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## Accounting Standards Advisory Forum meeting

Date **September 2023**  
Project **ASAF**  
Topic **ASAF planning and feedback from previous meetings**

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

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## Introduction

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

## Structure of the paper and questions for ASAF members

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

### Questions for ASAF members

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

## Appendix A—ASAF agenda topics

Agenda topic	Purpose of the discussion
<b>March 2023 ASAF meeting</b>	
Equity Method	Seek ASAF members' input for the effects analysis on the potential amendments (preferred approach)
Rate-regulated Activities	Seek ASAF members' advice on the IASB's recent discussions on the scope and total allowed compensation of the Accounting Standard to be issued.
Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures	Seek ASAF members' advice on the expected benefits and costs of the proposals for stakeholders in their jurisdiction to help develop the Effects Analysis.
IASB and ISSB Connectivity	Provide ASAF members with a brief update on Connectivity between the work of the IASB and the work of the ISSB before opening up the discussion for Q&A with ASAF members.
Primary Financial Statements	Seek ASAF members' advice on the factors the IASB should consider in determining the transition period and effective date of the forthcoming IFRS Accounting Standard <i>General Presentation and Disclosures</i> and the expected costs and benefits of the forthcoming IFRS Accounting Standard to help develop the effects analysis that will be published with the Accounting Standard.
Business Combinations— Disclosures, Goodwill and Impairment	Seek ASAF members' feedback on some suggestions respondents to the Discussion Paper had for changes to the impairment test of cash-generating units containing goodwill.
<b>July 2023 ASAF meeting</b>	
Intangibles	Presentation by EFRAG summarising the feedback received on Discussion Paper “Better Information on Intangibles – Which is the Best Way to Go?” and EFRAG's current recommendations in response to the feedback, and presentation by UKEB on its report “Accounting for Intangibles: UK Stakeholders' Views”.
Business Combinations – Disclosures, Goodwill and Impairment	Provide ASAF members with an education session on the IASB's proposals to require an entity to disclose better information about business combinations.
Primary Financial Statements	Provide ASAF members with an update on the project and will seek advice from ASAF members on the illustrative examples planned to be issued with the forthcoming IFRS Accounting Standard <i>General Presentation and Disclosures</i> .

Business Combinations under Common Control (BCUCC)	Provide ASAF members with an update on the project and seek information from ASAF members about what problems might be caused by the current gap in the IFRS literature and which direction the IASB should take on the project.
Provisions – Targeted Improvements	Seek input from ASAF members on possible amendments to the requirements and examples supporting the ‘present obligation’ recognition criterion in IAS 37 Provisions, Contingent Liabilities and Contingent Assets.
Climate-related risks (in the Financial Statements)	Seek input from ASAF members as part of the early-stage research on the IASB’s recently launched project on Climate-related risks (in the Financial Statements)
Equity Method	Seek ASAF members input on whether the IASB should publish an exposure draft of amendments to IAS 28 Investments in Associate and Joint Ventures or a revised IAS 28.
<b>September 2023 ASAF meeting (Actual)</b>	
Rate regulated activities	Provide ASAF members a project update and seek ASAF members’ views on the IASB’s tentative decisions in Q1 and Q2 2023.
Power purchase agreements	Provide ASAF members an update on the next steps following the IASB’s decision to add a research project to the workplan and seek input and advice from ASAF members on the prevalence of the matters, the effects on entities financial statements and preliminary technical views.
Equity Method	Seek ASAF members’ views regarding implications of applying the IASB’s tentative decisions to investments other than those in associates accounted for using the equity method.
IAS 12 Pillar Two – Sharing information on implementation	A session for information and experience sharing by ASAF members about the implementation of Pillar Two model rules in their countries or jurisdictions.
<b>December 2023 ASAF meeting (Proposed topics)</b>	
Primary Financial Statements	Provide ASAF members with an update on the status of the project, including discussions with the IFRS Advisory Council, and seek input and advice from ASAF members on steps after publication to support implementation and consistent application of the forthcoming IFRS Accounting Standard.
Climate-related risks (in the Financial Statements)	Provide ASAF members with an update on the status of the project and seek input and advice from ASAF members on the possible solutions to address the concerns around reporting climate-related risks in the financial statements.

