
Global Preparers Forum meeting

15 November 2024

IASB Update

Bertrand Perrin, IASB member

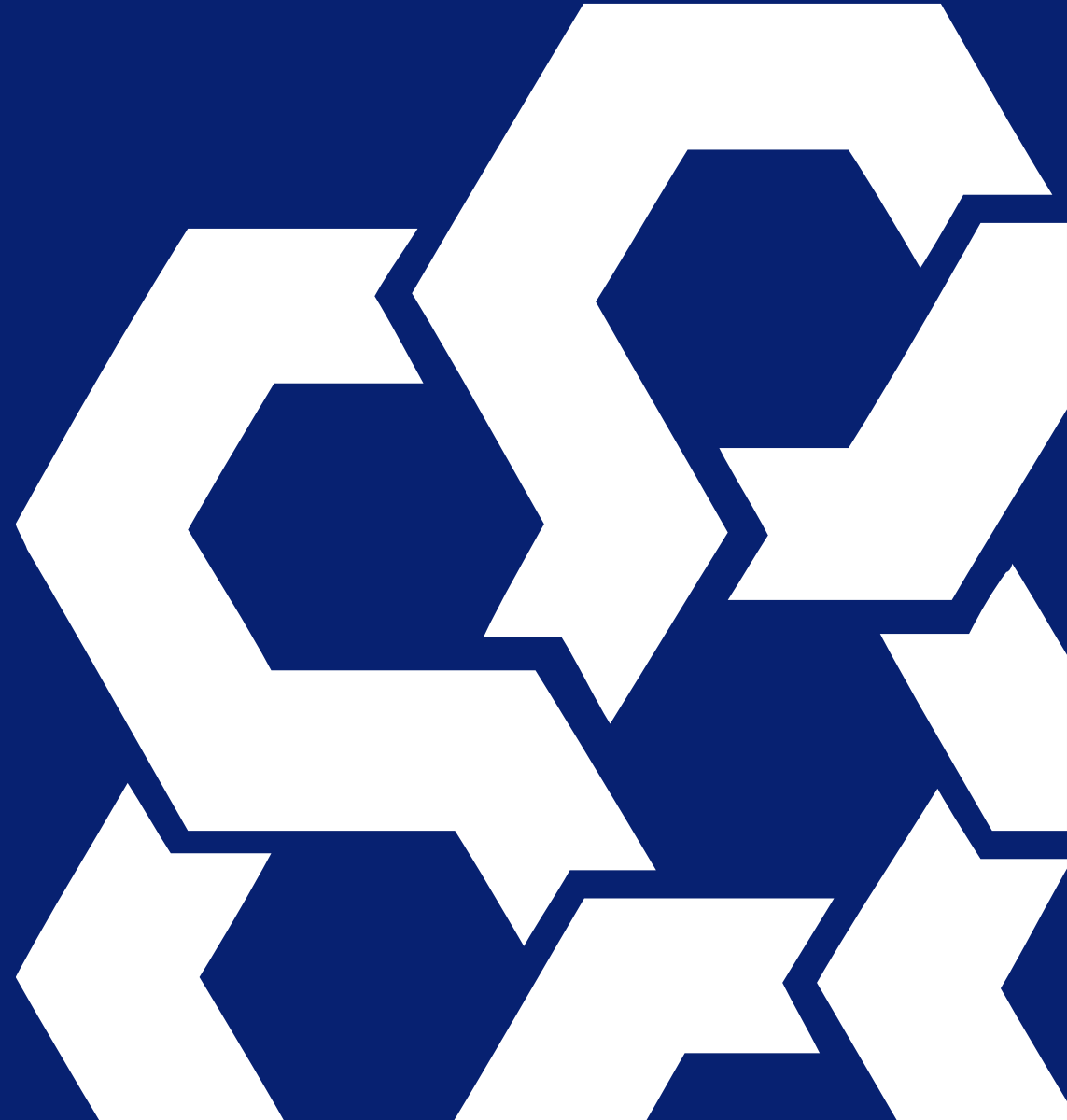
This paper has been prepared for discussion at a public meeting of the Global Preparers Forum. This paper does not represent the views of the International Accounting Standards Board (IASB) or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS® Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB *Update*.

