

STAFF PAPER

July 2019

Accounting Standards Advisory Forum

Project	Accounting Standards Advisory Forum		
Paper topic	IASB[®] Project Update & Agenda Planning		
CONTACT(S)	Michelle Sansom Dehao Fang	msansom@ifrs.org fdehao@ifrs.org	+44 (0)20 7246 6963 +44 (0)20 7246 6416

This paper has been prepared for discussion at a public meeting of the Accounting Standards Advisory Forum. The views expressed in this paper do not represent the views of the International Accounting Standards Board (Board) or any individual member of the Board. Comments on the application of IFRS[®] Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB[®] *Update*.

Introduction

1. The aim of this paper is to:
 - (a) discuss the agenda topics for the October 2019 Accounting Standards Advisory Forum (ASAF) meeting;
 - (b) provide ASAF members with a short update on the International Accounting Standards Board's (Board) technical projects; and
 - (c) provide ASAF members with feedback on how the staff and the Board have considered (or will consider) the advice given at the April 2019 ASAF meeting.

Project update and agenda planning

2. There are three appendices to this paper:
 - (a) Appendix A sets out the suggested agenda topics for the October 2019 ASAF meeting.
 - (b) Appendix B is an update of the Board's Work Plan and includes details of advice previously requested from ASAF. Further details of the projects are available on the IFRS Foundation website.
 - (c) Appendix C sets out a table summarising the feedback from the April 2019 ASAF meeting and how the staff or the Board have considered (or will consider) this feedback.

Questions to ASAF members

1. Do ASAF members have any comments on the proposed agenda topics for the October 2019 ASAF meeting (Appendix A)?
2. Do ASAF members wish to add items arising from their jurisdiction to the proposed agenda topics?
3. Do ASAF members have any comments on the project update (Appendix B)?

ASAF Agenda Topics

Meeting	Agenda topic
April 2019 (Actual)	Accounting treatment of ICOs (Initial Coin Offerings) and tokens in France (ANC)
	Management Commentary Practice Statement
	Amendments to IFRS 17 <i>Insurance Contracts</i>
	Onerous Contracts—Costs of fulfilling a contract (Amendment to IAS 37)
	Accounting Policy Changes (Amendments to IAS 8)
	Provisions
	Application of IFRS Practice Statement 2: <i>Making Materiality Judgements</i> to reporting climate related and other emerging risk issues on financial statements (AASB)
	Improving the impairment testing model in IAS 36 Impairment of Assets (AASB)
	Business Combinations under Common Control
	SMEs that are Subsidiaries
	Disclosure Initiative—Targeted Standards-level Review of Disclosures
	<i>Due Process Handbook</i> Review
	Project update
July 2019 (Actual)	Business Combinations under Common Control
	Management Commentary Practice Statement
	IBOR Phase II
	Better Communication—Primary Financial Statements
	Business Reporting of Intangibles: Realistic proposals (FRC)
	Accounting for Pensions Plan with an Asset-return Promise (EFRAG)
	Variable and Contingent Consideration (FRC)
October 2019 (Proposed)	Financial Instruments with Characteristics of Equity
	Dynamic Risk Management – the core model
	IBOR Reform and its Effects on Financial Reporting

Project	Project objective	Past ASAF advice
Research Projects		
<p>Business Combinations under Common Control (BCUCC)</p>	<p>The Board is discussing whether it can develop requirements that would improve the comparability and transparency of accounting for business combinations under common control to help investors compare and better understand information that companies provide in financial statements about such transactions.</p> <p>The Board plans to publish a Discussion Paper in the first half of 2020.</p>	<p>April 2019 ASAF members provided views on the accounting approach to business combination under common control between entities that are wholly owned by the controlling party, including transactions that affect lenders and other creditors in the receiving entity and those undertaken in preparation for an initial public offering.</p> <p>December 2018 ASAF members provided views on whether a current value approach should be applied to all BCUCC that affect non-controlling shareholders and if not, how that distinction should be made.</p> <p>July 2018 ASAF members discussed the findings from the Hong Kong Institute of Certified Public Accountants (HKICPA) and Organismo Italiano di Contabilità (OIC) in their research survey with investors on BCUCC.</p> <p>ASAF members provided advice on the approaches developed by staff for transactions within the scope of the project.</p> <p>December 2017 ASAF members discussed the:</p> <ul style="list-style-type: none"> (a) clarifications of the scope of the project; and (b) factors to consider in selecting an appropriate accounting method for transactions within the scope of the project. <p>April 2016 ASAF members commented on the proposed direction of the project.</p> <p>December 2015 The HKICPA presented a paper on how BCUCC are accounted for in Hong Kong.</p> <p>ASAF members discussed how the predecessor method should be applied when a BCUCC takes place.</p> <p>March 2015 ASAF members discussed the staff’s preliminary view on which method to apply for a BCUCC.</p>

Project	Project objective	Past ASAF advice
		<p>ASAF also discussed a paper by the Canadian Accounting Standards Board, which set out the historical and current accounting practices in Canada for BCUCC, with specific reference to the Canadian related party accounting Standard.</p>
<p>Dynamic Risk Management</p>	<p>The Board is exploring whether it can develop an accounting model that will provide users of financial statements with better information about a company’s dynamic risk management activities and how it manages those activities.</p> <p>The Board plans to have the core model developed by the second half of 2019.</p>	<p>March 2017 ASAF discussed the research findings from the work undertaken by the European Financial Reporting Advisory Group (EFRAG).</p> <p>April 2016 ASAF received an update on the project and the plans for future deliberations.</p> <p>July 2015 ASAF provided advice on additional information needs relating to an entity’s dynamic interest rate risk management activities not identified through comment letters on the Discussion Paper or through outreach activities.</p>
<p>Extractive Activities</p>	<p>The Board has started work on its research project on extractive activities. This research project aims to gather evidence to help the Board decide whether to start a project to develop proposals on accounting requirements that would amend or replace IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>.</p> <p>Before deciding the scope and direction of this research project, the Board has asked those national standard-setters who contributed to a Discussion Paper about extractive activities to make the Board aware of any developments since the paper’s 2010 publication.</p>	<p>October 2018 ASAF members provided advice on:</p> <ul style="list-style-type: none"> (a) significant changes in extractive activities in their jurisdiction since the Board issued the 2010 Discussion Paper <i>Extractive Activities</i> that they think the Board should be aware of as it starts its research; and (b) views on whether users understand the diversity of accounting practice for extractive activities and how they cope with this diversity.

