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Meeting Summary

December 2022

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Overview

The IASB met in London on Tuesday 13, Wednesday 14 and Thursday 15 December 2022. The following topics were discussed.

Financial Instruments with Characteristics of Equity (FICE)

The IASB decided that no changes are made to the presentation requirements in IAS 32 for equity instruments or to specifically address financial liabilities containing contractual obligations to pay amounts based on the entity's performance or changes in the entity's net assets. However, the IASB decided that entities with these types of financial liabilities measured at fair value through profit or loss be required to disclose the total gains or losses recognised in profit or loss in each reporting period that arise from remeasuring such financial liabilities.

Work Plan

In the meeting, the staff set out its expectations that the IASB will conclude its post-implementation review (PIR) of the classification and measurement requirements in IFRS 9 with the publication of its Feedback Statement in December 2022. The staff also expects that the IASB will conclude its Disclosure Initiative—Targeted-Standards Level Review of Disclosures with the publication of its Project Summary in Q1 2023. In addition, the staff expects that the IASB will issue final amendments for International Tax Reform—Pillar Two Model Rules and Supplier Finance Arrangements in Q2 2023. No decisions were made.

Rate-regulated Activities

The IASB decided that an entity does not recognise inflation adjustments to the regulatory capital base as a regulatory asset. The IASB also decided that an entity recognises a regulatory asset (regulatory liability) relating to an allowable expense or performance incentive included in its regulatory capital base when the entity has an enforceable present right (obligation) to add (deduct) the allowable expense or performance incentive to (from) future regulated rates and there is a direct relationship between the entity's regulatory capital base and its property, plant and equipment. An entity does not recognise a regulatory asset (regulatory liability) relating to an allowable expense or performance incentive included in its regulatory capital base when there is no direct relationship between the entity's regulatory capital base and its property, plant and equipment.

Maintenance and consistent application

The IASB discussed matters raised in the feedback on the Exposure Draft (ED) *Lack of Exchangeability*. The IASB decided to proceed with its proposals in the ED with some changes. In particular, the IASB agreed to clarify for factors to consider when assessing exchangeability that an entity does not consider 'unofficial markets' in assessing exchangeability but, when exchangeability is lacking, it can use exchange rates from these markets to estimate the spot exchange rate and that all factors are to be considered holistically. For determining the spot exchange rate—the IASB decided to amend proposed paragraph 19A to state that an entity's objective in estimating the spot exchange rate is to reflect at the measurement date the rate at which an orderly exchange transaction would take place between market participants under prevailing economic conditions.

Equity Method

In this session, the IASB discussed applying the preferred approach after purchase of an additional interest in an associate and two application questions**.** The IASB decided to proceed with the view that an investor is measuring a single investment in the associate rather than layers of the investment in the associate. The IASB also decided that an investor that has reduced its interest in an associate to zero does not recognise the unrecognised losses from the cost of the additional interest in the associate. Lastly, the IASB decided that an investor recognises its share of comprehensive income until its interest in the associate is reduced to zero.

Goodwill and Impairment

The IASB agreed to move the project from the research programme to the standard-setting work plan. The IASB decided to maintain its preliminary view and therefore to make no changes to the recognition criteria in IFRS 3 for identifiable intangible assets acquired in a business combination. The IASB decided against proceeding with its preliminary view to require an entity to present the amount of total equity excluding goodwill as a separate line item on its statement of financial position. The IASB decided not to consider additional topics suggested by respondents in this project, except for two topics related to possible improvements to the effectiveness of the impairment test of cash-generating units containing goodwill.

Digital Financial Reporting Strategy

The IASB discussed the strategic framework that is intended to provide strategic direction and boundaries to help identify possible digital financial reporting activities that the IASB could undertake and provide consistent language for communicating the digital financial reporting strategy. The IASB did not make any decisions.

Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures

The IASB confirmed its proposals in the draft Standard that the application of the disclosure requirements in IFRS 8, IFRS 17 and IAS 33 remain applicable for a subsidiary applying the Standard, and that an entity is permitted to apply reduced disclosure requirements for IAS 34 in the Standard. The IASB also decided to retain its proposal that a subsidiary applying the new Standard be required to disclose that it has applied the Standard in the same note as its explicit and unreserved statement of compliance with IFRS Accounting Standards.

Financial Instruments with Characteristics of Equity (FICE)

In this session, the IASB was asked to make decisions on whether IAS 32 should be amended with regard to the presentation of issued financial instruments.

Cover note (Agenda Paper 5)

In June 2018, the IASB published Discussion Paper DP/2018/1 *Financial Instruments with Characteristics of Equity.* At this meeting, the staff asked the IASB for tentative decisions on the presentation of issued financial instruments applying IAS 32.

Presentation of equity instruments (Agenda Paper 5A)

Historically, a main concern raised by stakeholders is the limited information provided in the financial statements about equity instruments issued. Users of financial statements have asked for a clearer distinction of the distribution of profits amongst holders of different types of equity instruments so that they can understand the effect other classes of equity instruments have on ordinary shares.

Staff recommendation

The staff recommended that no changes are made to the presentation requirements in IAS 32 for equity instruments. The principles and requirements in IAS 1, including any decisions to be made as part of the IASB's Primary Financial Statements (PFS) project provide an adequate basis for entities to determine whether to present any additional information about equity instruments. In addition, the staff are of the view that the disclosure proposals tentatively agreed to by the IASB on key terms and conditions and potential dilution are sufficient to meet the needs of users of financial statements for further information about equity instruments.

IASB discussion

Some IASB members noted that users have asked for a clear distinction with regard to distribution of profits. They are looking for accessibility, understandability and visibility over a narrow definition of equity. The information is within the statement of changes in equity (SOCIE) but the information needs to be more visible and research has noted that users find the SOCIE confusing.

In addition, IASB members noted that the paper focuses on disclosures which provide users with general principals on what they could do rather than requiring specific disclosures. Unless there are specific requirements, users are unlikely to disclose the information. Therefore, some IASB members believe more requirements should be developed and additional line items should be added.

Other IASB members agreed with the staff and noted that the relevant information was already required by the standards and potentially could be clarified or drawn out more.

The staff noted that the feedback to the DP is a few years old, and preceded the PFS project and tentative decisions that have been made in relation to disclosures relating to potential dilution, terms and conditions on debt and equity and obligations that arise on liquidation. The staff also discussed the PFS project that focuses on line items related to whether the primary statements provided an understandable overview of income and expenses or assets and liabilities. During that project, the IASB agreed to think carefully before adding any further required line items.