## Appendix B—Feedback from the March 2023 and July 2023 ASAF meetings

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Equity Method</b> (March 2023)</p> <p>The purpose of the session was to present to the ASAF members the IASB’s tentative decisions on the application questions on (a) changes in an investor’s ownership interest while retaining significant influence; and (b) recognition of losses.</p>		
<p>Project update – IASB’s tentative decisions to date</p>	<p>ASAF members generally supported the IASB’s tentative decisions, although some members mentioned that they have reservations with some of the decisions.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 3–28 of the <a href="#">March 2023 meeting summary note</a>.</p>	<p>In April 2023 the IASB decided to move the Equity Method project to its standard-setting work plan and to work towards publishing an exposure draft.</p> <p>The IASB will consider the feedback from ASAF members as it develops the exposure draft.</p>
<p><b>Rate Regulated Activities</b> (March 2023)</p> <p>The purpose of the session was to update ASAF members on the redeliberations of the Exposure Draft <i>Regulatory Assets and Regulatory Liabilities</i> and seek their views on whether the IASB’s tentative decisions in the second half of 2022 on scope and total allowed compensation help to address stakeholder’s concerns about the proposals.</p>		
<p>Scope</p>	<p>ASAF members generally welcomed the IASB’s tentative decision to clarify the interaction between the final Accounting Standard and IFRIC 12 <i>Service Concession Arrangements</i>.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 30–31 of the <a href="#">March 2023 meeting summary note</a>.</p>	<p>The IASB will continue to redeliberate the proposals at future meetings.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Total allowed compensation</p>	<p>ASAF members overall welcomed the IASB’s tentative decisions: (a) to retain the proposed definition of allowable expense; (b) on the accounting for regulatory assets or regulatory liabilities arising from differences between the regulatory recovery period and the assets’ useful lives using the concept of direct (no direct) relationship. Some members, however, said that stakeholders had questions on this concept or expected its application would require significant judgement; and (c) to clarify the treatment of regulatory returns on assets not yet available for use when an entity capitalises borrowing costs and there is a direct relationship between the entity’s regulatory capital base and its property, plant and equipment.</p> <p>ASAF members had mixed views about the IASB’s tentative decision that an entity should not recognise as a regulatory asset the inflation adjustment to the regulatory capital base.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 32–38 of the <a href="#">March 2023 meeting summary note</a>.</p>	<p>The IASB will continue to redeliberate the proposals at future meetings.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures</b> (March 2023)</p> <p>The purpose of the session was to ask ASAF members for their views on:</p> <p>(a) the potential effects (costs and benefits) of applying the Standard as proposed in the Exposure Draft <i>Subsidiaries without Public Accountability: Disclosures</i> (Exposure Draft); and</p> <p>(b) whether ASAF members agree that the benefits of applying the new Standard will outweigh the costs of applying it.</p>		
<p>Potential effects</p>	<p>Most ASAF members agreed with the cost–benefit analysis presented by the staff and said that the benefits of applying the new IFRS Accounting Standard will outweigh the costs. Many members said they support the new Standard. Some members also supported the optional nature of the nature of the Standard and said that it is important in the entity’s own cost–benefit assessment when it considers electing to apply the new Standard.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 41–48 of the <a href="#">March 2023 meeting summary note</a></p>	<p>The feedback on the potential effects of applying the new IFRS Accounting Standard will be reflected in the effects analysis that will be published with the new Standard.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>IASB and ISSB Connectivity</b> (March 2023)</p> <p>The purpose of the session was to provide ASAF members with an update on the work of the IASB and ISSB as it relates to connectivity. The session was intended to complement ‘<a href="#">Connectivity – what is it and does it deliver?</a>’, an article by IASB Chair Andreas Barckow and ISSB Chair Emmanuel Faber.</p>		
<p>Perspectives on connectivity and considerations from various jurisdictions</p>	<p>ASAF members shared their thoughts on the topic of connectivity, and comments relating to developments in their jurisdictions.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 49–51 of the <a href="#">March 2023 meeting summary note</a></p>	<p>The IASB (and ISSB) have considered ASAF members’ comments in updating their communications about ‘connectivity’, including the <a href="#">webcast on connections between accounting and sustainability disclosures</a> published in July 2023. The IASB will also consider ASAF members’ comments in its Climate-related Risks in the Financial Statements project and its Management Commentary project. The ISSB will also consider ASAF members’ comments as part of its consultation on the strategic direction and balance of the ISSB’s activities. The comment period on the ISSB’s consultation closed on 1 September 2023.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Primary Financial Statements</b> (March 2023)</p> <p>The purpose of the session was:(a) to update ASAF members on the Primary Financial Statements project; and (b) to obtain input from ASAF members:</p> <ul style="list-style-type: none"> <li>(i) on factors that the IASB should consider in determining the transition period and effective date of the forthcoming IFRS Accounting Standard <i>General Presentation and Disclosures</i>; and</li> <li>(ii) to understand the expected costs and benefits for stakeholders of the forthcoming IFRS Accounting Standard to help develop the effects analysis that will be published with the Accounting Standard.</li> </ul>		
	<p>Detailed feedback provided by ASAF members is summarised in paragraphs 52–87 of the <a href="#">March 2023 meeting summary note</a></p>	<p>The feedback from ASAF members on the transition period and effective date was considered by the IASB in the July IASB meeting. The feedback on the expected costs and benefits of the forthcoming IFRS Accounting Standard will be reflected in the effects analysis that will be published with the IFRS Accounting Standard.</p>



