

## STAFF PAPER

July 2022

## Accounting Standards Advisory Forum

Project	Accounting Standards Advisory Forum	
Paper topic	Agenda planning and feedback from previous ASAF meetings	
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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 (IASB) or any individual IASB member. Any comments in the paper do not purport to set out acceptable or unacceptable application of IFRS<sup>®</sup> Accounting Standards. The IASB's technical decisions are made in public and reported in the IASB<sup>®</sup> *Update*.

**Introduction**

1. The aim of this paper is to:
  - (a) discuss the agenda topics for the September 2022 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 December 2021 and March 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 September 2022 ASAF meeting; and
  - (b) Appendix B sets out a table summarising the feedback from the December 2021 and March 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 September 2022 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 December 2021 and March 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>December 2021 ASAF meeting (Actual)</b>	
Disclosure Initiative— Targeted Standards-level Review of Disclosures	Discuss feedback on the Exposure Draft <i>Disclosure Requirements in IFRS Standards—A Pilot Approach</i> published in March 2021.
Disclosure Initiative— Subsidiaries without Public Accountability: Disclosures	Seek ASAF members' views on the scope of the draft Standard <i>Subsidiaries without Public Accountability: Disclosures</i> .
Intangibles (EFRAG)	Discuss ASAF members' preliminary feedback on the Discussion Paper <i>Better Information on Intangibles</i> published by EFRAG in August 2021.
Strategic / agenda consultations	Share feedback and decisions, if known, from any recent strategic / agenda consultations in ASAF members' jurisdictions and discuss how it compares to feedback received by the Board on its Third Agenda Consultation.
Goodwill and Impairment	Seek ASAF members' views on staff examples illustrating the information the staff expect an entity to disclose applying the IASB's preliminary views expressed in the Discussion Paper <i>Business Combinations—Disclosures, Goodwill and Impairment</i> .
<b>March 2022 ASAF meeting (Actual)</b>	
Non-current liabilities with covenants	Discuss feedback on the Exposure Draft <i>Non-current Liabilities with Covenants</i> published in November 2021.
Supplier finance arrangements	Discuss feedback on the Exposure Draft <i>Supplier Finance Arrangements</i> published in November 2021.
Primary Financial Statements	Seek ASAF members' advice on (a) the way forward on the project and (b) how to address some questions and concerns on the analysis of operating expenses.
Rate-regulated Activities	Provide an update on the IASB's discussions on the next steps of the project, seek any advice from ASAF members and discuss whether and how ASAF members would like to provide support during the next steps.

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 Accounting Standard</i>	Provide an update about the project and the forthcoming Exposure Draft proposing amendments to the <i>IFRS for SMEs Accounting Standard</i> .
<b>September 2022 ASAF meeting (Proposed)</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.
Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures	Seek advice from ASAF members on the next steps for the project.
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.