Project	Project objective	Past ASAF advice
<p>Financial Instruments with Characteristics of Equity</p>	<p>The objective of this project is to improve the information that companies provide in their financial statements about financial instruments they have issued, by:</p> <ul style="list-style-type: none"> (a) investigating challenges with the classification of financial instruments applying IAS 32 <i>Financial Instruments: Presentation</i>; and (b) considering how to address those challenges through clearer principles for classification and enhanced requirements for presentation and disclosure. <p>The Board published a Discussion Paper <i>Financial Instruments with Characteristics of Equity</i> in June 2018. The Discussion Paper closed for comment on 7 January 2019.</p>	<p>December 2018 ASAF members shared feedback from outreach activities in their jurisdiction on the proposals in the Discussion Paper.</p> <p>October 2018 ASAF members shared initial views on the proposals in the Discussion Paper.</p> <p><i>ASAF members provided advice for development of the Discussion Paper between September 2014 and July 2018.</i></p>

<p>Goodwill and Impairment</p>	<p>Following feedback from the Post-implementation Review of IFRS 3 <i>Business Combinations</i>, the Board is investigating making improvements to IFRS 3 and IAS 36 <i>Impairment of Assets</i>.</p> <p>The Board has finalised its discussion on the objectives for the next stage of this research in light of findings from the research performed to date and is now exploring possible improvements to disclosures about acquisitions and possible simplifications to the accounting for goodwill and the impairment test.</p> <p>The Board plans to publish a Discussion Paper in the second half of 2019.</p>	<p>December 2018 ASAF members provided views on:</p> <ul style="list-style-type: none"> (a) staff’s ideas for identifying better disclosures about business combinations. (b) amortisation of goodwill and whether members believe it is feasible to estimate the useful life of goodwill. <p>October 2018 The staff provided an update on the Goodwill and Impairment project. There was no specific request for feedback from ASAF members.</p> <p>July 2018 ASAF members were asked for their views on proposed disclosure improvements and their ideas on how to improve disclosures about business combinations, goodwill and impairment of goodwill.</p> <p>April 2018 ASAF members provided advice on:</p> <ul style="list-style-type: none"> (a) a staff proposal for an approach that would amend the impairment testing of goodwill by considering movements in headroom. Headroom is the excess of the recoverable amount of a cash-generating unit (or group of units) over the carrying amount of that unit (or group of units). (b) the requirement in IFRS 3 to recognise all identifiable intangible assets acquired in a business combination separately from goodwill. <p>September 2017 ASAF members discussed:</p> <ul style="list-style-type: none"> (a) proposals in the EFRAG Discussion Paper <i>Goodwill Impairment Test: Can it be improved?</i> and (b) staff proposals to improve the effectiveness of the impairment test. <p>July 2017 ASAF members discussed two papers by the Accounting Standards Board of Japan (ASBJ):</p> <ul style="list-style-type: none"> (a) Possible Approaches to Addressing the Too-Little-Too-Late issue; (b) Research Paper No.3: <i>Analyst Views on Financial Information about Goodwill</i>. <p>In addition, ASAF members discussed staff proposals for simplifying and improving the impairment test model.</p>
--------------------------------	--	--

Project	Project objective	Past ASAF advice
Goodwill and Impairment (continued)		<p>July 2016 ASAF members discussed findings from the research on Goodwill and Impairment undertaken by the ASBJ and European Financial Reporting Advisory Group (EFRAG).</p> <p>December 2015 We asked ASAF members for advice on the Board’s tentative decisions from meetings in October and November 2015.</p>
Pension Benefits that Depend on Asset Returns	<p>This is a narrow-scope research project designed to address only some types of pension benefits paid that depend, wholly or partly, on the return on a specified pool of assets. Applying IAS 19 <i>Employee Benefits</i>, a company:</p> <ul style="list-style-type: none"> (a) uses assumptions about future returns on the specified assets in estimating the amount of the benefits to be paid to employees; and (b) applies a discount rate in determining the ‘present value’ of the estimated benefits—their value today. 	<p>December 2018 ASAF members provided views on the approach being taken to address the measurement inconsistency identified for these types of benefits.</p>
Provisions	<p>The objective of this research project is to obtain evidence on whether to start a project to develop proposals to amend aspects of IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>.</p>	<p>April 2019 ASAF members provided advice on whether the Board should undertake a project of targeted improvements to IAS 37, including the scope of the possible project.</p>
Subsidiaries that are SMEs	<p>The objective of the project is to assess whether it is feasible to permit subsidiaries that are SMEs to apply the recognition and measurement requirements of IFRS Standards with the disclosure requirements of the <i>IFRS for SMEs</i> Standard.</p>	<p>April 2019 ASAF members provided advice on:</p> <ul style="list-style-type: none"> (a) jurisdictional practices relating to the project; (b) likelihood of jurisdictions adopting a Standard if the Board issued a Standard; and (c) potential challenges that may arise in applying the proposed approach.

