IFRS

STAFF PAPER

October 2019

Accounting Standards Advisory Forum

Project	**Accounting Standards Advisory Forum**
Paper topic	IASB® Project Update & Agenda Planning

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Introduction

1. The aim of this paper is to:

   (a) discuss the agenda topics for the December 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 July 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 December 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 July 2019 ASAF meeting and how the staff or the Board have considered (or will consider) this feedback

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Questions to ASAF members
1. Do ASAF members have any comments on the proposed agenda topics for the December 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
July 2019 (Actual)	Business Combinations under Common Control
	Management Commentary Practice Statement
	IBOR Phase 2
	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 (Actual)	Financial Instruments with Characteristics of Equity
	Dynamic Risk Management
	IBOR Phase 2
	Disclosure Initiative – Accounting Policy Disclosure
	2020 Agenda Consultation
	Accounting Estimation (Korea Accounting Standards Board)
December 2019 (Proposed)	Post-implementation review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*
	Accounting for Intangible Assets (KASB)
	2020 Agenda Consultation
	IFRS 17 *Insurance Contracts*

Project	Project objective	Past ASAF advice
Research Projects		
Business Combinations under Common Control (BCUCC)	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. The Board plans to publish a Discussion Paper in the first half of 2020.	**July 2019** ASAF members provided views on the staff's analysis of when a current value approach and a predecessor approach should be used for BCUCC transaction. Members also provided views on particular aspects of both approaches. **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. **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. **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. ASAF members provided advice on the approaches developed by staff for transactions within the scope of the project. **December 2017** ASAF members discussed the: (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. **April 2016** ASAF members commented on the proposed direction of the project. **December 2015** The HKICPA presented a paper on how BCUCC are accounted for in Hong Kong.

Project	Project objective	Past ASAF advice
		ASAF members discussed how the predecessor method should be applied when a BCUCC takes place. **March 2015** ASAF members discussed the staff's preliminary view on which method to apply for a BCUCC. 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.
Dynamic Risk Management	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. The Board plans to start outreach on the core model to gather stakeholders' views in 2019.	**March 2017** ASAF discussed the research findings from the work undertaken by the European Financial Reporting Advisory Group (EFRAG). **April 2016** ASAF received an update on the project and the plans for future deliberations. **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.
Extractive Activities	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 *Exploration for and Evaluation of Mineral Resources*. 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.	**October 2018** ASAF members provided advice on: (a) significant changes in extractive activities in their jurisdiction since the Board issued the 2010 Discussion Paper *Extractive Activities* 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 Update as at 30 August 2019

Project	Project objective	Past ASAF advice
Financial Instruments with Characteristics of Equity	The objective of this project is to improve the information that companies provide in their financial statements about financial instruments they have issued, by: (a) investigating challenges with the classification of financial instruments applying IAS 32 *Financial Instruments: Presentation*; and (b) considering how to address those challenges through clearer principles for classification and enhanced requirements for presentation and disclosure. The Board published a Discussion Paper *Financial Instruments with Characteristics of Equity* in June 2018. The Discussion Paper closed for comment on 7 January 2019. The Board has discussed the comments received on the Discussion Paper. The Board will decide the project direction in the second half of 2019.	**December 2018** ASAF members shared feedback from outreach activities in their jurisdiction on the proposals in the Discussion Paper. **October 2018** ASAF members shared initial views on the proposals in the Discussion Paper. ***ASAF members provided advice for development of the Discussion Paper between September 2014 and July 2018.***
Goodwill and Impairment	Goodwill is an asset recognised when one company acquires another company. Goodwill reflects expected future economic benefits produced by assets acquired in a merger or acquisition that are not recognised separately. Each year, the company that makes the acquisition assesses whether the goodwill is impaired. Some stakeholders have stated that impairment of goodwill is not always recognised in a timely fashion and investors have stated that disclosures required by IFRS Standards do not provide enough information to enable them to understand whether the acquired business is performing as was expected at the time of the acquisition. Some companies have stated that the impairment test required for goodwill under IAS 36 *Impairment of Assets* is costly and complex. Some stakeholders have also stated that the separate recognition and measurement of some intangible assets is challenging.	**December 2018** ASAF members provided views on: (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. **October 2018** The staff provided an update on the Goodwill and Impairment project. There was no specific request for feedback from ASAF members. **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. **April 2018** ASAF members provided advice on: (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