## Appendix B—Feedback from the December 2021 and March 2022 ASAF meetings

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Intangibles and Agenda Consultations</b> (December 2021)</p> <p>The objective of these sessions was (a) to obtain ASAF members' preliminary feedback on EFRAG's discussion paper <i>Better Information on Intangibles—Which is the best way to go?</i>, (b) to discuss feedback and decisions from recent consultations on the future agendas of some ASAF members and how it compares to the feedback on the IASB's Third Agenda Consultation.</p>		
<p>Intangibles</p>	<p>ASAF members generally agreed that matters discussed in the EFRAG discussion paper are relevant and valid and said the IASB should undertake a comprehensive review of IAS 38 <i>Intangible Assets</i>, working with the International Sustainability Standards Board (ISSB) to consider any relationship between intangibles and any future sustainability-related disclosure standards.</p>	<p>At its March and April 2022 meetings, the IASB discussed which financial reporting issues to add to its work plan for 2022 to 2026. The IASB considered the feedback from ASAF members and at its April 2022 meeting (see the <a href="#">agenda paper</a>), the IASB decided: (a) to add to its maintenance project pipeline a project on climate-related risks; (b) that its research project pipeline will comprise two projects: intangible assets, and the statement of cash flows and related matters; (c) to create a reserve list of projects that could be added to the work plan only if additional capacity becomes available. The reserve list comprises two projects: operating segments and pollutant pricing mechanisms.</p>
<p>Financial reporting issues</p>	<p>ASAF members shared feedback from their recent agenda (and strategic) consultations. Although views on the priority of potential projects varied, financial reporting issues suggested by both ASAF members' stakeholders and respondents to the IASB's Third Agenda Consultation were similar and included (in alphabetical order):</p> <ul style="list-style-type: none"> <li>(a) climate-related risks and sustainability reporting;</li> <li>(b) cryptoassets, cryptoliabilities and digital assets;</li> <li>(c) digital financial reporting;</li> <li>(d) going concern;</li> <li>(e) intangibles,</li> <li>(f) operating segments;</li> <li>(g) other comprehensive income;</li> <li>(h) separate financial statements;</li> <li>(i) statement of cash flows and related transactions; and</li> <li>(j) variable and contingent consideration.</li> </ul>	<p>The IASB expects to publish the feedback statement on the Third Agenda Consultation in July 2022.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><a href="#">Projects on the IASB's current work plan</a></p>	<p>Consistent with the feedback from some respondents to the IASB's Third Agenda Consultation, one ASAF member said the IASB should consider reassessing the priority of some projects on its current work plan.</p>	<p>At its February 2022 meeting, the IASB discussed <a href="#">how to respond to feedback about projects on its current work plan</a>.</p> <p>The IASB decided not to reprioritise projects on its current work plan, but to continue working on those projects (except for a maintenance project Availability of a Refund (Amendments to IFRIC 14 <i>IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>)).</p>
<p><a href="#">Cross-cutting themes</a></p>	<p>ASAF members shared feedback on aspects that may affect available capacity and hence how to balance the need to progress projects on the IASB's current work plan, undertake required post-implementation reviews and address emerging issues in a timely manner, including:</p> <ul style="list-style-type: none"> <li>(a) consideration of connectivity between IFRS Accounting Standards and IFRS Sustainability Disclosure Standards; and</li> <li>(b) suggestions to partner further with national standard-setters to research some of the financial reporting issues, which could alleviate some of the IASB's capacity constraints.</li> </ul>	<p>At its February 2022 meeting, the IASB discussed capacity implications of <a href="#">three cross-cutting themes</a> arising from the feedback on its Third Agenda Consultation:</p> <ul style="list-style-type: none"> <li>(a) connectivity between the work of the IASB and the ISSB;</li> <li>(b) suggestions that the IASB should partner further with national standard-setters and other regional bodies; and</li> <li>(c) the priority of matters identified in post-implementation reviews.</li> </ul>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Goodwill and Impairment</b> (December 2021)</p> <p><b>The objective of this session was to obtain feedback from ASAF members on staff examples illustrating the information the staff expect an entity to disclose when applying the IASB's preliminary views about adding disclosure requirements to IFRS 3 <i>Business Combinations</i>.</b></p>		