Overview

This update is prepared as of 31 October 2024

- Update on current IASB work plan
- Post-implementation reviews
- Research projects
- Standard-setting projects
- Maintenance projects
- Supporting consistent application of IFRS Accounting Standards
- Work of the IFRS Interpretations Committee
- New requirements

Update on current IASB work plan



Consultations

Open for comments

Comments due

Exposure Draft: *Translation to a Hyperinflationary Presentation Currency*

22 November 2024

Exposure Draft: Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures Standard*

27 November 2024

Exposure Draft: *Climate-related and Other Uncertainties in the Financial Statements*

28 November 2024

Exposure Draft: *Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures (revised 202x)*

20 January 2025

Forthcoming

- **November 2024:** Exposure Draft proposing clarifications to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*
- **June 2024:** Exposure Draft proposing amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* in relation to dynamic risk management

New Standards, Amendments and Other Publications

Issued in 2024

IFRS 18 *Presentation and Disclosure in Financial Statements*

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Amendments to the classification and measurement of financial instruments (IFRS 9 and IFRS 7)

Annual Improvements to IFRS Accounting Standards—Volume 11

Expected

(subject to the Board's approval)

- ✓ **December 2024:** Contracts for Renewable Electricity—Amendments to IFRS 9 and IFRS 7
- ✓ **Q1 2025:** Third Edition of the *IFRS for SMEs* Accounting Standard, effective date on or after 1 January 2027
- ✓ **H1 2025:** Revised Practice Statement Management Commentary
- ✓ **H2 2025:** Accounting Standard *Regulatory Assets and Regulatory Liabilities*

Update since last GPF meeting (1/3)

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

Update since last GPF meeting (2/3)

- The IASB reviewed a summary of feedback from the users of financial statements
- The IASB discussed the detailed feedback and feedback analysis of the disclosures and presentation of equity instruments

Financial Instruments with
Characteristics of Equity

The IASB discussed the initial feedback on the project objective, scope and approach

Intangible Assets

The IASB discussed the initial feedback on the Exposure Draft

Business Combinations—
Disclosures, Goodwill and
Impairment

Update since last GPF meeting (3/3)

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

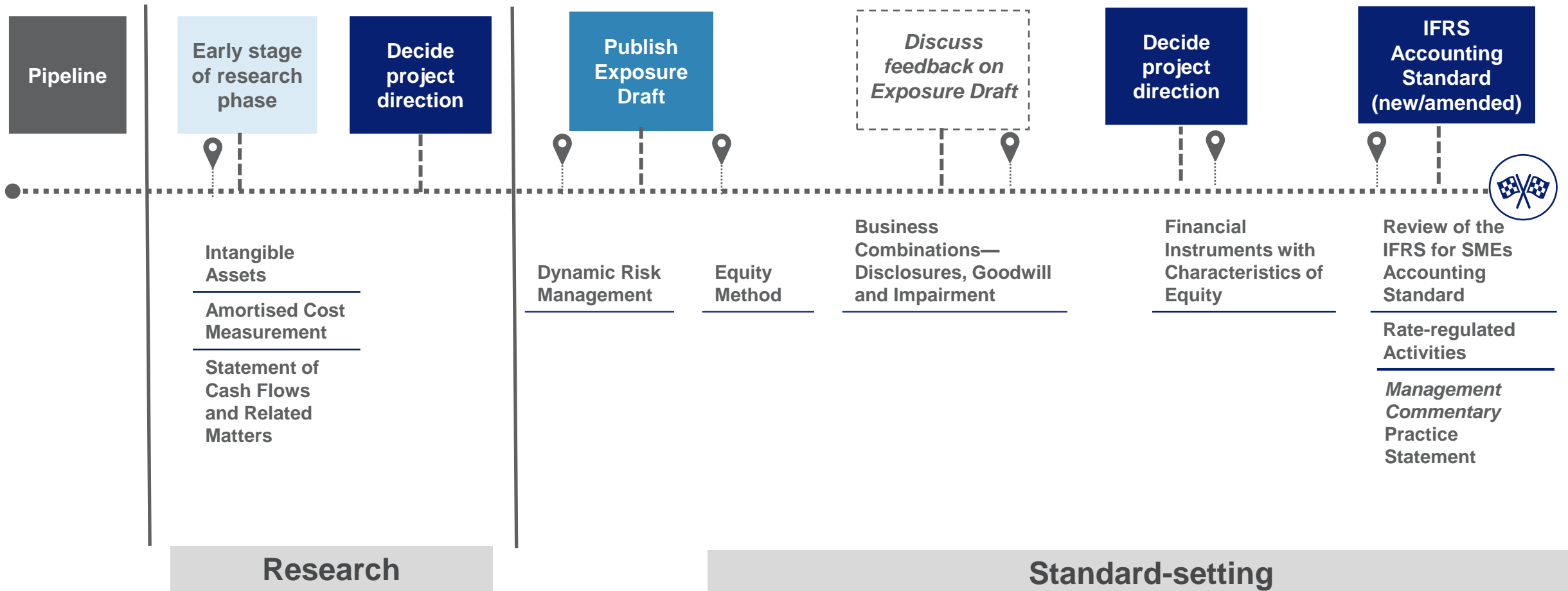
The IASB published a *Project Summary and Feedback Statement*