An IASB member noted that the PFS project focused in detail on the structure of the income statement rather than the balance sheet and that IAS 1 requires only two line items within equity. Therefore, the IASB member thinks that further amendments are required to IAS 1.

The staff asked IASB members what they think is required, i.e. specific lines on the balance sheet or an allocation of dividends to shareholder in the income statement. IASB members noted that they think there is a need for both.

The IASB did not vote on the staff recommendations. The staff will take away the feedback from the discussion and come back with further proposals.

Presentation of financial liabilities (Agenda Paper 5B)

Stakeholders have raised concerns relating to a subset of financial liabilities which are subsequently measured at fair value through profit or loss. Stakeholders have questioned the recognition of changes in the carrying amount of the financial liability in profit or loss when the financial liability contains a contractual obligation to pay the holder an amount based on the entity's performance or changes in the entity's net assets. It results in counter-intuitive accounting in profit or loss because gains are recognised when an entity performs poorly, and losses are recognised when an entity performs well.

Staff recommendation

The staff recommended that no changes are made to the presentation requirements in IAS 32 to specifically address financial liabilities containing contractual obligations to pay amounts based on the entity's performance or changes in the entity's net assets. The principles and requirements in IAS 1, including any decisions to be made as part of the PFS project provide an adequate basis for entities to determine whether to present particular types of financial liabilities and their associated gains or losses separately in the financial statements. However, the staff recommended entities with these types of financial liabilities measured at fair value through profit or loss be required to disclose the total gains or losses recognised in profit or loss in each reporting period that arise from remeasuring such financial liabilities. Therefore, entities would be required to disclose separately the amount of the net gains or losses on financial liabilities designated and/or mandatorily measured at fair value through profit or loss (applying IFRS 7) that relates to these types of financial liabilities. These disclosures, together with the proposed disclosures of key terms and conditions for financial liabilities with equity-like features, will address the information needs of users of financial statements.

IASB discussion

An IASB member challenged the staff on whether the recommendation by the staff is duplicating paragraph 41 in IAS 32 or is providing additional information. If it is providing more information, then refinements might be needed to paragraph 41 in IAS 32 to avoid any confusion.

IASB members noted that the discussion points raised in relation to Agenda Paper 5A also relate to this paper. They requested that the staff be careful with the use of the word 'counterintuitive' and if they plan to use the word, reflect this in the Basis for Conclusions and not in the main body of the standard.

IASB decision

All IASB members voted in favour of the staff's recommendation that no changes should be made to the presentation requirements in IAS 32 to specifically address financial liabilities containing contractual obligations to pay amounts based on the entity's performance or changes in the entity's net assets.

11 out of 12 IASB members voted in favour of the staff's recommendation that entities with these types of financial liabilities measured at fair value through profit or loss should be required to disclose the total gains or losses recognised in profit or loss in each reporting period that arise from remeasuring such financial liabilities.

Work Plan

In this session, the staff updated the IASB on its work plan, particularly on the changes to the work plan that have occurred since September 2022.

Update (Agenda Paper 8)

This paper provided an update on the IASB's work plan since its last update in September 2022. The purpose of this paper was to provide a holistic view of the IASB's technical projects to support decisions about whether to add or remove projects, as may be discussed in individual project papers and assessment of overall progress on the work plan, including project prioritisation and timing. The paper did not ask the IASB to make any decisions.

Completed Projects

In September 2022, the IASB issued *Lease Liability in a Sale and Leaseback*, which amends IFRS 16. In October 2022, the IASB issued *Non-current Liabilities with Covenants*, which amends IAS 1.

New Projects

Since the last update, the IASB has decided to include in its project on narrow-scope amendments to the classification and measurement requirements in IFRS 9 proposed amendments related to the accounting for electronic cash transfers and proposed targeted disclosure requirements to IFRS 7 about equity investments to which an entity applies the presentation option to present fair value changes in other comprehensive income. The IASB also decided to add a narrow-scope project to its work plan to provide a temporary exception to the application of IAS 12 and targeted disclosure requirements for international tax reform related to OECD Pillar Two Model Rules. This project is being undertaken on an accelerated timeframe. The exposure draft is expected in January 2023, with a 60-day comment period.

Expected project completions

The staff expects that the IASB will conclude its post-implementation review (PIR) of the classification and measurement requirements in IFRS 9 with the publication of its Feedback Statement in December 2022. The staff also expects that the IASB will conclude its Disclosure Initiative—Targeted-Standards Level Review of Disclosures with the publication of its Project Summary in Q1 2023.

In addition, the staff expects that the IASB will issue final amendments for the following maintenance projects in Q2 2022:

- International Tax Reform—Pillar Two Model Rules
- Supplier Finance Arrangements

Joint project with the ISSB

In December 2022, the ISSB decided to include in the request for information on the ISSB's agenda priorities a proposal for a joint project with the IASB on connectivity in reporting that would build on the work in the Management Commentary project and the Integrated Reporting Framework with the goal of enabling entities to report connected discussion and analysis of its financial statements and sustainability-related financial disclosures.

IASB discussion

One IASB member touched on the joint project with the ISSB and clarified that this would be dependant on the outcome of the ISSB's agenda consultation. The staff confirmed that, and the Chair said that he would hope the outcome of the ISSB's agenda consultation is consistent with that of the IASB's agenda consultation. An IASB member replied that it could be different as, while there is a significant overlap, the group of ISSB stakeholders is different.

Rate-regulated Activities

In this session, the IASB discussed inflation adjustments to the regulatory capital base, other items included in the regulatory capital base and the use of the direct relationship concept.

Cover note (Agenda Paper 9)

At this meeting, the IASB continued redeliberating the proposals in the Exposure Draft *Regulatory Assets and Regulatory Liabilities* (ED).

Inflation adjustment to the regulatory capital base (Agenda Paper 9A)

This paper set out staff analysis and recommendations on the proposals in the ED for dealing with inflation adjustments to an entity's regulatory capital base.

Illustrative example 7C.2 accompanying the ED illustrates that if a regulatory agreement adjusts the regulatory capital base in the current period for inflation, giving an entity the right to add an inflation adjustment in the regulated rates to be charged to customers in future periods, that right would not meet the definition of a regulatory asset. This is because, according to the ED, that right is not a right to recover total allowed compensation for goods or services already supplied to customers.