<p>Commercial sensitivity</p>	<p>ASAF members reported that:</p> <p>(a) preparers in their jurisdictions overall said some or all information in the staff examples is, in their view, commercially sensitive; and</p> <p>(b) users of financial statements consulted expressed mixed views on the usefulness of staff examples: some users said this type of information would also be useful for investments other than business combinations (for example, if an entity starts to operate in a new market), whereas some users were concerned that the information might be unreliable.</p> <p>ASAF members suggested:</p> <p>(a) to include examples that address concerns about commercial sensitivity by including commercially sensitive information in the underlying fact patterns; and</p> <p>(b) to consider statements management makes about a business combination in investor roadshows, to try to bridge the natural tension between feedback from preparers and users.</p>	<p>The staff tested examples with stakeholders to understand better the practical concerns raised by respondents about some of the disclosures that would be required applying the IASB's preliminary views set out in the Discussion Paper <i>Business Combinations—Disclosures, Goodwill and Impairment</i>.</p> <p>The IASB discussed feedback from testing those examples, including feedback from ASAF members, at its April 2022 meeting (see <a href="#">Agenda Paper 18A</a> of that meeting).</p>
<p>Litigation risk</p>	<p>Regarding whether any information in the disclosure section would raise significant additional litigation risk if disclosed in financial statements, ASAF members said that 'safe harbours'—which provide entities with protection from litigation by users of forward-looking information published in some documents other than financial statements—exist only in some ASAF members jurisdictions.</p>	<p>In April 2022 the IASB also discussed possible ways forward for the preliminary views related to disclosures (see <a href="#">Agenda Paper 18B</a> of that meeting).</p> <p>At this meeting the staff are seeking advice on the possible ways forward discussed with the IASB in April 2022. In particular, the staff ask about:</p>
<p>Other comments</p>	<p>ASAF members suggested that:</p> <p>(a) the IASB should consider that the performance of business combinations could be affected by events outside management's control. Following a principle-based approach without being too specific, the IASB should focus on the key success factors of a business combination, rather than detailed information, because circumstances change and business units evolve.</p> <p>(b) in improving the staff examples, it should be considered that not all business combinations are done to obtain material synergies and that it might be difficult to disclose quantitative information about management's objectives if management does not make decisions using quantitative information.</p>	<ul style="list-style-type: none"> <li>• requiring disclosures for only a specific population of business combinations; and</li> <li>• exempting entities from disclosing particular information in specific circumstances.</li> </ul> <p>In Q3 2022 the staff plan to ask the IASB to decide on whether to proceed</p>

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	<p>(c) the IASB should:</p> <ul style="list-style-type: none"> <li>(i) consider the need to provide guidance on how to measure and audit any 'non-GAAP' information the IASB would require to disclose, given that information would become part of GAAP; and</li> <li>(ii) communicate with auditors to assess the auditability of the information, considering that auditors might be exposed to additional risk if required to audit information they do not currently audit (for example, information about an entity's market share).</li> </ul> <p>(d) the IASB should consider whether information similar to value creation and sustainability information, as well as forward-looking information, could be disclosed outside the financial statements (for example, in the management commentary).</p>	with its preliminary views related to disclosures.
<p><b>Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures</b> (December 2021)</p> <p><b>The objective of this session was to seek ASAF members' preliminary views on the scope of the IASB's Exposure Draft <i>Subsidiaries without Public Accountability: Disclosures</i> (draft IFRS Accounting Standard) published in July 2021 and open for comment until 31 January 2022.</b></p>		
