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## Accounting Standards Advisory Forum meeting

Date **December 2022**  
Project **ASAF**  
Topic **ASAF planning and feedback from previous meetings**  
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This paper has been prepared for discussion at a public meeting of the Accounting Standards Advisory Forum (ASAF). This paper does not represent the views of the International Accounting Standards Board (IASB) or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS<sup>®</sup> Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB *Update*.

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## Introduction

1. The aim of this paper is to:
  - (a) discuss the agenda topics for the March 2023 meeting of the Accounting Standards Advisory Forum (ASAF); and
  - (b) provide ASAF members with feedback on how the staff or the International Accounting Standards Board (IASB) have considered (or will consider) the advice given at the July 2022 and September 2022 ASAF meetings.
2. Information about the IASB's work plan and the status of projects is available on the IFRS Foundation website.

## Structure of the paper and questions for ASAF members

3. There are two appendices to this paper:
  - (a) Appendix A sets out the suggested agenda topics for the March 2023 ASAF meeting; and
  - (b) Appendix B sets out a table summarising the feedback from the July 2022 and September 2022 ASAF meetings and how the staff or the IASB have considered (or will consider) this feedback.

### Questions for ASAF members

1. Do ASAF members have any comments on the proposed agenda topics for the March 2023 ASAF meeting or wish to add items arising from their jurisdiction to the proposed agenda topics (Appendix A)?
2. Do ASAF members have any comments on how the feedback from the July 2022 and September 2022 ASAF meetings has been (or will be) used by the staff or the IASB (Appendix B)?

## Appendix A—ASAF agenda topics

Agenda topic	Purpose of the discussion
<b>July 2022 ASAF meeting (Actual)</b>	
Dynamic Risk Management	Seek ASAF members' views on the IASB's discussions and tentative decisions to respond to the main challenges identified during 2020 outreach. Seek ASAF members' input on whether equity should be eligible for designation in the DRM model.
Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures	Seek ASAF members' views on the interaction between local regulations and the proposed IFRS Accounting Standard <i>Subsidiaries without Public Accountability: Disclosures</i> .
Disclosure Initiative—Targeted Standards-level Review of Disclosures	Seek advice from ASAF members on the next steps for the project.
Financial Instruments with Characteristics of Equity	Seek ASAF members' views on whether the IASB's tentative decisions on financial instruments with contingent settlement provisions and the effects of laws on the contractual terms would resolve practice issues or would have any unintended consequences.
Goodwill and Impairment	Seek ASAF members' advice on possible ways forward for the IASB's preliminary views related to (a) additional disclosure objectives in IFRS 3; and (b) improving disclosures about subsequent performance of business combinations and expected synergies.
Post-implementation Review of IFRS 9—Classification and Measurement	Seek ASAF members' views on whether some of the application questions raised in responses to the Request for Information <i>Post-implementation Review of IFRS 9—Classification and Measurement</i> could be suitable for submission to the IFRS Interpretations Committee. Seek input from ASAF members on the topic of ESG-linked features in the light of the IASB's discussions in April 2022 and May 2022.
Primary Financial Statements	Seek ASAF members' advice on the IASB's discussion on (a) income and expenses of limited recurrence (unusual income and expenses); and (b) analysis of operating expenses by nature in the notes when an entity reports operating expenses by function in the statement of profit or loss. Ask whether ASAF members would like to conduct targeted outreach.
Review of the <i>IFRS for SMEs</i> Accounting Standard	Provide an update about the project and the forthcoming Exposure Draft proposing amendments to the <i>IFRS for SMEs</i> Accounting Standard.
<b>September 2022 ASAF meeting (Actual)</b>	
Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures	Seek advice from ASAF members on some aspects of the project, including whether to retain the requirement that the ultimate or any intermediate parent financial statements should be available for public use, the approach to addressing the proposed disclosure requirements and the structure of the Standard.
Post-implementation Review of IFRS 9—Impairment requirements	Seek advice from ASAF members on matters to be considered in the Post-implementation Review of impairment requirements in IFRS 9.
Rate-regulated Activities	Seek ASAF members' advice on recent IASB's discussions on total allowed compensation and the scope of the Accounting Standard to be issued.
Goodwill and Impairment	Presentation by the UK Endorsement Board of a research paper on a hybrid approach to subsequent measurement of goodwill.

<b>December 2022 ASAF meeting (Actual)</b>	
Business Combinations under Common Control	Seek ASAF members' advice on staff's initial views on how to respond to feedback on selecting the measurement method(s) to apply to business combinations under common control.
Equity Method	Seek input from ASAF members to help assess the implications on IASB's tentative decisions in ASAF members' jurisdictions.
Post-implementation Review of IFRS 15	Seek advice from ASAF members on matters to be considered in the Post-implementation Review of IFRS 15.
Provisions—Targeted Improvements	Seek input from ASAF members on discount rates for provisions within the scope of IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> —specifically, whether discount rates for provisions should reflect the entity's own credit risk and whether financial statements currently disclose enough information about the rates entities use to discount provisions.
Primary Financial Statements	Update on targeted outreach
Variable and contingent consideration	Presentation by EFRAG of its research project on variable and contingent consideration.
<b>March 2023 ASAF meeting (Proposed)</b>	
Equity Method	Seek ASAF members' input for the effects analysis on the potential amendments (preferred approach)
Primary Financial Statements	Seek ASAF members' advice on the IASB's recent tentative decisions.
Rate-regulated Activities	Provide an update about the project and the IASB's recent tentative decisions.