A few respondents to the ED disagreed with the illustrative example. These respondents thought the final Standard should treat an inflation adjustment to the regulatory capital base as a regulatory asset.

The staff think that an entity's right to add an amount relating to the inflation adjustment to the regulatory capital base to regulated rates charged in the future would give rise to a regulatory asset if that right is enforceable. The staff think that, however, the costs arising from the recognition of that asset would outweigh the benefits of the information provided for users.

Staff recommendation

The staff recommended that the final Accounting Standard specify that an entity shall not recognise inflation adjustments to the regulatory capital base as a regulatory asset.

IASB discussion

IASB members generally agreed with the staff recommendation. It was acknowledged that without the provision proposed by the staff, there would be diversity in practice. It would also simplify the requirements, which are already becoming quite complex.

One IASB member considered whether an option would be possible, i.e. let entities decide, by way of an accounting policy choice, whether they recognise inflation adjustments as a regulatory asset. However, the staff replied that this would hamper comparability and add complexity.

IASB decision

All IASB members voted in favour of the staff recommendation.

Consultative Group for Rate Regulation meeting (Agenda Paper 9B)

This paper included the summary notes and the material prepared for the Consultative Group for Rate Regulation (CGRR) meeting held on 4 October 2022 dealing with the topic analysed in Agenda Paper 9A.

These notes and the material were for information only and was therefore not discussed.

Other items included in the regulatory capital base (Agenda Paper 9C)

This paper set out staff analysis and recommendations on the proposals in the ED for the accounting for allowable expenses or performance incentives included in an entity's regulatory capital base.

Staff recommendation

The staff recommended that the final Accounting Standard specify that:

- An entity shall recognise a regulatory asset (regulatory liability) relating to an allowable expense or performance incentive included in its regulatory capital base when:
    - There is a direct relationship between the entity's regulatory capital base and its property, plant and equipment
    - The entity has an enforceable present right (obligation) to add (deduct) the allowable expense or performance incentive to (from) future regulated rates
- An entity shall not recognise a regulatory asset (regulatory liability) relating to an allowable expense or performance incentive included in its regulatory capital base when there is no direct relationship between the entity's regulatory capital base and its property, plant and equipment

IASB discussion

IASB members noted that, while not disagreeing with the staff recommendation, the order in the staff recommendation of having an enforceable present right and direct relationship should be reversed. The staff agreed with this.

IASB decision

All IASB members supported the revised staff recommendation.

Use of the direct relationship concept—Overview (Agenda Paper 9D)

The IASB had been redeliberating the proposals in the ED addressing total allowed compensation. One of the drivers of the IASB's tentative decisions in this area was whether an entity's regulatory capital base has a direct (no direct) relationship with its property, plant and equipment. This paper provided an overview of the use of the direct (no direct) relationship concept in the IASB's redeliberation of the proposed model.

The paper was for information purposes only. The staff did not ask the IASB to make decisions on this paper. However, the staff asked the IASB for any questions or comments on the use of the direct (no direct) relationship concept in its tentative decisions to date.

IASB discussion

IASB members noted that the paper was a good summary of the issues around direct relationship and that it would be a good starting point for application guidance or educational material. The Chair said that in addition to application guidance or educational material, the staff should consider webcasts in the lead up to the final standard so that stakeholders are aware of what is coming.

Maintenance and consistent application

In this session, the IASB discussed the feedback received on its Exposure Draft *Lack of Exchangeability*.

Lack of Exchangeability (Proposed amendments to IAS 21)—Cover paper (Agenda Paper 12)

The purpose of this meeting was to provide the IASB with the staff's analysis and recommendations on how to address matters raised in the feedback on the Exposure Draft (ED) *Lack of Exchangeability*; and ask the IASB whether it agrees with the staff's recommendations.

Staff recommendations

The staff recommended that the IASB proceed with its proposals in the ED with the following changes:

- For factors to consider when assessing exchangeability:
    - Clarify that an entity does not consider 'unofficial markets' in assessing exchangeability but, when exchangeability is lacking, it can use exchange rates from these markets to estimate the spot exchange rate
    - Develop an example of the 'aggregate method' either as application guidance or an illustrative example
    - Clarify that all factors are to be considered holistically when assessing exchangeability, and the absence of one factor would indicate a lack of exchangeability
- For determining the spot exchange rate—amend proposed paragraph 19A to state that an entity's objective in estimating the spot exchange rate is to reflect at the measurement date the rate at which an orderly exchange transaction would take place between market participants under prevailing economic conditions

This paper was not discussed.

Lack of Exchangeability (Proposed amendments to IAS 21)—Assessing exchangeability between two currencies (Agenda Paper 12A)

This paper provided the staff's analysis of the main comments received on Question 1 in the ED, i.e. assessing exchangeability between two currencies.

Respondents' feedback

Many respondents agreed with the proposed definition of 'exchangeable' and the factors an entity is required to consider in assessing whether a currency is exchangeable. Some disagreements were noted from several responders.

Time frame

Some respondents suggested providing guidance on applying 'normal administrative delay', such as by providing indicators or factors to consider. Some respondents said in the absence of such guidance, it would be difficult to determine what 'normal' is, especially when—in some jurisdictions— the range of 'normal' timing of approval of exchange transactions may be very wide. Other respondents suggested adding clarity on specific points.

Ability to obtain the other currency

A few respondents said the meaning of being able to obtain the other currency 'indirectly' is unclear, or suggested that transactions—beyond currency-to-currency transactions—can provide evidence of exchangeability. One respondent suggested using a 'more likely than not' threshold when assessing the ability to obtain the other currency and adding a rebuttable presumption that an entity has the ability to exchange a currency when it has a legal right and means to do so, unless there is evidence to the contrary.

Markets or exchange mechanisms

Some respondents supported the proposed requirements. These respondents suggested clarifying that an entity not consider unofficial (or 'parallel' or 'black') markets in assessing exchangeability but, when exchangeability is lacking, the exchange rates from these markets can be used to estimate the spot exchange rate. Some EEG members commented on challenges in referring to unofficial rates in IFRS Accounting Standards.

Purpose of obtaining the other currency

A few respondents said it is unclear how to apply the requirements related to 'purpose', such as in situations in which there is no actual need to exchange one currency for another. These situations include, for example, translating on initial recognition non-monetary assets that will be recovered through use rather than sale and balances always settled in local currency.