Scope	<p>ASAF members said their stakeholders' views on the proposed scope of the draft IFRS Accounting Standard varied. Some ASAF members' stakeholders agreed with the proposed scope of the draft IFRS Accounting Standard. Other ASAF members' stakeholders suggested the IASB extend the scope of the draft IFRS Accounting Standard to all entities without public accountability.</p> <p>One ASAF member said the scope of the draft IFRS Accounting Standard should be extended to include associates and joint ventures.</p> <p>One ASAF member said the IASB should not define the scope of the draft IFRS Accounting Standard; instead, local regulators or authorities in each jurisdiction should decide which entities would be eligible to apply it to enable an entity to apply the draft IFRS Accounting Standard as the entity's secondary GAAP, regardless of whether the entity has public accountability.</p> <p>One ASAF member supported the scope of the draft IFRS Accounting Standard, however the member disagreed with the draft IFRS Accounting Standard being optional and suggested that the IASB allow local regulators or authorities in each jurisdiction to decide whether to permit or require application of the draft IFRS Accounting Standard.</p>	<p>At its May 2022 meeting, the IASB discussed the <a href="#">scope of the draft IFRS Accounting Standard</a> and tentatively decided to: (a) confirm the scope as proposed in the draft Standard; and (b) review that scope after the draft Standard has been finalised, possibly during the post-implementation review.</p> <p>The IASB also tentatively decided to provide guidance to improve understandability of the description of 'public accountability'.</p> <p>The IASB will continue this discussion at its June 2022 meeting.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<a href="#">Cost-benefit assessment</a>	<p>ASAF members commented on the costs and benefits of applying the draft IFRS Accounting Standard. Comments included:</p> <ul style="list-style-type: none"> <li>(a) the proposed scope of the Standard would lead to cost savings and reduce group-reporting costs, especially for parent companies with international subsidiaries;</li> <li>(b) in balancing cost savings for preparers with user information needs, there will be the need to consider the potentially varied user information needs of wholly-owned subsidiaries and non-wholly-owned subsidiaries; and</li> <li>(c) cost savings of the draft IFRS Accounting Standard may be limited because some parent entities would still require subsidiaries to provide all IFRS disclosures or use a group-reporting template.</li> </ul>	<p>At its April 2022 meeting, the IASB considered <a href="#">ASAF members' preliminary views</a> and additional feedback in <a href="#">members' comment letters</a> in discussing the feedback summary on the Exposure Draft.</p> <p>In September 2022, staff plan to seek ASAF members' advice on the next steps for the project.</p>
<p><b>Disclosure Initiative—Targeted Standards-level Review of Disclosures</b> (December 2021)</p> <p><b>The purpose of this session was to hear initial feedback from ASAF members on the Exposure Draft <i>Disclosure Requirements in IFRS Standards—A Pilot Approach</i> (Exposure Draft) published in March 2021 and open for comment until 12 January 2022.</b></p>		
<a href="#">Initial feedback on the Exposure Draft</a>	<p>ASAF members shared initial feedback from their stakeholders on the proposals in the Exposure Draft related to:</p> <ul style="list-style-type: none"> <li>(a) the Guidance for the Board;</li> <li>(b) new disclosure requirements for IFRS 13 <i>Fair Value Measurement</i>, and</li> <li>(c) new disclosure requirements for IAS 19 <i>Employee Benefits</i>.</li> </ul> <p>The initial feedback provided by ASAF members is summarised in paragraphs 83–92 of the <a href="#">December 2021 meeting summary note</a>.</p>	<p>At its May 2022 meeting, the IASB considered initial feedback from the ASAF meeting and the feedback provided in comment letter from ASAF members, as part of the <a href="#">discussion of the comment letter feedback summary on the Exposure Draft</a>.</p> <p>At this meeting, the staff are seeking ASAF members' advice on the next steps for the project.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Non-current liabilities with covenants</b> (March 2022)</p> <p><b>The purpose of this session was to seek ASAF members' views on the Exposure Draft <i>Non-current Liabilities with Covenants</i>, which proposed amendments to IAS 1 <i>Presentation of Financial Statements</i>.</b></p>		
<p>Feedback on the Exposure Draft</p>	<p>ASAF members welcomed the IASB's decision to propose amendments to IAS 1 in response to stakeholders' concerns about the outcomes of applying the amendments to IAS 1, <i>Classification of Liabilities as Current or Non-current</i>, issued in 2020.</p> <p>ASAF members suggested the IASB consider improving or clarifying some aspects of the proposals and generally disagreed with the proposal to require separate presentation of non-current liabilities with covenants in the statement of financial position for the reasons set out in the alternative view to the Exposure Draft.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 16–26 of the <a href="#">March 2022 meeting summary note</a>.</p>	<p>The staff will consider ASAF members' comments together with the feedback on the Exposure Draft and present a summary to the IASB (expected in June 2022).</p>
