
Accounting Standards Advisory Forum meeting

Date **March 2024**
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[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB[®] *Update*.

Introduction

1. The aim of this paper is to:
 - (a) discuss the agenda topics for the July 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 September 2023, December 2023 and January 2024 ASAF meetings; and
 - (c) provide ASAF members with outlook for the IASB's work plan for approximately the next six months.
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 three appendices to this paper:
 - (a) Appendix A sets out the suggested agenda topics for the July 2024 ASAF meeting;
 - (b) Appendix B sets out a table summarising the feedback from the September 2023, December 2023 and January 2024 ASAF meetings and how the staff or the IASB have considered (or will consider) this feedback; and
 - (c) Appendix C provides outlook for the IASB's work plan for approximately the next six months.

Questions for ASAF members

1. Do ASAF members have any comments on the proposed agenda topics for the July 2024 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 September 2023, December 2023 and January 2024 ASAF meetings has been (or will be) used by the staff or the IASB (Appendix B)?
3. Do ASAF members have any comments regarding the outlook for the IASB's work plan for approximately the next six months (Appendix C)?

Appendix A—ASAF agenda topics

Agenda topic	Purpose of the discussion
September 2023 ASAF meeting	
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.
December 2023 ASAF meeting	
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.
January 2024 ad hoc ASAF meeting	
Power Purchase Agreements	Provide ASAF members a project update and get views from ASAF members on the IASB's proposed approach to narrow-scope standard-setting that will form the basis of an Exposure Draft to be published in H1 2024.
March 2024 ASAF meeting (Actual)	
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 (Proposed topics)	
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.
Business Combinations—Disclosures, Goodwill and Impairment	Seek ASAF members' views on the Exposure Draft <i>Business Combinations—Disclosures, Goodwill and Impairment</i> .
Provisions—Targeted Improvements	Provide ASAF members with a project update and seek ASAF members' views on updated suggestions for possible amendments to the requirements and examples supporting the 'present obligation' recognition criterion in IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> .
Pollutant Pricing Mechanisms (PPMs)	Share with the ASAF members the findings of the survey about the nature and prevalence of PPMs in different jurisdictions.
Intangible assets	UKEB will share the findings of its research project on Intangible Assets with the ASAF members.

Appendix B—Feedback from the September 2023, December 2023 and January 2024 meetings

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Rate-regulated Activities (September 2023)</p> <p>The purpose of this session was:</p> <ul style="list-style-type: none"> a) to update ASAF members on the status of the project; b) to update ASAF members on the redeliberations of the Exposure Draft <i>Regulatory Assets and Regulatory Liabilities</i>; and 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. 		
Project update	An ASAF member asked clarifying questions about the status of the project, which the staff and the IASB members in attendance answered.	Specific advice was not sought on this item.
<p>Total allowed compensation</p> <p>Recognition</p> <p>Derecognition</p> <p>Measurement</p>	<p>ASAF members generally supported the IASB's tentative decisions related to:</p> <ul style="list-style-type: none"> a) total allowed compensation—performance incentives (including long-term performance incentives); b) recognition—the recognition threshold, enforceability and recognition, and timing of recognition; c) derecognition; and d) measurement—estimating uncertain future cash flows. <p>Detailed feedback provided by ASAF members is summarised in paragraphs 5–13 of the September 2023 summary meeting note.</p>	The IASB will continue to redeliberate the proposals at future meetings.

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p>Power Purchase Agreements (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"> a) <i>prevalence</i>—whether accounting for PPAs is a widespread problem that is expected to materially affect entities’ financial statements; and b) <i>scope</i>—how any potential narrow-scope amendments to IFRS 9 could be ringfenced to limit the risk of unintended consequences. 		
	<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 was 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>Equity Method (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"> a) investments in subsidiaries in separate financial statements—including on the two alternatives discussed in Agenda Paper 13A; and b) investments in joint ventures. 		
	<p>Overall ASAF members supported:</p> <ul style="list-style-type: none"> a) continuing to apply the equity method as would be described in IAS 28 <i>Investments in Associates and Joint Ventures</i> when a parent elects to use the equity method to account for its investments in subsidiaries in its separate financial statements. b) that the rationale for the IASB’s tentative decisions for investments in associates can be applied to investments in joint ventures. 	<p>The views expressed by the ASAF members were incorporated in Agenda papers 13A and 13B for the October 2023 IASB meeting. Tentative decisions taken by the IASB at that meeting are included in IFRS - IASB Update October 2023.</p>
<p>Primary Financial Statements (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"> 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 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. 		
	<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 Agenda Paper 21A Sweep issues related to aggregation and disaggregation and other topics of the October 2023 IASB meeting. Decisions taken by the IASB at that meeting are included in the meeting summary.</p>

