Summary note of the Accounting Standards Advisory Forum

Held remotely on 18–19 March 2021.

This note is prepared by staff of the International Accounting Standards Board (Board) and summarises the discussion that took place with the Accounting Standards Advisory Forum (ASAF). A full recording of the meeting is available on the IFRS Foundation® website. [1]

Region	**Members (participating remotely via video)**
Africa	Pan African Federation of Accountants (PAFA)
Asia-Oceania (including one at large)	Asian-Oceanian Standard-Setters Group (AOSSG) Accounting Standards Board of Japan (ASBJ) Accounting Regulatory Department, Ministry of Finance PRC (ARD) Korea Accounting Standards Board (KASB)
Europe (including one at large)	European Financial Reporting Advisory Group (EFRAG) Autorité des normes comptables (ANC) Financial Reporting Council, United Kingdom (FRC) Organismo Italiano di Contabilità (OIC)
The Americas	Group of Latin American Accounting Standard Setters (GLASS) Canadian Accounting Standards Board (AcSB) Financial Accounting Standards Board, United States (FASB)

Primary Financial Statements

1. The objective of this session was to discuss the plan to redeliberate the project proposals in the light of the feedback on the exposure draft published in December 2019. Proposals the Board plans to redeliberate include those on:

   (a) subtotals and categories;

   (b) management performance measures; and

   (c) disaggregation.

2. ASAF members were asked for each topic to:

   (a) identify proposals that they view as the most important for the success of the project;

   (b) identify proposals that they see as the greatest risks for project timeliness and suggestions for managing those risks; and

   (c) propose suggestions for how the Board should redeliberate the proposals.

Subtotal and categories

3. The AcSB, ANC, ARD, AOSSG, ASBJ, EFRAG, FASB, FRC, KASB and PAFA members said the proposals for subtotals and categories, in particular for the operating profit or loss subtotal, are the most important for the success of the Primary Financial Statements project.

4. The ASBJ member said that, in his view, the project would be a success if the Board were to define operating profit in a way that everyone is comfortable with. However, the FASB member said that preparers are unlikely to reach a consensus on the definition of operating profit, because their definitions vary. Furthermore, change in practice (such as what is labelled as operating profit) is a by-product of standard-setting, according to the FASB member.

5. The AOSSG, FRC and PAFA members strongly agreed with the proposal to require an operating profit or loss subtotal because the subtotal will, in their view, help entities to provide comparable information.

6. The ANC and ARD members said a clear explanation of 'main business activities' is critical to the proposals for subtotals and categories. They suggested the Board provide detailed examples and guidance on how to define main business activities.

7. On the proposed definition of the operating profit or loss subtotal:

   (a) the ARD and ASBJ members said they prefer a direct definition of operating profit to a residual definition. The ASBJ member said a direct definition could apply to all entities, removing the need for separate requirements for entities with specific main business activities, although such a preference represents a minority view.

   (b) the ANC member expressed concerns about the definition of operating profit as a residual category and said the proposal for unusual items is critical for the success of proposals for subtotals.

   (c) the ARD and KASB members suggested using another label for the operating profit or loss subtotal. The ARD member said that, in her view, the label is different in substance with that in the statement of cash flows, which would cause confusion in practice. The KASB member said the label has been used in his jurisdiction for subtotals that are defined differently from how the Board defines them and using the same label would cause confusion.

8. The ANC, ASBJ and EFRAG members suggested the Board consider the definition of operating profit or loss for financial and non-financial entities at the same time.

9. The ARD and KASB members said they disagreed with the proposals relating to integral and non-integral associates and joint ventures, and they expect the Board to revisit this topic.

10. The AOSSG member said the proposals for integral and non-integral associates and joint ventures pose the greatest risk to project timeliness because redeliberating those proposals is expected to take a long time, in his view. He suggested the Board prioritise this topic to discuss it in a timely manner.

11. The ANC member said the definition of integral and non-integral associates and joint ventures should be simplified because the distinction is difficult and complex.

12. The EFRAG member suggested the Board consider classification of integral and non-integral associates and joint ventures at the same time as the definition of operating profit.

