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## Emerging Economies Group meeting

Date	<b>December 2024</b>
Topic	<b>IASB Technical Update</b>
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This paper has been prepared for discussion at a public meeting of the Emerging Economies Group (EEG). 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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## Significant developments: May 2024—October 2024

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## Highlights from October 2024

The IASB concluded its technical deliberations on its [Dynamic Risk Management](#) project and plan to publish the Exposure Draft towards the end of H1 2025

Dynamic Risk  
Management

The IASB concluded its redeliberations on its [Power Purchase Agreements](#) project and plan to publish the final amendments to IFRS 9 *Financial Instruments* in December 2024

Power Purchase  
Agreements

The IFRS Foundation published its [11th Compilation of Agenda Decisions](#) by the IFRS Interpretations Committee, covering the period from May 2024 to October 2024

Compilation of Agenda  
Decisions Volume 11

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## Highlights from September 2024

The IASB published the Exposure Draft *Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures (revised 202x)*;

Comments will be accepted until 20 January 2025

Equity Method

The IASB added two new research projects to its work plan:

- Statement of cash flows and related matters
- Amortised cost measurement

New research projects

The IASB published a Project Summary and Feedback Statement

PIR of IFRS 15  
*Revenue from Contracts  
with Customers*

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## Highlights from May–July 2024

In July the IASB concluded its PIR of IFRS 9—*Impairment* and published the [Project Summary and Feedback Statement](#)

PIR of IFRS 9—  
*Impairment*

In June the IASB began the Post-implementation Review of IFRS 16 *Leases*

PIR of IFRS 16  
*Leases*

In May the IASB published IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

The effective date for the Standard is 1 January 2027

IFRS 19 *Subsidiaries  
without Public  
Accountability:  
Disclosures*

In May the IASB published *Amendments to the Classification and Measurement of Financial Instruments*

The effective date for the Amendments is 1 January 2026

*Amendments to the  
Classification and  
Measurement of  
Financial Instruments*

## Consultations

### Consultations published in last six months

1. Addendum to the Exposure Draft Third edition of the *IFRS for SMEs* Accounting Standard 
2. Exposure Draft *Power Purchase Agreements* project (amendments to IFRS 9) 
3. Proposed IFRS Taxonomy Update—*Primary Financial Statements* 
4. Proposed IFRS Taxonomy Update—*Contracts for Renewable Electricity* 
5. Proposed IFRS Taxonomy Update—*Subsidiaries without Public Accountability: Disclosures* and Amendments to IFRS 7 and IFRS 9 and Annual improvements 
6. Exposure Draft *Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity* project (amendments to IAS 21) Open until 22/11/24
7. Exposure Draft updating the *Subsidiaries without Public Accountability: Disclosures* Standard Open until 27/11/24
8. Exposure Draft *Climate-related and Other Uncertainties in the Financial Statements* Open until 28/11/24
9. Exposure Draft *Equity Method* project (amendments to IAS 28) Open until 20/01/25
10. Exposure Draft *Provisions—Targeted Improvements* project (clarifications to IAS 37) Open until 12/03/25

