

# IFRIC *Update* June 2024

IFRIC *Update* is a summary of the decisions reached by the IFRS Interpretations Committee (Committee) in its public meetings. Past *Updates* can be found in the [IFRIC \*Update\* archive](#).

The Committee met on [11 June 2024](#) and discussed:

## Committee's tentative agenda decisions

- [Classification of Cash Flows related to Variation Margin Calls on 'Collateralised-to-Market' Contracts \(IAS 7 \*Statement of Cash Flows\*\)—Agenda Paper 3](#)

## Agenda decisions for the IASB's consideration

- [Disclosure of Revenues and Expenses for Reportable Segments \(IFRS 8 \*Operating Segments\*\)—Agenda Paper 2](#)

## Other matters

- [Intangible Assets—Agenda Paper 4](#)
- [Business Combinations—Disclosures, Goodwill and Impairment—Agenda Paper 5](#)
- [Work in Progress—Agenda Paper 6](#)

## Related information

[The work plan](#)

[Supporting consistent application](#)

## **Committee’s tentative agenda decisions**

The Committee discussed the following matters and tentatively decided not to add standard-setting projects to the work plan. The Committee will reconsider these tentative decisions, including the reasons for not adding standard-setting projects, at a future meeting. The Committee invites comments on the tentative agenda decisions. Interested parties may submit comments on the [open for comment](#) page. All comments will be on the public record and posted on our website unless a respondent requests confidentiality and we grant that request. We do not normally grant such requests unless they are supported by a good reason, for example, commercial confidence. The Committee will consider all comments received in writing up to and including the closing date; comments received after that date will not be analysed in agenda papers considered by the Committee.

### **Classification of Cash Flows related to Variation Margin Calls on ‘Collateralised-to-Market’ Contracts (IAS 7 Statement of Cash Flows)—Agenda Paper 3**

[Open for comment until 19 August 2024]

The Committee received a request about how an entity presents, in its statement of cash flows, the cash flows related to variation margin call payments made on contracts to purchase or sell commodities at a predetermined price and at a specified time in the future.

#### **Fact pattern**

The request describes a contract to purchase or sell commodities at a predetermined price and at a specified time in the future. An entity may enter into such a contract for different purposes and applies the relevant requirements in IFRS Accounting Standards accordingly. For example, the entity may use such a contract:

- a. to receive commodities in accordance with its expected usage requirements.
- b. to hedge against fluctuations in the prices of commodities.
- c. for trading purposes.

Such a contract typically has a maturity of up to three years, can be settled physically or net in cash and is both:

- a. *centrally cleared*—after a new contract is entered into, for the purpose of settlement via a central counterparty, the contract is novated by each counterparty to the central counterparty.
- b. *‘collateralised to market’*—during the life of the contract, the counterparties make or receive daily payments based on the fluctuations of the fair value of the contract (variation margin call payments). These variation margin call payments represent a transfer of cash collateral (hence the contract is ‘collateralised to market’), rather than a partial settlement of the contract (as in ‘settled-to-market’ contracts).

The request asked how an entity presents, in its statement of cash flows, the cash flows related to variation margin call payments made on such a contract.

#### **Conclusion**

Evidence gathered by the Committee [to date] did not indicate that the matter described in the request is widespread. On the basis of that evidence, the Committee concluded that the matter

described in the request does not have widespread effect. Consequently, the Committee [decided] not to add a standard-setting project to the work plan.

## **Agenda decisions for the IASB’s consideration**

### **Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8 Operating Segments)—Agenda Paper 2**

The Committee considered feedback on the **tentative agenda decision** published in the November 2023 IFRIC *Update* about how an entity applies the requirements in paragraph 23 of IFRS 8 to disclose for each reportable segment specified amounts related to segment profit or loss.

The Committee concluded its discussions on that agenda decision. In accordance with paragraph 8.7 of the IFRS Foundation’s *Due Process Handbook*, the International Accounting Standards Board (IASB) will consider this agenda decision at its July 2024 meeting. If the IASB does not object to the agenda decision, it will be published in July 2024 in an addendum to this IFRIC *Update*.

## **Other matters**

### **Intangible Assets—Agenda Paper 4**

Committee members discussed the IASB's research project on Intangible Assets. In particular, Committee members provided input on:

- a. the problem that the IASB needs to solve;
- b. the scope of the project; and
- c. the IASB's approach to staging the work.

The IASB will consider input from Committee members and other stakeholders on these matters.

### **Business Combinations—Disclosures, Goodwill and Impairment—Agenda Paper 5**

Committee members provided input on the IASB's Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment*.

The IASB will consider input from Committee members and other stakeholders on the Exposure Draft.

### **Work in Progress—Agenda Paper 6**

The Committee received an update on the status of open matters not discussed at its June 2024 meeting.