13. The AcSB, FASB and PAFA members emphasised the linkages between the proposals for subtotals and categories and the proposals for management performance measures. The proposals for defined subtotals and categories would lead to entities providing users with comparable information about performance, and the proposals for management performance measure would lead to entities providing entity-specific information about performance.

14. The AOSSG member suggested the Board provide more guidance on terms such as 'main business activities' and 'generating returns largely independently from other resources' in the definition of the investing category. He said subtotals and categories, management performance measures and disaggregation principles are linked; therefore, the Board should develop these three sets of proposals together.

Management performance measures

15. The EFRAG member said the definition of 'public communications' is a key to setting the scope of management performance measures, and initial discussions should seek to specify this definition.

16. The ANC, FASB and PAFA members said the management performance measures proposals are important because they allow management to provide an entity-specific view of performance. The ANC member said the proposals would greatly improve non-GAAP reporting because they are expected to clarify comparability and increase reliability.

17. On the scope of the management performance measures proposals:

    (a) the ASBJ member said that, if the objective of the proposals is to eliminate alternative performance measures, the scope of the proposals should be expanded. If the objective is to provide a substitute for subtotals defined in IFRS Standards, the scope should be limited to measures relating to the statement of financial performance. He said that, to complete the project in a timely manner, the Board should focus only on the statement of financial performance. The staff clarified that the objective of management performance measures is to provide transparency and discipline to non-GAAP measures, and not to eliminate or substitute any measures.

(b) the FRC member said the proposals would lead to benefits timely if they had a narrow rather than a wide scope.

(c) the ARD member said the scope of management performance measures is broad, difficult to identify and beyond the scope of audit. She suggested the Board simplify the disclosure requirements, narrow the scope of the proposals, provide more application guidance and encourage disclosure of management performance measures in the annual report but outside the financial statements.

(d) the AcSB member said management performance measures would not fully replace alternative performance measures. She said expanding the scope of the proposals would help entities in industries such as banking, for which measures based on the statement of financial position are important. She said the benefits of management performance measures outweigh their cost, and such measures could be audited. She agreed with including these measures in the financial statements. The FASB member agreed with her.

(e) the ANC member suggested increasing the scope of the proposals beyond income and expense subtotals.

18. The PAFA member said that many stakeholders would like the Board to provide more guidance on management performance measures and how they are determined.

19. The ANC, FASB and PAFA members said that confusion could arise if EBITDA is undefined, because users might not understand that entities' EBITDA are not comparable.

20. The staff clarified that the Board defined a measure of operating profit before depreciation and amortisation, which provides similar information to EBITDA, but did not label this measure as EBITDA. The Board will discuss the feedback on labelling during redeliberations.

Disaggregation

21. The AcSB and KASB members said unusual income and expenses are important components of the proposals and implementing those proposals would avoid bias towards only disclosing unusual expenses. The KASB member said that requiring entities to disclose unusual income and expenses is important, despite the difficulty of

defining unusual income and expenses and the difficulty of applying the requirements. The AcSB member suggested the Board expand the definition of unusual income and expenses, because entities might report more on unusual expenses than unusual income.

22. The FRC member was concerned that the proposals for unusual items might delay the project. He questioned the extent to which the Board could manage the risk of delay. He suggested an early start to refining the proposals and field testing whether definitions of unusual items were viable.

23. The ARD member suggested clarifying the definition of unusual income and expenses, particularly the wording 'several future annual reporting periods'. She also suggested the Board provide general principles regarding unusual income and expenses rather than detailed requirements, so that each jurisdiction could introduce a definition based on local laws or regulations.

24. The ANC member said the Board should focus on analysis of expenses by function and by nature. He said information by function is a management perspective whereas information by nature is more informative and could link with sustainability reporting—for example, reporting on workforce and supply chain. He was concerned that losing information about expenses by nature would make information about expenses less understandable and make linking to sustainability information difficult.

25. The OIC member said he would be concerned if the Board were to remove its proposal to require disclosure of expenses by nature for entities that present expenses by function. Removing this proposal could lead to the loss of information relevant to users, such as depreciation and labour cost. However, the AcSB member said users are satisfied with the information about expenses they are currently getting.

Other comments

26. The EFRAG member said her stakeholders prefer all the proposals to become effective at the same time, so that preparers only need to change their systems once. The staff clarified that the Board is taking a staged approach to redeliberations, but this does not mean that the effective dates of the various proposals would be staggered.