### Forthcoming consultations

1. **H1 2025:** Exposure Draft *Dynamic Risk Management* project

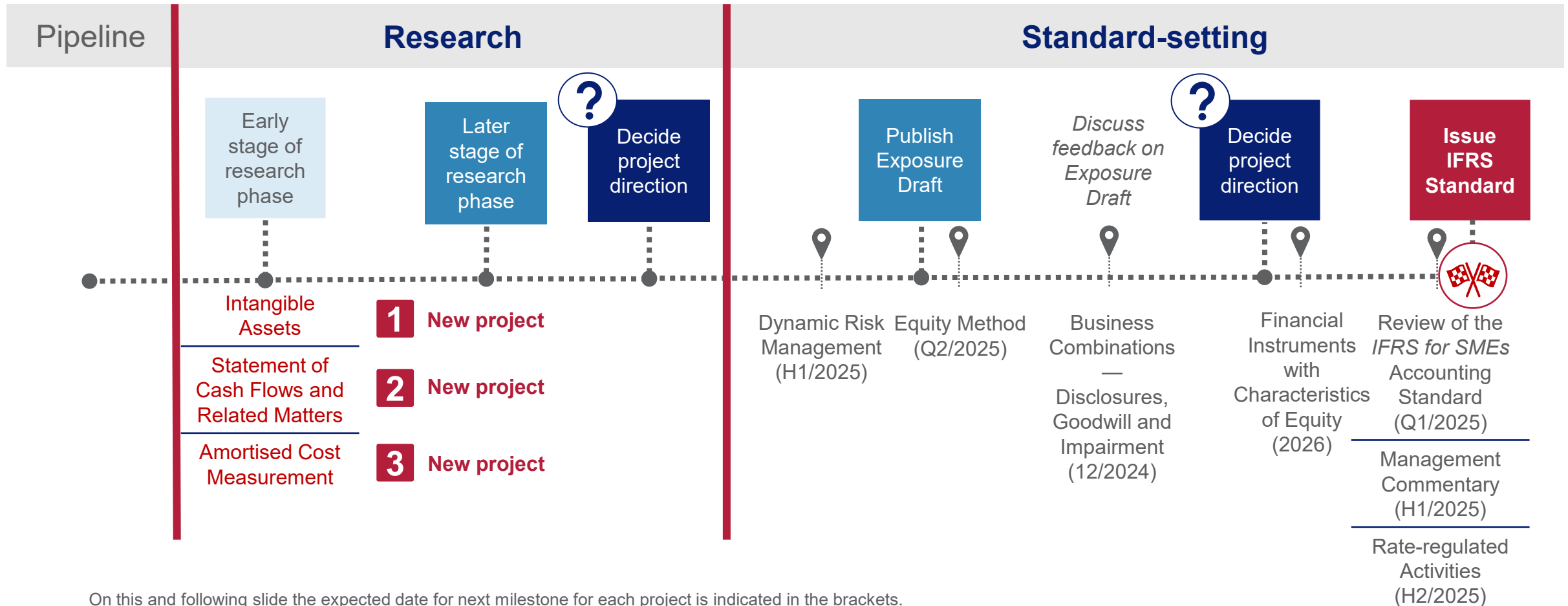


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# IASB Work Plan Overview



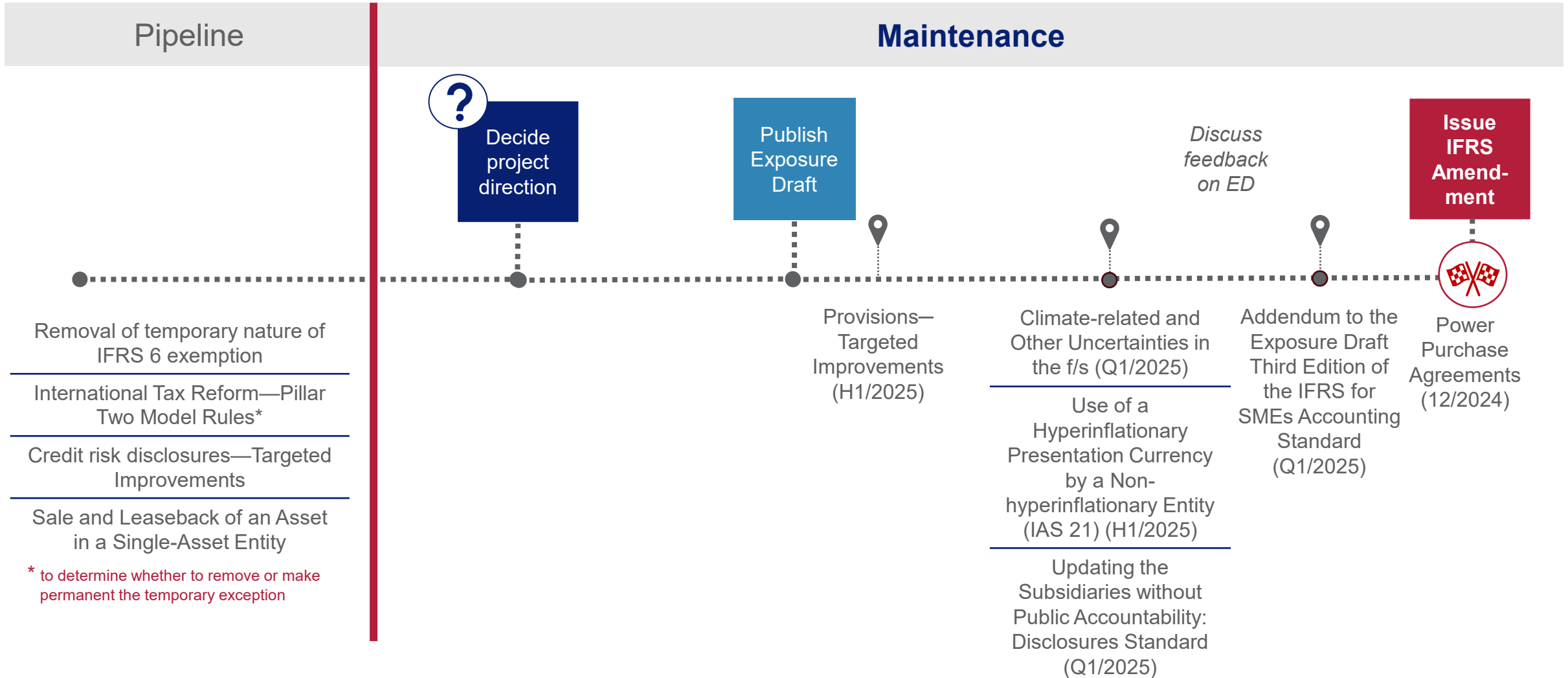
# Standard-setting projects in different stages



