Meeting summary

Accounting Standards Advisory Forum

Date **1–2 December 2025**

Contact **NSS@ifrs.org**

This document summarises a meeting of the Accounting Standards Advisory Forum (ASAF), a group of nominated members from national organisations and regional bodies involved with accounting standard-setting. The ASAF supports the IFRS Foundation and the International Accounting Standards Board (IASB) in their objectives, and contributes towards the development, in the public interest, of high-quality, understandable, enforceable and globally accepted IFRS Accounting Standards.

ASAF members who attended the meeting

Region	**Members**
Africa	Pan African Federation of Accountants (PAFA)
Americas	Canadian Accounting Standards Board (AcSB) Financial Accounting Standards Board, US (FASB) Group of Latin American Accounting Standard Setters (GLASS)*
Asia–Oceania (including two at large)	Accounting Regulatory Department, Ministry of Finance, China (ARD)* Accounting Standards Board of Japan (ASBJ) Asian–Oceanian Standard-Setters Group (AOSSG)* Australian Accounting Standards Board (AASB) and External Reporting Board, New Zealand (XRB), together referred to as AASB/XRB Saudi Organization for Chartered and Professional Accountants (SOCPA)
Europe (including two at large)	Accounting Standards Committee of Germany (ASCG) Autorité des Normes Comptables, France (ANC) EFRAG Organismo Italiano di Contabilità, Italy (OIC)* UK Endorsement Board (UKEB)

* Remote participation by videoconference for all (ARD, GLASS) or some (OIC, AOSSG) sessions.

Provisions—Targeted Improvements

Purpose of the session

1. The purpose of this session was to discuss aspects of the International Accounting Standards Board's (IASB's) proposals to amend IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. These proposals are set out in the Exposure Draft *Provisions—Targeted Improvements* (Provisions Exposure Draft).

2. ASAF members provided their views on:

   (a) ideas for possible application requirements for levies; and

   (b) the IASB's recent tentative decisions—reached at its September 2025 meeting—on the rate an entity uses to discount future expenditure to its present value (discount rate proposals).

Summary of the feedback

Ideas for possible application requirements

3. ASAF members provided their views on whether the IASB should address the accounting for levies by amending IAS 37 or by developing a separate standard:

   (a) the FASB, OIC and UKEB representatives suggested developing a separate standard for levies and other non-reciprocal transactions. The UKEB representative said there is strong support among its stakeholders (including from preparers of financial statements and the financial instruments community) for doing so. The OIC and UKEB representatives said that amending IAS 37—a long-standing standard—could risk creating more complexity for levies and unintended consequences for other types of provisions. The UKEB representative also suggested retaining IFRIC 21 *Levies* until a new standard for levies is issued—noting that, although stakeholders generally disagree with the outcome of applying IFRIC 21, they have worked out how to apply it and get information to users of financial statements.

(b) in contrast, the AcSB, ANC, AOSSG, EFRAG and SOCPA representatives agreed with addressing the accounting for levies by amending IAS 37. The EFRAG representative suggested that if levies were excluded from the scope of IAS 37, scope-related issues could become acute. The EFRAG and SOCPA representatives suggested creating a separate section for levies in IAS 37 to avoid any unintended consequences for other types of provisions. The AcSB representative said a separate standard for levies would need to be developed concurrently with the amendments to IAS 37 because it would be impossible to finalise the amendments to IAS 37 while retaining IFRIC 21.

4. Like the OIC representative, the ASBJ representative said the proposed requirements for levies are too complex to apply. The ASBJ representative also said that, consequently, the proposed requirements would not be better than those in IFRIC 21.

5. ASAF members commented on some ideas proposed by the IASB staff:

(a) the AcSB representative liked the notion (reported in paragraphs 32–33 of Agenda Paper 1A) that the action giving rise to an obligation to pay a levy is the activity the legislator is seeking to tax. The representative said requirements should focus on the objectives of the legislation imposing the levy—some of the terms of a levy reflect the mechanism, not the objective. The representative acknowledged it might be difficult to identify the objective of a levy and to word a requirement based on identifying the activity the legislator is seeking to tax.

(b) the ANC, AOSSG and EFRAG representatives expressed support for disregarding actions taken before the levy year, with the ANC and AOSSG representatives expressing a preference for disregarding only some actions. However, the AASB/XRB and AOSSG representatives warned that the levy year could be difficult to determine.