27. The FRC member said working on topics that are not priority topics might delay the project. He suggested the Board seek feedback on whether to add those other topics to its work plan in the upcoming Agenda Consultation.

Third Agenda Consultation

28. The objective of this session was to provide an overview of the forthcoming Request for Information *Third Agenda Consultation* and ask ASAF members to advise on outreach.

Comments on outreach

29. Based on their experience with outreach on other projects, the AOSSG, ASBJ and FRC members said webcasts, webinars, videoconferences, surveys and virtual meetings are effective ways of educating and consulting stakeholders. These members suggested the Board use these methods in its agenda consultation.

30. The AOSSG and ARD members said they generally agree with the Board's outreach plan. The ARD member suggested that in planning its outreach the Board consider:

    (a) consulting a range of stakeholders (for example, preparers, users, regulators, auditors);

    (b) conducting outreach using local languages when possible; and

    (c) allowing sufficient time for stakeholders to prepare for outreach.

31. The AOSSG and ARD members said they could help the Board with its outreach by:

    (a) organising meetings in their jurisdictions and recommending participants;

    (b) promoting the consultation, organising webinars and publishing online surveys to gather stakeholder feedback; and

    (c) summarising comments received and sharing the summaries with the Board.

32. The AcSB, AOSSG and ARD members said the Board could help them by:

    (a) sharing materials, including objectives of the consultation, topics to discuss, questions for stakeholders and project background;

(b) assigning to events Board members and staff who can speak the local language; and

(c) assisting with answering questions that may arise during outreach.

33. The EFRAG member said EFRAG would like to co-operate with the Board in organising stakeholder events during the outreach period. She said EFRAG:

(a) will consult on its research agenda at the same time the Board consults on its work plan, and joint outreach events could facilitate more feedback from stakeholders; and

(b) is planning to consult its working groups.

34. The AcSB member said the AcSB:

(a) will discuss its outreach plan internally in April and share it with the Board and the staff so that they can join the events; and

(b) is planning to consult its committees, and industries including extractives, banking and agriculture.

35. The FASB member said the FASB:

(a) is beginning its agenda consultation and has received comments from stakeholders in preparing its consultation document; and

(b) would benefit from hearing the feedback that the Board hears in its agenda consultation.

36. The KASB member said the KASB expects to:

(a) receive stakeholder comments from various industries; and

(b) share with the Board feedback from entities operating in industries with emerging accounting issues, such as cryptoassets.

Other comments

37. The AcSB, EFRAG and FRC members said that consultation periods for several of the Board’s documents will overlap. These members said stakeholders may have difficulty responding to these consultations. These members would therefore like the Board to extend the comment period for the agenda consultation.

38. In contrast, the GLASS member said the proposed comment period of 120 days is long enough, because stakeholders already know what their priorities are.

39. The ASBJ member said that the Board might need capacity to work with a new sustainability standards board. He suggested the Board make sure it has enough resources to continue developing high-quality IFRS Standards and recommended that during outreach the Board focus on financial reporting rather than sustainability reporting.

40. The ANC member said the Board should consider setting aside some resources to ensure that it could deal with any connectivity between financial reporting and sustainability reporting.

41. The EFRAG member said that EFRAG's work plan has projects on three topics that feature in the Board's Request for Information, and EFRAG's work could inform the Board's deliberations. These projects relate to the accounting for:

    (a) cryptoassets and cryptoliabilities;

    (b) intangibles; and

    (c) variable and contingent consideration.

42. The AcSB and FRC members said the Board's proposed criteria for assessing the priority of financial reporting issues that could be added to its work plan will help stakeholders understand how the Board makes decisions. The FRC member stressed the importance of the Board and its stakeholders having enough capacity for potential projects, particularly those projects that might arise as a result of the covid-19 pandemic.

43. The AcSB member said stakeholders may tell the Board what they have learned by applying IFRS Standards in the uncertain circumstances resulting from the covid-19 pandemic—for example, relating to the assessment of going concern.

44. The ANC member said stakeholders in his jurisdiction would like the Board to focus on maintenance and consistent application of IFRS Standards and digital financial reporting.