Project	Project objective	Past ASAF advice
Standard-setting and other projects		
Management Commentary	<p>To update IFRS Practice Statement 1 <i>Management Commentary</i> issued in 2010. In undertaking the project, the Board will consider how broader financial reporting could complement and support IFRS financial statements.</p> <p>The Board plans to issue an Exposure Draft the first half of 2020.</p>	<p>April 2019 ASAF members provided inputs in relation to:</p> <ul style="list-style-type: none"> (a) the interaction between management commentary and other reports; (b) providing information ‘through the eyes of management and the interplay with users’ information needs and with the concept of neutrality; (c) forward-looking information in management commentary; and (d) information about tax in management commentary. <p>December 2018 ASAF members provided advice on the following topics:</p> <ul style="list-style-type: none"> (a) applying materiality – helping preparers identify what to disclose in the management commentary to meet investor needs; and (b) principles for preparing management commentary – how to improve the coherence, balance and comparability of the management commentary. <p>December 2017 ASAF received an update on the Board’s deliberations.</p>
Primary Financial Statements	<p>The Board is exploring targeted improvements to the structure and content of the primary financial statements, with a focus on the statement(s) of financial performance.</p> <p>The Board expects to issue an Exposure Draft in the second half of 2019.</p>	<p>December 2018 ASAF members provided views on the expected effects of the Board’s tentative proposals.</p> <p>July 2018 ASAF members provided advice on whether to move this project from the Board’s research agenda to the standard-setting agenda. At its September 2018 meeting the Board added the project to its standard setting agenda.</p> <p>April 2018 At the April meeting ASAF members:</p> <ul style="list-style-type: none"> (a) provided advice on possible improvements to the statement(s) of financial performance for financial institutions; (b) received an update of the Board’s tentative decisions at its March 2017 and September 2017 Board meetings to develop general principles for aggregation and disaggregation as well as some improvements to the requirements in IAS 1 Presentation of Financial Statements for the presentation of an analysis of expenses by function and by nature;

Project	Project objective	Past ASAF advice
Primary Financial Statements		<p>and</p> <p>(c) provided advice on some further aspects identified which could improve the level of aggregation and disaggregation of financial information.</p> <p>December 2017 ASAF members provided advice on introducing an investing category and comparable subtotals in the statement of financial performance. The views of ASAF members were also requested on better ways to communicate other comprehensive income.</p> <p>September 2017 ASAF members discussed:</p> <p>(a) research by the New Zealand Accounting Standards Board on the views of investors about the usefulness of alternative performance measures; and</p> <p>(b) feedback on the UK Financial Reporting Council’s Discussion Paper <i>Improving the Statement of Cash Flows</i>.</p> <p>July 2017 ASAF members discussed papers on:</p> <p>(a) the presentation of earnings before interest and tax (EBIT);</p> <p>(b) the presentation of a management operating performance measure; and</p> <p>(c) the presentation of the share of profit or loss of associates and joint ventures.</p> <p>March 2017 ASAF members discussed the outcome of the initial research and proposed scope of the project.</p> <p>July 2016 ASAF members’ provided advice on the scope of the project.</p> <p>ASAF also discussed the UK Financial Reporting Council’s Discussion Paper <i>Improving the Statement of Cash Flows</i>.</p> <p>December 2015 ASAF members received a verbal update on the project.</p>

Project	Project objective	Past ASAF advice
Rate-regulated Activities	<p>The Board is developing a new accounting model to give users of financial statements better information about a company's incremental rights and obligations arising from its rate-regulated activities.</p> <p>The Board will continue its discussions before deciding to publish a Discussion Paper or an Exposure Draft, which it aims to publish in the second half of 2019.</p>	<p>October 2018 ASAF members provided advice on identifying a disclosure objective and related disclosure requirements for the model.</p> <p>April 2018 ASAF members were updated on the Board's tentative decisions on two aspects of the accounting model being developed for defined rate regulation (the model): (a) unit of account and asset/liability definitions; and (b) scope of the model.</p> <p>ASAF members were asked for advice on how best to communicate the rationale for the Board's tentative decisions.</p> <p>September 2017 ASAF members discussed illustrative examples, exploring issues relating to the measurement of regulatory assets or regulatory liabilities.</p> <p>July 2017 ASAF members' advice on the draft model was requested.</p> <p>March 2017 ASAF received an update on the Board's deliberations.</p> <p>December 2016 We asked ASAF's advice on the core principles and key features of the model.</p>
Disclosure Initiative projects		
Disclosure Initiative—Accounting Policies	To develop guidance and examples to help entities apply materiality judgements to accounting policy disclosure.	<p>April 2018 ASAF members provided advice on this topic in April 2018 (in the Disclosure Initiative—Principles of Disclosure session). The Board's next step is to publish an Exposure Draft of proposed amendments to IAS 1 and IFRS Practice Statement 2 <i>Making Materiality Judgements</i>. We will seek further advice from ASAF when the Exposure Draft has been published.</p>
Disclosure Initiative—Targeted	<p>The Board is currently:</p> <p>(a) developing guidance for the Board itself to use when developing and drafting disclosure requirements; and</p>	<p>April 2019 ASAF members provided advice on items of information that users identified as effective in meeting their objectives for IAS 19 and IFRS 13 disclosure.</p>

Project	Project objective	Past ASAF advice
Standards-level Review of Disclosures	(b) testing that guidance by applying it to IAS 19 <i>Employee Benefits</i> and IFRS 13 <i>Fair Value Measurement</i> .	<p>July 2018</p> <p>ASAF members provided advice on:</p> <ul style="list-style-type: none"> (a) the Board’s process for developing and drafting disclosure requirements; and (b) which IFRS Standard(s) could be the subject of the Board’s targeted Standards-level review of disclosures, including ASAF members’ reasons for selecting these IFRS Standard(s).
IFRS Foundation projects		
Due Process Handbook Review	<p>To update the Handbook in line with the Board’s and the Interpretations Committee’s developing due process conventions, relating particularly to effects analyses and Agenda Decisions.</p> <p>The Proposed amendments to the <i>Due Process Handbook</i> were issued on 30 April 2019, and are open for comment until 29 July 2019.</p>	<p>April 2019</p> <p>ASAF members provided views in relation to the IFRS Foundation Trustees’ tentative decisions to amend the <i>Due Process Handbook</i>.</p>