PIR of IFRS 15
*Revenue from Contracts
with Customers*

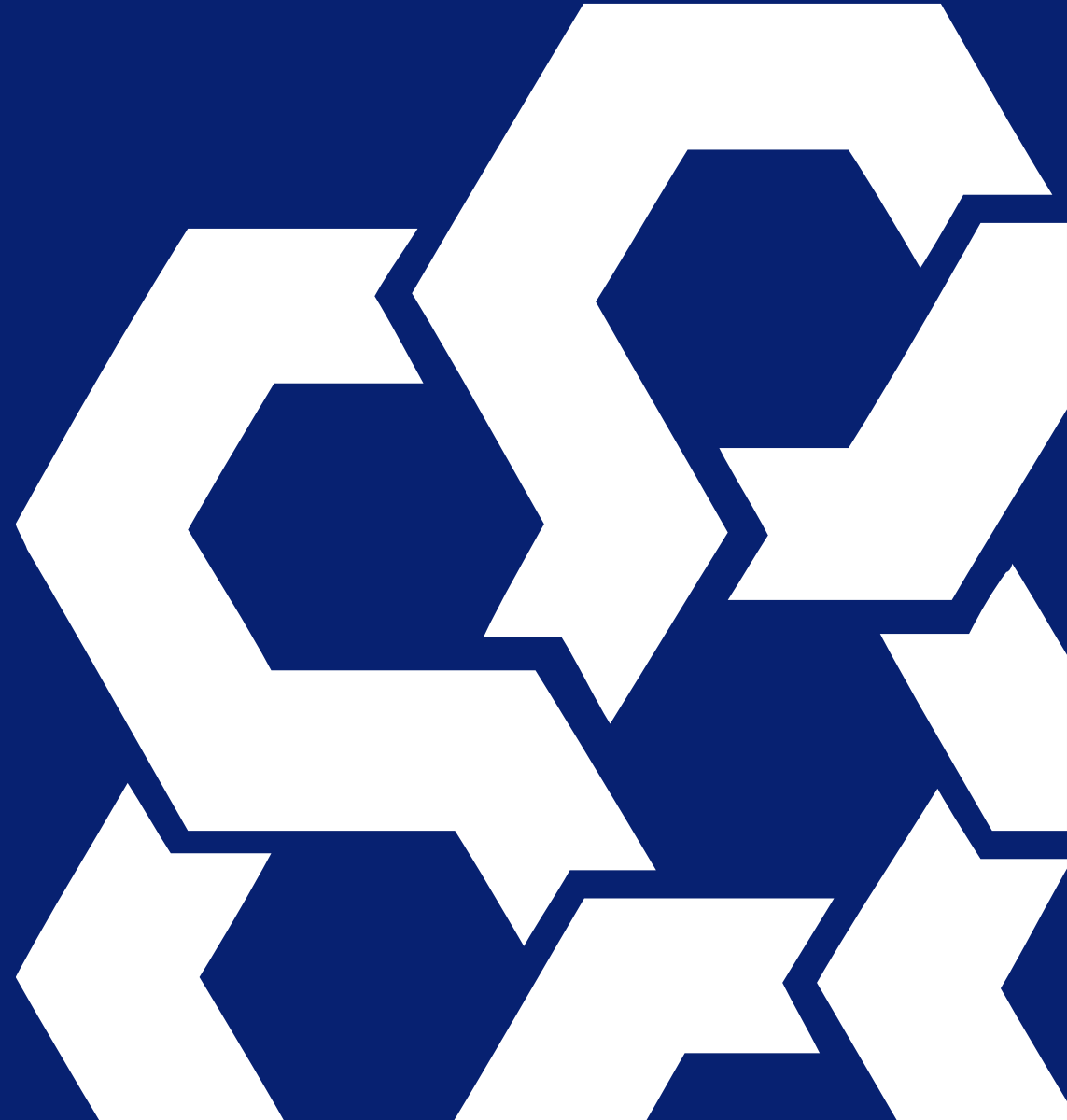
IASB work plan: overview

Type of project	As of 31 October 2024
Post-implementation reviews 	1
Research projects 	3
Standard-setting projects 	7
Maintenance projects 	6
Application questions (IFRS IC) 	3
Total	20