Ability to obtain only limited amounts of the other currency

Some respondents requested additional guidance on how to apply 'no more than an insignificant amount'.

Holistic consideration of factors

Feedback indicates that some respondents read the proposals to say that, in assessing exchangeability, each of the factors would be considered individually or separately, instead of holistically. If considered individually or separately, questions then arise about the interaction between the factors.

Staff recommendations

The staff recommended that the IASB:

- Proceed with its proposed approach to set out factors an entity would consider in assessing exchangeability and specify how those factors affect the assessment
- Retain the notion of a normal administrative delay
- Make no change with regard to the ability to obtain the other currency
- Clarify that an entity does not consider 'unofficial markets' in assessing exchangeability but, when exchangeability is lacking, it can use exchange rates from these markets to estimate the spot exchange rate
- Refer to 'rates from exchange transactions that do not create enforceable rights and obligations' rather than 'unofficial rates' or 'black market rates'
- Make no change to further define or describe 'enforceability of rights and obligations'
- Make no change with regard to purpose of obtaining the other currency
- Develop an example of the 'aggregate method' either as application guidance or an illustrative example
- Clarify that all factors are to be considered holistically when assessing exchangeability, and the absence of one factor would indicate a lack of exchangeability

IASB discussion

In general, IASB members agreed with the staff's recommendations. One member emphasised the importance that reporting entities should be consistent in their approach with others as well as consistent in subsequent reporting periods. In general, those who apply the standard should reach the same conclusions.

Concerns were raised by several members with regard to issuing guidance on 'normal administrative delays'. One concern expressed was that the ED could be overengineered and that if clarification was attempted for this it could be more of a material issue. One IASB member commented that there needs to be some guidance as otherwise it will be sought for and if not included would result in a gap in the amendments. Another IASB member stated that the customary speed of an exchange varies between countries and the IASB member therefore stated that caution should be exercised when drafting the amendments. This IASB member also agreed with a previous comment that the provided guidance was going to be significant to the understanding of the amendments.

Several IASB members agreed that the lack of exchangeability would likely most often occur in one direction and therefore offered the suggestion that the wording should anticipate the case where a currency could be bought but not sold.

The staff acknowledged these points and agreed with the caution required around the administrative delay and with avoiding a specific timeline.

IASB decision

IASB members voted unanimously in favour of the proposals.

Lack of Exchangeability (Proposed amendments to IAS 21)—Determining the spot exchange rate when exchangeability is lacking (Agenda Paper 12B)

This paper provided the staff's analysis of the main comments received on Question 2 in the ED, i.e. determining the spot exchange rate when exchangeability is lacking.

Respondents' feedback

Most respondents to the ED agreed with the proposal to require an entity to estimate the spot exchange rate when exchangeability between two currencies is lacking. Some respondents agreed fully with the proposed requirements on how to estimate the spot exchange rate; most asked for further clarification or suggested changes. Some respondents disagreed with or expressed concerns about an entity estimating the spot exchange rate when there is a lack of reliable market data.

Estimated rates meeting the objective in paragraph 19A

Some respondents suggested revising the proposal to specify that the conditions are objectives an entity aims to meet when estimating the spot exchange rate, rather than requirements to be met.

Observable exchange rates in paragraph 19B

Some respondents said that the wording in proposed paragraph 19B is unclear and suggested:

- Requiring an entity to use observable exchange rates, including a rebuttable presumption to this effect, or requiring the disclosure of reasons for not using an observable exchange rate
- Maximising the use of observable exchange rates, similar to the fair value hierarchy in IFRS 13
- Specifying a required sequencing of using observable exchange rates—respondents had differing views on what the sequence should be

Reference rates, examples and application guidance

Some respondents suggested permitting the use of particular inputs, mechanisms or reference rates in estimating the spot exchange rate—for example, purchase parity indices, implied rates and methods based on bonds traded on foreign markets.

Some respondents requested examples and application guidance on aspects of the proposals, including to support application of proposed paragraphs 19A and 19B and on techniques and inputs to use in estimating the spot exchange rate.

Staff recommendations

The staff recommended that the IASB:

- Amend proposed paragraph 19A to state that an entity's objective in estimating the spot exchange rate is to reflect at the measurement date the rate at which an orderly exchange transaction would take place between market participants under prevailing economic conditions
- Continue to permit, but not require, the use of observable exchange rates
- Make no change to specify detailed estimation requirements or the use of particular estimation techniques or reference rates for an entity to estimate the spot exchange rate

IASB discussion

One IASB member suggested that the word 'hypothetical' should be in the draft. This might help to understand what they are trying to achieve. The purpose was not to derive the actual exchange rate but approximate what it would be.

Regarding the requirements to permit but not require the use of observable rates, IASB members acknowledged that the IASB did not want to require entities to look for observable rates extensively. The staff said that there may be rates in the market which entities do not have access to. Requiring the use of observable rates could result in the use of rates which are not used for the same purposes as those of the reporting entity.

However, it was agreed that the standard should not encourage preparers to approximate their own rate in circumstances where there is a useable, appropriate observable rate available. Instead, prepares should first meet the criteria of lack of exchangeability before using the guidance as to which is the correct rate to apply.

IASB decision

All IASB members voted in favour of the staff recommendations.

Lack of Exchangeability (Proposed amendments to IAS 21) - Disclosure and transition (Agenda Paper 12C)

This paper provided the staff's analysis of the main comments received on Questions 3 and 4 in the ED, i.e. disclosure and transition.

Respondents' feedback

Many respondents agreed with the proposed disclosure requirements for the reasons explained while some respondents expressed concerns about those proposed requirements.

Some respondents requested additional disclosures to supplement those in the ED and in existing IFRS Accounting Standards. The staff summarise and analyse these comments in the Appendix to this paper.

Most respondents agreed with the proposed transition requirements for the reasons explained.

Staff recommendations

The staff recommended that the IASB:

- Proceed with requiring disclosures as proposed in paragraphs 57A and A16–A18 of the ED when an entity estimates the spot exchange rate because exchangeability between two currencies is lacking
- Proceed with the transition requirements as proposed in paragraphs 60L–60M of the ED

IASB discussion

One IASB member asked whether there was feedback on the proposal to require disclosure of potential future effects of exchange rate movements. This was seen as particularly relevant to the standard given the importance in circumstances when there is a lack of exchangeability. The staff responded that this was not a particular concern of those giving feedback. Instead, overall responses had been very positive and most feedback centred on the provision of clarity on certain matters.