Management Commentary

45. The objective of this session was to obtain ASAF members' views on tentative outreach plans for the forthcoming exposure draft of the revised IFRS Practice Statement 1 *Management Commentary* (Practice Statement).

46. ASAF members were also asked whether:

    (a) they plan outreach in their jurisdictions, and if so, whether they are interested in joint outreach events;

    (b) the Board and the staff could help with their outreach; and

    (c) they have other comments.

Tentative outreach plans

47. The AcSB, AOSSG, ARD, FASB, KASB and PAFA members emphasised the importance of outreach to securities regulators that are responsible for endorsing and mandating narrative reporting frameworks. Some ASAF members also suggested that outreach include a discussion of compatibility with local regulations on narrative reporting.

48. The ARD member suggested the Board seek the views of professional research institutions. The FASB member suggested talking to audit regulators to discuss whether the proposals for the revised Practice Statement are compatible with audit and assurance standards.

49. The KASB member said outreach would be particularly important in jurisdictions that have already adopted the Practice Statement, even if it is not mandatory.

50. The ARD, EFRAG and FRC members said they are prepared to support the Board's outreach.

ASAF members' outreach plans

51. The EFRAG member reported that members of the EFRAG Consultative Forum of Standard Setters plan no outreach focused on the exposure draft. However, some members of this forum plan to cover management commentary as part of general outreach. She added that EFRAG plans to consult its working groups, including its User Panel and its Advisory Panel on Intangibles, and members of the European Lab Project Task Force on reporting of non-financial risk and opportunities. She said the

management commentary project has lower priority in the European Union than other projects because the EU does not endorse practice statements.

52. The AcSB member said the AcSB plans limited outreach but would help the Board organise outreach with securities regulators who oversee narrative reporting. She added that although the management commentary project has lower priority in her jurisdiction than other projects, the AcSB would spend more time on outreach for the exposure draft if there were not so many other consultations of higher priority running at the same time.

53. The GLASS and KASB members said they plan outreach. The KASB plans outreach with the local securities regulator, which has the power to endorse and mandate the revised Practice Statement.

54. The ARD member said the ARD plans to publish a Chinese translation of the exposure draft and to organise some outreach to get feedback from various stakeholders.

55. The ANC member said the ANC plans no outreach, because the EU does not endorse the Practice Statement and entities in France do not apply it. However, he suggested the staff liaise with the Project Task Force on preparatory work for the elaboration of EU non-financial reporting standards as part of the outreach.

56. The AOSSG member said that AOSSG jurisdictions would like joint outreach with the Board and the staff.

Support on outreach

57. The ARD and the GLASS members said they would welcome support from the Board and the staff on technical enquiries while they conduct outreach.

58. The AOSSG member said the AOSSG would find materials for outreach activities helpful. Such materials could include educational materials, slides, examples of best practice and Q&As.

Other comments

59. The ASBJ member asked about the relationship between the output of a possible sustainability reporting standards board and the Management Commentary project. The staff explained that the forthcoming exposure draft will propose allowing

management commentary to include information specified in sustainability frameworks if that information is material to primary users, irrespective of any decisions about sustainability reporting standards board.

60. The ANC member said EU jurisdictions may have their own regulatory requirements for narrative reporting to meet the requirements of the EU's accounting directive. He added that:

(a) the European Commission is revising its non-financial reporting directive and expects to finalise it in April 2021; and

(b) this revision would serve as a basis for sustainability reporting in the EU, with information on sustainability included in the management commentary.

Post-implementation Review of IFRS 9—Classification and Measurement

61. The purpose of this session was for ASAF members to share their views on the application of the classification and measurement requirements in IFRS 9 *Financial Instruments* and on matters that ASAF members think the Board should consider as part of the post-implementation review of these requirements.

62. ASAF members said that, generally, the classification and measurement requirements in IFRS 9 are working as intended and stakeholder feedback is positive. ASAF members said entities provide better information to investors applying the logical, principle-based classification and measurement requirements in IFRS 9 compared to information entities provided to investors applying the complex, rule-based requirements in IAS 39 *Financial Instruments: Recognition and Measurement*.

