
Accounting Standards Advisory Forum meeting

Date **September 2024**
Project **ASAF**
Topic **ASAF planning and feedback from previous meetings**

Contacts **Elena Kostina** (elena.kostina@ifrs.org)
Fred Nieto (fnieto@ifrs.org)

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Introduction

1. The aim of this paper is to:
 - (a) discuss the agenda topics for the December 2024 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 March and July 2024 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 2024 ASAF meeting; and
 - (b) Appendix B sets out a table summarising the feedback from the March and July 2024 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 2024 ASAF meeting or wish to add items arising from their jurisdiction to the proposed agenda topics (Appendix A)?

The IASB expects to publish the Exposure Draft (ED) *The Equity Method of Accounting—IAS 28 Associates and Joint Ventures (revised 202x)* in September 2024. The ED will be open for comment until end of January 2025. The World Standard-setters Conference (WSS)

Questions for ASAF members

includes a breakout group meeting that will outline the project approach and the proposals in the ED; the ED is therefore not included in the September 2024 ASAF agenda. Furthermore, ASAF members have provided advice to the IASB on the project's proposals during development of the ED.

The December 2024 ASAF meeting will be towards of the end of the ED's comment period and the March 2025 ASAF meeting will be after the comment period is closed. Staff considered asking ASAF, at the March 2025 meeting, for advice on the project's direction based on the feedback, however, there is insufficient time between the end of the comment period and the posting deadline for ASAF papers for staff to summarise the feedback.

Staff have outlined below three approaches of seeking ASAF's advice, our preference would be option (b):

- a) at the December 2024, before the comment period is closed, ASAF members could share initial feedback on the Exposure Draft. This would inform ASAF members of any differing views between jurisdictions; or
- b) at the March 2025 ASAF members could provide advice on the project direction, given the full feedback on the Exposure Draft. If ASAF members prefer this approach, we would need to extend the deadline for the agenda paper to enable staff to summarise the feedback on the Exposure Draft and share with the ASAF members; or
- c) hold a supplementary virtual ASAF meeting in between March and July 2025 for ASAF members to provide advice on the project direction, given the full feedback on the Exposure Draft.

What is ASAF members' preference for engaging with the IASB on the proposals in the ED and the project's direction?

2. Do ASAF members have any comments on how the feedback from the March and July 2024 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
March 2024 ASAF meeting	
Subsidiaries without Public Accountability: Disclosures	Provide ASAF members an educational session in anticipation of the publication of the new IFRS Standard.
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.
Post-implementation Review of IFRS 9—Impairment	Provide ASAF members a project update and seek ASAF members' views on the list of application questions discussed at the IFRS IC meeting in March 2024.
Amendments to the Classification and Measurement of Financial Instruments	Provide ASAF members an overview of key decisions made by the Board and clarify any questions ASAF members may have about final amendments to be made to IFRS 9.
Post-implementation review of IFRS 15 Revenue from Contracts with Customers	Provide ASAF members a project update and seek ASAF members' views on the IASB's discussions in January and February 2024 and the topics that will be discussed at the IASB meeting in March 2024.
Climate-related and Other Uncertainties in the Financial Statements	Provide ASAF members a project update and seek ASAF members' views on the topics that will be discussed at the IASB meeting in March 2024.
EFRAG's project on Variable consideration	EFRAG will share the findings of its research project on Variable Consideration with the ASAF members.
Financial Instruments with Characteristics of Equity	EFRAG will share the findings of its outreach activities on the project with the ASAF members.
July 2024 ASAF meeting	
Financial Instruments with Characteristics of Equity	Provide ASAF members a project update and share initial feedback on the Exposure Draft <i>Financial Instruments with Characteristics of Equity</i> .
Provisions—Targeted Improvements	Provide ASAF members with a project update and seek ASAF members' views on the IASB's tentative decisions to date and updated staff suggestions for possible amendments to the requirements supporting the 'present obligation' recognition criterion in IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> .
Power Purchase Agreements	Seek ASAF members' views on the Exposure Draft on <i>Power Purchase Agreements</i> .