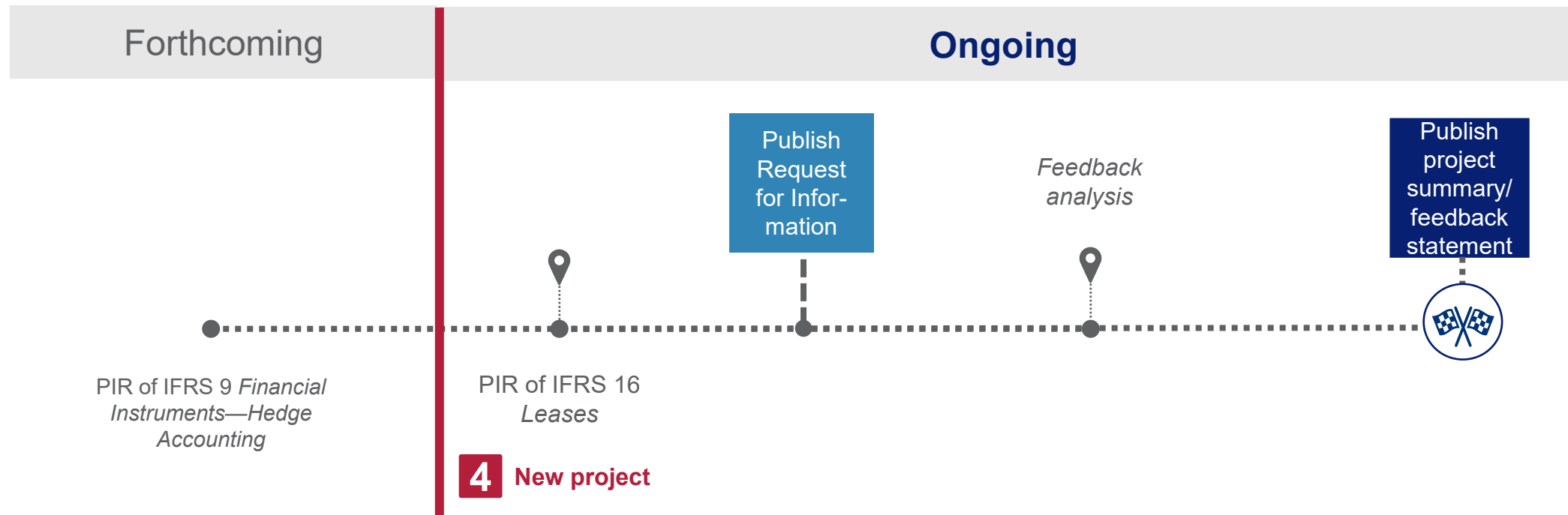
On this and following slide the expected date for next milestone for each project is indicated in the brackets. To find out the details about next milestones, see the individual project slides in the Appendix.