<p><b>Supplier finance arrangements</b> (March 2022)</p> <p><b>The objective of this session was to seek feedback from ASAF members on whether the proposed disclosures in the Exposure Draft <i>Supplier Finance Arrangements</i> would enable investors to assess the effects that supplier finance arrangements have on an entity's liabilities and cash flows.</b></p>		
<p>Feedback on the Exposure Draft</p>	<p>ASAF members generally support the project because of the transparency it will provide about an entity's supplier finance arrangements.</p> <p>ASAF members suggested the IASB consider refining some aspects of the proposals.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 69–78 of the <a href="#">March 2022 meeting summary note</a>.</p>	<p>The staff will consider ASAF members' comments together with other feedback on the Exposure Draft and present a summary to the IASB (expected in July 2022).</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Primary Financial Statements</b> (March 2022)</p> <p><b>The purpose of this session was (a) to seek general advice from ASAF members on the way forward on the project and (b) to seek advice from ASAF members on the proposals requiring entities that report operating expenses by function in the statement of profit or loss to disclose totals of expenses by nature in the notes.</b></p>		
Project direction	<p>ASAF members suggested (a) to prioritise redeliberations on the proposals for entities with specified main business activities and the definition of unusual income and expenses and (b) to perform targeted outreach on the proposals that have been redeliberated, including the proposals related to disclosure of operating expenses by nature.</p>	<p><a href="#">At its May 2022 meeting</a>, the IASB discussed aspects of the definition and disclosure of 'income and expenses of limited recurrence (unusual income and expenses)'. A summary of the IASB tentative decisions is included in the <a href="#">May 2022 IASB Update</a>.</p> <p>At this meeting the staff will discuss offers from ASAF members' to perform targeted outreach.</p>
Categories and subtotals	<p>One ASAF member suggested the IASB provide illustrative examples highlighting the relationship between the proposed approach to classifying income and expenses in the financing category of the statement of profit or loss and classification of cash flows in the statement of cash flows.</p> <p>One ASAF member suggested the IASB consider requiring entities applying IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i> to present foreign exchange differences and gain or loss on net monetary position in a separate category.</p>	<p>The IASB will consider ASAF members' comments when redeliberating the project proposals at future meetings.</p>
Management performance measures	<p>ASAF members' views on whether management performance measures should be presented in the statement of profit or loss or disclosed in the notes varied. One ASAF member said that determining which management performance measures as defined by the IASB would be included in the financial statements would be important to the proposals' acceptance.</p> <p>Some ASAF members suggested the IASB explore further the cost and auditability of the information resulting from the requirement to disclose the income tax effect and the effect on non-controlling interests for each reconciling item.</p>	<p><a href="#">At its May 2022 meeting</a>, the IASB tentatively decided: (a) to confirm the requirement to disclose the income tax effect and the effect on non-controlling interests of each item disclosed in the reconciliation between a management performance measure and the most directly comparable subtotal or total specified by IFRS Accounting Standards; and (b) to revise the requirement specifying how to calculate the income tax effect.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Disclosure of operating expenses by nature in the notes</p>	<p>ASAF members generally agreed that the IASB should explore a partial matrix approach.</p> <p>ASAF members' comments on the costs and benefits of the two versions of a partial matrix included that:</p> <p>(a) Partial Matrix 1 (the IASB specifies the expenses by nature to be disaggregated by function):</p> <ul style="list-style-type: none"> <li>(i) is the closest to the requirements in IAS 1;</li> <li>(ii) is likely to be less costly because the information is more likely to be available;</li> <li>(iii) is the more feasible approach;</li> <li>(iv) has a higher likelihood of providing useful information on non-cash items for users' cash flows projections; and</li> <li>(v) might be the preferred approach for users as it would provide breakdowns of depreciation, amortisation and employee benefits.