Agenda topic	Purpose of the discussion
Business Combinations—Disclosures, Goodwill and Impairment	Seek ASAF members’ views on the Exposure Draft <i>Business Combinations—Disclosures, Goodwill and Impairment</i> .
AcSB’s project on Carbon Credits	AcSB to share the findings of its research project on Carbon Credits with the ASAF members.
FASB’s project on Carbon Credits	FASB to share the findings of its project Accounting for Environmental Credit Programs with the ASAF members.
Pollutant Pricing Mechanisms (PPMs)	Share with ASAF members information gathered as part of the IASB’s ‘horizon scanning’ including the findings of the survey about the nature and prevalence of PPMs in different jurisdictions.
UKEB’s project on Intangible Assets	UKEB to share the findings of its research project on Intangible Assets with the ASAF members.
Intangible Assets	Commence discussions with ASAF on the project and will seek initial views on the scope of the project and how the project should be phased to achieve timely improvements to the accounting for Intangible Assets.
September 2024 ASAF meeting (Actual)	
Dynamic Risk Management (DRM)	Provide ASAF members a project update and seek ASAF members’ views on the types of business activities relevant to the DRM model, as well as the potential presentation and disclosure requirements.
Climate-related and Other Uncertainties in the Financial Statements	Seek feedback from ASAF members on the project, including feedback on the exposure draft proposing examples illustrating the application of the requirements in IFRS Accounting Standards to report the effects of climate-related and other uncertainties in financial statements.
Rate-regulated Activities	Provide a project update and seek ASAF members’ views on the IASB’s tentative decisions in Q1 and Q2 2024.
Pollutant Pricing Mechanisms	Provide ASAF members an oral project update.
Statement of cash flows	AcSB will present the results of its research and will share users’ perspectives on the application of IAS 7 <i>Statement of Cash Flows</i> .
IFRS 17 <i>Insurance Contracts</i>	AcSB will present results of discussions and will share users’ perspectives on the first year of application of IFRS 17 <i>Insurance Contracts</i> .
Post-implementation Review (PIR) of IFRS 16 <i>Leases</i>	Seek ASAF members’ views on the implementation and ongoing application of IFRS 16 <i>Leases</i> , including matters that they think the IASB should consider in the PIR of the Standard.

Agenda topic	Purpose of the discussion
Power Purchase Agreements	Provide ASAF members with oral update about the tentative decisions the IASB has made at its September meeting. (The agenda paper includes the summary of the feedback we received on the Exposure Draft <i>Contracts for Renewable Electricity</i> that the IASB discussed at a supplementary meeting in August.)
December 2024 ASAF meeting (Proposed topics)	
Updating IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	Seek ASAF members' views on the IFRS 19 'catch-up' Exposure Draft.
Financial Instruments with Characteristics of Equity	Seek ASAF members' views on the: <ul style="list-style-type: none"> - potential changes to the proposed amendments related to presentation and disclosures in response to the feedback received; and - timing of finalising these amendments.
Statement of Cash Flows and Related Matters	Provide an update on staff's preliminary research and seek ASAF members' views on the prevalence of identified issues with the statement of cash flows and related information. The input from ASAF members will contribute to the IASB deciding on the scope of the project.
Management Commentary	Provide a project update and an overview of the targeted refinements made to the proposals in the Exposure Draft <i>Management Commentary</i> in finalising the project.