63. ASAF members suggested the Board consider the following topics as part of the post-implementation review:

(a) *Equity instruments classified as fair value through other comprehensive income*—ASAF members suggested the Board review whether the election to present in other comprehensive income fair value changes in equity instruments is working as intended. Some members commented on:

(i) the prohibition from reclassifying amounts from other comprehensive income to profit or loss (recycling); and

(ii) the irrevocability of the election.

(b) *Reclassification of financial assets only when there is a change in business model*—ASAF members raised specific issues relating to loan syndications and intergroup transfers.

(c) *Business model assessment*—ASAF members commented on possible diversity in practice relating to the level at which the business model is assessed, the distinction between business models, and consideration of the frequency and significance of sales in determining the business model.

(d) *Modifications to contractual cash flows of financial assets*—ASAF members suggested the Board review whether the application guidance is sufficient to enable consistent application. Specific issues mentioned by members were the distinction between modification and derecognition, and the drafting of the requirements for financial assets. Members said the IBOR amendments highlighted inconsistencies in the wording that need to be resolved.

(e) *The solely payments of principal and interest requirement*—ASAF members suggested the Board review whether the application guidance is sufficient to enable consistent application. Members drew attention to the application of the requirements to specific products, including new lending products with interest rates linked to environmental, social, and governance metrics, contractually linked instruments, instruments with mismatches in the timing of reset as a result of IBOR reform, loans that have interest rates linked to rates other than benchmark rates, non-recourse instruments, and debt instruments that can be prepaid before the maturity date.

64. ASAF members made the following additional comments:

(a) regarding financial liabilities designated at fair value through profit or loss, stakeholders expressed positive feedback about the requirement to present in other comprehensive income fair value changes arising from changes in own credit risk.

(b) the staged approach to IFRS 9 made the implementation more complex than the implementation of other IFRS Standards.

(c) unlike IFRS 9, US GAAP does not include an election to present fair value changes in equity instruments in other comprehensive income. US stakeholders generally agreed with the removal of such an election that applied for all equity instruments. However, US stakeholders' views vary on whether such an election should be introduced for a specific population of equity instruments that are held for strategic purposes.

Post-implementation Review of IFRS 10 *Consolidated Financial Statements,* IFRS 11 *Joint Arrangements and* IFRS 12 *Disclosure of Interests in Other Entities*

65. The objective of this session was for ASAF members to share their initial views and comments they had received on the matters in the Request for Information *Post-implementation Review of IFRS 10* Consolidated Financial Statements*, IFRS 11* Joint Arrangements *and IFRS 12* Disclosure of Interests in Other Entities.

66. ASAF members generally emphasised that their comments were summaries of the comments they had received so far from stakeholders. General comments on the Standards came from:

(a) the ARD, EFRAG, FRC and PAFA members, who said the Standards are generally working well, albeit guidance on particular aspects of the Standards would be welcome;

(b) the ANC member, who said the IFRS 10 control model is working well, agreed that guidance on aspects of the Standard would be welcome and acknowledged that the Board undertook the post-implementation review six years after the first application of IFRS 10 in the EU; and

(c) the EFRAG member, who said stakeholders are satisfied with the consolidation exception for investment entities.

IFRS 10

67. The AcSB, ANC, AOSSG, ARD and PAFA members said identifying the relevant activities of an investee that significantly affect the investee's returns is challenging in some circumstances, for example:

    (a) when an entity is in its development stage, according to the AcSB member; and

    (b) when the relevant activities change over the life cycle of an investee, according to the ANC, ARD and PAFA members.

68. The AcSB, ANC, AOSSG, ARD and FRC members said assessing whether rights are protective or substantive requires significant judgement. On this assessment:

    (a) the AcSB member said applying the guidance on rights that give an investor power to non-traditional entities (non-manufacturing entities) is challenging.

    (b) the ARD member said challenges can arise from the complexity of contract terms and conditions.

    (c) the ANC member said further guidance would help assess whether rights give an investor power over an investee.

    (d) the AOSSG member said an assessment is challenging, for example, when structured entities are involved and when lenders hold veto rights. She said the Board needs to explain the definition of protective rights further.

69. The ASBJ, EFRAG and PAFA members said the accounting requirements for transactions that change the relationship between an investor and an investee have gaps, namely:

    (a) users obtain insufficient information on changes in ownership, for example, when an investee changes its status from associate to subsidiary, according to the EFRAG member; and

    (b) some stakeholders disagree with the requirement to remeasure the retained interest in an investee at fair value when an investor loses of control of a subsidiary, according to the ASBJ member.

