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## Accounting Standards Advisory Forum meeting

Date **December 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<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 2025 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 July and September 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 March 2025 ASAF meeting; and
  - (b) Appendix B sets out a table summarising the feedback from the July and September 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 March 2025 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 July and September 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
<b>July 2024 ASAF meeting</b>	
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 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 <i>Contracts for Renewable Electricity</i> arising from the IASB’s project <i>Power Purchase Agreements</i> .
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.
<b>September 2024 ASAF meeting</b>	
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.

Agenda topic	Purpose of the discussion
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> .
Power Purchase Agreements	Provide ASAF members an 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.)
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.
<b>December 2024 ASAF meeting (Actual)</b>	
Rate-regulated Activities	Provide a project update and seek ASAF members' views on the IASB's tentative decisions in Q3 2024.
Management Commentary	Provide a project update and an overview of the targeted refinements being made to the proposals in the Exposure Draft <i>Management Commentary</i> in finalising the project.
Amortised Cost Measurement	Seek ASAF members' views on whether there are any significant issues not included in the list of identified matters (as summarised in <a href="#">AP11</a> for the September 2024 IASB meeting), that ASAF members think the IASB should explore as part of this project.
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.
Updating IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	Seek ASAF members' views on the IFRS 19 'catch-up' Exposure Draft and provide ASAF members an oral update sharing initial feedback on the Exposure Draft.
<b>March 2025 ASAF meeting (Proposed topics)</b>	
Equity Method	Provide an overview of the feedback on the Exposure Draft <i>Equity Method of Accounting—IAS 28 Investments in Associates and Joint</i>

Agenda topic	Purpose of the discussion
	Ventures ( <i>revised 202x</i> ) and seek ASAF members' views on the topics for re-deliberations.
Intangible Assets	Provide an update on staff's research and seek ASAF members' views on the project direction prior to the IASB making further decisions on the project.
Climate-related and Other Uncertainties in the Financial Statements	Provide an overview of the feedback on the Exposure Draft <i>Climate-related and Other Uncertainties in the Financial Statements</i> and seek ASAF members' views on the project direction prior to the IASB making further decisions on the project.
Financial Instruments with Characteristics of Equity	Seek ASAF members' views on the: <ul style="list-style-type: none"> <li>- potential changes to the proposed amendments related to presentation and disclosures in response to the feedback on the Exposure Draft <i>Financial Instruments with Characteristics of Equity</i>; and</li> <li>- timing of finalising these amendments.</li> </ul>
Second Comprehensive Review of the <i>IFRS for SMEs</i> Accounting Standard	Provide an overview of the third edition of the <i>IFRS for SMEs</i> Accounting Standard.
Statement of Cash Flows and Related Matters	Provide an update on staff's research and seek ASAF members' views on the project direction.

## Appendix B—Feedback from the July and September 2024 meetings

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Financial Instruments with Characteristics of Equity</b> (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"> <li>• the classification proposals including which topics the IASB should prioritise;</li> <li>• 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</li> <li>• ways to move the project forward.</li> </ul>	<p>The IASB considered the feedback from ASAF members relating to which topics to prioritise in the discussion on the project plan at its July 2024 meeting (see <a href="#">Agenda Paper 5B</a>). The IASB also considered the feedback from ASAF members relating to the disclosure proposals in redeliberations at its October 2024 meeting (see <a href="#">Agenda Paper 5C</a> and <a href="#">Agenda Paper 5D</a>). The IASB will consider other feedback from ASAF members when it redeliberates the other proposals in the Exposure Draft.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Provisions—Targeted Improvements</b> (July 2024)</p> <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> <ul style="list-style-type: none"> <li>(a) the ‘present obligation’ criterion for recognising a provision; and</li> <li>(b) discount rates.</li> </ul>		
	<p>ASAF members generally agreed with:</p> <ul style="list-style-type: none"> <li>• the proposed amendments to the present obligation recognition criterion; and</li> <li>• 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.</li> </ul> <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 considered ASAF members’ comments as it developed the Exposure Draft of proposed amendments to IAS 37 that will be published in November 2024.</p>
<p><b>Power Purchase Agreements</b> (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"> <li>(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.</li> <li>(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.</li> <li>(c) they have views about an appropriate effective date for the proposed amendments given that stakeholders have requested a timely solution.</li> </ul>		

