits to be paid to employees; and</li> <li>(b) applies a discount rate in determining the ‘present value’ of the estimated benefits—their value today.</li> </ul> | <p><b>December 2018</b></p> <p>ASAF members provided views on the approach being taken to address the measurement inconsistency identified for these types of benefits.</p> |
| Post-implementation Review 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> | <p>The objective of the project is to identify issues arising from the implementation of IFRS 10, IFRS 11 and IFRS 12.</p>  | <p><b>December 2019</b></p> <p>ASAF members provided feedback on potential matters to be discussed in the <i>Post-implementation Review</i>.</p>                            |

| Project                                    | Project objective   | Past ASAF advice  |
|--|---|---|
| <b>Standard-setting and other projects</b> |   |   |
| <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>The Board plans to issue an Exposure Draft in the second half of 2020.</p> | <p><b>July 2019</b><br/>ASAF members provided advice on the following topics:</p> <ul style="list-style-type: none"> <li>(a) applying the notion of narrative coherence in determining what information should be included in the management commentary; and</li> <li>(b) identifying and reporting factors that affect an entity’s long-term success.</li> </ul> <p><b>April 2019</b><br/>ASAF members provided advice in relation to:</p> <ul style="list-style-type: none"> <li>(a) the interaction between management commentary and other reports;</li> <li>(b) providing information ‘through the eyes of management and the interplay with users’ information needs and with the concept of neutrality;</li> <li>(c) forward-looking information in management commentary; and</li> <li>(d) information about tax in management commentary.</li> </ul> <p><b>December 2018</b><br/>ASAF members provided advice on the following topics:</p> <ul style="list-style-type: none"> <li>(a) applying materiality – helping preparers identify what to disclose in the management commentary to meet investor needs; and</li> <li>(b) principles for preparing management commentary – how to improve the coherence, balance and comparability of the management commentary.</li> </ul> <p><b>December 2017</b><br/>ASAF received an update on the Board’s deliberations.</p> |
| <p>Primary Financial Statements</p>        | <p>The Board is proposing new requirements for presentation and disclosure in financial statements, with a focus on the statement of profit or loss.</p> <p>The Board has published an <i>Exposure Draft</i> which is open for comment until 30 June 2020.</p>  | <p><b><i>ASAF members provided advice on development of the Exposure Draft General Presentation and Disclosures.</i></b></p>  |

| Project                                   | Project objective  | Past ASAF advice   |
|---|--|--|
| Rate-regulated Activities                 | <p>The Board is developing a new accounting model to provide 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 publish an Exposure Draft in the second half of 2020.</p> | <p><b>October 2018</b><br/>ASAF members provided advice on identifying a disclosure objective and related disclosure requirements for the model.</p> <p><b>April 2018</b><br/>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):<br/>(a) unit of account and asset/liability definitions; and<br/>(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><b>September 2017</b><br/>ASAF members discussed illustrative examples, exploring issues relating to the measurement of regulatory assets or regulatory liabilities.</p> <p><b>July 2017</b><br/>ASAF members’ advice on the draft model was requested.</p> <p><b>March 2017</b><br/>ASAF received an update on the Board’s deliberations.</p> <p><b>December 2016</b><br/>ASAF members provided advice on the core principles and key features of the model.</p> |
| <b>Disclosure Initiative projects</b>     |  |  |
| Disclosure Initiative—Accounting Policies | <p>To develop guidance and examples to help entities apply materiality judgements to accounting policy disclosure.</p> <p>The Board considered the feedback on the Exposure Draft at its meeting in February 2020.</p>   | <p><b>October 2019</b><br/>ASAF members shared their views on the proposals set out in the Exposure Draft.</p>   |