Project	Objective	Status/ASAF discussions	Next steps
Maintenance projects			
<i>Projects highlighted in blue have been or will be discussed at ASAF meetings.</i>			
2019 Comprehensive Review of the IFRS for SMEs Standard	To obtain views on whether and, if so, how to update the <i>IFRS for SMEs</i> Standard for IFRS Standards and amendments not currently incorporated into the <i>IFRS for SMEs</i> Standard.	The Board has commenced the 2019 Comprehensive Review of the <i>IFRS for SMEs</i> .	Issue a Request for Information H2 2019.
Accounting Policies and Estimates (Amendments to IAS 8)	To clarify the distinction between a change in accounting policy and a change in an accounting estimate—the two are accounted for differently.	<p>The Board is considering feedback on the Exposure Draft.</p> <p>April 2018</p> <p>ASAF members provided advice on the next steps in the project.</p> <p>October 2018</p> <p>ASAF members provided advice on staff’s planned recommendations on the definitions of accounting estimate and accounting policy.</p>	Decide project direction.
Accounting Policy Changes (Amendments to IAS 8)	To amend IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> to lower the impracticability threshold regarding retrospective application of voluntary changes in accounting policies that result from agenda decisions. The proposed threshold would include a consideration of the costs and benefits of applying the change retrospectively.	<p>Feedback on the Exposure Draft was discussed in December 2018. The Board tentatively decided not to amend IAS 8 to specify when entities apply accounting policy changes resulting from Agenda Decisions published by the Interpretations Committee. The Board will consider other aspects of the proposed amendments at a future meeting.</p> <p>April 2019</p> <p>ASAF members provided advice on the next steps in the project, considering comment letter feedback in relation to Board’s proposals.</p>	Decide project direction.

Project	Objective	Status/ASAF discussions	Next steps
Maintenance projects			
<i>Projects highlighted in blue have been or will be discussed at ASAF meetings.</i>			
		<p>July 2017</p> <p>ASAF discussed the Board’s tentative decision to amend IAS 8 to address this matter.</p>	
<p>Amendments to IFRS 17 Insurance Contracts</p>	<p>In October 2018, the Board considered the concerns and implementation challenges identified during entities’ implementation of IFRS 17 and commenced a process of evaluating the need for making possible amendments to the Standard.</p>	<p>The Board has commenced the balloting process for the Exposure Draft of proposed amendments to IFRS 17.</p> <p>April 2019</p> <p>ASAF members provided views on the Board’s tentative decisions on the possible amendments to IFRS 17.</p> <p>December 2018</p> <p>ASAF members provided advice on six topics in IFRS 17 that the Board is considering for possible amendments to the Standard.</p>	<p>Issue Exposure Draft June 2019.</p>
<p>Availability of a Refund (Amendments to IFRIC 14)</p>	<p>To amend IFRIC 14 to clarify the accounting when other parties have rights to make particular decisions about a company's defined benefit plan.</p>	<p>The Board will continue its discussions at a future meeting.</p>	<p>Issue an IFRS Amendment.</p>
<p>Classification of Liabilities as Current or Non-current (Amendments to IAS 1)</p>	<p>To clarify whether companies classify debt as current or non-current in particular situations.</p>	<p>The Board resumed discussion on this project at its September 2018 meeting.</p>	<p>Issue an IFRS Amendment H2 2019.</p>
<p>Deferred tax related to assets and liabilities arising from a single transaction (Proposed amendments to IAS 12)</p>	<p>To narrow the initial recognition exemption in paragraphs 15 and 24 of IAS 12 <i>Income Tax</i> so that it would not apply to transactions that give rise to both taxable and deductible temporary differences, to the extent the amounts recognised for the temporary differences are the same.</p>	<p>The Board has decided to propose a narrow-scope amendment to IAS 12.</p>	<p>Issue an Exposure Draft June 2019.</p>

Project	Objective	Status/ASAF discussions	Next steps
Maintenance projects			
<i>Projects highlighted in blue have been or will be discussed at ASAF meetings.</i>			
IBOR Reform and the Effects on Financial Reporting	The Board is exploring the possible effects on financial reporting of interbank offered rate (IBOR) reform.	The Board has issued an Exposure Draft to amend IFRS Standards to address concerns related to the uncertainties arising from IBOR reform in the period leading up to the reform, provided the economic effects of any amendments are represented in financial reporting.	Exposure Draft open for comment until 17 June 2019.
Onerous Contracts -Costs of Fulfilling a Contract (Amendment to IAS 37)	To clarify the meaning of the term 'unavoidable costs' in the definition of an onerous contract.	The Board is considering feedback received on the Exposure Draft. April 2019 ASAF members shared their preliminary views on the proposals in the Exposure Draft.	Decide project direction.
Property, Plant and Equipment—Proceeds before Intended Use (Proposed amendments to IAS 16)	To reduce diversity in how companies account for proceeds from selling items produced while testing an item of plant or equipment before it is ready for its intended purpose.	At its November 2018 meeting, the Board decided to proceed with the proposed amendments with some modifications. July 2018 ASAF members provided advice on the next steps for this project taking into consideration the feedback received in comment letters and from additional outreach. July 2017 ASAF members discussed the proposals in the Exposure Draft.	Issue an IFRS Amendment.
Updating a Reference to the Conceptual Framework (Proposed amendments to IFRS 3)	The Board is considering whether and how to update a reference to the <i>Conceptual Framework</i> in IFRS 3 <i>Business Combinations</i> .	October 2018 ASAF members provided advice on the next steps for the project.	Exposure Draft open for comment until 27 September 2019.