Topic	Summary of ASAF advice	How the advice has been/will be applied
<b>Business Combinations – Disclosures, Goodwill and Impairment</b> (March 2023)		
<p>The purpose of the session was to seek ASAF members' views on some suggestions made by respondents to the Discussion Paper <i>Business Combinations—Disclosures, Goodwill and Impairment</i> for changes to the impairment test of cash-generating units containing goodwill (impairment test).</p> <p>ASAF members were asked about: (a) the criteria used to select suggestions to be explored further; (b) suggested changes to improve the application of the impairment test by reducing management over-optimism; (c) suggested changes to improve the application of the impairment test by reducing shielding; and (d) suggested ways to reduce the cost and complexity of the impairment test.</p>		
	<p>Many ASAF members suggested there should be more focus on shielding rather than management over-optimism.</p> <p>ASAF members provided a range of views on the suggestions for changes to the impairment test.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 88–131 of the <a href="#">March 2023 meeting summary note</a>.</p>	<p>The feedback from ASAF members was reported to the IASB in its <a href="#">May 2023 meeting</a>.</p> <p>In <a href="#">July 2023</a> the IASB tentatively decided on which suggestions to propose in an exposure draft.</p>
<b>Intangible assets</b> (July 2023)		
<p>Representatives of EFRAG and the UKEB presented the results of their research on intangible assets.</p>		
	<p>Representatives of EFRAG and the UKEB presented the results of their research on intangible assets. ASAF members and IASB representatives remarked that the research performed by EFRAG and the UKEB was both informative and timely.</p>	<p>The IASB will consider the results of the research in defining the scope of the future project. The IASB would appreciate further feedback from national standard-setters, especially suggestions on how to prioritise the matters to be considered as part of the project.</p>
<b>Business Combinations—Disclosures, Goodwill and Impairment</b> (July 2023)		
<p>IASB staff presented an education session on the IASB's proposals to require an entity to disclose better information about business combinations.</p>		

Topic	Summary of ASAF advice	How the advice has been/will be applied
	ASAF members asked clarifying questions about the IASB's proposals, which the staff and the IASB members in attendance answered.	Specific advice was not sought at this education session.
<p><b>Primary Financial Statements</b> (July 2023)</p> <p>The purpose of this session was to:</p> <ul style="list-style-type: none"> <li>a) update ASAF members on the Primary Financial Statements project; and</li> <li>b) receive feedback on examples prepared for the session to help the IASB develop the illustrative examples it plans to issue with the prospective IFRS Accounting Standard General Presentation and Disclosures.</li> </ul> <p>ASAF members were asked about:</p> <ul style="list-style-type: none"> <li>a) whether the examples prepared for the session are useful for illustrating the proposed requirements and, specifically, whether for stakeholders in their regions the examples:               <ul style="list-style-type: none"> <li>i) are helpful to preparers for understanding the proposed requirements; and</li> <li>ii) provide information that users would want to see under the proposed requirements;</li> </ul> </li> <li>b) which of the three variants of the examples on management performance measures is the most useful for illustrating the proposed requirements;</li> <li>c) whether any aspect of the examples is misleading or would result in an entity supplying boilerplate information;</li> <li>d) whether the examples could be improved; and</li> <li>e) whether and what should be illustrated to facilitate the creation of elements in the IFRS Accounting Taxonomy.</li> </ul>		
	ASAF members shared their views on the illustrative examples that will accompany the prospective IFRS Accounting Standard.  Detailed feedback provided by ASAF members is summarised in paragraphs 7–29 of the <a href="#">July 2023 meeting summary note</a>	The IASB will consider the feedback from ASAF members in developing the illustrative examples that will accompany the prospective IFRS Accounting Standard.