(c) the AcSB, ANC, ARD and EFRAG representatives suggested adding application requirements for levies as an integral part of IAS 37—alongside the application requirements for restructuring and onerous contract provisions. The ANC representative said any application requirements should align with the underlying principles of IAS 37.

(d) the ANC representative agreed with clarifying that paying a levy is typically a transfer, not an exchange, of economic resources. However, the ARD representative expressed concern that such guidance could be too absolute and said that, instead, an entity may need apply judgement in determining whether it has an obligation to transfer or to exchange an economic resource.

(e) the AcSB, AOSSG and ASBJ representatives expressed concern with the idea of clarifying that the actions that meet the 'past-event' condition are those specified by the legislation or other mechanism imposing the levy. The AOSSG representative said it could be difficult to determine the objective of a levy. The AcSB and ASBJ representatives said it could also be difficult to determine whether an action represents the objective of a levy or simply a mechanism by which the government determines who is liable to pay the levy.

6. The PAFA representative reiterated PAFA's disagreement with the outcome of applying IFRIC 21 but said that any solution the IASB develops should be principle-based.

The IASB's tentative decisions on discount rates

7. The AOSSG, ARD, OIC and UKEB representatives agreed with the IASB's tentative decisions relating to the discount rate proposals.

8. Some ASAF members commented on the IASB's tentative decision to retain the proposal to require an entity to discount a provision at a rate that reflects the time value of money—represented by a risk-free rate—with no adjustment for the effect of non-performance risk:

(a) the EFRAG representative reported widespread agreement with the exception among its stakeholders, but mentioned the concern that different Standards seem to apply different principles for discounting.

(b) the UKEB representative noted that some IFRS Accounting Standards require adjustment for the effect of non-performance risk and suggested clarifying that the proposed risk-free rate for provisions is a practical expedient. The representative also noted that there was some support amongst UKEB's stakeholders for the IASB to undertake a project on discount rates.

(c) the ANC representative asked the IASB to retain paragraph BC82 of the Basis for Conclusions on the Provisions Exposure Draft in the basis for conclusions accompanying the amendments when they are issued.

9. Some ASAF members commented on the IASB's tentative decision to add to IFRS 3 an exception to its initial measurement principle in order to avoid 'day-two' adjustments that could arise from the interaction between that Standard and IAS 37 (if amended as proposed):

(a) several ASAF members agreed with the exception:

(i) the AcSB representative said 'day-two' adjustments would not provide useful information to users of financial statements.

(ii) the AcSB and SOCPA representatives noted that IFRS 3 already contains similar exceptions. However, these representatives expressed concern that IFRS 3 contains too many exceptions.

(b) the AASB/XRB and AOSSG representatives asked the IASB to explain why such an exception is justified in this case. These representatives noted that 'day-two' adjustments could also arise due to the interaction between IFRS 3 and other IFRS Accounting Standards—for example, the IFRS 9 requirements for recognising expected credit losses.

10. The AASB/XRB representative agreed with the IASB's tentative decision to add no requirements on the use of real or nominal discount rates in measuring a provision.

Next steps

11. The IASB will consider ASAF members' views when redeliberating the Provisions Exposure Draft proposals for levies.

Amortised Cost Measurement

Purpose of the session

12. The purpose of this session was to obtain ASAF members' input on potential solutions to application issues within the scope of the Amortised Cost Measurement project. The discussion focused on:

    (a) subsequent changes in the Effective Interest Rate (EIR); and

    (b) the modification of financial instruments.

Summary of the feedback

Subsequent changes in the EIR

13. ASAF members said that there is significant diversity in practice and that there are application challenges relating accounting for subsequent changes in the EIR, as required by paragraphs B5.4.5–B5.4.6 of IFRS 9 *Financial Instruments*. Therefore, they supported the IASB's efforts to clarify these requirements.

14. ASAF members noted that, at its September 2025 meeting, the IASB discussed three potential alternatives for clarifying the requirements in paragraph B5.4.5 of IFRS 9. Those are Alternative A, B and C.

15. In that meeting, the IASB concluded that none of these alternatives achieved an optimal balance between costs for preparers and benefits to users of financial statements (investors) from the resulting information. In the IASB's preliminary view, a different alternative that combines elements of alternatives A–C might better achieve such a balance.

16. ASAF members generally agreed with the IASB's conclusions. Many ASAF members suggested the IASB explore an approach that combines elements of alternatives A and C to balance conceptual merits with practicality.