Project	Objective	Status/ASAF discussions	Next steps
Maintenance projects			
<i>Projects highlighted in blue have been or will be discussed at ASAF meetings.</i>			
Annual Improvements			
Fees in the '10 per cent' test for derecognition (Proposed amendments to IFRS 9)	To amend IFRS 9 <i>Financial Instruments</i> to clarify which fees and costs a company includes in a quantitative '10 per cent' test for assessing whether to derecognise a financial liability.	At its meeting in April 2017, the Board tentatively decided to amend IFRS 9 as part of Annual Improvements to IFRS Standards 2018–2020.	The Board has published the Exposure Draft <i>Annual Improvements to IFRS Standards 2018–2020</i> . The comment period ends on 20 August 2019.
Lease Incentives (Proposed amendments to IFRS 16 Illustrative Examples)	To amend Illustrative Example 13 accompanying IFRS 16 <i>Leases</i> as part of the next annual improvements to IFRS Standards. The proposed amendment would remove from the example the illustration of the reimbursement of leasehold improvements by the lessor.	At its meeting in May 2018, the Board tentatively decided to amend Illustrative Example 3 accompanying IFRS 16 as part of as part of Annual Improvements to IFRS Standards 2018–2020.	
Subsidiary as a First-time Adopter (Proposed amendments to IFRS 1)	To amend IFRS 1 to require a subsidiary that measures its assets and liabilities at its date of transition to IFRS Standards using the amounts reported by its parent to also measure cumulative translation differences using the amounts reported by its parent.	At its meeting in December 2017, the Board tentatively decided to amend IFRS 1 as part of as part of Annual Improvements to IFRS Standards 2018–2020.	
Taxation in Fair Value Measurements (Proposed amendments to IAS 41)	To amend IAS 41 to remove the requirement to exclude cash flows from taxation when measuring the fair value of biological assets using a present value technique.	At its meeting in December 2017, the Board tentatively decided to amend IAS 41 as part of as part of Annual Improvements to IFRS Standards 2018–2020.	

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Management Commentary <i>The objective of this session was to receive the ASAF members' input on four topics relating to the staff's proposals for the project.</i></p>		
<p>The interaction between management commentary and other reports</p>	<p>Most ASAF members generally agreed with the staff's proposed principles-based approach to cross-referencing from management commentary to financial statements and to other reports published by the entity. However, a few ASAF members suggested cross-referencing from management commentary to reports other than financial statements should be restricted to filed regulatory reports or to reports that are audited.</p> <p>One member suggested including an explicit principle that management commentary can incorporate information by cross-referencing if that results in more effective communication of information or in avoiding duplication.</p> <p>A few ASAF members noted that in their jurisdictions cross-referencing from management commentary to financial statements is easier than vice versa.</p> <p>Some ASAF members explicitly agreed with the staff's proposed restrictions on providing cross-references.</p> <p>ASAF members expressed mixed views on the effect of the proposals for cross-referencing on auditors.</p>	<p>The staff will consider ASAF members' input in developing recommendations to the Board.</p>
<p>Providing information 'through the eyes of management' and the interplay with users' information needs and with the concept of neutrality</p>	<p>A member suggested clarifying whether the meaning of the phrase 'through the eyes of management' has the same meaning as in IFRS 8 <i>Operating Segments</i>.</p> <p>Further comments on the interplay between management's view and users' information needs were as follows:</p> <p>(a) it is reasonable for management to be ambitious in management commentary. Users' information needs will nevertheless be met as long as the management commentary provides a balanced view.</p>	

Topic	Summary of ASAF advice	How the advice has been/will be applied
	<p>(b) in cases when management is compensated based on metrics other than those included in market releases, it is particularly important to disclose this fact in management commentary.</p> <p>(c) management commentaries often focus on alternative performance measures, and in practice there are challenges in achieving neutrality in selecting and explaining those measures.</p> <p>Many ASAF members agreed that information in management commentary must be balanced and that discussion of positive and negative developments must be given equal prominence and suggested explaining the concept of 'neutrality' in these terms to help readers of the revised Practice Statement understand the intent behind the concept.</p>	
<p>Forward-looking information in management commentary</p>	<p>Almost all ASAF members who commented on the topic generally agreed with the staff's proposals to include in management commentary forecasts and targets, if these have already been published elsewhere and compare those forecasts and targets with the entity's actual results.</p> <p>Other ASAF member comments included:</p> <p>(a) clarifying which forecast should be compared with the actual results when forecasts are restated during the reporting period.</p> <p>(b) clarifying how much information should be included in management commentary if an entity publishes very detailed forecasts elsewhere.</p> <p>(c) some stakeholders have expressed concerns about increased risk of financial reporting fraud because management may find themselves under pressure to meet previously published forward-looking information.</p>	
<p>Information about tax in management commentary</p>	<p>Four ASAF members questioned why the revised Practice Statement singled out providing information about tax. Two ASAF members emphasised that the guidance should be focused on meeting users' information needs, not on providing public policy type disclosures.</p>	

Topic	Summary of ASAF advice	How the advice has been/will be applied
	<p>Another two ASFA members suggested that information about tax, if material, should be provided in financial statements or as part of risk disclosures.</p> <p>Suggestions on information about tax to be included in management commentary included:</p> <ul style="list-style-type: none"> (a) explanation of the difference between the effective and nominal tax rate in the current period and discussion of micro and macro factors that can affect tax rate in the future. (b) a comprehensive discussion of factors resulting from changes in management plans, such as a decision to invest less in research and development or a decision to take an uncertain tax position, as well as of external factors that can affect future tax; (c) a description of management's tax strategy; (d) a discussion of tax incentives, tax exemptions and overall tax system changes; and (e) the discussion about tax in management commentary should not be limited to income tax, but should cover all changes in regulatory environment, for example, changes in customs rules. 	