70. The AOSSG and ARD members said determining whether a decision-maker is acting as a principal or an agent can be challenging. The ARD member said the assessment is challenging especially when structured entities are involved. The FRC member said stakeholders asked for additional guidance on non-contractual agency relationships.

71. The KASB member said the control assessment of structured entities can be challenging. He mentioned that entities in Korea set up structured entities as a financing method.

72. The AcSB and FRC members said assessing whether an investor with less than a majority of the voting rights has control of an investee is challenging.

73. The EFRAG member said some stakeholders have requested the definition of returns be improved.

IFRS 11

74. The AcSB, ANC, FRC and OIC members said classifying joint arrangements as either joint operations or joint ventures is challenging. On classification of joint arrangements:

    (a) the AcSB and ANC members said classifying a joint arrangement structured in a separate vehicle as a joint operation is difficult because the legal form of the arrangement takes precedence.

    (b) the OIC member said the application of the classification requirements sometimes leads to an outcome that does not reflect the commercial relationship. He added the classification requirements on other facts and circumstances should be simpler.

75. The ANC and OIC members said some stakeholders expressed concern about the IFRS Interpretations Committee's Agenda Decision *Liabilities in relation to a Joint Operator's Interest in a Joint Operation*. These stakeholders said that joint operators should recognise their share of the liabilities.

76. The AOSSG, ARD and EFRAG members said, in practice, collaborative arrangements outside the scope of IFRS 11 occur. The ARD member said such arrangements are found in real estate, pharmaceutical, film production and telecommunications.

IFRS 12

77. The KASB member said he would find examples illustrating the disclosure requirements on significant judgements and assumptions made in control assessments useful.

78. The EFRAG member said:

    (a) comments EFRAG has received suggest that entities disclose insufficient information on significant judgements and assumptions; and

    (b) more detailed information on non-controlling interests would be useful.

79. The FRC member said the quality of disclosures reflects poor compliance.

80. The AcSB member said some users would like to receive information from entities that have proportionately consolidated joint ventures. Some entities include such information as part of non-GAAP reporting. She added that the users said entities do not provide information on their governance and financing structures.

Extractive Activities

81. The objective of this session was to seek ASAF members' views about how the Board plans to determine the scope and direction of any project on extractive activities.

Evidence

82. ASAF members commented on whether they have identified evidence the Board is not already considering to determine the scope and direction of the project.

83. The AOSSG and ARD members said the evidence that the Board will consider is sufficient. However, the ARD member suggested the Board consider further research on financial statements of entities with extractive activities that apply jurisdictional generally accepted accounting principles such as US GAAP.

84. The AcSB and PAFA members said the importance of accounting for exploration and evaluation expenditure, and whether entities capitalise or expense, depends on an entity's maturity. For example, the PAFA member said exploration and evaluation expenditure is of greater concern for entities engaged only in exploration and evaluation activities than for those who also engage in development and production activities.

85. The ANC member said that several factors could influence the accounting policies developed for exploration and evaluation expenditure. These factors could include regional and industry trends. He questioned how diverse such accounting policies are.

Determining project scope and direction

86. The GLASS member was concerned about 'relevance'—one of five factors the Board could consider using to determine this project's scope and direction—and said the Board should consider any matter that affects extractive industries, whether or not it affects other industries.

87. The ANC, AOSSG and ARD members agreed that the five factors are useful for determining the project's scope and direction. Some members said that the Board should also consider other factors:

    (a) the ANC member said that the Board should consider:

        (i) the potential for unintended consequences. For example, developing requirements about the unit of account for exploration and evaluation expenditure could have unintended consequences on the unit of account for IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*.

        (ii) whether the approach would conflict with jurisdictional regulatory requirements for reserve and resource reporting. Such a conflict could result in duplication of information.

        (iii) whether it has the resources and expertise (including through working groups or advisory committees) to carry out this project.

    (b) the ARD member said that the Board should consider:

        (i) whether a project on extractive activities could significantly improve the comparability of financial statements;

        (ii) how this project relates to other projects and IFRS Standards;

        (iii) whether any amendments would improve accounting practice; and

        (iv) how this project interacts with jurisdictional regulatory requirements and laws.