IASB decision

All IASB members voted in favour of staff recommendations.

Equity Method

In this session, the IASB discussed applying the preferred approach after purchase of an additional interest in an associate and two application questions.

Cover paper (Agenda Paper 13)

The objective of the Equity Method project is to assess whether application questions with the equity method, as set out in IAS 28, can be addressed in consolidated and individual financial statements by identifying and explaining principles in IAS 28.

The purpose of this meeting was to present the staff analysis on how an investor would apply the IASB's preferred approach from the purchase of an additional interest in the associate until the equity method is discontinued, and ask the IASB to decide on how an investor measures the portion of the carrying amount of an investment in an associate to be derecognised in a partial disposal

The staff also asked the IASB to decide on two application questions on the recognition of an investor's share of the associate's losses.

Applying the preferred approach after the purchase of an additional interest in an associate (Agenda Paper 13A)

The purpose of this paper was to ask the IASB how an investor would apply the 'preferred approach' after the purchase of an additional interest in an associate while retaining significant influence.

The purpose of the analysis in the paper was to explain the staff's recommendation on how an investor would measure the portion of the carrying amount of the investment in the associate to be derecognised on a partial disposal, that is the disposal of an interest in an associate while retaining significant influence.

The project's scope does not include application questions on how an investor measures its share of the associates profit or loss, or the level at which the investor assesses impairment of an associate, accordingly the paper did not include recommendations on these topics.

The IASB's preferred approach

At its April 2022 meeting, the IASB discussed the application question of how an investor applies the equity method when purchasing an additional interest in an associate while retaining significant influence.

The IASB discussed possible approaches to the application question and expressed a preference for an approach (the preferred approach) whereby after obtaining significant influence, an investor measures purchases of an additional interests in an associate as an accumulation of purchases. Applying the preferred approach, the investor:

- Recognises, at the date of purchasing an additional interest, its additional share in the fair value of the associate's net assets
- Measures the cost of that additional interest at the fair value of the consideration transferred
- Recognises the difference as a goodwill or bargain purchase gain

Two views of the investment in an associate

The paper considered two views of the investment in an associate:

- View A was that the investor is measuring a single investment in the associate. The cost of the investment is measured as an accumulation of purchases after obtaining significant influence. Any portion of the investment is measured as a proportion of the total investment in the associate
- View B was that the investor is measuring the layers of the investment in the associate. The investor applies the equity method of accounting to each layer therefore the monetary amounts for each layer are different and not proportionate to the total investment in the associate. After initial recognition on obtaining significant influence and for each additional purchase of an interest in an associate, the investor measures the individual layers separately while presenting them as a single amount in the statement of financial position.

View A and View B have the same measurement on initial recognition, that is on obtaining significant influence and for additional purchases of an interest in an associate.

Staff recommendation

The staff recommended that the IASB should proceed with View A, i.e. that an investor is measuring a single investment in the associate.

If the IASB agrees that View A is preferable, the staff also recommended the IASB revisit the tentative decision it made in June 2022 and require an investor applying the preferred approach to measure the portion to be derecognised in a partial disposal as a proportion of the carrying amount of the investment at the date of the disposal.

IASB discussion

All IASB members agreed with the staff recommendation of View A, that an investor is measuring a single investment in the associate.

One IASB member highlighted that this could cause complexity where a Group owns an investment in an associate, but this investment is held by two subsidiaries within the group. The result of View A may be that the amounts recognised at the subsidiary level may be different to that recognised at a group level if there were a disposal by one of the subsidiaries. However, IASB members did not think this prevented the benefits outweighing the costs.

IASB decision

The IASB voted unanimously in favour of the staff recommendation, View A.

Purchase of additional interest in an associate and share of unrecognised losses (Agenda Paper 13B)

The purpose of this paper was to ask the IASB to address the application question of whether an investor that has reduced its interest in an associate to zero 'catches up' unrecognised losses if it purchases an additional interest in the associate.

Staff recommendation

The staff recommended that an investor that has reduced its interest in an associate to zero does not recognise the unrecognised losses from the cost of the additional interest in the associate.

Applying the recommendation does not mean that the unrecognised losses are ignored because an investor, applying IAS 28:39, will not recognise its share of profit (including the share of profit attributable to the additional interest) until the share of profit equals the previous share of unrecognised losses.

The staff however noted that the fact pattern described in the paper occurs when the associate's losses have exceeded its net assets. A negative net asset position may be an indicator of financial difficulty, which IAS 28:41A lists as objective evidence of impairment. The investor may need to assess if the additional interest in the associate is impaired.

The staff considered the interaction between this recommendation and the analysis in Agenda Paper 13A on applying the IASB's preferred approach. The staff thinks that the application question in this paper is a matter of initial recognition and initial measurement, while the analysis in Agenda Paper 13A focuses on how the investor applies the preferred approach after the date of purchase of an additional interest. As noted in that paper, the initial measurement of the investment is the same under both views.

IASB discussion

The majority of IASB members agreed with the staff recommendation, that an investor that has reduced its interest in an associate to zero does not recognise the unrecognised losses from the cost of the additional interest in the associate.

One IASB member did not agree and stated that this approach would be inconsistent with the decision made in Agenda Paper 13A. The IASB member noted that if on Day 1 it is determined that the investment, including an additional investment, is a single unit then it should be accounted for as such and the additional investment subsumed by the losses. They expressed that it could be confusing for users to account for an investment on Day 1 and have an immediate Day 2 impairment.

Some IASB members commented on the fact that sometimes facts and circumstances may indicate that the entity had a constructive obligation to fund the associate that should have been recognised. For instance, if an associate makes a loss for a period and immediately after the period end the entity makes an additional investment in the entity (for a new issue of shares) this may indicate that it is funding the associate. If this were the case, then the additional investment should offset the liability that would be required to be recognised at the period end. It was suggested that this could be explained in guidance or the Basis for Conclusions.

One IASB member noted that IAS 28:39 refers to an entity subsequently reporting profits which must equal the share of losses before profits can be recognised. Purchase of an additional investment is not a subsequent reporting of profit and therefore should not be netted down by losses.

It was noted by one IASB member that there could be an opportunity to remove complexity in IAS 28 by removing the requirement to take losses against other long-term investments which are already at their realisable value. It was agreed this would be considered further outside of the meeting.