## Maintenance projects in different stages



# Overview: Post-implementation reviews



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## IASB technical work – new projects started in 2024

**Will be discussed in detail in separate  
sessions on Day 1 of the EEG meeting**

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## New projects: Intangible Assets

1

### Project Objectives

- Comprehensively review the accounting requirements for intangibles
- Assess if the IASB should improve the requirements of IAS 38 or are they:
  - remain relevant and
  - continue to fairly reflect current business models

2

3

4

### Potential topics to explore

- Scope of IAS 38 *Intangible Assets*
- Definition of an intangible asset
- Recognition of an intangible asset
- Measurement of an intangible asset
- Presentation and disclosure of intangible items

### Possible project approaches



All-in-one



Early evaluation



Phased

**Next milestone:** Update on research findings in Q1 2025

# New projects: Statement of Cash Flows and Related Matters

1

## Project Objective

Review IAS 7 *Statements of Cash Flows* in response to the Third Agenda Consultation

2

3

## Potential topics to explore

- Classifying cash flows into categories
- Disaggregation of cash flow information
- Definition of cash and cash equivalents
- Use of the direct method
- Requirements for the statement of cash flows for financial institutions
- Presentation or disclosure requirements for additional information about the non-cash effects of some transactions

4

## Possible project approaches



Comprehensive review of IAS 7



Targeted improvements



**Next milestone:** Review initial research in February 2025

# New projects: Amortised Cost Measurement

1

## Project Objectives

- Address **widespread application matters** arising from amortised cost measurement requirements of IFRS 9
- Clarify the underlying principles in IFRS 9 or develop new principles and add accompanying application guidance
- Make **specific improvements** in information about financial instruments measured at amortised cost

2

3

4

## Project Approach

- Targeted improvements** to amortised cost measurement requirements (not a fundamental review of requirements)

## Targeted improvements on the following areas:



Mechanics of effective interest method



Modification, derecognition, write-off



Interaction with impairment



**Next milestone:** Review initial research in February 2025

## New projects: PIR of IFRS 16 *Leases*

1

### Project Objective

Assess whether the effects of applying IFRS 16 on users of financial statements, preparers, auditors and regulators are as intended when the Standard was issued

2

3

### Project plan

4

Outreach with the IASB's stakeholders to help inform a request for information

Review of academic research and other materials (for example, enforcement decisions)

Consideration of market developments since IFRS 16 *Leases* was issued

Review of the findings of the FASB's PIR of Topic 842 *Leases*



**Next milestone:** Request for information in H1 2025

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## IASB technical work – other projects



# Dynamic Risk Management

## Project Objective

Better reflect effects of dynamic interest rate risk management activities in a company's financial statements

## DRM model

- The DRM model addresses the challenges in applying the hedge accounting requirements to dynamic interest rate risk management activities
- Showing the effect of using derivatives to mitigate repricing risk on the current net open risk position
- Tentative decisions made about the recognition, measurement, presentation and disclosure requirements of the DRM model
- Seek input in exposure draft, and PIR on hedging requirements, on effects of intended replacement of IAS 39



Expected publication date of the Exposure draft: **H1 2025**

# Equity Method

## Project Objectives

- Reduce diversity in practice by answering application questions
- Improve understandability of IAS 28 *Investments in Associates and Joint Ventures*

## Proposals

- Add to and clarify how to apply the equity method of accounting
- Introduce new disclosure requirements to enhance the information companies provide about associates and joint ventures



Comment period for the Exposure Draft *Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures (revised 202x)* open until **20 January 2025**

# Business Combinations—Disclosures, Goodwill and Impairment

## Project Objective

Improve information companies provide about their acquisitions at a reasonable cost

## What next

Discuss feedback on the [Exposure Draft](#)

### Proposed changes to IFRS 3



Disclose information reviewed by key management personnel about the performance of a **strategic business combination**



Disclosing quantitative information, in the year of acquisition, about expected synergies



**Exempt** an entity from disclosing some information in specific circumstances

• • • Other improvements to IFRS 3 disclosure requirements

### Proposed changes to IAS 36



Clarify how an entity allocates goodwill to cash-generating units



Require an entity to disclose in which reportable segment a cash-generating unit containing goodwill is included



Simplify and improve the calculation of value in use

# Financial Instruments with Characteristics of Equity

## Project Objectives

- Improve information entities provide in their financial statements about financial instruments they have issued
- Address challenges with applying IAS 32 *Financial Instruments: Presentation*

## What next

- Analyse feedback and redeliberate proposals in the [Exposure Draft](#)
- Decide project direction

## Approach

- Clarify IAS 32 classification principles
- Improve presentation and disclosure
- Provide application guidance and illustrative examples

## Feedback

- General support for project direction and efforts made by the IASB
- Concerns relating to changes in classification outcomes for some instruments or potential for new diversity to develop
- Support from investors for presentation and disclosure proposals