Project	Project objective	Past ASAF advice
Goodwill and Impairment (continued)	The Board will present in a discussion paper its preliminary view that: (a) it should require better disclosures about business combinations; (b) it cannot make the impairment test more effective; (c) it should not reintroduce amortisation of goodwill; (d) it should introduce a requirement to present total equity before goodwill; (e) it should provide relief from the mandatory annual quantitative impairment test; (f) it should improve the calculation of value in use; and (g) it should continue to require identifiable intangible assets to be recognised separately from goodwill. The Board plans to publish a Discussion Paper in Q4 2019.	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. **September 2017** ASAF members discussed: (a) proposals in the EFRAG Discussion Paper *Goodwill Impairment Test: Can it be improved?* and (b) staff proposals to improve the effectiveness of the impairment test. **July 2017** ASAF members discussed two papers by the Accounting Standards Board of Japan (ASBJ): (a) Possible Approaches to Addressing the Too-Little-Too-Late issue; (b) Research Paper No.3: *Analyst Views on Financial Information about Goodwill*. In addition, ASAF members discussed staff proposals for simplifying and improving the impairment test model. **July 2016** ASAF members discussed findings from the research on Goodwill and Impairment undertaken by the ASBJ and European Financial Reporting Advisory Group (EFRAG). **December 2015** We asked ASAF members for advice on the Board's tentative decisions from meetings in October and November 2015.
Pension Benefits that Depend on Asset Returns	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 *Employee Benefits*, a company: (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.	**December 2018** ASAF members provided views on the approach being taken to address the measurement inconsistency identified for these types of benefits.

Project	Project objective	Past ASAF advice
Research Projects approaching completion		
Provisions	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 *Provisions, Contingent Liabilities and Contingent Assets*.	**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.
Subsidiaries that are SMEs	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 *IFRS for SMEs* Standard.	**April 2019** ASAF members provided advice on: (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	To update IFRS Practice Statement 1 *Management Commentary* issued in 2010. In undertaking the project, the Board will consider how broader financial reporting could complement and support IFRS financial statements. The Board plans to issue an Exposure Draft the second half of 2020.	**July 2019** ASAF members provided advice on the following topics: (a) applying the notion of narrative coherence in determining what information should be included in the management commentary; and (b) identifying and reporting factors that affect an entity's long-term success. **April 2019** ASAF members provided inputs in relation to: (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. **December 2018** ASAF members provided advice on the following topics: (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. **December 2017** ASAF received an update on the Board's deliberations.
Primary Financial Statements	The Board is developing improvements to how information is communicated in the financial statements, with a focus on the information included in the statement of profit or loss. The Board expects to publish an Exposure Draft in December 2019.	**July 2019** ASAF members provided views on (a) possible approaches to structuring new requirements; (b) likely pressure points for the project in their respective jurisdictions; and (c) their communication strategy for the project. **December 2018** ASAF members provided views on the expected effects of the Board's tentative proposals.

Project	Project objective	Past ASAF advice
Primary Financial Statements (continued)		**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. **April 2018** ASAF members: (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; and (c) provided advice on some further aspects identified which could improve the level of aggregation and disaggregation of financial information. **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. **September 2017** ASAF members discussed: (a) research by the New Zealand Accounting Standards Board on the views of investors about the usefulness of alternative performance measures; and (b) feedback on the UK Financial Reporting Council's Discussion Paper *Improving the Statement of Cash Flows.* **July 2017** ASAF members discussed papers on: (a) the presentation of earnings before interest and tax (EBIT); (b) the presentation of a management operating performance measure; and (c) the presentation of the share of profit or loss of associates and joint ventures.