Topic	Summary of ASAF advice	How the advice has been/will be applied
	<p>ASAF members provided views on all three questions asked.</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• many ASAF members however raised concerns about the proposed disclosure requirements; and</li> <li>• most ASAF member suggested an effective date of 1 January 2026.</li> </ul>	<p>The IASB will consider ASAF members’ views together with other feedback on the Exposure Draft when finalising the proposed amendments to IFRS 9 and IFRS 7.</p>
<p><b>Business Combinations—Disclosures, Goodwill and Impairment</b> (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"> <li>• the proposed identification of strategic business combinations;</li> <li>• the proposed exemption;</li> <li>• the cost-benefit balance of the proposed disclosures about business combinations; and</li> <li>• the proposed changes to the impairment test.</li> </ul>	<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><b>AcSB’s project on Carbon Credits</b> (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>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<b>FASB’s project on Carbon Credits</b> (July 2024)		
	<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>
<p><b>Pollutant Pricing Mechanisms</b> (July 2024)</p> <p>The purpose of the session was to:</p> <ul style="list-style-type: none"> <li>(a) provide ASAF members with an update on the IASB’s horizon-scanning activities in relation to pollutant pricing mechanisms; and</li> <li>(b) ask members for their views on whether the IASB should prioritise a project on this topic.</li> </ul>		
	<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>



Topic	Summary of ASAF advice	How the advice has been/will be applied
<b>UKEB’s project on Intangible Assets</b> (July 2024)		
	Representatives of the UKEB presented the results of their research on intangible assets.	Specific advice was not sought at this session.
<b>Intangible Assets</b> (July 2024) <b>The purpose of the session was to obtain ASAF members’ input to help the IASB consider:</b> <ul style="list-style-type: none"> <li>(a) the overall problem that needs to be solved;</li> <li>(b) the scope of the project; and</li> <li>(c) the approach to staging the work.</li> </ul>		
	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.	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.

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Dynamic Risk Management (DRM)</b> (September 2024)</p> <p>The purpose of the session was:</p> <ul style="list-style-type: none"> <li>(a) to update ASAF members on the progress of the DRM project towards an exposure draft; and</li> <li>(b) to seek ASAF members' views on the project's progress and the IASB's recent tentative decisions related to the project.</li> </ul>		
	<p>Most ASAF members welcomed the progress made on the DRM project and generally supported the IASB's tentative decisions related to the project.</p> <p>In relation to the applicable risk management activities, some ASAF members asked the IASB to consider extending the DRM model to other industries (such as insurers) or other types of risks.</p> <p>In relation to the presentation and disclosure requirements, a few ASAF members expressed concern that entities might be required to disclose commercially sensitive information. Some other ASAF members called for reduced disclosure requirements and asked for clarification on the potential overlap between DRM disclosure requirements and regulatory disclosure requirements.</p>	<p>The IASB will consider the feedback from ASAF members and other stakeholders in developing its proposals for the prospective DRM exposure draft.</p>
<p><b>Climate-related and Other Uncertainties in the Financial Statements</b> (September 2024)</p> <p>The purpose of the session was:</p> <ul style="list-style-type: none"> <li>(a) to provide ASAF members with an overview of the Exposure Draft <a href="#"><i>Climate-related and Other Uncertainties in the Financial Statements</i></a>; and</li> <li>(b) to ask members for their preliminary feedback on the proposals set out in the Exposure Draft.</li> </ul>		