| Project  | Project objective  | Past ASAF advice  |
|--|--|---|
| Disclosure Initiative—Subsidiaries that are SMEs                     | <p>To develop a reduced disclosure IFRS Standard that would apply on a voluntary basis to subsidiaries that do not have public accountability.</p> <p>At its January 2020 meeting the Board added the project to its standard-setting agenda.</p>  | <p><b>April 2019</b></p> <p>ASAF members provided advice on:</p> <ul style="list-style-type: none"> <li>(a) jurisdictional practices relating to the project;</li> <li>(b) likelihood of jurisdictions adopting a Standard if the Board issued a Standard; and potential challenges that may arise in applying the proposed approach.</li> </ul>  |
| Disclosure Initiative—Targeted Standards-level Review of Disclosures | <p>The Board is currently:</p> <ul style="list-style-type: none"> <li>(a) developing guidance for the Board to use when developing and drafting disclosure requirements; and</li> <li>(b) testing that guidance by applying it to IAS 19 <i>Employee Benefits</i> and IFRS 13 <i>Fair Value Measurement</i>.</li> </ul> <p>The Board plans to publish an Exposure Draft in the second half of 2020.</p>  | <p><b>April 2019</b></p> <p>ASAF members provided advice on items of information that users identified as effective in meeting the objectives for IAS 19 and IFRS 13 disclosure.</p> <p><b>July 2018</b></p> <p>ASAF members provided advice on:</p> <ul style="list-style-type: none"> <li>(a) the Board’s process for developing and drafting disclosure requirements; and</li> <li>(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).</li> </ul> |
| <b>IFRS Foundation projects</b>                                      |  |   |
| Due Process Handbook Review  | <p>To update the Handbook in line with the Board’s and the Interpretations Committee’s developing due process conventions, relating particularly to effects analyses and Agenda Decisions.</p> <p>The proposed amendments to the <i>Due Process Handbook</i> were issued on 30 April 2019. The Exposure Draft closed for comment on 29 July 2019.</p> <p>The Trustees of the IFRS Foundation will publish the amendments to the <i>Due Process Handbook</i> in April 2020.</p> | <p><b>April 2019</b></p> <p>ASAF members provided views in relation to the IFRS Foundation Trustees’ tentative decisions to amend the <i>Due Process Handbook</i>.</p>  |

## Project Update as at 28 February 2020

| Project                  | Project objective  | Past ASAF advice  |
|--------------------------|--|---|
| <b>Other projects</b>    |  |   |
| 2020 Agenda Consultation | <p>To seek formal public input on the strategic direction and balance of the Board’s work programme for the period from 2022 to 2026, including the criteria for assessing projects that may be added to the Board’s standards-level programme.</p> <p>The Board plans to publish a <i>Request for Information</i> in the second half of 2020.</p> | <p><b>December 2019</b></p> <p>ASAF members provided advice on potential financial reporting priorities for the Board to discuss in the <i>Request for Information</i>.</p> <p><b>October 2019</b></p> <p>ASAF members provided views on the Board’s intended approach to developing the <i>Request for Information</i> for the 2020 Agenda Consultation.</p> |

| Project  | Objective  | Status/ASAF discussions   | Next steps                            |
|--|--|---|---------------------------------------|
| <b>Maintenance projects</b>  |  |   |                                       |
| <i>Projects highlighted in blue have been or will be discussed at ASAF meetings.</i> |  |   |                                       |
| <b>2019 Comprehensive Review of the IFRS for SMEs Standard</b>                       | To obtain views on whether and, if so, how to update the <i>IFRS for SMEs</i> Standard for IFRS Standards and amendments not currently incorporated into the <i>IFRS for SMEs</i> Standard.  | The Board has published a Request for Information which is open for comment until 27 July 2020.   | Request for Information feedback.     |
| <b>Accounting Policies and Accounting Estimates</b><br>(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.<br><br>The proposed amendments to IAS 8 were issued on 12 September 2017. The Exposure Draft closed for comment on 15 January 2018.   | The Board decided to finalise the proposed amendments with some modifications.<br><br><b>April 2018</b><br>ASAF members provided advice on the next steps in the project.<br><br><b>October 2018</b><br>ASAF members provided advice on staff’s planned recommendations on the definitions of accounting estimates and accounting policy.   | Issue an IFRS Amendment.              |
| <b>Accounting Policy Changes</b><br>(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.<br><br>The proposed amendments to IAS 8 were issued on 27 March 2018. The Exposure Draft closed for comment on 27 July 2018. | The Board discussed feedback on the Exposure Draft. The Board decided not to amend IAS 8 to specify when entities apply accounting policy changes resulting from agenda decisions. The Board will consider other aspects of the proposed amendments at a future meeting.<br><br><b>April 2019</b><br>ASAF members provided advice on the next steps in the project, considering comment letter feedback in relation to the Board’s proposals. | Decide project direction<br>May 2020. |