Project	Project objective	Past ASAF advice
		March 2017 ASAF members discussed the outcome of the initial research and proposed scope of the project. **July 2016** ASAF members' provided advice on the scope of the project. ASAF also discussed the UK Financial Reporting Council's Discussion Paper *Improving the Statement of Cash Flows*. **December 2015** ASAF members received a verbal update on the project.
Rate-regulated Activities	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. The Board expects to publish an Exposure Draft in the first half of 2020.	**October 2018** ASAF members provided advice on identifying a disclosure objective and related disclosure requirements for the model. **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. ASAF members were asked for advice on how best to communicate the rationale for the Board's tentative decisions. **September 2017** ASAF members discussed illustrative examples, exploring issues relating to the measurement of regulatory assets or regulatory liabilities. **July 2017** ASAF members' advice on the draft model was requested. **March 2017** ASAF received an update on the Board's deliberations. **December 2016** We asked ASAF's advice on the core principles and key features of the model.

Project Update as at 30 August 2019

Project	Project objective	Past ASAF advice
Disclosure Initiative projects		
Disclosure Initiative—Accounting Policies	To develop guidance and examples to help entities apply materiality judgements to accounting policy disclosure. The Board has published an *Exposure Draft* which is open for comment until 29 November 2019.	**April 2018** ASAF members provided advice on this topic (in the Disclosure Initiative—*Principles of Disclosure* session). The Board has published an Exposure Draft of proposed amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*.
Disclosure Initiative—Targeted Standards-level Review of Disclosures	The Board is currently: (a) developing guidance for the Board itself to use when developing and drafting disclosure requirements; and (b) testing that guidance by applying it to IAS 19 *Employee Benefits* and IFRS 13 *Fair Value Measurement*.	**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. **July 2018** ASAF members provided advice on: (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	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. The Proposed amendments to the *Due Process Handbook* were issued on 1 August 2019. The Exposure Draft was closed for comment until 29 July 2019.	**April 2019** ASAF members provided views in relation to the IFRS Foundation Trustees' tentative decisions to amend the *Due Process Handbook*.

Project	Objective	Status/ASAF discussions	Next steps
Maintenance projects			
Projects highlighted in blue have been or will be discussed at ASAF meetings.			
2019 Comprehensive Review of the *IFRS for SMEs* Standard	To obtain views on whether and, if so, how to update the *IFRS for SMEs* Standard for IFRS Standards and amendments not currently incorporated into the *IFRS for SMEs* Standard.	The Board is developing a Request for Information as part of the 2019 Comprehensive Review of the *IFRS for SMEs*.	Issue a Request for Information in Q4 2019.
Accounting Policies and Accounting 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.	The Board is considering feedback on the Exposure Draft. **April 2018** ASAF members provided advice on the next steps in the project. **October 2018** ASAF members provided advice on staff's planned recommendations on the definitions of accounting estimate and accounting policy.	Decide project direction in Q4 2019.
Accounting Policy Changes (Amendments to IAS 8)	To amend IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* 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.	The Board discussed feedback on the Exposure Draft in December 2018. The Board decided not to amend IAS 8 to specify when entities apply accounting policy changes resulting from agenda decisions. The Board will consider other aspects of the proposed amendments at a future meeting. **April 2019** ASAF members provided advice on the next steps in the project, considering comment letter feedback in relation to Board's proposals.	Decide project direction.

