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## Accounting Standards Advisory Forum meeting

Date **December 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 March 2024 meeting of the Accounting Standards Advisory Forum (ASAF);
  - (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 July 2023 and September 2023 ASAF meetings; and
  - (c) to ask ASAF members whether they would be willing to help the IASB with research into Pollutant Pricing Mechanisms by completing a survey next year about the nature and prevalence of these schemes in their jurisdictions.
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 March 2024 ASAF meeting; and
  - (b) Appendix B sets out a table summarising the feedback from the July 2023 and September 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 March 2024 ASAF meeting or wish to add items arising from their jurisdiction to the proposed agenda topics (Appendix A)?

**Questions for ASAF members**

2. Do ASAF members have any comments on how the feedback from the July 2023 and September 2023 ASAF meetings has been (or will be) used by the staff or the IASB (Appendix B)?
3. The IASB is considering conducting a survey in H1 2024 to help it better understand the nature and prevalence of pollutant pricing mechanisms.<sup>1</sup> Are ASAF members willing to help the IASB by completing that survey about the nature and prevalence of these schemes in their jurisdictions?

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<sup>1</sup> In response to feedback on its Third Agenda Consultation, the IASB added a project on pollutant pricing mechanisms to a reserve list of projects. Reserve list projects will be added to the IASB's work plan if, and only if, additional capacity becomes available before the next agenda consultation. However, developments in relation to reserve list projects are monitored by the staff. The proposed survey will form part of our monitoring activities.

## Appendix A—ASAF agenda topics

Agenda topic	Purpose of the discussion
<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</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.

Primary Financial Statements	Provide ASAF members with an update on the project and will seek advice from ASAF members on laws and regulations that require entities to provide comparative information for more than one comparative period.
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 (Actual)</b>	
Primary Financial Statements	Provide ASAF members a project update, 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 prospective IFRS Accounting Standard.
Climate-related and Other Uncertainties in the Financial Statements	Provide ASAF members a project update and seek input and advice from ASAF members on the possible solutions to address the concerns around reporting climate-related and other uncertainties in the financial statements.
<b>March 2024 ASAF meeting (Proposed topics)</b>	
Rate regulated activities	Provide ASAF members a project update and seek ASAF members' views on the IASB's tentative decisions in Q3 and Q4 2023.
Subsidiaries without Public Accountability: Disclosures	Educational session in anticipation of the publication of the new IFRS Standard.

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

Topic	Summary of ASAF advice	How the advice has been/will be applied
<b>Intangible assets</b> (July 2023)		
<b>Representatives of EFRAG and the UKEB presented the results of their research on intangible assets.</b>		
	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.	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.
<b>Business Combinations—Disclosures, Goodwill and Impairment</b> (July 2023)		
<b>IASB staff presented an education session on the IASB’s proposals to require an entity to disclose better information about business combinations.</b>		
	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.

Topic	Summary of ASAF advice	How the advice has been/will be applied
<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>	<p>ASAF members shared their views on the illustrative examples that will accompany the prospective IFRS Accounting Standard.</p> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 7–29 of the <a href="#">July 2023 meeting summary note</a>.</p>	<p>The IASB will consider the feedback from ASAF members in developing the illustrative examples that will accompany the prospective IFRS Accounting Standard.</p>

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 staff provided a summary of feedback from all stakeholders (including feedback from ASAF members) to the IASB at its September 2023 meeting and considered that feedback in developing its recommendations.</p> <p>The IASB will be asked to decide the project direction at its November 2023 meeting.</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>
<p><b>Climate-related Risks in the Financial Statements</b> (July 2023)</p> <p><b>The purpose of this session was:</b></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>		