| Project  | Objective   | Status/ASAF discussions  | Next steps  |
|--|---|--|---|
| <b>Maintenance projects</b>  |   |  |   |
| <i>Projects highlighted in blue have been or will be discussed at ASAF meetings.</i>                                       |   |  |   |
| <b>Amendments to IFRS 17 Insurance Contracts</b>   | <p>To make targeted amendments to IFRS 17 to ease implementation of the Standard by reducing implementation costs and making it easier for entities to explain the results of applying IFRS 17 to investors and others.</p> <p>The Board published an Exposure Draft of proposed amendments to IFRS 17 on 26 June 2019. The Exposure Draft closed for comment on 25 September 2019.</p> | <p><b>December 2019</b></p> <p>ASAF members discussed the feedback on the Exposure Draft <i>Amendments to IFRS 17</i>.</p> | <p>Issue an IFRS Amendment Q2 2020.</p>                 |
| <b>Availability of a Refund</b><br>(Amendments to IFRIC 14)  | <p>To amend IFRIC 14 to clarify the accounting when other parties have rights to make particular decisions about a company's defined benefit plan.</p>  | <p>The Board decided not to finalise the proposed amendments.</p>  | <p>Decide project direction.</p>                        |
| <b>Deferred tax related to assets and liabilities arising from a single transaction</b><br>(Proposed amendments to IAS 12) | <p>To narrow the initial recognition exemption in paragraphs 15 and 24 of IAS 12 <i>Income Tax</i> so that it would not apply to transactions that give rise to both taxable and deductible temporary differences, to the extent the amounts recognised for the temporary differences are the same.</p>   | <p>The Board published an Exposure Draft of proposed narrow-scope amendment to IAS 12 in July 2019.</p>                    | <p>Consider feedback on the Exposure Draft Q2 2020.</p> |

| Project  | Objective  | Status/ASAF discussions  | Next steps                          |
|--|--|--|-------------------------------------|
| <b>Maintenance projects</b>  |  |  |                                     |
| <i>Projects highlighted in blue have been or will be discussed at ASAF meetings.</i> |  |  |                                     |
| <b>IBOR Reform and its Effects on Financial Reporting (Phase 2)</b>                  | To consider issues that might affect financial reporting after the reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate.   | <p>The Board completed its discussions and expects to publish an exposure draft.</p> <p><b>October 2019</b><br/>ASAF members provided views on the proposed scope of the issues to be addressed in Phase 2 of the project.</p> <p><b>July 2019</b><br/>ASAF members provided inputs on:</p> <ul style="list-style-type: none"> <li>(a) the current state of interest rate benchmark reform in their jurisdictions;</li> <li>(b) the specific financial reporting issues that were identified; and</li> <li>(c) whether and how the issues identified in (b) should be addressed in the next phase of the project.</li> </ul> | Issue an Exposure Draft April 2020. |
| <b>Lack of Exchangeability (Amendments to IAS 21)</b>                                | To undertake narrow-scope standard-setting to address the spot exchange rate an entity uses when exchangeability between two currencies is lacking.  | The Board will continue its discussions at a future meeting.   | Issue an Exposure Draft.            |
| <b>Onerous Contracts - Costs of Fulfilling a Contract (Amendment to IAS 37)</b>      | <p>To clarify the cost of fulfilling a contract when assessing whether the contract is onerous.</p> <p>The Board published an Exposure Draft of proposed amendments to IFRS 13 in December 2018. The Exposure Draft closed for comment on 14 April 2019.</p> | <p>The Board decided to finalise the proposed amendments with some modifications.</p> <p><b>April 2019</b><br/>ASAF members shared their preliminary views on the proposals in the Exposure Draft.</p>   | Issue an IFRS Amendment Q2 2020.    |