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>IFRS 17 Insurance Contracts <i>The objective of this session was to ask ASAF members' views on the Board's tentative decisions on possible amendments to IFRS 17 Insurance Contracts.</i></p>		
<p>Loans that transfer insurance risk</p>	<p>Three ASAF members welcomed the Board's tentative decision to permit an entity to apply either IFRS 17 or IFRS 9 to insurance contracts that provide insurance coverage only for the settlement of the policyholder's obligation created by the contract.</p>	<p>ASAF members' views on this topic will be included in the summary of feedback on the proposed targeted amendments to IFRS 17 that will be reported to the Board at a future meeting.</p>
<p>Acquisition cash flows for renewals</p>	<p>One ASAF member stated that stakeholders in her jurisdiction generally support the Board's tentative decision to propose an amendment to IFRS 17 so that an entity would allocate part of the insurance acquisition cash flows to expected contract renewals, but expressed concerns about the proposed level of disclosures related to such amendment.</p> <p>Another member expressed concerns that the proposed amendment could be used inappropriately in practice and suggested the Board limit the allocation of part of the insurance acquisition cash flows to expected contract renewals that are highly probable.</p>	<p>ASAF members' views on this topic will be included in the summary of feedback on the proposed targeted amendments to IFRS 17 that will be reported to the Board at a future meeting.</p>
<p>Profit allocation for some contracts</p>	<p>Two ASAF members mentioned that insurers operating in their jurisdictions expressed mixed views about the Board's tentative decision to propose that an entity would recognise the contractual service margin in profit or loss considering both insurance coverage and any investment-return service. Some insurers welcomed the Board's tentative decision that an entity should use judgement in deciding whether to include an investment-return service when determining coverage units. Other insurers expressed concerns that the proposed amendment might disrupt the implementation processes already under way or might not enable entities to reflect investment-return service in the determination of coverage units of insurance contracts that include small or no investment components.</p>	<p>The Board considered ASAF members' views when re-discussing this topic at the May 2019 Board meeting (refer to Agenda Paper 2C Sweep issues).</p> <p>The Board tentatively decided to revise an earlier decision that established that an investment-return service exists only in contracts that include investment components.</p> <p>ASAF members' views on this topic will also be included in the summary of feedback on the proposed targeted amendments to IFRS 17 that will be</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
		reported to the Board at a future meeting.
Risk mitigation option	An ASAF member supported the Board’s tentative decision to extend the applicability of the risk mitigation option and recommended the Board clearly explain the rationale for limiting the applicability of the risk mitigation option to derivatives and reinsurance contracts held for contracts to which the variable fee approach applies.	The staff will consider ASAF members’ views on this topic in drafting the Basis for Conclusions on the Exposure Draft of proposed targeted amendments to IFRS 17.
Balance sheet presentation	An ASAF member agreed with the core requirements in IFRS 17 that measure insurance contracts as a bundle of rights and obligations, rather than as separate assets and liabilities. However, he disagreed with the presentation requirements that an entity to present those rights and obligations as a single amount, rather than as separate assets and liabilities.	ASAF members’ views on this topic will be included in the summary of feedback on the proposed targeted amendments to IFRS 17 that will be reported to the Board at a future meeting.
Transition	<p>Some ASAF members noted that it would be helpful for stakeholders if the Board were to explain in the Basis for Conclusions on IFRS 17 that the existence of specified modifications in the modified retrospective approach does not prohibit an entity from:</p> <ul style="list-style-type: none"> (a) making estimates that are necessary in retrospectively applying an accounting policy as described in IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>; or (b) similarly, making estimates when applying a specified modification in the modified retrospective approach. 	The staff will consider ASAF members’ views on this topic in drafting the Basis for Conclusions on the Exposure Draft of proposed targeted amendments to IFRS 17.
Level of aggregation	Three ASAF members mentioned that stakeholders in their jurisdictions are still concerned about the implementation challenges of the level of aggregation requirements in IFRS 17 that the Board has decided to retain unchanged. Another ASAF member noted that stakeholders in her jurisdiction have no particular concerns about those requirements.	ASAF members’ views on this topic will be included in the summary of feedback on the proposed targeted amendments to IFRS 17 that will be reported to the Board at a future meeting.