# Review of the *IFRS for SMEs* Accounting Standard

## Project Objective

Update the *IFRS for SMEs* Accounting Standard to reflect improvements that have been made in full IFRS Accounting Standards (in the scope of this review) while keeping the Standard simple

**85 of 168**  
jurisdictions  
require or permit  
use of the *IFRS*  
*for SMEs*  
Accounting  
Standard  
(August 2024)



## Approach

The alignment approach uses the following principles to identify possible amendments:

- relevance to SMEs;
- simplicity; and
- faithful representation, including the assessment of costs and benefits



Expected publication date of the Third edition of the *IFRS for SMEs* Accounting Standard: **Q1 2025**

# Rate-regulated Activities

## Project objective

Provide information about:

- the effects of regulatory income;
- regulatory expense;
- regulatory assets, and
- regulatory liabilities

on companies' financial performance and financial position

## Proposals

In some cases, rate regulation creates differences in timing that arise when compensation for goods or services supplied in one period is included in the regulated rate charged in a different period.

The forthcoming Accounting Standard will require the companies:

- to reflect compensation for goods or services in the period goods or services are supplied;
- to recognise regulatory assets, regulatory liabilities, regulatory income and regulatory expense



Expected publication date of the IFRS Accounting Standard  
*Regulatory Assets and Regulatory Liabilities* : **H2 2025**

# Management Commentary

## Project Objectives

- Overhaul IFRS Practice Statement 1 to provide a comprehensive resource for regulators and companies
- Respond to demand for better information about the factors that have affected or could affect a company's ability to create value and generate cash flows
- Provide a stepping-stone towards greater integration in reporting in the future

## Approach

- Targeted refinements to proposals in Exposure Draft
- Codify innovations in reporting, including Integrated Reporting concepts, in a set of standard-like requirements
- Support connectivity between a company's management commentary and both its financial statements and sustainability disclosures
- Collaborate with the ISSB



Expected publication date of the Revised Practice Statement *Management Commentary*: **H1 2025**

# Provisions—Targeted Improvements

**Project Objective:** Develop proposals for three targeted amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*

<p>1. Recognition: amend and clarify requirements for a ‘present obligation’—applying revised <i>Conceptual Framework</i></p>	<p>Disentangle and separately explain three conditions:</p> <ul style="list-style-type: none"> <li>1. OBLIGATION condition</li> <li>2. TRANSFER condition</li> <li>3. PAST-EVENT condition</li> </ul>
<p>2. Measurement: specify discount rate more precisely—whether to include or exclude own credit risk</p>	<p>Require use of a rate that reflects the time value of money with no adjustment for own credit risk</p>
<p>3. Measurement: specify the costs to include in measuring a provision</p>	<ul style="list-style-type: none"> <li>1. Incremental cost of settling the obligation</li> <li>2. Allocation of other costs that relate directly to settling obligations of that type</li> </ul>