<p>IAS 12 Pillar Two—Sharing information on implementation (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>
<p>Primary Financial Statements (December 2023)</p> <p>The purpose of this session was to 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.</p>		
	<p>ASAF members agreed with the high-level messages the IASB plans to use in its communications strategy and shared ways to support implementation and consistent application of IFRS 18.</p>	<p>The IASB will consider the feedback from ASAF members in developing its plans to support implementation and consistent application of IFRS 18.</p>
<p>Climate-related and Other Uncertainties in the Financial Statements (December 2023)</p> <p>The purpose of this session was to 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.</p>		
	<p>Most ASAF members said that examples would help entities apply IFRS Accounting Standards in reporting the effects of climate-related and other uncertainties in the financial statements. ASAF members generally expressed a preference for the IASB to include such examples in the form of illustrative examples accompanying IFRS Accounting Standards or to incorporate them into the Standards.</p>	<p>The IASB staff is considering the advice from ASAF members in developing examples to illustrate how to apply the requirements in IFRS Accounting Standards to report the effects of climate-related and other uncertainties in financial statements. The IASB will discuss the examples at its March 2024 meeting.</p>

Power Purchase Agreements (January 2024)

The purpose of this session was to provide ASAF members a project update and get views from ASAF members on the IASB’s proposed approach to narrow-scope standard-setting that will form the basis of an Exposure Draft to be published in H1 2024.

Many ASAF members provided further input into a potential narrow-scope standard-setting solution. Most members emphasised that a solution is not only need for physical but also for virtual PPAs. One member expressed concerns about making changes to the own-use requirements for physical PPAs because it could result in different accounting treatments for physical and virtual PPAs

The information obtained from ASAF members will be incorporated into the March 2024 IASB Agenda paper. Tentative decisions taken by the IASB at that meeting will be included in the IASB update March 2024.

Appendix C—Outlook for the IASB’s work plan for approximately the next six months

1. The IASB will be completing several projects in the coming months and, therefore, expects to have capacity to start new projects, as follows:
 - (a) Post-implementation review (PIR) – IFRS 16 *Leases* – the IASB is required to conduct a PIR of new IFRS Accounting Standards after they have been in effect for a period of time. The IASB decided in December 2023 to start this project in Q2 2024.
 - (b) Intangible assets – the IASB added this project to its pipeline based on feedback on its Third Agenda Consultation. The project will aim to comprehensively review the accounting requirements for intangible assets. The IASB expects to have capacity to start this project in Q2 2024.
 - (c) Statement of cash flows and related matters – the IASB added this project to its pipeline based on feedback on its Third Agenda Consultation. As part of its initial work on this project, the IASB will consider whether the project should aim comprehensively to review IAS 7 *Statement of Cash Flows* or make more targeted improvements. The IASB expects to have capacity to start this project in Q3 2024.
2. The IASB also completed its PIR of the classification and measurement requirements in IFRS 9. That PIR identified a need to address questions about amortised cost measurement, particularly modifications of financial assets and liabilities and the application of the effective interest method to floating rate financial instruments and the interaction of these two areas. Any such project could also provide an opportunity to address additional findings from the PIR of IFRS 9—Impairment. For further details, see [Agenda Paper 3C for the July 2022 IASB meeting](#). The IASB could have capacity to address such questions beginning in Q2 / Q3 2024.
3. The staff is also performing research and outreach, including through a survey of ASAF members, on the nature and prevalence of questions related to the accounting for pollutant pricing mechanisms. Since the IASB completed the Third Agenda Consultation, several stakeholders have suggested that it should prioritise a project on pollutant pricing mechanisms. Staff are planning to share with the ASAF members in July 2024 the findings of the survey and seek feedback to inform whether the IASB should take any action.