17. Most ASAF members viewed Alternative A, as discussed by the IASB, as conceptually appropriate but operationally complex, and potentially leading to frequent catch-up adjustments, which some said would reduce the usefulness of information to investors.

18. In contrast, Alternative C, as discussed by the IASB, was considered easier to apply but less conceptually robust. Alternative B received less support due to its fair-value-like approach, which was deemed inconsistent with the principles of amortised cost.

19. Some ASAF members commented on these alternatives:

    (a) the AASB/XRB representative noted that, in their jurisdictions, support was split between Alternative A and Alternative C, highlighting differences in how banks and other entities experience and manage changes in EIR. Banks face frequent adjustments due to the volume and nature of their portfolios; other entities might encounter these issues less often but with significant impact when they do.

    (b) the GLASS, SOCPA and UKEB representatives supported Alternative A because, in their view, the EIR should only reset for movements in observable market variables, not for movements in entity specific variables.

    (c) the GLASS representative noted that catch-up adjustments provide useful information when they reflect changes in contractual interest rates that are not aligned to prevailing market interest rates.

    (d) the UKEB representative, nonetheless, highlighted the importance of considering exceptions to Alternative A when warranted. They discussed, for example, a scenario in which deterioration of the borrower's credit risk triggers an increase in the contractual interest rate that is not aligned to prevailing market interest rates. In such a case, applying Approach A might result in recognising a catch-up adjustment that is a gain in the statement of profit or loss, which is considered counterintuitive, bearing in mind that the credit risk on that financial instrument has increased.

(e) the AcSB representative said that Alternative A is conceptually correct but would, relative to the other alternatives, result in the recognition of more catch-up adjustments in the statement of profit or loss. This member said investors find that catch-up adjustments add ‘noise’ to the income statement, are difficult to analyse and, thereby, reduce the usefulness of the information provided. This member suggested the IASB pursue Alternative C, but pair it with enhanced disclosure requirements.

(f) the FASB representative explained that under US GAAP, entities usually account for changes in interest cash flows by prospectively by updating the EIR. As a result, catch-up adjustments are made only in specific cases. According to this member, investors generally support this approach because they prefer information that reflects actual contractual cash flows, rather than estimates of those cash flows.

Modification of financial instruments

20. ASAF members supported clarifying the requirements in IFRS 9 on modification of financial instruments, particularly for financial assets.

21. Most ASAF members said a principles-based approach that combines qualitative and quantitative factors to assess whether a modification is substantial and that results in derecognition would be an optimal solution. In particular, some members suggested that the IASB include the quantitative threshold of 10% in the form of a rebuttable presumption for both financial assets and liabilities. These members said that the IASB should require the assessment of qualitative factors before quantitative factors, to avoid a mechanical application of requirements.

22. Most ASAF members took the view that the reason for modifying a financial asset—such as worsening credit quality or commercial renegotiation—should be an important consideration, but ought not to be determinative when assessing whether a modification results in derecognition. Disclosures were deemed important for helping investors understand the economic substance of modifications.

23. The FASB representative noted that US GAAP sets extensive requirements on accounting for the modification of financial instruments, instead of providing general principles. This member said that preparers in their jurisdiction are against an approach that combines both quantitative and qualitative factors because it requires the application of judgement. In addition, this member said that investors sometimes prefer extinguishment over modification accounting because it results in more useful information.

24. Some ASAF members said that an approach that is symmetrical between financial assets and liabilities is desirable but difficult to achieve in practice due to the interaction with the expected credit loss requirements which are applicable only to financial assets.

25. Some ASAF members highlighted the need for guidance on assessing modifications to revolving credit facilities. The FASB representative noted that US GAAP sets specific requirements for these financial instruments.

Next steps

26. The IASB will consider ASAF members' and other stakeholders' views in developing the proposed amendments to IFRS 9.

Intangible Assets

Purpose of the session

27. The purpose of the session was to find out what ASAF members have heard from users of financial statements in their jurisdictions about:

    (a) their information needs in relation to information about recognised and unrecognised intangible assets and the expenditure associated with them, in particular, whether and how those needs differ by sector or type of intangible asset; and

    (b) any specific information needs related to newer types of intangible assets and new ways of using them.

Summary of the feedback

Current sources of information

28. ASAF members generally agreed with the IASB staff's initial findings on the information currently provided by entities about intangible assets in their annual reports. The ANC, OIC and PAFA representatives said that users find financial statements insufficient for understanding intangible assets and their effects on an entity's ability to generate future cash flow.