Project Update as at 30 August 2019

Project	Objective	Status/ASAF discussions	Next steps
Maintenance projects			
Projects highlighted in blue have been or will be discussed at ASAF meetings.			
Amendments to IFRS 17 ***Insurance Contracts***	To make targeted amendments to IFRS 17 to ease implementation of the Standard by reducing implementation costs and making it easier for entities to explain the results of applying IFRS 17 to investors and others. .	The Board published an Exposure Draft of proposed amendments to IFRS 17 in June 2019. **April 2019** ASAF members provided views on the Board's tentative decisions on the possible amendments to IFRS 17. **December 2018** ASAF members provided advice on six topics in IFRS 17 that the Board is considering for possible amendments to the Standard.	Exposure Draft is open for comment until 25 September 2019.
Availability of a Refund (Amendments to IFRIC 14)	To amend IFRIC 14 to clarify the accounting when other parties have rights to make particular decisions about a company's defined benefit plan.	The Board will continue its discussions at a future meeting.	Issue an IFRS Amendment.
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	To clarify whether companies classify debt as current or non-current in particular situations.	The Board resumed discussion on this project at its September 2018 meeting.	Issue an IFRS Amendment Q4 2019.
Deferred tax related to assets and liabilities arising from a single transaction (Proposed amendments to IAS 12)	To narrow the initial recognition exemption in paragraphs 15 and 24 of IAS 12 *Income Tax* 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.	The Board published an Exposure Draft of proposed narrow-scope amendment to IAS 12 on 17 July 2019.	Exposure Draft open for comment until 14 November 2019.
IBOR Reform and its Effects on Financial Reporting (Phase 1)	The Board is amending IFRS 9, IAS 39 and IFRS 7 to address issues affecting financial reporting in the period before the reform of interbank offered rate (IBOR).	In May 2019, the Board published an Exposure Draft where it proposed exceptions to specific hedge accounting requirements in IFRS 9 and IAS 39. The Board considered comments received on its Exposure Draft and is aiming to publish these amendments in September 2019.	Issue final amendments to IFRS 9, IAS 39 and IFRS 7.

Project	Objective	Status/ASAF discussions	Next steps
Maintenance projects			
Projects highlighted in blue have been or will be discussed at ASAF meetings.			
IBOR Reform and its Effects on Financial Reporting (Phase 2)	The Board is considering potential replacement issues based on the input gathered from research activities as well as the feedback received in comment letters on the Exposure Draft for Phase 1 of the project.	The Board is assessing the potential financial reporting implications when an existing interest rate benchmark is replaced with an alternative interest rate, ie replacement issues. The Board will start deliberations on these matters during Q3 2019. **July 2019** ASAF members to provide inputs on: (a) the current state of interest rate benchmark reform in their jurisdictions; (b) the specific financial reporting issues that were identified; and (c) whether and how the issues identified in (b) should be addressed in the next phase of the project.	Issue an Exposure Draft.

Project	Objective	Status/ASAF discussions	Next steps
Maintenance projects			
Projects highlighted in blue have been or will be discussed at ASAF meetings.			
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 on the Exposure Draft. **April 2019** ASAF members shared their preliminary views on the proposals in the Exposure Draft.	Decide project direction in September 2019.
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 June 2019 meeting, the Board decided to finalise the proposed amendments. **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 in Q1 2020.
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 *Conceptual Framework* in IFRS 3 *Business Combinations.*	The Board published an Exposure Draft of proposed amendments to IFRS 3 in May 2019 **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			
Projects highlighted in blue have been or will be discussed at ASAF meetings.			
Annual Improvements			
Fees in the '10 per cent' test for derecognition (Proposed amendments to IFRS 9)	To amend IFRS 9 *Financial Instruments* to clarify which fees and costs a company includes in a quantitative '10 per cent' test for assessing whether to derecognise a financial liability.	The Board published the Exposure Draft *Annual Improvements to IFRS Standards 2018–2020* on 21 May 2019. The Exposure Draft includes these proposed amendments.	The comment period ended on 20 August 2019. Consider feedback on the Exposure Draft in Q4 2019.
Lease Incentives (Proposed amendments to IFRS 16 Illustrative Examples)	To amend Illustrative Example 13 accompanying IFRS 16 *Leases* to remove from the example the illustration of the reimbursement of leasehold improvements by the lessor.		
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.		
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.		