The IASB Chair supported the analysis but noted a concern around a potential deferral in loss recognition where an entity purchases and recognises a new investment but were the entity to sell a share of that investment, it would not be able to realise the full value due to the unrecognised losses. However, some IASB members highlighted that the sale of the share would be a separate event which would trigger the loss and so any loss is not deferred but simply recognised on the occurrence of that event.

IASB decision

11 of 12 IASB members voted in favour of the staff recommendation.

Recognition of losses and components of comprehensive income (Agenda Paper 13C)

The purpose of this paper was to ask the IASB whether an investor that has reduced its interest in an investee to zero recognises each component of comprehensive income separately.

Staff recommendation

The staff recommended that:

- An investor recognises its share of comprehensive income until its interest in the associate is reduced to zero. Additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred a legal or constructive obligation or made payments on behalf of the associate
- An investor that has reduced its interest in an associate to zero recognises its share of each component of comprehensive income separately. That is an investor recognises and presents in accordance with IAS 1 two items of the same amount (one positive and one negative)
- In the circumstance of an investor's share of comprehensive income in an associate being negative and exceeding the carrying amount of the investment, the investor recognises first its share of the associate's profit and loss and second its share of the associate's other comprehensive income (OCI) until its interest in the associate is reduced to zero

IASB discussion

Question 1

The IASB voted in favour of the staff recommendation, to clarify that IAS 28:38 relates to both profit or loss and OCI, without material comments.

Question 2

Two IASB members commented that they agreed with the recommendations but would want to see the impact of the positive and negative movements in OCI and P&L reflected in a movement in the investments note, rather than simply being offset.

Another IASB member highlighted that the information may be more useful where losses had not been reported before or for a long period versus the situation where there were substantial unrecognised losses from a long period. However, the IASB member indicated that there did not appear to be a benefit from creating complexity to cover these different scenarios and the staff recommendation reflected a simple solution following the principles of IAS 28.

Question 3

All IASB members supported the staff recommendation. Two IASB members raised additional application questions which could arise given the approach including how other changes in net assets are impacted by this hierarchy approach and whether there is also a hierarchy when recognising profits in the future. The staff agreed that they would consider these issues and present a summary of all decisions made at a future meeting to ensure no conflicts between decisions.

Two IASB members stated that there was not a robust conceptual argument for the position – as the *Conceptual Framework* does not have a decisive hierarchy – but that creating the rule presented by the staff was a simple and logical approach. One IASB member acknowledged that creation of a rule in this circumstance was open to challenge and so the rationale for the position should be made as robust as possible.

IASB decision

The IASB voted unanimously in favour of the staff recommendation for questions 1 and 3. For question 2, 11 of 12 IASB members voted in favour of the staff recommendation.

Goodwill and Impairment

In this session, the IASB discussed moving the Goodwill and Impairment project from a research programme to a standard-setting programme and make some tentative decisions about aspects of the project.

Cover paper (Agenda Paper 18)

In March 2020, the IASB published DP/2020/1 *Business Combinations—Disclosures, Goodwill and Impairment*. The comment period for the DP ended on 31 December 2020.

In 2021, the IASB discussed the feedback received in response to the DP and decided to prioritise, amongst other things, performing further work to make decisions on the package of disclosure requirements about business combinations and to then redeliberate its preliminary view that it should retain the impairment-only model to account for goodwill.

The purpose of this meeting was to ask the IASB to move the project from the research programme to the standard-setting work plan.

This paper was not discussed.

Moving to the standard-setting agenda (Agenda Paper 18A)

In this paper, the staff recommended that the IASB should move the project from its research programme to its standard-setting work plan, setting out how the criteria of the *Due Process Handbook* are met. The staff also recommend that the IASB do not establish a dedicated consultative group for the project and change the title of the project to “Business Combinations—Disclosures, Goodwill and Impairment” to reflect the wider scope of the project.

The IASB was asked to vote on each of these recommendations.

IASB discussion

IASB members generally agreed with the staff recommendations. When asked to vote, for each recommendation, the IASB voted 11 in favour, with one absentee.

Identifiable intangible assets acquired in a business combination (Agenda Paper 18B)

As part of the Post-Implementation Review (PIR) of IFRS 3, some respondents provided feedback indicating concerns around the usefulness of information concerning the separation of acquired identifiable intangible assets from goodwill in a business combination. Considering these views, the IASB held the preliminary view to not change the recognition criteria for identifiable intangible assets acquired in business combination.

The staff recommended that the IASB maintain this preliminary view.

IASB discussion

IASB members generally agreed with the staff recommendation. When asked to the vote, the IASB voted with 11 in favour (one absentee) of the staff recommendation to retain the preliminary view.

Total equity excluding goodwill (Agenda Paper 18C)

As part of the DP, the IASB held the preliminary view that entities should present in the statement of financial position the amount of total equity excluding goodwill. Almost all respondents on this topic disagreed with this view.

The staff recommended that the IASB do not proceed with its preliminary view.

IASB discussion

IASB members generally agreed with the staff recommendation. When asked to the vote, the IASB voted with 11 in favour (one absentee) for the staff recommendation to not proceed with its preliminary view.

Other topics (Agenda Paper 18D)

In its May 2021 meeting, the IASB discussed respondents' suggestions regarding additional topics to be considered as part of the Goodwill and Impairment project.

The staff recommended that the IASB does not include the additional topics suggested by respondents, except to consider the following topics when deliberating possible improvements to the effectiveness of the impairment test:

- Requiring an entity to disclose goodwill by reportable segment
- How the requirements of IAS 21 relating to the level at which goodwill balances are translated interacts with the level at which goodwill is tested for impairment applying IAS 36

IASB discussion

IASB members were generally in favour of the staff recommendation, not wanting to expand the scope of the project more than necessary.

It was highlighted that the interaction of IFRS 16 with the impairment test is proving to be a developing issue in Europe, and that it may therefore be worth considering the respondents' feedback on this issue in the project's scope.

When asked to vote, 10 voted in favour of the staff's recommendation, with one absentee.

Digital Financial Reporting

In this session, the IASB was asked to provide feedback on the activities that the staff should undertake on priority digital financial reporting activities.

Cover note (Agenda Paper 25)

In February 2022, as part of the IASB's Third Agenda Consultation on its priorities for 2022 to 2026, the IASB agreed to increase its current level of focus on digital financial reporting. In this meeting, the IASB provided feedback on the priority digital financial reporting activities that the staff should undertake.