| Project  | Objective   | Status/ASAF discussions   | Next steps                             |
|--|---|---|--|
| <b>Maintenance projects</b>  |   |   |  |
| <i>Projects highlighted in blue have been or will be discussed at ASAF meetings.</i>                 |   |   |  |
| <b>Property, Plant and Equipment—Proceeds before Intended Use</b><br>(Proposed 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.<br><br>The Board published an Exposure Draft of proposed amendments to IAS 16 on 20 June 2019. The Exposure Draft closed for comment on 19 October 2017. | The Board decided to finalise the proposed amendments with some modifications.<br><br><b>July 2018</b><br>ASAF members provided advice on the next steps for this project taking into consideration the feedback received in comment letters and from additional outreach.<br><br><b>July 2017</b><br>ASAF members discussed the proposals in the Exposure Draft. | Issue an IFRS Amendment in March 2020. |
| <b>Provisions—Targeted Improvements</b>  | The objective of this project is to develop proposals for three targeted improvements to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> .   | At its January 2020 meeting the Board added the project to its standard setting agenda.<br><br><b>April 2019</b><br>ASAF members advised on whether the Board should undertake a project of targeted improvements to IAS 37, including the scope of the possible project.   | Decide project direction.              |
| <b>Updating a Reference to the Conceptual Framework</b><br>(Proposed amendments to IFRS 3)           | The objective of this project is to update a reference to the <i>Conceptual Framework</i> in IFRS 3 <i>Business Combinations</i> .  | The Board decided to finalise the proposed amendments with no substantive modification.<br><br><b>October 2018</b><br>ASAF members advised on the approach to adopt to avoid unintended consequences of updating the reference.   | Issue an IFRS Amendment in April 2020. |

| Project  | Objective  | Status/ASAF discussions  | Next steps                             |
|--|--|--|--|
| <b>Maintenance projects</b>  |  |  |  |
| <i>Projects highlighted in blue have been or will be discussed at ASAF meetings.</i>       |  |  |  |
| <b>Annual Improvements</b>   |  |  |  |
| <b>Fees in the '10 per cent' test for derecognition</b><br>(Proposed 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.   | The Board decided to finalise the proposed amendments with some modifications. | Issue an IFRS Amendment in April 2020. |
| <b>Lease Incentives</b><br>(Proposed amendments to IFRS 16 Illustrative Examples)          | To amend Illustrative Example 13 accompanying IFRS 16 <i>Leases</i> to remove from the example the illustration of the reimbursement of leasehold improvements by the lessor.  |  |  |
| <b>Subsidiary as a First-time Adopter</b><br>(Proposed amendments to IFRS 1)               | To amend IFRS 1 to allow 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. |  |  |
| <b>Taxation in Fair Value Measurements</b><br>(Proposed amendments to IAS 41)              | To amend IAS 41 to remove the requirement to exclude cash flows from taxation when measuring the fair value of biological assets.  |  |  |

| Topic  | Summary of ASAF advice   | How the advice has been/will be applied   |
|--|--|---|
| <p><b>Agenda Consultation</b><br/> <i>The objective of this session was to seek ASAF members’ inputs about potential financial reporting priorities for the Board to discuss in the Request for Information.</i></p> |  |   |
| <p>Suggestions for potential projects</p>  | <p>Most members commented on a potential project on intangible assets, with differing views on what the scope and focus of the project should be. Many members suggested that the Board undertake a project to provide guidance on how to apply IFRS Standards to separate financial statements. Members shared different views on how such guidance may be provided.</p> <p>Other suggestions of potential projects included:</p> <ul style="list-style-type: none"> <li>(a) accounting for cryptoassets;</li> <li>(b) improving the accounting for cost of sales;</li> <li>(c) aligning definition of cost across IFRS Standards;</li> <li>(d) accounting for emerging types of employee benefits;</li> <li>(e) addressing specific implementation issues relating to borrowing costs;</li> <li>(f) accounting for government grants;</li> <li>(g) measurement of assets acquired for free;</li> <li>(h) review of IAS 41 <i>Agriculture</i>;</li> <li>(i) improving disclosures about an entity’s going concern; and</li> <li>(j) guidance on disclosure of factoring and reverse factoring.</li> </ul> | <p>The staff will report the advice at a future Board meeting when discussing the potential projects to include in a Request for Information.</p> |
| <p>High-level messages</p>   | <p>Other high-level comments from ASAF members included:</p> <ul style="list-style-type: none"> <li>(a) the Board should communicate its resource capacity and make clear that the Board needs to retain some flexibility to address any urgent issues that may arise in the 2022-2026 period;</li> <li>(b) the Board should prioritise PIRs and the completion of existing major projects in the 2022-2026 period; and</li> <li>(c) the Board should also prioritise the effects of technology and digital reporting on standard-setting, including the IFRS Taxonomy.</li> </ul>   |   |