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Onerous Contracts -Costs of Fulfilling a Contract (Amendment to IAS 37) <i>The objective of this discussion was to obtain ASAF members' preliminary views on the Board's proposals in Exposure Draft Onerous Contracts—Cost of Fulfilling a Contract.</i></p>		
	<p>Five ASAF members indicated general support for the Board's proposals.</p> <p>Some ASAF members suggested that the Board consider widening the scope of the project to address other aspects of the onerous contract requirements. These suggestions included:</p> <ul style="list-style-type: none"> (a) measurement—the amendments address how an entity would measure an onerous contract liability. (b) economic benefits—the Board consider the term 'economic benefits' in the definition of an onerous contract. (c) unit of account—the Board clarify the meaning of 'contract'. (d) impairment—the Board consider clarifying whether an entity is required to allocate depreciation or amortisation costs to a contract before or after the related asset has been considered for impairment. <p>Other comments on the project include that the Board:</p> <ul style="list-style-type: none"> (a) considers the effects of the proposal on contracts other than those previously within the scope of IAS 11 <i>Construction Contracts</i>. (b) clarifies what costs are directly related to the contract. (c) considers management accounting concepts to clarify what costs an entity would include applying the proposals. (d) considers permitting retrospective application of the proposed amendments. 	<p>The comment period on the Exposure Draft ended on 15 April 2019. Feedback received from ASAF members formed part of the comment letter summary discussed at the May 2019 Board meeting (Agenda Paper 12). The Board will continue its re-deliberations and decide on project direction at a future meeting.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Accounting Policy Changes (Amendments to IAS 8) <i>The objective of the session was to obtain ASAF members' views on the best way to proceed with the Board's proposal to introduce a new cost-benefit threshold for accounting policy changes that result from an agenda decision.</i></p>		
<p>Project direction</p>	<p>Two ASAF members suggested proceeding with the modified ED approach. One ASAF member said views were mixed in its jurisdiction on the two approaches proposed by staff. Another ASAF member said two of its members suggested not proceeding with the amendments and one of its members said the Board should not expand the scope of the proposed cost-benefit threshold.</p> <p>Several other ASAF members suggested the Board not proceed with the amendments because in their views:</p> <ul style="list-style-type: none"> (a) applying and auditing the cost-benefit threshold, and in particular determining the expected benefits for users of financial statements, would be difficult; (b) entities could use the amendments as a reason not to apply an accounting policy change retrospectively, which would have a negative effect on the overall quality of financial reporting; (c) the amendments could reduce comparability between entities by resulting in more frequent voluntary accounting policy changes; and (d) the existing requirements in IAS 8 are sufficient. 	<p>The Board will continue its re-deliberations and decide on project direction at a future meeting. Feedback from ASAF members will be shared with the Board at that stage.</p>
<p>Other comments</p>	<p>Other comments made by members on the proposed amendments include:</p> <ul style="list-style-type: none"> (a) assessment of costs and benefits is different from the assessment of materiality; (b) entities should disclose the effect of an accounting policy change even if they do not restate comparative information; (c) entities should be required to apply accounting policy changes prospectively with an option to apply any change retrospectively; 	

Topic	Summary of ASAF advice	How the advice has been/will be applied
	<p>(d) the Board should undertake standard-setting when diverse reporting methods exist in practice; and</p> <p>(e) the IFRS Interpretation Committee could considering providing direction regarding the expected benefits in each agenda decision because it is better placed than individual entities to assess expected benefits.</p>	
<p>Provisions <i>The objective of the session was to seek advice from ASAF members on whether the Board should undertake a project to make targeted improvements to IAS 37, including the scope of the possible project.</i></p>		
<p>Aligning liability definition with the Conceptual Framework</p>	<p>Most ASAF members expressed support for aligning the liability definition and supporting guidance in IAS 37 with the <i>Conceptual Framework</i>. Two ASAF members expressed particular support for amendments that would result in the Board withdrawing IFRIC 21 <i>Levies</i>.</p> <p>Three ASAF members cautioned that aligning IAS 37 with the Conceptual Framework was unlikely to be straightforward and should not be viewed as a narrow-scope project.</p>	<p>The Board discussed ASAF members' advice at its May 2019 Meeting. See Agenda Paper 22 <i>Provisions Education Session—Scope of a possible project to amend IAS 37</i>.</p>
<p>Clarifying which costs to include</p>	<p>Five ASAF members expressed support for clarifying which costs to include in the measure of a provision.</p> <p>Two ASAF members suggested that deciding which economic benefits to include can be an issue for entities that enter into a loss-making contract in the expectation that the contract will lead to future profitable contracts.</p>	
<p>Clarifying whether discount rate should reflect own credit risk</p>	<p>Six ASAF members expressed support for clarifying whether rates used to discount provisions should reflect the entity's own credit risk. However, four members suggested this issue should not be addressed in isolation—it should be considered as part of a broader review of the requirements for risk adjustments.</p> <p>One member suggested requiring disclosure of information on how discount rates are selected.</p>	

Topic	Summary of ASAF advice	How the advice has been/will be applied
Other topics	ASAF members made several suggestions including other topics within the scope of the project.	
<p>Subsidiaries that are SMEs <i>The objective of this session was to obtain ASAF members' views on the likelihood of a Standard, should the Board proceed with the project, being adopted in jurisdictions.</i></p>		
	<p>ASAF members noted three jurisdictions (Australia, New Zealand and the UK) have issued a Standard permitting reduced disclosures while applying the recognition and measurement requirements of IFRS Standards.</p> <p>In relation to whether ASAF members would permit use of such a Standard:</p> <ul style="list-style-type: none"> (a) two ASAF members expressed support. three ASAF members were supportive but also indicated that they may consider a wider scope than subsidiaries that are SMEs. (b) one member noted that New Zealand already has a Standard so would need to look at the differences before deciding whether to adopt. The member also noted that Korea and India also did not believe the Standard was appropriate. (c) some ASAF members said they would not adopt the Standard either because they do not have a requirement for individual entity financial statements, or they do not require IFRS Standards at the individual entity level. (d) one member noted that in her jurisdiction, parent and subsidiary companies in the same group are required to follow the same accounting policies and so if a parent applies IFRS Standards then the subsidiaries would have to apply as well. 	<p>The staff is undertaking further research. Once the research is completed, the staff will report to the Board; the report will include the feedback from ASAF members.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Business Combinations under Common Control (BCUCC)</p>		
<p><i>The objective of this session was to seek ASAF members' views on the accounting approach to business combination under common control between entities that are wholly owned by the controlling party, including transactions undertaken in preparation for an initial public offering.</i></p>		
	<p>All ASAF members who commented on the topics generally agreed with the use of a form of predecessor approach for transactions between wholly owned entities. However:</p> <ul style="list-style-type: none"> (a) three ASAF members emphasised that it is important to specify how a predecessor approach is used. (b) three ASAF members suggested it was not clear why information needs of existing non-controlling shareholders (NCI) and of potential equity investors in an IPO are different. (c) two ASAF members suggested that the staff perform further analysis of information needs of potential equity investors in an IPO. (d) two ASAF members suggested using a single accounting approach for all transactions within the scope of the project, which satisfies common information needs of all primary users. <p>All ASAF members who commented on the topic:</p> <ul style="list-style-type: none"> (a) agreed with the staff conclusion that the result of analysis by debt investors and credit analysts of an entity's ability to service and raise debt would not depend greatly on whether a current value approach or a predecessor approach is applied to account for a business combination under common control; and (b) supported using a form of predecessor approach for transactions between wholly owned entities that affect lenders and other creditors of the receiving entity. <p>Most ASAF members who commented on the topic generally supported the staff's conclusion that the Board could pursue different approaches for BCUCC that affect non-controlling shareholders (NCI) in the receiving entity and those that affect lenders and other creditors in the receiving entity.</p>	<p>The staff considered the views expressed by ASAF members in the papers discussed at the April 2019 Board meeting. At that meeting, the Board tentatively decided that it need not pursue a single measurement approach for all transactions within the scope of the project.</p> <p>The Board also directed the staff to continue developing measurement approaches for transactions within the scope of the project by considering:</p> <ul style="list-style-type: none"> (a) whether and how transactions within the scope of the project can be different from business combinations that are not under common control; (b) what information would be useful to various primary users of the receiving entity's financial statements; (c) whether the benefits of providing particular information would justify the costs of providing that information; and