29. The AcSB, AOSSG, ARD, ASBJ, FASB and OIC representatives said users obtain information to understand and value an entity's intangible activities from various sources, including financial statements, management commentary, investor presentations, earning calls and industry analysis. The AASB/XRB, AcSB, ARD and AOSSG representatives highlighted that financial statements are an important source of information about intangible assets for users.

30. The AcSB, AOSSG, EFRAG, FASB, GLASS and SOCPA representatives said that the level of information about intangible assets in annual reports may vary depending on asset types or the sector to which they belong. For example, the EFRAG and FASB representatives said that entities from the pharmaceutical industry seem to disclose more information than entities from the technology sector. However, the AASB/XRB, ANC and UKEB representatives said the level of information did not vary by sector. For example, the UKEB representative said variation is driven by an entity's business model and the way it uses intangible assets rather than by asset type or sector.

Improvements to information in financial statements

31. The AcSB, ANC, EFRAG and UKEB representatives mentioned that users do not necessarily seek more recognition of intangible assets on the balance sheet. The FASB representative said a large user group suggested a 'disclosure first' approach. The AASB/XRB, AcSB, ANC, ARD, EFRAG, OIC and UKEB representatives said that users want entities to provide information that would help users better understand their business model and how intangible assets contribute to value creation.

32. ASAF members who commented on improvements generally agreed that providing more disaggregated information about intangible assets and associated expenses in financial statements, especially about research and development expenditure, would be useful to users. For example, the FASB and GLASS representatives said users ask for disaggregation of expenses by product or project and the AcSB and AOSSG representatives said disaggregation into maintenance- and growth-related expenses is seen as useful. However, the ASBJ representative said that more disaggregated information alone would not be the appropriate solution and that recognition and measurement should be considered first.

33. Many ASAF members said that it would be challenging for the IASB to develop requirements on the level of disaggregation. In particular:

    (a) the AcSB, ANC, EFRAG, SOCPA and UKEB representatives said the IASB would need to consider commercial sensitivity. The ANC representative suggested that in some cases relevant information can be provided by disclosing changes and trends rather than specific amounts.

    (b) the AcSB and UKEB representatives suggested allowing management's judgement and requiring an entity to consider its business model or to report information based on its operating segments rather than developing specific requirements.

34. The AASB/XRB and ANC representatives suggested considering potential effects of entities implementing IFRS 18 *Presentation and Disclosure in Financial Statements*, including updated requirements for disaggregation.

35. The AcSB and AOSSG representatives highlighted the importance of narrative disclosures because they provide richer context and insight into value drivers, and because considering the link and boundary between narrative information and the financial statements is important.

36. The AASB/XRB, AOSSG and EFRAG representatives said that some users asked for a disclosure of cumulative spend by project or programme.

37. A few ASAF members said users mentioned other areas where information could be improved, for example:

(a) information about 'other intangibles' category that is often not explained or includes intangible assets of varying types;

(b) more non-financial KPIs, such as KPIs on human capital, innovation and brands; and

(c) better information about selected amortisation periods that are sometimes provided as wide ranges or that differ among similar entities.

38. The ASBJ representative said that in considering how to meet users' information needs, the IASB will need to consider the boundary of financial statements.

Information needs related to newer types of intangible assets and new ways of using them

39. The ASBJ, PAFA and UKEB representatives highlighted the importance of developing a principles-based approach to accommodate both current and future intangible assets, ensuring a stable framework that would not need frequent revisions. The ASCG representative suggested considering interaction with other IFRS Standards, both in terms of learning from more recent Standards and avoiding unintended consequences of any potential changes to IAS 38 *Intangible Assets* on other Standards.

40. On user information needs related to newer types of intangibles:

(a) the AcSB, ANC, OIC and UKEB representatives said that—like for other intangible assets—users want better information about how newer types of intangible assets are used by entities and contribute to value creation.

(b) the AASB/XRB, AOSSG and GLASS representatives said more transparency is needed on judgements made in capitalisation decisions.

(c) the AcSB and ANC representatives said users want to understand the level of control over assets, especially data.

(d) the FASB representative expressed the view that it may be difficult to develop 'one size fits all' disclosure requirements for newer types of intangible assets. For example, the FASB developed specific requirements for crypto assets.

41. The ARD representative suggested incorporating data resources into the project due to their unique characteristics and significant importance to business.