A digital financial reporting strategic framework (Agenda Paper 25A)

Background

This paper set out a strategic framework that is intended to provide strategic direction and boundaries to help identify possible digital financial reporting activities that the IASB could undertake and provide consistent language for communicating the digital financial reporting strategy. The IASB was asked to provide feedback on the strategic framework.

Staff recommendation

The staff did not make any recommendations or ask the IASB to make any decisions in this paper.

IASB discussion

IASB members were supportive of the direction as set out in the paper. Some IASB members asked the staff to clarify that the strategic objective of the IASB and the ISSB is the same but differences arise because of timing of projects. IASB members did not want to imply that the IASB taxonomy is contingent on the ISSB taxonomy and vice versa. The staff confirmed they anticipate the discussions with the ISSB will be in early 2023.

One IASB member asked the staff to highlight the drawbacks of digital financial reporting. For example, it is difficult for entities to provide additional context in a digital reporting world which makes it more challenging for users to appreciate the relationships between the line items in the financial statements. Some IASB members emphasised the importance of engaging with all stakeholders, including the preparers of the financial statements and not only the end users of those financial statements.

Another IASB member suggested the staff provide additional information on 'digital ecosystem partners'. One IASB member suggested the staff reconsider the description of the vision of the strategic framework to focus on the *digital* aspect of financial reporting. In addition, the IASB member asked the staff to clarify the meaning of accessibility to be making information available to stakeholders and the ability to accurately access the information in machine-readable form.

One IASB member asked the staff to clarify that the emphasis is on the primary users to be able to access digital financial reporting rather than the investors. Another IASB member asked the staff to clarify whether IFRS Standards strategic components would require a change in the current IFRS Standards.

Priority digital financial reporting activities (Agenda Paper 25B)

Background

This paper outlined the priority digital financial reporting activities that the staff think the IASB should undertake. The IASB was asked to provide feedback on the possible digital financial reporting activities to undertake.

Staff recommendation

The staff did not make any recommendations or ask the IASB to make any decisions in this paper.

IASB discussion

IASB members were supportive of the types of activities as well as the prioritisation of those activities as set out in the paper. One IASB member believed optimal digital reporting requirements should be part of the fundamental purpose of the digital financial reporting vision and suggested the staff include this activity as part of the foundation in digital reporting hierarchy of needs. Some IASB members asked the staff to consider how digital financial reporting can be applied holistically by the IASB and ISSB. In addition, whether any lessons learned can be shared by both boards.

Some IASB members suggested the focus should be on embedding digital financial reporting processes within the internal financial reporting processes as this will facilitate external financial reporting. However, the staff clarified the focus is on how stakeholders will consume digital financial reporting information rather than on the needs of the preparer of digital financial reporting information. One IASB member emphasised the importance of understandability of financial reporting information regardless of whether it is digital or paper based.

Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures

In this session, the IASB discussed the objective of the new Standard, the approach to developing disclosure requirements and the structure of the new Standard.

Cover Paper (Agenda Paper 31)

Background

At its June 2022 meeting, the IASB agreed on a project plan for redeliberating the Exposure Draft *Subsidiaries without Public Accountability: Disclosures* (ED) towards developing an IFRS Accounting Standard (Standard).

At this meeting, the IASB continued its deliberations, considering feedback received on different aspects of the draft Standard set out in the ED.

IFRS Accounting Standards without reduced disclosure requirements (Agenda Paper 31A)

Background

This agenda paper discussed the feedback on three IFRS Accounting Standards (IFRS 8, IFRS 17 and IAS 33) for which the IASB did not propose reduced disclosure requirements in the draft Standard.

Staff analysis

<u>Disclosure requirements about insurance contracts</u>

- The staff are of the view that the IASB should confirm that the application of IFRS 17 is unchanged for a subsidiary applying the Standard because:
  - IFRS 17 introduces a new accounting model for insurance contracts which is supported by its disclosure requirements
  - Reduced disclosure requirements for IFRS 17 would only affect a small portion of subsidiaries eligible to apply the Standard
  - There is a lack of feedback on how the disclosure requirements in IFRS 17 can be reduced for eligible subsidiaries
  - Deferring proposing reduced disclosure requirements for IFRS 17 in the Standard for a period would enable the IASB to assess the effectiveness of IFRS 17 disclosure requirements

- The IASB should continue to assess the effectiveness of disclosure requirements in IFRS 17 and consider proposing reduced disclosure requirements for IFRS 17 in the Standard at a future date, specifically when sufficient evidence and feedback surrounding the implementation of IFRS 17 have been obtained

Disclosure requirements about earnings per share and operating segments

The staff are of the view that the IASB should retain the proposals for IAS 33 and IFRS 8 as set out in the draft Standard, for the reasons sets out in the Basis for Conclusions accompanying the ED

The staff noted requests from a few respondents for the IASB to clarify whether the application of IAS 33 and IFRS 8 is mandatory for entities applying the Standard. The staff state that the draft Standard only reduces disclosure requirements that a subsidiary is *required* to provide. The 'scope sections' of other IFRS Accounting Standards are left in situ in those Standards. Therefore, a subsidiary applying the draft Standard has to refer to the 'scope sections' in other IFRS Accounting Standards to determine whether it is required to apply that Standard. Similarly, a subsidiary would also refer to other IFRS Accounting Standards for recognition, measurement and presentation requirements.

Nevertheless, the staff could consider whether the concerns raised by respondents could be alleviated in finalising the drafting of the Standard, such as: IAS 33 and IFRS 8 are not mandatory for an eligible subsidiary applying the draft Standard—that is, those Standards are only applicable if an eligible subsidiary applying the draft Standard chooses to disclose information about earnings per share and operating segments.

Staff recommendation

The staff recommended that the IASB confirmed its proposals in the draft Standard, that the application of the disclosure requirements in IFRS 8, IFRS 17 and IAS 33 remain applicable for a subsidiary applying the Standard.

IASB discussion

Most IASB members supported the staff recommendation. Several IASB members shared the view that issuers have limited experience with IFRS 17 given it is still a new Standard. IASB members agreed that the decision should be revisited in the future, subject to further discussions with stakeholders once there is more practical experience upon which to base the decision.

One IASB member pointed out that compared to IFRS 15 or IFRS 16 which applies to almost all entities, IFRS 17 will only apply to a relatively small number of entities so efficiency savings resulting from reduced disclosure requirements would be relatively limited. It was also pointed out that insurance regulators believe that IFRS 17 disclosures are helpful to users.