Topic	Summary of ASAF advice	How the advice has been/will be applied
	<p>In contrast:</p> <ul style="list-style-type: none"> (a) three ASAF members suggested that a form of predecessor approach should be applied to all transactions within the scope of the project. (b) one member disagreed with applying a current value approach to any transactions within the scope of the project. 	<p>(d) complexity and accounting arbitrage opportunities that could arise under various approaches.</p>
<p>Disclosure Initiative—Targeted Standards-level Review of Disclosures The objective of this session was to seek ASAF members’ views on potential disclosure requirements identified by users of financial statements during outreach relating to IAS 19 Employee Benefits and IFRS 13 Fair Value Measurement.</p>		
<p>General comments</p>	<p>ASAF members provided the following general comments:</p> <ul style="list-style-type: none"> (a) Five ASAF members recommended that the staff first seek feedback on users’ identified disclosure objectives and then seek feedback on users’ identified items of information to meet those objectives. (b) Two members said the staff should perform an assessment of the existing disclosure requirements in IAS 19 and IFRS 13 as part of the approach being explored by the Board. (c) One member suggested the Board consider developing a refined approach to considering the costs and benefits of different items of information and consider the relative priority of each item of information identified by users in developing disclosure objectives and requirements. 	<p>The Board discussed ASAF members feedback at its May 2019 meeting (Agenda Papers 11A and 11D).</p> <p>The Board’s technical analysis of the disclosure requirements of IAS 19 and IFRS 13 will take place over the coming months. This review will include consideration of the existing disclosure requirements of IAS 19 and IFRS 13.</p> <p>At a future meeting, the Board will consider whether and how to amend the Guidance for the Board in light of all lessons learned during the Targeted Standards-Level Review of Disclosure testing process.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><i>IAS 19 Employee Benefits</i></p>	<p>Further to the comments raised by ASAF members in above, a member expressed surprise at the granularity of the feedback from users.</p> <p>Five ASAF members commented on disclosing a sensitivity analysis that shows the effect on the pension obligation when multiple principal assumptions are changed simultaneously:</p> <ul style="list-style-type: none"> (a) three members said this disclosure would be costly, requiring system changes and greater reliance on actuaries. (b) one member commented that this is already covered under IAS 1 <i>Presentation of Financial Statements</i> and question why such a specific disclosure requirement would be needed in IAS 19. (c) one member cautioned against being too specific, particularly if this disclosure is intended to support the objective of understanding how the entity manages the risks associated with its pension plans. <p>Four ASAF members provided comments on information about the expected contributions into the defined benefit plan:</p> <p>One member said that information about the nature and characteristics of the pension plan will often be boilerplate and add to voluminous disclosures.</p> <p>Another member commented that further disaggregation of amounts recognised in the financial statements and disclosure of the fair value of plan assets disaggregated by asset types would be costly to prepare and potentially complex for users to understand.</p>	<p>The Board discussed this feedback at its May 2019 meeting (Agenda Papers 11A and 11D).</p> <p>The Board’s technical analysis of the disclosure requirements of IAS 19 will take place over the coming months. Feedback received from ASAF members will be one of the inputs into that analysis.</p>
<p><i>IFRS 13 Fair Value Measurement</i></p>	<p>One member commented that there were request for additional disclosures for Level 2 fair value measurements, similar to those typically provided for Level 3 today, mainly due to questions over whether preparers are making appropriate judgement with regard to the boundary between Level 2 and Level 3 measurements.</p>	<p>The Board discussed ASAF members feedback at its May 2019 meeting (Agenda Papers 11A and 11D).</p> <p>The Board’s technical analysis of the disclosure requirements of IFRS 13 will take place over the coming</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
		months. Feedback received from ASAF members will be one of the inputs into that analysis.
<p>Due process handbook review The objective of this session was to seek ASAF members for their views on the IFRS Foundation Trustees’ tentative decisions to amend the <i>Due Process Handbook</i></p>		
	ASAF members suggested that outreach should target regulators and auditors given that some of the proposed amendments relate to agenda decisions.	<p>The staff have:</p> <ul style="list-style-type: none"> (a) discussed the exposure draft with IOSCO; and (b) meet with the major audit firms. <p>The staff will engage with stakeholders during the comment letter period and encourage feedback on the proposed amendments to the <i>Due Process Handbook</i>.</p>