Appendix B—Feedback from the March and July 2024 meetings

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures (March 2024)</p>		
<p>The purpose of the session was to:</p>		
<p>(a) provide an overview of the forthcoming IFRS Accounting Standard IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> (the Subsidiaries Standard) and its expected effects; and</p> <p>(b) update ASAF members on the IASB’s next steps after issuing the Subsidiaries Standard.</p>		
	<p>Most of the ASAF members who commented expressed general agreement with IFRS 19 highlighting a number of its expected benefits. A few ASAF members commented on IASB’s actions after it issues the Standard.</p>	<p>IFRS 19 was issued in May 2024. The IASB considered feedback from ASAF members as it monitors the adoption and implementation of the Standard.</p>
<p>Rate-regulated Activities (March 2024)</p>		
<p>The purpose of the session was to:</p>		
<p>(a) to update ASAF members on the redeliberations of the Exposure Draft <i>Regulatory Assets and Regulatory Liabilities</i>; and</p> <p>(b) to seek ASAF members’ views on whether the IASB’s tentative decisions in Q3 and Q4 2023 helped address stakeholders’ concerns.</p>		
	<p>ASAF members generally supported the IASB’s tentative decisions related to:</p> <ul style="list-style-type: none"> • credit risk and other risks; • presentation; • items affecting regulated rates only when related cash is paid or received; and • offsetting. <p>ASAF members expressed mixed views on the direct (no direct) relationship concept and the unit of account.</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>Post-implementation Review (PIR) of IFRS 9—Impairment (March 2024)</p> <p>The purpose of the session was to provide an overview of the feedback on the PIR of impairment requirements in IFRS 9 and seek ASAF members' views on:</p> <p>(a) the IASB's deliberations about the PIR feedback on the general approach to recognising expected credit losses (ECL) and determining significant increases in credit risk (SICR); and</p> <p>(b) the prevalence and significance in ASAF members' jurisdictions of some application matters raised during the PIR.</p>		
<p>Applying the general approach to intragroup financial instruments</p>	<p>Mixed views from ASAF members on what action, if any, the IASB should take relating the approach for recognising ECL for intragroup financial instruments.</p>	<p>The IASB considered the feedback from ASAF members at its May 2024 meeting, including whether to add an illustrative example to IFRS 9 relating this matter. The IASB decided to take no action on this matter. See Table C2 of the Project Summary and Feedback Statement for further details.</p>
<p>Application matters relating loan commitments and financial guarantee contracts</p>	<p>ASAF members said that although loan commitments are pervasive, the related application matters generally do not result in substantial consequences in practice.</p>	<p>The IASB considered the feedback from stakeholders and ASAF members relating loan commitments at its April 2024 meeting. The IASB decided to take no action on these application matters. See Table C4 of Project Summary and Feedback Statement for further details.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Application matters relating financial guarantee contracts</p>	<p>ASAF members said that some matters relating financial guarantee contracts give rise to significant application challenges in practice. This included matters that relate to application of requirements in other IFRS Accounting Standards.</p>	<p>The IASB considered the feedback from stakeholders and ASAF members relating financial guarantee contracts at its April 2024 meeting. The IASB decided to consider these application matters as part of its next agenda consultation. See Table C4 of Project Summary and Feedback Statement for further details.</p>
<p>Amendments to the Classification and Measurement of Financial Instruments (March 2024)</p> <p>The purpose of the session was to summarise the IASB’s tentative decisions responding to feedback on the Exposure Draft <i>Amendments to the Classification and Measurement of Financial Instruments</i>. ASAF members were asked for their initial views on the IASB’s tentative decisions.</p>		
	<p>ASAF members generally agreed with the IASB’s tentative decisions on finalising the amendments. However, some ASAF members said that further clarification or guidance on particular aspects of the IASB’s tentative decisions would be helpful.</p>	<p>The IASB considered the advice from ASAF members when finalising the amendments. The amendments were finalised in May 2024.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Post-implementation Review (PIR) of IFRS 15 Revenue from Contracts with Customers (March 2024)</p> <p>The purpose of the session was to update members on the PIR of IFRS 15 <i>Revenue from Contracts with Customers</i> project and seek members' views on the matters discussed by the IASB in January–March 2024.</p>		