 Comment period for the Exposure Draft open until **12 March 2025**

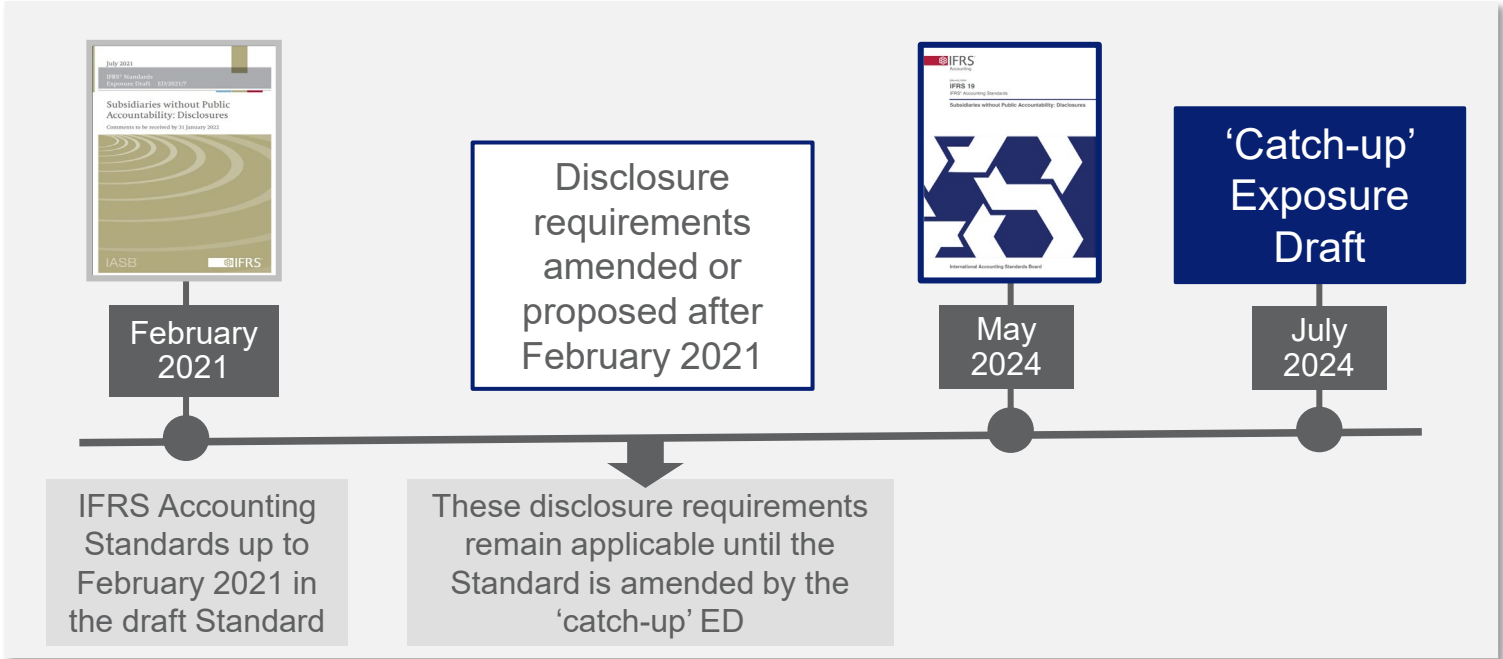


# Updating IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

## Project objective

Propose amendments to IFRS 19 and consider reduced versions of disclosure requirements added to IFRS since March 2021:

- *Non-current Liabilities with Covenants*
- *Supplier Finance Arrangements*
- *Lack of Exchangeability*
- *Primary Financial Statements*
- *Rate Regulated Activities*
- *International Tax Reform—Pillar Two Model Rules*



 Comment period for the Exposure Draft ***Amendments to IFRS 19*** open until **27 November 2024**

# Amendments to IAS 21: Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity

## Project objective

Improve the usefulness of the financial information reported by entities that present financial statements in a hyperinflationary currency

## Area of focus

Provide a relevant translation method applicable to entities:

- whose functional currency is the currency of a non-hyperinflationary currency, but
- whose financial statements are presented in a currency of a hyperinflationary economy



Comment period for the Exposure Draft  
*Translation to a Hyperinflationary Presentation Currency* open until **22 November 2024**

# Climate-related and Other Uncertainties in the Financial Statements

## Project Objective

Explore **targeted actions** to improve the reporting of the effects of **climate-related and other uncertainties** in the financial statements

## Working together

Throughout its work on this project, the IASB **collaborated** with ISSB members and technical staff

## Main actions to improve reporting



Improve the application of IFRS Accounting Standards [developing illustrative examples]



Raise awareness of the requirements



Strengthen connections



Comment period for the Exposure Draft *Climate-related and Other Uncertainties in the Financial Statements* open until **28 November 2024**

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# Power Purchase Agreements

## Project Objective

Better reflect the effects of contracts referencing nature-dependent electricity in entities' financial statements

## Project scope and approach

- The proposed amendments apply to electricity contracts with specified characteristics
- Include considerations for a purchaser when applying the own-use requirements
- Include designation and measurement requirements of the hedged item if an entity uses a renewable electricity contract as a hedging instrument
- Introduce new disclosure requirements



Expected publication date of the Final Amendments to IFRS 9: **December 2024**



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## Connectivity with the ISSB



## Connectivity between the financial statements and sustainability-related financial disclosures

- Financial statements and sustainability-related financial disclosures provide **complementary perspectives** on a reporting entity
- Applying IFRS Standards together enables the provision of **complementary and connected information** for investors and other capital market participants
- **Collaboration** between the boards and their technical staff is a foundational activity that underpins everything we do



WSS Conference 2024: [Plenary Session—Connectivity between the financial statements and sustainability-related financial disclosures](#)

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## Working together—tailored degrees of collaboration



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## Q&A session



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