Topic	Summary of ASAF advice	How the advice has been/will be applied
Business Combinations under Common Control (BCUCC) ***The objective of this session was to seek ASAF members' views on when to apply a current value approach and a predecessor approach for BCUCC transactions and how each of these two approaches should be applied.***		
When alternatives approaches are applied?	The AcSB, FRC, ANC, EFRAG, OIC, PAFA and GLASS reiterated their support for using a current value approach for transactions that affect non-controlling shareholders of the receiving entity. Most AOSSG members reiterated their support for using a current value approach for BCUCC transactions that have similar economic substance as business combinations that are not under common control. The AcSB, ANC, OIC, PAFA, GLASS and some members of AOSSG and some members of EFRAG Consultative Forum of Standard Setters (EFRAG CFSS) agreed that the presence of external non-controlling shareholders in the receiving entity is an indicator that the transaction is an acquisition similar to business combinations that are not under common control. The FASB member also agreed that some business combinations under common control are similar to business combinations that are not under common control but argued that there is no 'bright line' between business combinations under common control based on whether they affect non-controlling shareholders of the receiving entity. KASB and ASBJ argued that accounting treatment should not depend on the presence of non-controlling shareholders in the receiving entity; however, KASB agreed that transactions that affect public non-controlling shareholders could be similar to business combinations that are not under common control ASAF members expressed the following views on whether and how to make a distinction between transactions that affect non-controlling shareholders to which a current value approach should apply and those to which a predecessor approach should apply: (a) ANC, OIC, PAFA, GLASS members and some members of AOSSG did not support a distinction between public and private non-controlling shareholders and advocated using a current value approach for all transactions that affect non-controlling shareholders. They argued that information needs of all non-controlling shareholders of the receiving entity are the same.	The staff will consider ASAF members' views in developing recommendations for the Board.

Topic	Summary of ASAF advice	How the advice has been/will be applied
	(b) KASB, EFRAG and some members of AOSSG in contrast, would prefer using a current value approach only if the receiving entity's equity instruments are traded in a public market (some members of EFRAG CFSS also advocated a current value approach when debt instruments are traded in a public market and noted there may be no 'bright line' between debt and equity holders). (c) FRC and some members of AOSSG expressed a view that the 'opt in / opt out' approach could provide a balanced solution taking into account both information needs of private non-controlling shareholders and costs of providing current value information. (d) AcSB suggested using a set of indicators in determining when a current value approach should be applied. EFRAG reiterated its view that a quantitative thresholder should not be used. (e) ASAF members (ANC, OIC, PAFA, GLASS, KASB, EFRAG, some members of AOSSG, FASB, ASBJ and AcSB) expressed concerns about the 'opt in / opt out' approach.	
How to apply a current value approach	Most ASAF members stated that there are laws and regulations in their jurisdictions that either directly require business combinations under common control to be undertaken at fair value or would indirectly result in those transactions to be undertaken at fair value. Because of the existence of such regulations: (a) The EFRAG and FRC members suggested a rebuttable presumption that business combinations under common control to which a current value approach is applied are undertaken at fair value. However, when the rebuttable presumption is not met, EFRAG and FRC supported recognition of a distribution or contribution rather than disclosure in the notes to financial statements. (b) OIC, ANC and GLASS members did not think that distributions in business combinations under common control would happen in practice. Some ASAF members (KASB, some members of AOSSG, AcSB) agreed with the need to provide information about any distribution or contribution in a business combination under common control and expressed the following views:	The staff will consider ASAF members' views in developing recommendations for the Board.