	<p>Most ASAF members said that IFRS 15 is generally working well. However, many members highlighted the importance of addressing application matters related to the principal versus agent considerations. Other matters raised by ASAF members included accounting for consideration payable to a customer, licensing, the timing of revenue recognition and applying IFRS 15 with other IFRS Accounting Standards.</p>	<p>The IASB considered the feedback from ASAF members relating to consideration payable to a customer at its April 2024 meeting (see Agenda Paper 6F). The IASB considered other feedback from ASAF members in finalising its decisions in the PIR at its July 2024 meeting (see Agenda Paper 6A).</p>
<p>Climate-related and Other Uncertainties in the Financial Statements (March 2024)</p> <p>The purpose of the session was:</p> <p>(a) to provide an update on the project; and</p> <p>(b) to seek ASAF members' views on the topics discussed at the IASB's March 2024 meeting.</p>		
	<p>ASAF members broadly agreed with or did not object to the approach for developing illustrative examples showing the application of the requirements in IFRS Accounting Standards to report the effects of climate-related and other uncertainties in the financial statements.</p>	<p>In July, the IASB published an Exposure Draft proposing eight examples illustrating the application of the requirements in IFRS Accounting Standards to report the effects of climate-related and other uncertainties in financial statements. The IASB has considered the advice from ASAF members in developing these illustrative examples.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
EFRAG's project on Variable Consideration (March 2024)		
	<p>EFRAG presented a summary of feedback received in response to EFRAG's Discussion Paper <i>Accounting for variable consideration—From a purchaser's perspective</i>.</p>	<p>Specific advice was not sought at this session.</p>
<p>Financial Instruments with Characteristics of Equity (July 2024)</p> <p>The purpose of the session was to provide a summary of the feedback and key themes from comment letters and investor outreach on the Exposure Draft <i>Financial Instruments with Characteristics of Equity</i> issued in November 2023.</p> <p>ASAF members were asked whether they have any questions or comments on the feedback summary and for their views on which topics the IASB should prioritise in its redeliberations.</p>		
	<p>Many ASAF members said that the feedback was consistent with the views of stakeholders in their jurisdictions and expressed support for the IASB's efforts and progress. ASAF members provided comments on:</p> <ul style="list-style-type: none"> • the classification proposals including which topics the IASB should prioritise; • the disclosure proposals including discussing how to reach the right balance between investors' needs for detailed information and preparers' needs for reducing disclosure overload; and • ways to move the project forward. 	<p>The IASB considered the feedback from ASAF members relating to which topics to prioritise in redeliberations at its July 2024 meeting (see Agenda Paper 5B). The IASB will consider other feedback from ASAF members when it redeliberates the proposals in the Exposure Draft.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
Financial Instruments with Characteristics of Equity (March 2024)		
	EFRAG provided ASAF members with a summary of the results of EFRAG’s survey on the Exposure Draft <i>Financial Instruments with Characteristics of Equity</i> .	Specific advice was not sought at this session.
Provisions—Targeted Improvements (July 2024)		
<p>The purpose of the session was to seek ASAF members’ views on the IASB’s proposals for targeted improvements to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>, particularly those relating to:</p> <p>(a) the ‘present obligation’ criterion for recognising a provision; and</p> <p>(b) discount rates.</p>		
	<p>ASAF members generally agreed with:</p> <ul style="list-style-type: none"> the proposed amendments to the present obligation recognition criterion; and the proposal to specify that the rate an entity uses to discount a provision to its present value reflects the time value of money—as represented by a risk-free rate—with no adjustment for non-performance risk. <p>Some members identified aspects of the proposed amendments that may be unclear, or for which further guidance could be helpful.</p>	<p>The IASB will consider ASAF members’ comments as it develops the Exposure Draft of the proposed amendments. The IASB expects to publish the Exposure Draft in the final quarter of 2024.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Power Purchase Agreements (July 2024)</p> <p>The purpose of the session was to ask ASAF members for their views on the proposals in the Exposure Draft <i>Contracts for Renewable Electricity</i>. Specifically, the ASAF members were asked whether:</p> <ul style="list-style-type: none"> (a) the proposed requirements address the objectives the IASB aims to achieve. If not, ASAF members were asked to explain why not and what alternatives they would suggest. (b) they are aware of any operational challenges in providing the proposed disclosures. If so, ASAF members were asked what reasons their stakeholders provided and asked whether they could suggest changes that would result in entities providing useful information to users of financial statements. (c) they have views about an appropriate effective date for the proposed amendments given that stakeholders have requested a timely solution. 		