Current projects are in different stages



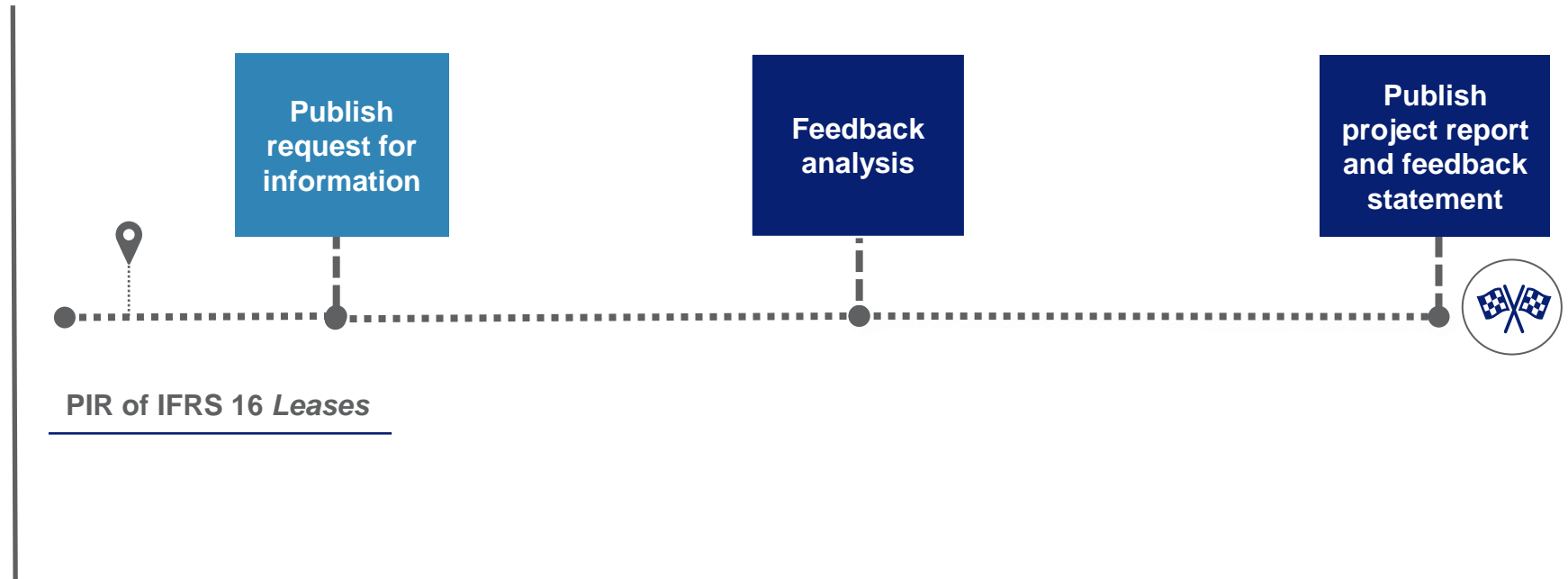
Post-implementation reviews



Overview: post-implementation review projects

Forthcoming post-implementation review:

- PIR of IFRS 9—Hedge Accounting



PIR of IFRS 16—*Leases*

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

Project plan

- Outreach with the IASB's consultative groups and other 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 was issued
- Review of the findings of the FASB's PIR of Topic 842 Leases

Next milestone

- The IASB expects to publish the request for information in H1 2025

Research projects



Intangible Assets

Objective

- Comprehensively review the accounting requirements for intangibles
- Assess if the requirements of IAS 38 *Intangible Assets* remain relevant and continue to fairly reflect current business models or whether the IASB should improve the requirements

Areas of focus

- Initial research aims to define:
 - the problem the project should seek to resolve;
 - the scope of the project; and
 - how best to stage work to deliver timely improvements

Next milestone

- Update on research findings – Q1 2025

Amortised Cost Measurement

Objective

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

Areas of focus

- Effective interest method
- Modification, derecognition, write-off
- Interaction with impairment

Next milestone

- Review initial research - expected in Q1 2025

Statement of Cash Flows and Related Matters

Objective

Review IAS 7
Statements of Cash Flows in response to the feedback received as a part of the Third Agenda Consultation