Topic	Summary of ASAF advice	How the advice has been/will be applied
<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 were included in Agenda Paper 14B <i>Results of work on the nature and causes of concern</i> to the IASB’s September 2023 meeting. This feedback, together with feedback from other stakeholders, helped form the staff recommendations to the IASB in Agenda Papers 14A <i>Project objective</i> and 14C <i>Potential actions</i> to the IASB’s September 2023 meeting. Decisions taken by the IASB at that meeting are included in the <a href="#">meeting summary</a>.</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><b>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.</b></p>		
<p>Format of the exposure draft</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>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Rate-regulated Activities</b> (September 2023)</p> <p>The purpose of this session was:</p> <ul style="list-style-type: none"> <li>a) to update ASAF members on the status of the project;</li> <li>b) to update ASAF members on the redeliberations of the Exposure Draft <i>Regulatory Assets and Regulatory Liabilities</i>; and</li> <li>c) to seek ASAF members' views on whether the IASB's tentative decisions in Q1 and Q2 2023 on total allowed compensation, recognition, derecognition and measurement help to address stakeholders' feedback on the proposals.</li> </ul>		
<p>Project update</p>	<p>An ASAF member asked clarifying questions about the status of the project, which the staff and the IASB members in attendance answered.</p>	<p>Specific advice was not sought on this item.</p>
<p>Total allowed compensation Recognition Derecognition Measurement</p>	<p>ASAF members generally supported the IASB's tentative decisions related to:</p> <ul style="list-style-type: none"> <li>a) total allowed compensation—performance incentives (including long-term performance incentives);</li> <li>b) recognition—the recognition threshold, enforceability and recognition, and timing of recognition;</li> <li>c) derecognition; and</li> <li>d) measurement—estimating uncertain future cash flows.</li> </ul> <p>Detailed feedback provided by ASAF members is summarised in paragraphs 5–13 of the <a href="#">September 2023 summary meeting 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>Power Purchase Agreements</b> (September 2023)</p> <p>The purpose of this session was to assist the IASB in determining whether there is a timely and efficient standard-setting solution to challenges stakeholders have raised relating to accounting for power purchase agreements (PPAs).</p> <p>ASAF members were asked for their views and input on two questions:</p> <ul style="list-style-type: none"> <li>a) <i>prevalence</i>—whether accounting for PPAs is a widespread problem that is expected to materially affect entities’ financial statements; and</li> <li>b) <i>scope</i>—how any potential narrow-scope amendments to IFRS 9 could be ringfenced to limit the risk of unintended consequences.</li> </ul>		
	<p>Many ASAF members provided information about prevalence about PPAs in their respective jurisdiction. Most members emphasised that a solution is not only need for physical but also for virtual PPAs with some members making suggestions which characteristics of such contracts may be useful when ringfencing a potential narrow-scope standard-setting solution.</p>	<p>The information obtained from ASAF members will be incorporated into Agenda Paper on PPAs—<i>summary of outreach and options for narrow-scope standard-setting of the December 2023 IASB meeting</i>. Decisions taken by the IASB at that meeting are included in the meeting summary.</p>
<p><b>Equity Method</b> (September 2023)</p> <p>The purpose of this session was to ask ASAF members for views on the implications of applying the IASB’s tentative decisions for investments in associates to:</p> <ul style="list-style-type: none"> <li>a) investments in subsidiaries in separate financial statements— including on the two alternative discussed in <a href="#">Agenda Paper 13A</a>; and</li> <li>b) investments in joint ventures.</li> </ul>		
	<p>Overall ASAF members supported that the IASB applies its tentative decisions also to investments in subsidiaries in a parent’s separate financial statements; and to investments in joint ventures.</p>	<p>The views expressed by the ASAF members were incorporated in Agenda papers <a href="#">13A</a> and <a href="#">13B</a> for the October 2023 IASB meeting. Decisions taken by the IASB at the meeting are included in the meeting summary.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Primary Financial Statements</b> (September 2023)</p> <p>The purpose of this session was to update ASAF members on the Primary Financial Statements project and to obtain input from ASAF members on:</p> <ul style="list-style-type: none"> <li>a) whether their jurisdictions have laws or regulations that require entities to provide comparative information for more than one comparative period in their financial statements; and</li> <li>b) whether those laws and regulations permit an entity to provide only one year of comparative information when a new IFRS Accounting Standard is applied.</li> </ul>		
	<p>Many ASAF members said that laws, regulations and stock exchange requirements in their region generally require entities to provide comparative information for one comparative period and two comparative periods if the entity is in the process of an initial public offering.</p>	<p>The information obtained from ASAF members was incorporated into <a href="#">Agenda Paper 21A Sweep issues related to aggregation and disaggregation and other topics</a> of the October 2023 IASB meeting. Decisions taken by the IASB at that meeting are included in the <a href="#">meeting summary</a>.</p>
<p><b>IAS 12 Pillar Two—Sharing information on implementation</b> (September 2023)</p> <p>The purpose of this session was to provide ASAF members an opportunity to exchange information and experiences on the implementation of the Pillar Two model rules in their countries or jurisdictions.</p>		
	<p>ASAF members exchanged information and experiences on the implementation of the Pillar Two model rules in their countries and jurisdictions and related effects on financial reporting.</p>	<p>Specific advice was not sought at this session.</p>