	<p>ASAF members provided views on all three questions asked.</p> <ul style="list-style-type: none"> • most ASAF member agreed that the proposals achieve the IASB’s objectives with some clarifications requested; the UKEB and AcSB members raised concerns about the scope of the amendments; • many ASAF members however raised concerns about the proposed disclosure requirements; and • most ASAF member suggested an effective date of 1 January 2026. 	<p>The IASB will consider ASAF members’ views together with other feedback on the Exposure Draft when it reviews stakeholder feedback at a future IASB meeting.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Business Combinations—Disclosures, Goodwill and Impairment (July 2024)</p>		
<p>The purpose of the session was to seek members’ views about the IASB’s proposals in the Exposure Draft <i>Business Combinations—Disclosures, Goodwill and Impairment</i>.</p>		
	<p>ASAF members provided views on:</p> <ul style="list-style-type: none"> • the proposed identification of strategic business combinations; • the proposed exemption; • the cost-benefit balance of the proposed disclosures about business combinations; and • the proposed changes to the impairment test. 	<p>The IASB will consider ASAF members’ views together with other feedback on the Exposure Draft when it reviews stakeholder feedback at a future IASB meeting.</p>
<p>AcSB’s project on Carbon Credits (July 2024)</p>		
	<p>The AcSB representative presented an overview of AcSB staff research findings on potential approaches to accounting for carbon and other environmental credits; the presentation included feedback on the approaches from users and national standard-setters.</p>	<p>Specific advice was not sought at this session.</p>
<p>FASB’s project on Carbon Credits (July 2024)</p>		
	<p>The FASB representative summarised the FASB’s <i>Accounting for Environmental Credit Programs</i> project. The representative explained why the FASB reached some tentative decisions during deliberations, including the FASB’s tentative decision to exclude from the project’s scope environmental credits not probable of being used to settle an environmental credit obligation or separately transferred in an exchange transaction.</p>	<p>Specific advice was not sought at this session.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Pollutant Pricing Mechanisms (July 2024)</p>		
<p>The purpose of the session was to:</p>		
<p>(a) provide ASAF members with an update on the IASB’s horizon-scanning activities in relation to pollutant pricing mechanisms; and</p>		
<p>(b) ask members for their views on whether the IASB should prioritise a project on this topic.</p>		
	<p>ASAF members provided mixed views on whether the IASB should prioritise a project on pollutant pricing mechanisms. Some representatives said they would like the IASB to prioritise a project, suggesting that the prevalence and significance of pollutant pricing mechanisms is increasing and there is diversity in accounting for them. Other representatives were less supportive of the IASB prioritising a project, suggesting that the stakeholder feedback they received did not indicate that the financial effects of pollutant pricing mechanisms are significant enough to warrant prioritising a project.</p>	<p>The IASB will consider ASAF members’ views and other information gathered during its horizon-scanning activities when deciding whether to prioritise a project on pollutant pricing mechanisms.</p>
<p>UKEB’s project on Intangible Assets (July 2024)</p>		
	<p>Representatives of the UKEB presented the results of their research on intangible assets.</p>	<p>Specific advice was not sought at this session.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Intangible Assets (July 2024)</p> <p>The purpose of the session was to obtain ASAF members’ input to help the IASB consider:</p> <p>(a) the overall problem that needs to be solved;</p> <p>(b) the scope of the project; and</p> <p>(c) the approach to staging the work.</p>		
	<p>ASAF members provided mixed views on the overall problem that needs to be solved and the scope of the project. Some representatives said that the overall problem is that financial reporting does not provide decision-useful information about intangible items. In terms of scoping, most of the topics in the list identified by the project team were mentioned by at least one ASAF member, with a strong emphasis on the accounting for new or emerging intangibles and disclosures—but also including definition, recognition and measurement topics. Many ASAF members favoured combining the early evaluation and phased approaches to staging the work, with some favouring an early evaluation approach.</p>	<p>The IASB will consider ASAF members’ and other stakeholders’ views when defining the overall problem that needs to be solved, the scope of the project, and the approach to staging the work.</p>