</li> </ul> <p>(b) Partial Matrix 2 (the IASB specifies the functions to be disaggregated by nature):</p> <ul style="list-style-type: none"> <li>(i) would not provide any cost relief for preparers compared to the proposals in the Exposure Draft; and</li> <li>(ii) might be more useful for users, in particular, for risk and margin analysis.</li> </ul>	<p><a href="#">At its April 2022 meeting</a>, the IASB discussed (a) the comment letter feedback suggesting a partial matrix approach and what a partial matrix disclosure requirement might comprise; (b) the costs and benefits associated with such an approach based on feedback from limited outreach with the IASB's consultative bodies (including ASAF) and preparers and users; and (c) the scope of future papers related to this topic.</p> <p>The IASB did not make any decisions and will continue to redeliberate the project proposals at future meetings.</p>
<p><b>Rate-regulated Activities</b> (March 2022)</p> <p><b>The purpose of this session was to seek ASAF members' views and suggestions on (a) the IASB's plan for redeliberations of the Exposure Draft <i>Regulatory Assets and Regulatory Liabilities</i>; and (b) how the IASB might approach future redeliberations about the scope of the project.</b></p>		
<p>Plan for redeliberations</p>	<p>ASAF members generally agreed with the IASB's approach to prioritise its redeliberations on the proposals relating to scope and to total allowed compensation because:</p> <ul style="list-style-type: none"> <li>(a) clarifying the scope of the Accounting Standard to be issued would help addressing some concerns raised by respondents to the Exposure Draft;</li> <li>(b) some stakeholders expressed concerns about the proposed treatment of returns on assets not yet available for use; and</li> <li>(c) in some jurisdictions there is a disconnect between the regulatory capital base and an entity's property, plant and equipment.</li> </ul>	<p>At its December 2021 meeting, the IASB agreed on a <a href="#">plan for redeliberating the proposals in the Exposure Draft</a>.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><a href="#">Approach to redeliberations on the scope</a></p>	<p>ASAF members commented on how the IASB should approach redeliberations on the scope, following the discussion at the February 2022 IASB meeting. Suggestions for the IASB included:</p> <ul style="list-style-type: none"> <li>(a) to clarify that the project does not intend to align financial reporting with regulatory reporting;</li> <li>(b) to discuss scope and total allowed compensation as a package;</li> <li>(c) to analyse costs and benefits of applying the proposals to agreements, arrangements and activities that would be within the scope of IFRS 9 <i>Financial Instruments</i> and IFRS 17 <i>Insurance Contracts</i>;</li> <li>(d) to undertake further research on the relationship between the project proposals and transactions within the scope of IFRS 15 <i>Revenue from Contracts with Customers</i> and IFRIC 12 <i>Service Concession Arrangements</i>; and</li> <li>(e) to conduct more research to identify different regulatory schemes, covering jurisdictions with both developed and developing rate-regulated activities.</li> </ul>	<p>At its May 2022 meeting, the IASB continued to redeliberate the scope of the proposals. The IASB tentatively decided: (a) to clarify that, for a regulatory asset or a regulatory liability to arise, it is necessary that differences in timing originate from, and reverse through, amounts included in the regulated rates that an entity accounts for as revenue in accordance with <a href="#">IFRS 15</a>; and (b) not to exclude from the scope of the Standard regulatory assets or regulatory liabilities related to financial instruments within the scope of <a href="#">IFRS 9</a>. The Basis for Conclusions will explain the regulation of interest rates is typically limited to setting a cap or floor on interest rates. This type of regulation is not expected to give rise to differences in timing.</p> <p>The IASB will continue to redeliberate the project proposals at future meetings.</p>
<p><a href="#">Other matters</a></p>	<p>ASAF members commented on other aspects of the project. Comments included suggestions that the IASB should:</p> <ul style="list-style-type: none"> <li>(a) consider some of the requirements in US GAAP that provide users of financial statements with useful information;</li> <li>(b) consider the details that would be required in the proposed disclosures and the proposed transition requirements;</li> <li>(c) develop an Accounting Standard that is sufficiently principles-based to accommodate differences between regulatory frameworks globally; and</li> <li>(d) do more focused outreach and testing.</li> </ul>	<p>The IASB will consider ASAF members' comments when continuing to redeliberate the project proposals at future meetings.</p>