Topic	Summary of ASAF advice	How the advice has been/will be applied
	<p>ASAF members generally supported providing examples to help improve the reporting of the effects of climate-related and other uncertainties in the financial statements. They also generally agreed with including the examples as illustrative examples accompanying IFRS Accounting Standards.</p> <p>Most ASAF members broadly agreed with the approach to developing the illustrative examples, including the requirements illustrated and the technical content of the examples.</p>	<p>The IASB will consider the feedback from ASAF members together with other feedback on the Exposure Draft when it reviews stakeholder feedback at a future IASB meeting.</p>
<p><b>Rate-regulated Activities</b> (September 2024)</p> <p>The purpose of the session was:</p> <ul style="list-style-type: none"> <li>(a) to update ASAF members on the redeliberations of the proposals in the Exposure Draft <a href="#">Regulatory Assets and Regulatory Liabilities</a>; and</li> <li>(b) to seek ASAF members' views on whether the IASB's tentative decisions in the first half of 2024 helped address stakeholders' feedback on:             <ul style="list-style-type: none"> <li>(i) the discount rate, including the minimum interest rate;</li> <li>(ii) disclosures, including reduced disclosures;</li> <li>(iii) the boundary of a regulatory agreement;</li> <li>(iv) the application of the prospective Standard with other IFRS Accounting Standards; and</li> <li>(v) the amendments to other IFRS Accounting Standards.</li> </ul> </li> </ul>		
	<p>ASAF members generally supported the IASB's tentative decisions in the first half of 2024, except for the tentative decision dealing with the minimum interest rate requirements for which some members expressed concerns.</p>	<p>The IASB will consider the feedback from ASAF members in drafting the prospective IFRS Accounting Standard.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Pollutant Pricing Mechanisms</b> (September 2024)</p> <p>The purpose of the session was to provide ASAF members with a brief update on the work done on pollutant pricing mechanisms since the previous ASAF meeting, including a summary of the feedback from the session held with the IFRS Interpretations Committee in September.</p>		
	<p>ASAF members asked clarifying questions and shared their perspectives on the priority of a project on pollutant pricing mechanisms.</p>	<p>Specific advice was not sought at this session.</p>
<p><b>Statement of Cash Flows</b> (September 2024)</p>		
	<p>The AcSB representative presented the results of the AcSB’s staff research and shared users’ perspectives on the application of IAS 7 Statement of Cash Flows.</p>	<p>Specific advice was not sought at this session.</p>
<p><b>IFRS 17 Insurance Contracts</b> (September 2024)</p>		
	<p>The AcSB representative presented users’ perspectives on the first year of application of IFRS 17.</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><b>Power Purchase Agreements</b> (September 2024)</p> <p>The purpose of the session was to provide a project update and to ask whether ASAF members have questions or comments about:</p> <ul style="list-style-type: none"> <li>(a) the feedback on the Exposure Draft <a href="#">Contracts for Renewable Electricity</a>; and</li> <li>(b) the tentative decisions made by the IASB at its <a href="#">September 2024</a> meeting.</li> </ul>		
	<p>Some ASAF member encouraged the IASB to keep the scope of the amendments as narrow and clear as possible to avoid entities analogising other fact patterns to the amendments.</p> <p>A few ASAF members welcomed the clarification in the September IASB meeting whether an entity can apply the fair value option set out in paragraph 2.5 of IFRS 9 to contracts within the scope of the own-use amendments.</p> <p>ASAF members were reminded about the scope of the hedge accounting requirements which mean that some ‘load following swaps’ written on commodities other than electricity may not fall within the scope of the proposed amendments.</p>	<p>The IASB will consider ASAF members’ views together with other feedback on the Exposure Draft when finalising the proposed amendments to IFRS 9 and IFRS 7.</p>

Topic	Summary of ASAF advice	How the advice has been/will be applied
<p><b>Post-implementation Review of IFRS 16 Leases</b> (September 2024)</p> <p><b>The purpose of the session was:</b></p> <ul style="list-style-type: none"> <li><b>(a) to seek ASAF members’ views on the implementation and ongoing application of IFRS 16 Leases; and</b></li> <li><b>(b) to help the IASB identify matters to include in a request for information (RFI) for public consultation.</b></li> </ul>		
<p>Matters to consider in the PIR</p>	<p>Almost all ASAF members who commented said IFRS 16 is working as intended and has achieved its objectives.</p> <p>Many ASAF members commented on the actual costs and benefits of applying the new requirements and said they were generally as the IASB expected in the Effects Analysis accompanying IFRS 16. However, many ASAF members highlighted high ongoing costs of applying IFRS 16.</p> <p>ASAF members suggested the IASB seek feedback on various topics as part of the PIR of IFRS 16, including: the relationship between IFRS 16 and other IFRS Accounting Standards, sale and leaseback transactions, presentation of cash flows and determining discount rates and lease terms.</p>	<p>The IASB will consider feedback from ASAF members when identifying issues to be included in the RFI.</p>