Next steps

42. The IASB will consider feedback from ASAF members when analysing user information needs relating to intangible assets and the expenditure associated with them, and determining what it could do to improve the usefulness of information in financial statements.

UKEB’s project on statement of cash flows

43. The UKEB representative presented the results of their research project on the IASB’s project Statement of Cash Flows and Related Matters.

44. The UKEB representative also presented potential solutions the IASB could explore, relating to:

    (a) improving ‘cohesiveness’ between the primary financial statements by introducing overarching principles;

    (b) developing supplementary disclosure requirements that link amounts disclosed in the financial statements, such as:

        (i) cross-referencing to enhance the usefulness of cash flow information;

        (ii) including a reconciliation of net debt;

        (iii) disclosing exceptional cash flows or non-recurring/infrequently recurring cash flows;

        (iv) disclosing working capital movements; and

        (v) disclosing more information about relevant non-cash information (both non-cash items and non-cash transactions); and

    (c) enhancing interconnectivity between IFRS Accounting Standards to elevate the importance of the statement of cash flows.

45. ASAF members asked clarifying questions and shared their perspectives.

46. The AOSSG, ASBJ, FASB and OIC representatives acknowledged the need to improve the link between the primary financial statements, including structured or centralised disclosures about changes in balance sheet line items. The FASB representative highlighted feedback emphasising the need to improve information about changes in working capital and key performance indicators, like free cash flows.

47. Apart from the matters in the UKEB presentation, the ASBJ, AcSB and FASB representatives reported varying levels of prevalence of net debt disclosure in their jurisdictions. The OIC representative noted that the classification of cash flows, like lease payments, is important to stakeholders in their jurisdiction. The AcSB representative identified segmented cash flow information as the primary topic of debate between investors and entities in their jurisdiction.

48. The GLASS representative indicated that stakeholders in their jurisdiction are concerned about the extensive potential disclosures suggested in the UKEB's report, as such disclosures might exceed what is necessary to meet investors' information needs. The AcSB and AOSSG representatives expressed concerns that developing definitions, such as 'exceptional items’, could be challenging. The AcSB representative suggested that utilising requirements for management-defined performance measures (MPMs) might be a more practical approach to addressing investors' information needs.

Statement of Cash Flows and Related Matters

Purpose of the session

49. The purpose of this session was:

    (a) to provide ASAF members with an update on:

        (i) inconsistent application of classification requirements; and

        (ii) improving the transparency of information about cash flow measures; and

(b) to ask ASAF members for feedback about the approach to developing possible requirements for improving the reporting of information about non-cash transactions and some other non-cash changes in balances.

Summary of the feedback

Extending the requirements for MPMs

50. Most ASAF members supported extending the requirements for MPMs in IFRS 18 to cash flow measures. However, the ASBJ representative said that they do not support specifying cash flow subtotals to serve as anchor points for reconciling cash flow measures.

51. The GLASS representative said that when extending the MPM requirements in IFRS 18 to cash flow measures, the requirements for MPM reconciliations should be clear to avoid complexity and flexible to accommodate the diversity of cash flow measures among industries. The AOSSG representative suggested that providing illustrative examples and additional guidance would be useful.

52. The AOSSG representative also said that the IASB might assess the disaggregation requirements for the statement of cash flows before considering the requirements for cash flow measures. The AASB/XRB and PAFA representatives said that some stakeholders in their jurisdictions commented that it would be useful for the IASB to wait until after the implementation of IFRS 18 before deciding on extending the MPM approach to cash flow measures.

53. An IASB member said that the Statement of Cash Flows and Related Matters project is still in its early stages. Even though there might be amendments to IFRS 18 as a result of the Statement of Cash Flows and Related Matters project, these amendments would not change the existing requirements of IFRS 18 and, therefore, would not impact its implementation.

54. The EFRAG, AOSSG and OIC representatives said that the IASB should consider the effects of any potential solutions on financial institutions and insurers, including the costs and benefits of those solutions for such entities.

Other matters

55. The AOSSG representative also said that it would be useful for the IASB to consider the classification of some items in the cash flow statements, such as crypto-currency and digital assets, and also the misalignment between the categories of the statement of profit or loss and the statement of cash flows.