One IASB member pointed out that the fact that IFRS 17 is a new Standard that has not yet been fully implemented should not be a reason for not attempting to reduce the disclosure requirements as it is the first-time implementation where most cost are incurred. One of the main objectives for this project is increasing the cost-efficiency for eligible entities. However, all agreed that there should not be any reduction in IFRS 17 disclosure requirements because the project had not identified any suitable opportunities.

IASB members also discussed certain specific considerations related to captive insurers (a subsidiary that insures only risks of its parent or its fellow affiliates). Some IASB members believed that captive insurers might benefit from this new Standard, however, all agreed that the IASB is not yet in a position to propose this for various reasons as summarised below:

- Some captive insurers also hold policies with counterparties that are outside of their groups
- Captive entities are often used to centralise/concentrate risks and it is therefore important that they provide sufficient disclosures around those risks

- At the beginning of this project, the IASB did try to reduce the disclosures under IFRS 17, but several challenges were encountered

All IASB members supported the staff recommendations regarding not reducing the disclosures in IFRS 8 and IAS 33. These Standards are intended to provide very specific information. As the users of financial statements had specifically asked for such information for valid reasons, it would be inappropriate to reduce the disclosures required by those Standards.

IASB decision

12 out of 12 agreed with the staff recommendation.

Proposed reduced disclosure requirements in IAS 34 (Agenda Paper 31B)

Background

This agenda paper discussed the feedback on the IASB's proposal to include reduced disclosure requirements for IAS 34 in the draft Standard.

Staff analysis

The staff agree it is unlikely that a subsidiary which is eligible to apply the draft Standard will prepare interim financial statements compared to entities with public accountability. However, a subsidiary may be required to prepare interim financial statements to comply with a loan agreement with a bank or when raising new debt.

In developing the draft Standard, the IASB observed that an eligible subsidiary applying the draft Standard and preparing interim financial statements should not be required to provide disclosures in its interim financial statements that are not required in its annual financial statements. No comments were received on this observation.

The staff disagree with analogising to the IASB's proposed approach for IFRS 8 and IAS 33. A subsidiary eligible to apply the Standard would not be in the scope of IFRS 8 and IAS 33. As such, the ED proposes that subsidiaries that choose to provide information required by IFRS 8 and IAS 33 has to apply those IFRS Accounting Standards including all their disclosure requirements. Whereas IAS 34 does not mandate which entities are required to publish interim financial statements.

Although a subsidiary applying the Standard is not precluded from disclosing additional information in either its annual financial statements or its interim financial statements, the staff do not consider a subsidiary applying the Standard should be required to provide disclosures in its interim financial statements that it is not required to provide in its annual financial statements. Not including reduced disclosure requirements for IAS 34 in the Standard and requiring an eligible subsidiary to apply all the disclosure requirements in IAS 34 (similar to the proposed approach for IFRS 8 and IAS 33) would result in a subsidiary providing disclosures in its interim financial statements that are not required in its annual financial statements.

Staff recommendation

The staff recommended that the IASB proceed with its proposal to include reduced disclosure requirements for IAS 34 in the Standard.

IASB discussion

Most IASB members agreed with the staff recommendation that IAS 34 disclosure requirements should be reduced. This is in line with the objective of the project. If some information is not required in an annual report, it should not be required in an interim report either.

Entities falling within the scope of IFRS 8 and IAS 33 are not likely to be in the scope of this Standard. This is different from IAS 34.

IASB decision

12 out of 12 agreed with the staff recommendation.

Proposed statement of compliance (Agenda Paper 31C)

Background

This agenda paper discussed the feedback on the proposed statement of compliance with IFRS Accounting Standards and the statement that an eligible subsidiary has applied the draft Standard.

Staff analysis

The main concern from respondents is the perceived conflict of an eligible subsidiary asserting compliance with IFRS Accounting Standards when applying the draft Standard, because the draft Standard has reduced disclosures from IFRS Accounting Standards.

However, the Standard, if finalised, will be part of IFRS Accounting Standards. The proposals in the Standard provide relief from some disclosure requirements in IFRS Accounting Standards by not requiring those disclosures designed for users of the financial statements of publicly accountable entities. Therefore, the staff think that a subsidiary that elects to apply the Standard should be able to state compliance with IFRS Accounting Standards.

Stakeholder concerns on the perceived conflict of a subsidiary asserting compliance with IFRS Accounting Standards when applying the draft Standard could be because of the proposal that a subsidiary disclose the statement of compliance together with the fact that it has applied the draft Standard. Locating the two disclosures together might have raised questions that otherwise might not have arisen. To aid comparability and understandability, the IASB proposed that the two requirements be disclosed together.

A further concern raised relates to how to refer to the draft Standard in audit reports. Audit reports are prepared in accordance with auditing standards (for example, International Standards on Auditing issued by the International Auditing and Assurance Standards Board (IAASB)). The staff think this matter is best addressed by auditing regulatory bodies.

Staff recommendations

The staff recommended the IASB proceeds with its proposal to require an eligible subsidiary that elects to apply the Standard to disclose it has complied with IFRS Accounting Standards together with the fact it has applied the Standard.

IASB discussion

IASB members emphasised the fundamental importance of the statement of compliance as it defines the accounting framework used to prepare the financial statements. It provides clarity and a frame of reference for both companies and users. For those reasons, it should be as precise as it can be.

IASB members also debated the need for consistency with IAS 34 as they both provided guidance on reduced disclosures. One IASB member pointed out that under IAS 34, entities still have a choice whether to apply full IFRS, i.e. if they have chosen to apply full IFRS, then they should confirm compliance with IFRS; if an entity has chosen to provide a condensed set of financial statements, then they would need to refer to IAS 34, but not full IFRS. This seems inconsistent with what is proposed by the staff for this new Standard.

Most IASB members expressed the view that the purpose of this project was not to create a new framework, but to allow certain eligible entities who apply full IFRS Standards to provide reduced disclosures.

Overall, most IASB members agreed with the staff recommendation. Some IASB members suggested that the wording in the draft Standard would need to be revisited to ensure no conflict with IAS 34. One IASB member also pointed out that the wording will also need to accommodate entities that may apply this new Standard and IAS 34.

IASB Members also agreed that they should liaise with the IAASB to obtain an audit perspective on this matter.

IASB decision

12 out of 12 agreed with the staff recommendation.