## Appendix B—Feedback from the September 2022 ASAF meeting

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Rate-regulated Activities</b></p> <p>The purpose of this session was to update ASAF members on the redeliberations of the Exposure Draft <i>Regulatory Assets and Regulatory Liabilities</i> and seek their views on whether the tentative decisions to date on scope and total allowed compensation help address stakeholders' concerns about the proposals.</p>		
<p>Total allowed compensation</p>	<p>ASAF members overall welcomed the IASB's tentative decisions: (a) to focus the application guidance of the final Accounting Standard (Standard) on differences in timing instead of specifying the components of total allowed compensation; and (b) on regulatory returns on assets not yet available for use.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 25–26 of the <a href="#">September 2022 meeting summary note</a>.</p>	<p>The IASB will continue to redeliberate the project proposals at future meetings.</p>
<p>Scope</p>	<p>ASAF members generally agreed with the IASB's tentative decisions on the scope of the Standard dealing with the term 'customers' and with the interaction between the model and IFRS 9 <i>Financial Instruments</i>.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraph 27 of the <a href="#">September 2022 meeting summary note</a>.</p>	<p>The IASB will continue to redeliberate the project proposals at future meetings.</p>
<p><b>Subsidiaries without Public Accountability: Disclosures</b></p> <p>The purpose of this session was to provide ASAF members an update on the <i>Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures</i> project, and to ask ASAF members' views on: (a) removing the requirement that for a subsidiary to be eligible to apply the proposed IFRS Accounting Standard (draft Standard) the parent's consolidated financial statements be 'available' for public use; (b) the staff's suggested approach for analysing comments received on the proposed disclosure requirements; and (c) responding to feedback on the structure of the draft Standard.</p>		
<p>Parent's consolidated financial statement be available for public use</p>	<p>ASAF members had mixed views on removing the requirement that for a subsidiary to be eligible to apply the draft Standard the parent's consolidated financial statements be 'available for public use.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 5–9 of the <a href="#">September 2022 meeting summary note</a>.</p>	<p>In <a href="#">November 2022</a> the IASB met to consider feedback on aspects of the proposed scope of the draft Standard including whether the parent's consolidated financial statements should be available for public use.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Staff's suggested process to address comments on proposed disclosure requirements</p>	<p>ASAF members generally agreed with the staff's suggested process for responding to the feedback on the disclosure requirements proposed in the draft Standard.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 10–12 of the <a href="#">September 2022 meeting summary note</a>.</p>	<p>In <a href="#">October 2022</a> the IASB met to discuss the staff's recommended process to address comments on proposed disclosure requirements in the draft Standard.</p> <p>The IASB decided that the staff should analyse the comments received on the proposed disclosure requirements in the draft Standard in three steps:</p> <ul style="list-style-type: none"> <li>(a) Step 1—stratify the comments on the proposed disclosure requirements based on how the proposed disclosure requirements were developed;</li> <li>(b) Step 2—assess the comments received against a set of factors: the principles on users' information needs of non-publicly accountable entities' financial statements, cost and benefit, distribution of the comments received, overall usefulness of information and previous IASB discussions and decisions on the disclosure requirement; and</li> <li>(c) Step 3—recommend any changes to the proposed disclosure requirements to the IASB.:</li> </ul>
<p>Responding to feedback on the structure of the draft Standard</p>	<p>ASAF members had mixed views on the structure of the draft Standard as it relates to: (a) Disclosure requirements in IFRS Accounting Standards replaced by the draft Standard; and (b) Disclosure requirements that remain applicable in other IFRS Accounting Standards.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 10–12 of the <a href="#">September 2022 meeting summary note</a>.</p>	<p>In <a href="#">October 2022</a> the IASB met to discuss the feedback on the structure of the draft Standard.</p> <p>The IASB tentatively decided to:</p> <ul style="list-style-type: none"> <li>(a) omit Appendix A proposed in the draft Standard.</li> <li>(b) replace the footnotes with cross-references to disclosure requirements that remain applicable in other IFRS Accounting Standards, under each IFRS Accounting Standard subheading.</li> </ul>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Post-implementation Review of IFRS 9— Impairment</b></p> <p>The purpose of this session was for ASAF members to share their views on applying the impairment requirements in IFRS 9 Financial Instruments and on matters that the IASB might consider in the post-implementation review (PIR) of these requirements.</p> <p>ASAF members were asked whether: (a) there are fundamental questions on the clarity and suitability of the objectives or principles in the impairment requirements—that is, if there are fatal flaws in the requirements; (b) the benefits to investors arising from applying the requirements are significantly lower than expected; and (c) the costs of applying some or all of the requirements and auditing and enforcing their application are significantly greater than expected.</p>		
<p>Matters to consider in the PIR</p>	<p>ASAF members suggested the IASB consider various topics as part of the PIR, including: (a) Significant Increases in Credit Risk (SICR); (b) Incorporation of forward-looking information in measurement of Expected Credit Losses (ECL); (c) Credit risk disclosures in IFRS 7; (d) Application of the ECL model to intercompany loans; (e) Definition of credit losses (f) Financial guarantees and loan commitments.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 20–23 of the <a href="#">September 2022 meeting summary note</a>.</p>	<p>The IASB will consider ASAF members’ comments on these matters as it develops the Request for Information on this PIR.</p>