Topic	Summary of ASAF advice	How the advice has been/will be applied
	(a) recognising a distribution or contribution while measuring distribution as a difference between consideration and fair value of the acquired business. (b) disclosure of information about any distribution in the notes of financial statements because of measurement uncertainty involved in measuring the distribution. ASBJ and FASB commented on the conceptual basis for recognising a distribution or contribution: (a) IFRS Standards generally assume that the exchange takes place at fair value with any Day 1 gains and losses recognised in the statement of profit or loss. Consequently, any overpayments or underpayments in a business combination under common control should be recognised in the statement of profit or loss rather than in equity. (b) if a current value approach is applied to business combinations under common control that are similar to business combinations between unrelated parties, the question about reporting distributions or contributions should not arise.	
How to apply a predecessor approach	Only a few ASAF members commented on this topic. Those members generally agreed that pre-combination information for all combining entities is useful for assessing trends. However, EFRAG, FRC and one member of AOSSG suggested that such information should be provided in the notes (or in management commentary) rather than on the face of financial statements because: (a) preparing such information could be challenging and involve uncertainties; and (b) providing pre-combination information for the receiving entity would better reflect the legal form of the transaction. Four members of AOSSG supported providing pre-combination information for all combining entities on the face of the financial statements because such information is useful for investors to perform trend analysis. One of these members also argued that an approach based on the identity of the receiving entity applying a predecessor method would not provide useful information. Two other members of AOSSG requested clarifications on how the identity of the receiving entity would be determined. Another member of AOSSG also argued that there is an	The staff will consider ASAF members' views in developing recommendations for the Board.

Topic	Summary of ASAF advice	How the advice has been/will be applied
	interaction between taking the perspective of the controlling party vs the receiving entity and how pre-combination information should be provided.	
Management Commentary ***The objective of this session was to receive the ASAF members' input on two topics relating to the staff's proposals for the project.***		
Narrative coherence	Most ASAF members agreed with introducing the notion of narrative coherence. Some members asked for more clarity on the meaning of the notion. Suggestions on clarity included: (a) the notion should focus on interrelations or connectivity between different pieces of information. (b) that illustrative examples could be used to explain the meaning of the notion. Comments made by ASAF members on the terminology used in the proposed guidance include: (a) the term 'narrative coherence' may suggest that it applies only to narrative information and does not apply to quantitative information; (b) some of the terms used, for example 'potentially reportable matters' or 'content elements', may be difficult to understand; and (c) plain language should be used because management commentary is often prepared by non-financial management. Some ASAF members agreed that the guidance on narrative coherence should be principles-based because overly prescriptive guidance could lead to checklist approach or duplication of information in different parts of management commentary.	The staff considered the views expressed by ASAF members in Agenda Paper 15B *Making relevance and materiality judgements* discussed at the July 2019 Board meeting.
Identifying and reporting matters that could affect the entity's long-term success	Some ASAF members commented that equal emphasis should be placed on an entity providing both negative and positive information. In relation to focus on long-term success, ASAF members made the following comments: (a) focusing on the effect on cash flows could be interpreted as focusing on a short-term view.	The staff will consider ASAF members' input in developing recommendations to the Board.

Topic	Summary of ASAF advice	How the advice has been/will be applied
	(b) consider whether referring to 'value creation' could provide a better basis than referring to cash flows. (c) place greater emphasis on long-term success, and on intangible resources and relationships. (d) management is usually held accountable for short and medium term. (e) users' preferences differ among jurisdictions, so information needs of all users should be considered. Further comments from ASAF members included: (a) requiring information about changes in long-term opportunities and risks may provide useful information and avoid boilerplate disclosures because long-term opportunities and risks do not change often; (b) focusing on key risks in the management commentary may pose practical challenges because security lawyers encourage a broader disclosure of risks as a way of protecting management against litigation. (c) align more closely with the six capitals in the International Integrated Reporting Framework (<IR> Framework). One ASAF member suggested that the revised Practice Statement explains whether and how an entity can apply the <IR> Framework when applying the revised Practice Statement. (d) increasing the level of assurance for the management commentary could lead to more balance and better-quality information in the management commentary.	
IBOR Reform ***The objective of this session was to receive the ASAF members' input on the current state of interest rate reform in their respective jurisdictions, as well as the specific financial reporting issues they have identified and whether and how the Board should address those issues as part of the phase II of the project***		
Issues addressed in Phase I	ASAF members supported dividing the project into two separate phases to address pre-replacement issues and replacement issues respectively. ASAF member further suggests included: (a) providing relief from including the uncertainties of the IBOR transition in the retrospective assessment in IAS 39.	The feedback on the retrospective assessment in IAS 39 and the disclosure requirements were included in Agenda Paper 14A for the August 2019 Board meeting.