Improving the reporting of information about non-cash transactions and some other non-cash changes

56. The AcSB and AOSSG representatives said they support centralising information about non-cash transactions and other non-cash changes. However, the ANC and ASBJ representatives suggested it might be more beneficial and practical to include information about cash and non-cash transactions in reconciliations that are required by other IFRS Accounting Standards. Such information might then be cross-referenced to the statement of cash flows. The ANC representative acknowledged that their proposal would not require disclosing information about non-cash transactions and other non-cash changes in a single location.

57. The EFRAG and AcSB representatives said they supported developing disclosures of information about non-cash transactions as opposed to developing presentation requirements that present imputed 'notional' cash flows in the statement of cash flows. The ANC representative also said it would be inappropriate to report non-cash transactions as if they were cash transactions. However, some transactions that do not affect an entity's cash balance are, in substance, cash transactions, for example, if a paying agent settled amounts on the entity's behalf. Such transactions should be included in an entity's statement of cash flows.

58. The AcSB, ASBJ, AOSSG and ARD representatives said that, in their view, the most challenging aspect of improving the reporting of information about non-cash transactions and some other non-cash changes in balances might be developing requirements for entities to disclose information about changes in the assets and liabilities that make up working capital. Investors find such information useful, but entities say the information is costly to prepare. The ASBJ representative said it would also be difficult to define 'working capital'.

59. The AOSSG representative said they think it is unnecessary to link disclosures of non-cash transactions and other non-cash changes with the information about changes in liabilities from financing activities—the transactions are only partially linked. The ASBJ representative said that information about the cash flows from such liabilities is easily obtainable from the statement of cash flows, so, no further enhancements to the requirements are needed.

60. The AOSSG representative also said that new disclosure requirements need to be firmly rooted in the materiality of information to avoid entities preparing boilerplate disclosures.

Next steps

61. The IASB will consider all feedback provided when determining how it might develop possible new requirements to include in any due process document.

Business Combinations—Disclosures, Goodwill and Impairment

Purpose of the session

62. The purpose of the session was to seek ASAF members' views on aspects of the Exposure Draft *Business Combinations—Disclosures Goodwill and Impairment* (BC Exposure Draft). ASAF members were asked for their views on:

    (a) the qualitative statement of whether performance of business combination is meeting targets;

    (b) the population of business combinations for which expected synergy information would be required; and

    (c) the basis of preparation for performance and expected synergy information.

Summary of the feedback

Qualitative statement of whether business combination is meeting or has met targets

Usefulness

63. ASAF members had mixed views on the usefulness of the qualitative statement.

64. The EFRAG, GLASS and OIC representatives said the qualitative statement is useful. The GLASS representative said the qualitative statement would help users assess whether the business combination is performing in accordance with management's plans or whether there could be indicators for impairment.

65. The ASBJ representative said the usefulness would be limited because users could form their own views on whether the performance of the business combination is meeting targets. The representative said the qualitative statement would be more useful in circumstances in which an entity has applied the exemption from disclosing information about the business combination's target, or, if a significant negative event occurred since the business combination.

66. The ARD representative said disclosing only the qualitative statement without further explanation is unlikely to be useful.

Auditability

67. Most ASAF members expressed concern over the auditability of the qualitative statement. The ARD, ASBJ, EFRAG and OIC representatives said the qualitative statement would be difficult for auditors to verify. The EFRAG representative said it is auditors' job to verify information included in financial statements and that auditors should be able to do so even if it is difficult.

68. The AcSB, ASCG, FASB, SOCPA and XRB representatives said auditability of the qualitative statement would depend on the target:

    (a) the ASCG and SOCPA representatives said it would be difficult to verify a qualitative statement that covers multiple targets—IASB staff clarified that a separate qualitative statement would be required for each target. The ASCG representative said the difficulty would also depend on whether auditors are required to verify the reasonableness of the qualitative statement.

    (b) the AcSB, FASB and XRB representatives said some targets (such as the revenue example in the slide deck) might be easier to verify than others and suggested providing more realistic examples. The AOSSG representative said non-financial targets would be more difficult to audit.

69. The GLASS representative said management would often have detailed plans for the business combination which could support auditors' work.

70. The OIC representative suggested using examples when consulting with auditors.

Cost–benefit

71. As to whether the benefits of the qualitative statement would outweigh its costs:

    (a) the ARD and FASB representatives said the benefits of the qualitative statement are unlikely to outweigh its costs;

    (b) the UKEB representative had not reached a view;

    (c) the AOSSG representative said their members had mixed views; and

    (d) the AcSB representative said the IASB should assess costs and benefits for a more complex example than the example included in the meeting paper.