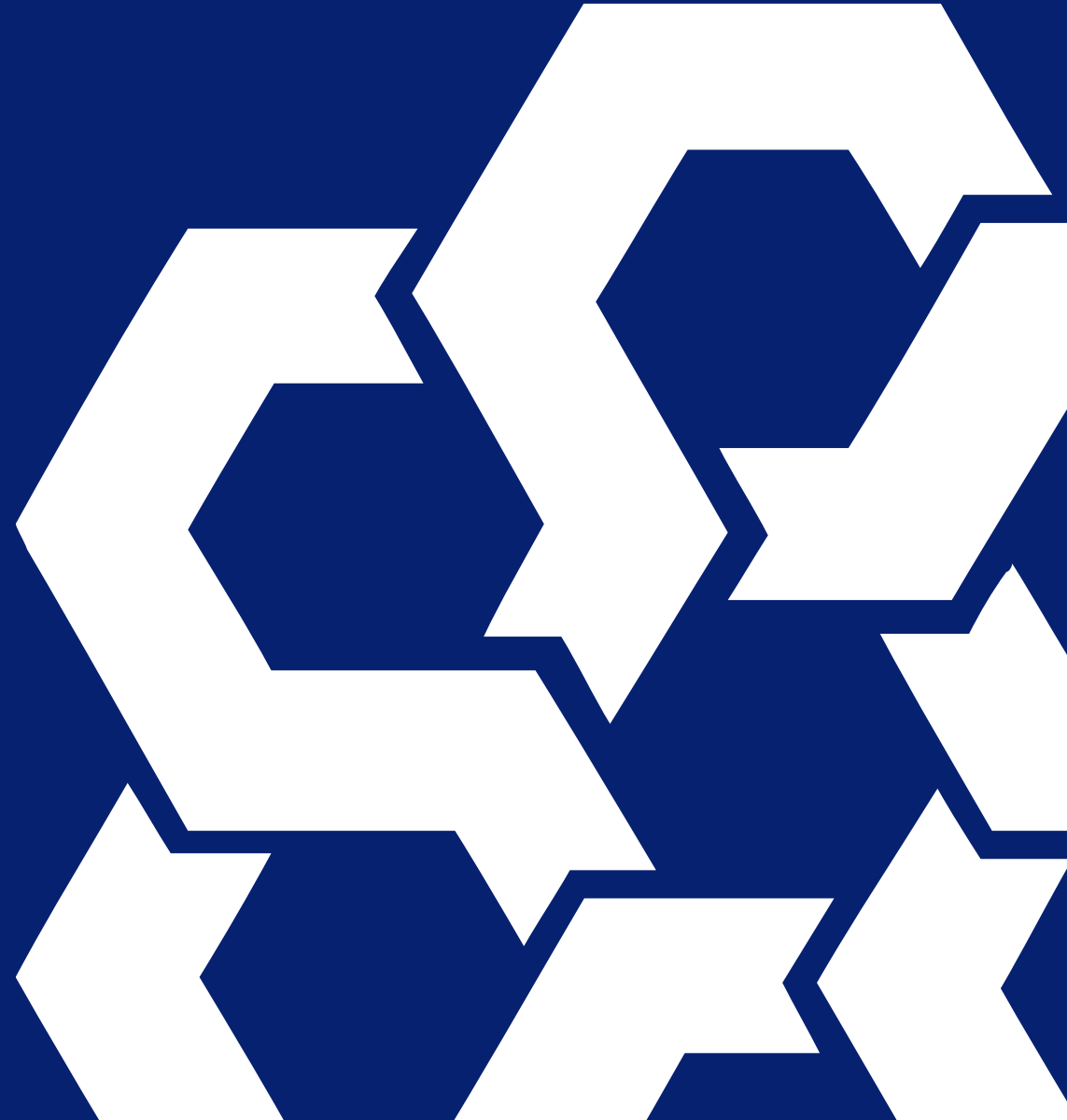
Potential topics to explore

- Classifying cash flows into categories;
- disaggregation requirements for information about cash flows;
- changing the definition of cash and cash equivalents;
- use of the direct method;
- specific requirements for the statement of cash flows for financial institutions; and
- presentation or disclosure requirements for additional information about the non-cash effects of some transactions.