Topic	Summary of ASAF advice	How the advice has been/will be applied
	(b) clarifying the accounting for amounts accumulated in other comprehensive income (OCI) at the end of the relief. The effects of any ineffectiveness are recognised in profit or loss according to the prevailing market conditions at the end of the relief, the accumulated amount in the OCI reserve should follow the hedge accounting treatment under an assumption of continuity of the hedge (ie amounts will be reversed when the hedged transaction occurs in future periods). (c) allowing entities to apply the amendments retrospectively such that hedge accounting relationships that were discontinued because entities were unable to apply the proposed relief, are reinstated. (d) requiring only qualitative disclosure as part of Phase I and consider quantitative disclosures as part of Phase II to provide a reasonable balance between cost and benefit. ASAF members also made the following comments: (a) supported relief from the retrospective effectiveness requirement of 80% -125% in IAS 39. (b) there is urgency for the Board to finalise the amendments to allow sufficient time for the endorsement process, and to accommodate for companies with October year-ends.	The suggestions raised around the end of relief will be addressed as part of Phase 2.
Market developments on IBOR reform	ASAF members provided information on the market developments in their jurisdictions with respect to the IBOR reform.	
Issues suggested to be addressed in Phase II	An ASAF member suggested the following issues be addressed in Phase II: (a) Derecognition of financial instruments. (b) Modification of financial instruments. (c) Recalibration of hedging accounting relationship. (d) Changes in hedge documentation. Other ASAF members also highlighted that the following should be addressed in Phase II:	These matters will be considered as part of Phase 2 of the project.

Topic	Summary of ASAF advice	How the advice has been/will be applied
	(a) that derecognising a financial instrument and recognising a new one as a result of the changes from IBOR reform could have a consequential effect on the potential move of those financial instruments between different impairment stages. (b) allowing some type of practical expedients when considering the scope of the amendments so that the transition process becomes less burdensome for entities. (c) there is a need for information on the timeline for Phase II. (d) further clarity relating to the modification and derecognition requirements for financial assets is required under IFRS 9. (e) to the extent possible, align the proposed amendments with other standard-setters that are also undertaking standard-setting activities to address similar matters, particularly the FASB.	
Primary Financial Statements ***The objective of this session was to seek members' advice on the possible approaches to structure the proposed requirements and to plan for future outreach activities.***		
Possible approaches to structuring the new requirements	Comments made by ASAF members included: (a) splitting the requirements of IAS 1 into two Standards would be confusing as issues covered by IAS 1 logically belong in a single Standard. A few ASAF members suggested that if the Board were to split the requirements in IAS 1, it should move the remaining parts of IAS 1 to IAS 8. (b) the identified disadvantages replacing IAS 1 in its entirety—that users might not know what is updated and what remains unchanged in IAS 1—could be overcome by clear communication in the Basis for Conclusions. Other comments by members included: (a) timing is an important factor in deciding which approach to adopt. (b) unnecessary drafting changes to existing requirements may result in stakeholders over-interpreting even if the Board explains there was no intent to change the requirements. (c) updating the drafting of existing requirements of IAS 1 could be beneficial as the Standard was developed long time ago.	The staff are drafting the Exposure Draft. It is currently structured as a new IFRS Standard. The Board will propose to move those parts of IAS 1 that deal with presentation and disclosure to the new proposed Standard. The Board will propose to move the remaining parts of IAS 1 to IAS 8 and IFRS 7 and withdraw IAS 1. Proposals relating to statement of cash flows are drafted as proposed amendments to IAS 7 *Statement of Cash Flows*.

Topic	Summary of ASAF advice	How the advice has been/will be applied
		In this process, we are making limited updates to some of existing requirements in IAS 1, mainly for consistency in drafting and to reflect updated *Conceptual Framework*. This approach to drafting may change as the Standard goes through the balloting process. We expect to publish the Exposure Draft in December 2019.
Outreach planning	ASAF members said the proposals will be of great interest to stakeholders in their jurisdictions and they plan to arrange outreach events during the comment period.	To be considered in outreach planning.