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Business Combinations under Common Control</b> (July 2023)</p> <p>The purpose of these session was to:</p> <ul style="list-style-type: none"> <li>a) provide an update on the Business Combinations under Common Control (BCUCC) project; and</li> <li>b) ask ASAF members for their views on the project direction.</li> </ul> <p>ASAF members were asked:</p> <ul style="list-style-type: none"> <li>a) what problems are caused by the gap in IFRS Accounting Standards for reporting BCUCCs;</li> <li>b) whether members had specific examples in which the reporting for BCUCCs resulted in financial statements that were misleading or failed to provide useful information about the BCUCC and, if so, how common such examples were; and</li> <li>c) which of the three options discussed at the <a href="#">April 2023 IASB meeting</a> the IASB should choose.</li> </ul>		
	<ul style="list-style-type: none"> <li>a) Many ASAF members said the gap in IFRS Accounting Standards causes diversity which is a problem but many others said they do not observe diversity in their jurisdictions or that diversity does not cause significant problems.</li> <li>b) Only one member provided an example of misleading reporting.</li> <li>c) ASAF members had mixed views with some ASAF members suggesting each of the three options.</li> </ul> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 30–43 of the <a href="#">July 2023 meeting summary note</a></p>	<p>The IASB will be asked to decide the project direction at a future IASB meeting. The staff will provide a summary of feedback from all stakeholders (including feedback from ASAF members) to the IASB at a future meeting and will consider ASAF members’ comments in developing its recommendations.</p>
<p><b>Provisions—Targeted Improvements</b> (July 2023)</p> <p>The purpose of this session was to obtain ASAF members’ views on:</p> <ul style="list-style-type: none"> <li>a) initial suggestions for possible amendments to the requirements and illustrative examples supporting the ‘present obligation’ recognition criterion in IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>;</li> <li>b) whether to add to IAS 37 application requirements specifying when an entity would recognise a provision for costs payable if a measure of its activity were to exceed a threshold; and</li> <li>c) what guidance, if any, to include in IAS 37 on the meaning of ‘no practical ability to avoid’.</li> </ul>		

Topic	Summary of ASAF advice	How the advice has been/will be applied
	<p>ASAF members generally agreed with the initial suggestions for possible amendments. Several ASAF members said they thought the IASB would need to provide more guidance on applying the possible requirement to distinguish obligations to <i>transfer</i> economic resources from obligations to <i>exchange</i> economic resources.</p> <p>On thresholds, several ASAF members expressed a view that application requirements would be helpful. Some ASAF members thought that the present obligation recognition criterion could be met before an entity’s activities exceed the threshold; others reported mixed views among their group members or stakeholders.</p> <p>Several ASAF members said they agreed that the transfers of economic resources an entity has no practical ability to avoid extend beyond those that are legally enforceable.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 44–58 of the <a href="#">July 2023 meeting summary note</a></p>	<p>The IASB staff will consider the ASAF members’ feedback in refining its initial suggestions for possible amendments to IAS 37.</p> <p>The IASB will consider the ASAF members’ feedback when it discusses the refined staff suggestions at a future IASB meeting.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Climate-related Risks in the Financial Statements</b> (July 2023)</p> <p>The purpose of this session was:</p> <ul style="list-style-type: none"> <li>a) to provide ASAF members with an overview of the project; and</li> <li>b) to seek ASAF members' views:               <ul style="list-style-type: none"> <li>i) on the reasons for stakeholder concerns about reporting climate-related risks in financial statements and on whether and how the IASB should take further action to address these concerns; and</li> <li>ii) on whether the scope of the project should be generalised to cover other risks in addition to those posed by climate.</li> </ul> </li> </ul>		
<p>Reasons for concerns and possible actions</p>	<p>ASAF members expressed concerns about inconsistent information and insufficient disclosure when reporting climate-related risks in the financial statements.</p> <p>ASAF members had mixed views on the reasons for these concerns and possible courses of action.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 60–68 of the <a href="#">July 2023 meeting summary note</a></p>	<p>ASAF members views and concerns are included in the feedback that will be presented to the IASB and will be considered in developing recommendations for potential actions to be taken by the IASB.</p> <p>The IASB will be asked to make decisions on these matters at the September 2023 IASB meeting.</p>
<p>Scope of the project</p>	<p>While some ASAF members expressed concerns about generalising the scope of the project to include other risks, ASAF members generally agreed that any standard-setting actions should be principle-based.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 69–71 of the <a href="#">July 2023 meeting summary note</a></p>	
<p><b>Equity Method</b> (July 2023)</p> <p>The purpose of the session was to ask ASAF members for their views on whether the IASB should publish an exposure draft of amendments to IAS 28 <i>Investments in Associates and Joint Ventures</i> or an exposure draft of IAS 28 revised.</p>		

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><a href="#">Format of the exposure draft</a></p>	<p>Most ASAF members supported the publication of an exposure draft of amendments to IAS 28.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 72–75 of the <a href="#">July 2023 meeting summary note</a></p>	<p>The IASB will consider the ASAF members’ feedback in deciding the format of the exposure draft.</p>