Other comments

72. The XRB representative said it is unclear whether a business combination not meeting targets would be an indicator of impairment.

73. The ANC representative said the requirement for the qualitative statement should be assessed together with the proposed disclosures for performance information, which stakeholders in their jurisdiction said should be included in an entity's management commentary instead of its financial statements.

Population of business combinations for expected synergy information

Disclosure of expected synergy information only for business combinations with recognised goodwill

74. The AOSSG, ARD and ASBJ representatives supported requiring disclosure of quantitative information about expected synergies (expected synergy information) only for business combinations with recognised goodwill. The ASBJ representative said expected synergies are unlikely in a bargain purchase.

75. The AASB/XRB representative supported requiring disclosure of expected synergy information only for business combinations with any indefinite-life intangible assets (including, for example, customer relationships) and not only goodwill.

76. The FASB, GLASS, SOCPA, PAFA and UKEB representatives said disclosure of expected synergy information should be required for business combinations even if there is no recognised goodwill. The GLASS representative said transactions could be entered into for a low purchase price but with significant synergies.

Disclosure of expected synergy information only for strategic business combinations

77. The AASB/XRB, AOSSG, ASBJ, EFRAG, FASB, SOCPA and OIC representatives supported requiring disclosure of expected synergy information only for strategic business combinations because information about those business combinations would be the most useful. They also said:

    (a) doing so would better balance the costs and benefits of disclosing this information by reducing the volume of disclosures (the AOSSG, ASBJ and FASB representatives); and

    (b) after the amendments are effective, the IASB could consider amending the requirement to include all material business combinations at a later stage (the SOCPA representative).

78. The ARD, GLASS, PAFA and UKEB representatives said the disclosure of expected synergy information should be required for all material business combinations. The ARD, GLASS and PAFA representatives said the information is useful to users.

79. The ANC representative supported the disclosure of expected synergy information if it is a key objective or target for a strategic business combination, or if expected synergies form a material part of goodwill. The representative said the information would be relevant and such disclosure would clearly link the disclosure requirement with information recognised in the financial statements.

Disclosure of expected synergy information in aggregate for individually immaterial business combinations

80. The AASB/XRB, AcSB, ANC, AOSSG, ARD, ASBJ, EFRAG, FASB, GLASS, PAFA, SOCPA, UKEB and OIC representatives said entities should not be required to disclose aggregated expected synergy information for individually immaterial business combinations. They also said:

    (a) the relevance and usefulness of this information would be limited (the AASB/XRB, ANC and ARD representatives);

    (b) it would be challenging to disclose such information because the business combinations could be for different purposes, involving different jurisdictions, industries, products and functional currencies (the ARD, GLASS and SOCPA representatives); and

    (c) it would be challenging to articulate for which business combinations such information was included in the disclosure, because information would only be disclosed if it was considered when agreeing the price for the business (the AcSB representative).

81. The AOSSG representative said one jurisdiction in their region supported aggregating expected synergy information for immaterial business combinations for a series of business combinations, or for step acquisitions.

Other comments

82. The AcSB and OIC representatives expressed concerns about requiring the disclosure of expected synergy information in financial statements. The AcSB and FASB representatives said they do not see a direct link between the disclosure requirement and assets recognised in the financial statements.

83. The AcSB representative said disclosure of expected synergy information without follow-up disclosures tracking actual performance would not be useful.

84. The OIC representative supported the management approach for disclosure of expected synergy information.

85. The ARD representative suggested defining 'material business combinations' to ensure effective implementation of the IFRS Accounting Standard.

Basis of preparation for targets and expected synergy information

86. All ASAF members who commented agreed that if the IASB decides to proceed with its proposals on performance and expected synergies information, it should require entities to disclose how the entities prepared targets and expected synergy information:

    (a) the AcSB, ANC, AOSSG, ARD, ASBJ, FASB, GLASS and UKEB representatives said the basis of preparation would be useful to users. Of these:

        (i) the AcSB, ASBJ and UKEB representatives said disclosure of performance and expected synergy information would not be useful for users without the basis of preparation; and

        (ii) the ANC, ARD and GLASS representatives said the basis of preparation would not be too costly for preparers;

    (b) the ANC, ARD and OIC representatives said the basis of preparation would help auditors by providing them with a basis to verify the information; and

    (c) the ASCG representative said requiring entities disclose the basis of preparation is an integral part of the management approach.