88. The AOSSG member said the most important factor for the Board to consider was whether the matter identified materially affects users of financial statements.

Other comments about the potential scope of the project

89. The AcSB, ANC, AOSSG, EFRAG, FRC and OIC members said that, on the basis of their outreach, there are no significant issues with IFRS 6 *Exploration for and Evaluation of Mineral Resources* or indications that this project had a high priority. In their view, the Board should prioritise other specific accounting issues, namely:

    (a) requirements for sustainability reporting, as suggested by the ANC, EFRAG and FRC members;

    (b) the accounting in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* in relation to provisions for rehabilitation which are common in entities with extractive activities, as suggested by the AOSSG, EFRAG and PAFA members; and

    (c) the accounting in IAS 36 *Impairment of Assets* in relation to exploration and evaluation assets, as suggested by the EFRAG and FRC members.

90. The PAFA member suggested the Board consider the accounting treatment of streaming activities, for which accounting practice varies.

91. The OIC member said oil and gas preparers in Italy were concerned with the proposal to develop a single accounting model for the oil and gas industry and the minerals industry.

92. The ANC and FRC members opposed a project to develop a standard for extractive activities. The FRC member also opposed including exploration and evaluation expenditure in a larger project on intangible assets.

93. The ARD member said the Board should expand the scope of IFRS 6 to include all extractive activities, for example to include the development and production of mineral resources, and should include requirements for the disclosure of reserves because the measurement of reserves varies between jurisdictions.

94. The FRC and OIC members suggested waiting for the outcome of the Third Agenda Consultation to determine the scope and direction of any project on extractive activities.

95. The ARD member suggested the Board use an expert working group or advisory committee for the measurement of mineral interests to improve the valuation of mineral interests and the quality of information disclosed.

96. The ANC and OIC members said many entities in the oil and gas industry apply accounting policies for exploration and evaluation expenditure which align with the accounting treatment that US GAAP requires. The OIC member suggested that the Board collaborate with the FASB on any project it undertakes.

Reserve and resource information

97. The AcSB, ANC, AOSSG and EFRAG members questioned whether entities should disclose reserve and resource information in the financial statements.

98. The AcSB member reported that:

    (a) stakeholders say reserve and resource information is better placed outside the financial statements because of the judgement needed to prepare this information. However, it was not clear yet whether this information is more subjective than other types of estimates in the financial statements.

    (b) a minerals industry association had said including the information in the financial statements would bring orderliness and transparency to the information for retail investors as well as specialised investors.

99. The AcSB and AOSSG members said the reserve and resource reporting requirements outside the financial statements are extensive and well understood in Canada and Australia.

100. The EFRAG member said only specialist users can understand reserve and resource information.

Update and agenda planning

101. The objective of this session was to inform ASAF members about the Board's work plan and to discuss the topics for the next ASAF meeting, which is planned to take place in June 2021.

102. ASAF members were asked to confirm whether:

    (a) they find written updates about the Board's work plan helpful; or

(b) information about the Board's work plan on the IFRS Foundation's website is sufficient for their needs.

Agenda planning

103. The EFRAG member said that if the Board extends the consultation period for its consultation documents on rate-regulated activities and the Third Agenda Consultation, EFRAG might not provide feedback yet. She suggested the Board provide an update to ASAF members on the IFRS Foundation's work on sustainability reporting and how this work might relate to the Board's technical projects, such as the Management Commentary project.

104. The AOSSG member said:

(a) the AOSSG is likely to provide only preliminary feedback on consultation documents for the Business Combinations under Common Control project and the Third Agenda Consultation because these documents will still be open for comment in June 2021; and

(b) additional information about the focus on the planned discussion for the Goodwill and Impairment, Primary Financial Statements and Management Commentary projects would help ASAF members to gather feedback ahead of the next ASAF meeting.

Providing project updates

105. The AcSB, EFRAG, FASB and FRC members said that they can easily access information on the status of the Board's work plan through the IFRS Foundation's website and through Board members and staff. These members suggested not providing written updates about the Board's work plan at future ASAF meetings if preparing those updates requires a lot of time and effort, and resources could be used elsewhere.