| Topic  | Summary of ASAF advice   | How the advice has been/will be applied   |
|--|--|---|
| <p><b>Post-implementation Review of IFRS 10 Consolidated Financial Statements; IFRS 11 Joint Arrangements; and IFRS 12 Disclosure of Interests in Other Entities</b><br/> <i>The objective of this session was to seek ASAF members’ inputs on the matters to be discussed in the Post-implementation Review, as well as the scope of the project.</i></p> |  |   |
|  | <p>ASAF members agreed that the staff analysis in Agenda Paper 3 included the main issues to be considered for public consultation. Other issues noted by members included:</p> <ul style="list-style-type: none"> <li>(a) challenges in assessing whether rights are substantive or protective;</li> <li>(b) challenges in identifying agency relationship;</li> <li>(c) more guidance could be provided on how to assess whether multiple transactions should be accounted for as a single (linked) transaction;</li> <li>(d) information could be lost when an investment entity parent accounts for an investment entity subsidiary at fair value;</li> <li>(e) the usefulness of information about changes in ownership interests could be improved;</li> <li>(f) requirements on the accounting for changes in ownership interests could be aligned to ensure consistency across IFRS Standards;</li> <li>(g) remeasuring the retained interest in a joint venture or associate when a parent has lost control of it may not be useful; and</li> <li>(h) definition of non-controlling interest could be clarified.</li> </ul> <p>Two members emphasised that some of the challenges arise because a transaction’s complexity, rather than the Standards lacking clarity.</p> <p>Many members commented that IFRS 10 and IFRS 12 work well in practice while IFRS 11 gives rise to application issues.</p> <p>An ASAF member commented that eliminating proportionate consolidation has given rise to questions about disclosures for joint ventures and recommended the Board considers purpose and design of joint arrangements.</p> | <p>The staff is summarising feedback received in the first phase of the PIR and will report at a future Board meeting when discussing topics to include in a Request for Information.</p> |

| Topic  | Summary of ASAF advice   | How the advice has been/will be applied   |
|--|--|---|
| <p><b>IFRS 17 Insurance Contracts</b><br/> <b><i>The objective of this session was to provide an overview of the feedback on the Exposure Draft Amendments to IFRS 17.</i></b></p> |  |   |
|  | <p>Some members welcomed the Board’s tentative decision to consider further feedback on topics that the Board considered when developing the Exposure Draft but for which the Board decided not to propose changes.</p> <p>Other comments by members included:</p> <ul style="list-style-type: none"> <li>(a) any annual cohort requirement to which possible simplification could be applied should be clear-cut. Otherwise, the Board should not consider making any changes to the annual cohort requirement.</li> <li>(b) there should be further explanation in the Basis for Conclusions on IFRS 17 on the rationale why the Board decided not to consider further some of the requirements in IFRS 17 that respondents have raised concerns about.</li> <li>(c) that it is important that the initial application of IFRS 17 for entities in different jurisdictions around the world be at the same time.</li> </ul> | <p>The Board considered the advice from ASAF members when discussing the annual cohort requirement at the February 2020 Board meeting (refer to Agenda Paper 2B <i>Level of aggregation—annual cohorts for insurance contracts with intergenerational sharing of risks between policyholders</i>).</p> <p>The Board will consider the advice from ASAF members on the timing of the initial application of IFRS 17 at the March 2020 Board meeting.</p> |