87. Other comments included:

    (a) the AASB/XRB representative saying the term ‘basis of preparation’ might not be the best term to describe the proposed information;

    (b) the EFRAG representative requesting application guidance on how detailed the disclosure should be;

    (c) the ASBJ representative saying the basis of preparation might be commercially sensitive; and

    (d) the FASB representative saying the basis of preparation might not resolve potential concerns that auditors have over the audit expectation gap.

Other comments

88. Other comments included:

    (a) the ASBJ representative saying disclosures about performance and expected synergy information should not be required in financial statements;

    (b) the PAFA representative reporting mixed views on whether performance and expected synergy information should be required in financial statements;

    (c) the AcSB representative saying users are indifferent as to whether performance and expected synergy information is located inside or outside the financial statements; and

    (d) the UKEB representative saying it is unclear whether the overall benefits of the project will justify the costs.

Next steps

89. The IASB will consider ASAF members' views when redeliberating the proposals.

IASB's Prioritisation Framework

Purpose of the session

90. The purpose of this session was to provide ASAF members with an overview of the IASB's Prioritisation Framework.

Summary of the feedback

91. Many ASAF members expressed overall support for the Prioritisation Framework noting that it would bring consistency and transparency to the IASB's prioritisation decisions between agenda consultations.

92. Several ASAF members commented on aspects of the framework:

    (a) the UKEB representative welcomed the Framework as a tool for the IASB when making prioritisation decisions in the interim period between its agenda consultations. They went on to highlight that the framework places insufficient weight on the need to maintain principles-based Standards, which could lead to the inappropriate prioritisation of minor amendments to the Standards.

(b) representatives from the ASBJ and the UKEB noted the importance of considering the priority of projects on the current agenda when making prioritisation decisions, particularly whether a current project should be stopped.

(c) representatives from SOCPA and AOSSG suggested that the IASB develop a more quantitative approach to prioritisation decisions. However, representatives from ASCG and the ANC cautioned against taking such an approach, stating that a qualitative approach is better suited to the subjective nature of project prioritisation decisions.

(d) representatives from the UKEB and AcSB noted that the IASB will need to make relative prioritisation decisions and that the framework provides little guidance on how to achieve this.

(e) the ARD representative suggested that the IASB should clarify what is meant when the framework refers to 'strategic priorities'.

(f) the ASCG representative noted that some considerations in the framework might point to different conclusions.

(g) the FASB representative noted that in making prioritisation decisions the IASB will also need to consider the scope of any potential projects.

93. The ASBJ representative, welcomed the framework but noted that it should not be seen as a substitute for the IASB's periodic agenda consultations which should continue to be the main source of information for prioritisation decisions.

94. The EFRAG representative stated that a project on pollutant pricing mechanisms is important to European stakeholders and encouraged the IASB to prioritise a project on this topic.

95. The GLASS representative noted that there are stakeholders in the GLASS region who are willing to support the IASB in their work.

Next steps

96. The IASB will use the framework to make prioritisation decisions between agenda consultations.

OIC's project on business combinations under common control

97. The OIC representative presented their work on business combinations under common control.

98. ASAF members shared current practice for reporting business combinations under common control in their jurisdictions. IASB representatives explained why the IASB had discontinued its project on business combinations under common control, noting that user feedback suggested that users were not significantly affected by diversity in reporting.

Agenda planning and feedback from previous ASAF meetings

99. In this session ASAF members discussed topics for the next ASAF meeting, which is scheduled for 30–31 March 2026. Participants agreed the meeting should include discussion of the projects on:

    (a) Provisions—Targeted Improvements;

    (b) Statement of Cash Flows and Related Matters;

    (c) Equity Method;

    (d) PIR of IFRS 16 *Leases*;

    (e) Amendments to the Fair Value Option (IAS 28); and

    (f) Risk Mitigation Accounting.

100. The PAFA representative that the South African Institute of Chartered Accountants' (SAICA's) project on statement of cash flows and related matters will be presented at the March 2026 ASAF meeting.

101. The AcSB representative suggested discussing the IASB's agenda consultation and updates to the *Due Process Handbook* at one of the ASAF meetings in 2026.

102. The ASBJ representative suggested that, in situations in which ASAF members views were consistent on their advice to the IASB, and the IASB does not follow that advice, it would be beneficial to include the rationale for the IASB's decision in the ASAF meeting papers summarising the feedback obtained at prior ASAF meetings.