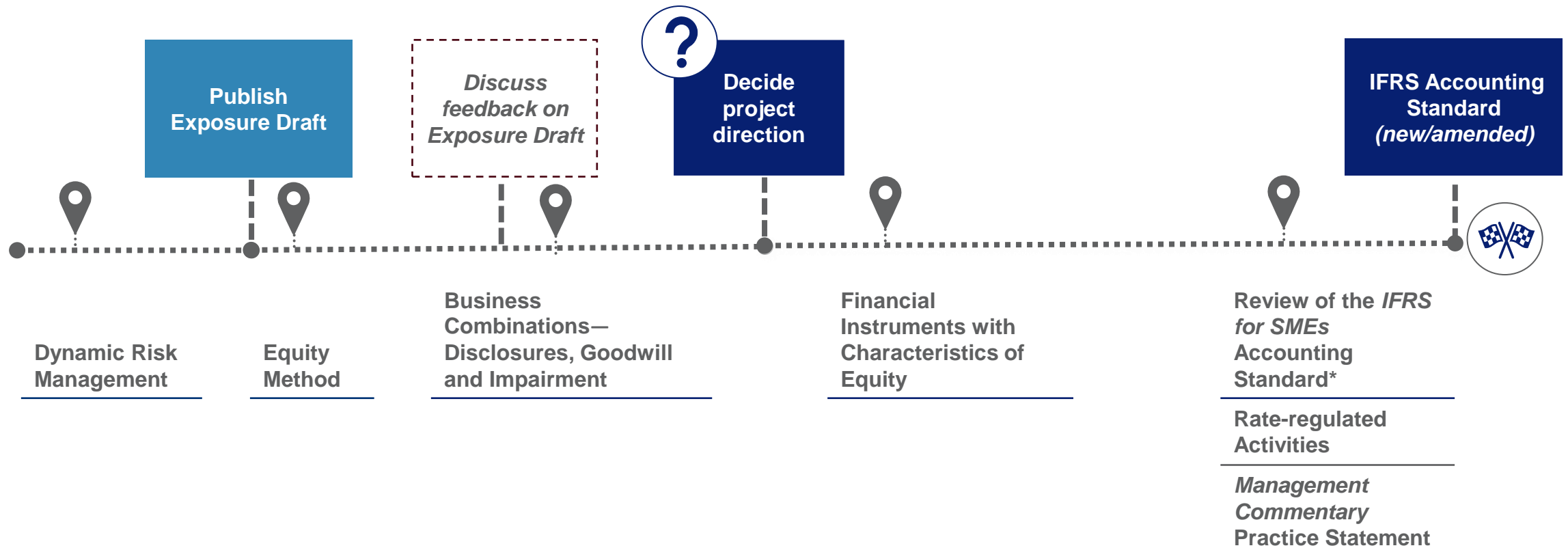
Next milestone

- Review initial research - expected in Q1 2025

Standard-setting projects



Overview: standard-setting projects



*A maintenance project was added for the addendum to the Exposure Draft *Third Edition of the IFRS for SMEs Accounting Standard*.

Dynamic Risk Management

Objective

- To better reflect the effect of dynamic risk management 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
- The IASB will begin the process for balloting the DRM exposure draft.

Next milestone

- Publish Exposure Draft – expected in H1 2025

Equity Method

Objective

- To reduce diversity in practice by answering application questions.
- To improve understandability of IAS 28 *Investments in Associates and Joint Ventures*.

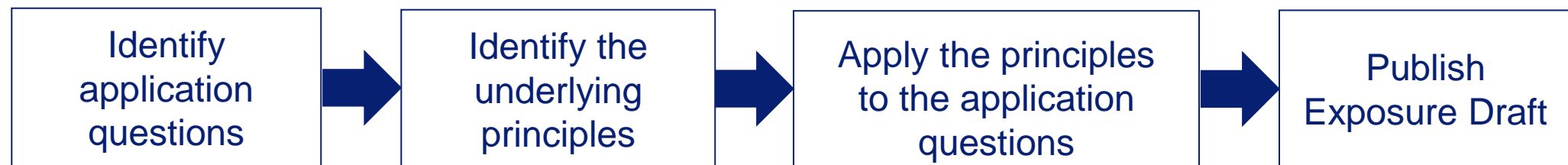
Proposals

- 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.

Next steps

- Comment period closes 20 January 2025
- [Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures \(revised 202x\)](#)

Project approach



Business Combinations—Disclosures, Goodwill and Impairment

Objective

- Improve information companies provide about their acquisitions at a reasonable cost

Proposals

- A package of improved disclosure requirements in IFRS 3 *Business Combinations*
- Changes to the impairment test of cash-generating units containing goodwill in IAS 36 *Impairment of Assets*

Next milestone

- Discuss feedback on the [Exposure Draft](#)

Financial Instruments with Characteristics of Equity

Objective

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

Approach

- Clarify IAS 32 classification principles to address practice issues:
 - fixed-for-fixed condition
 - effects of laws or regulations
 - obligations to purchase own equity instruments
 - contingent settlement provisions
 - shareholder discretion
 - reclassification
- Improve presentation and disclosure
- Provide application guidance and illustrative examples

Feedback

- General support for project direction and efforts made by the IASB
- However, 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

Next milestone

- Analyse feedback and redeliberate proposals in the [Exposure Draft](#)
- Final Amendments expected Q4 2026

Management Commentary

Objective

- 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

Next milestone

- Revised Practice Statement expected to be issued in H1 2025

Review of the *IFRS for SMEs* Accounting Standard

Objective

- To 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

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

Next milestone

- Issue the Third edition of the *IFRS for SMEs* Accounting Standard – expected in Q1 2025

Rate-regulated Activities

Objective

- Provide information about the effects of regulatory income, regulatory expense, regulatory assets and regulatory liabilities on companies' financial performance and financial position

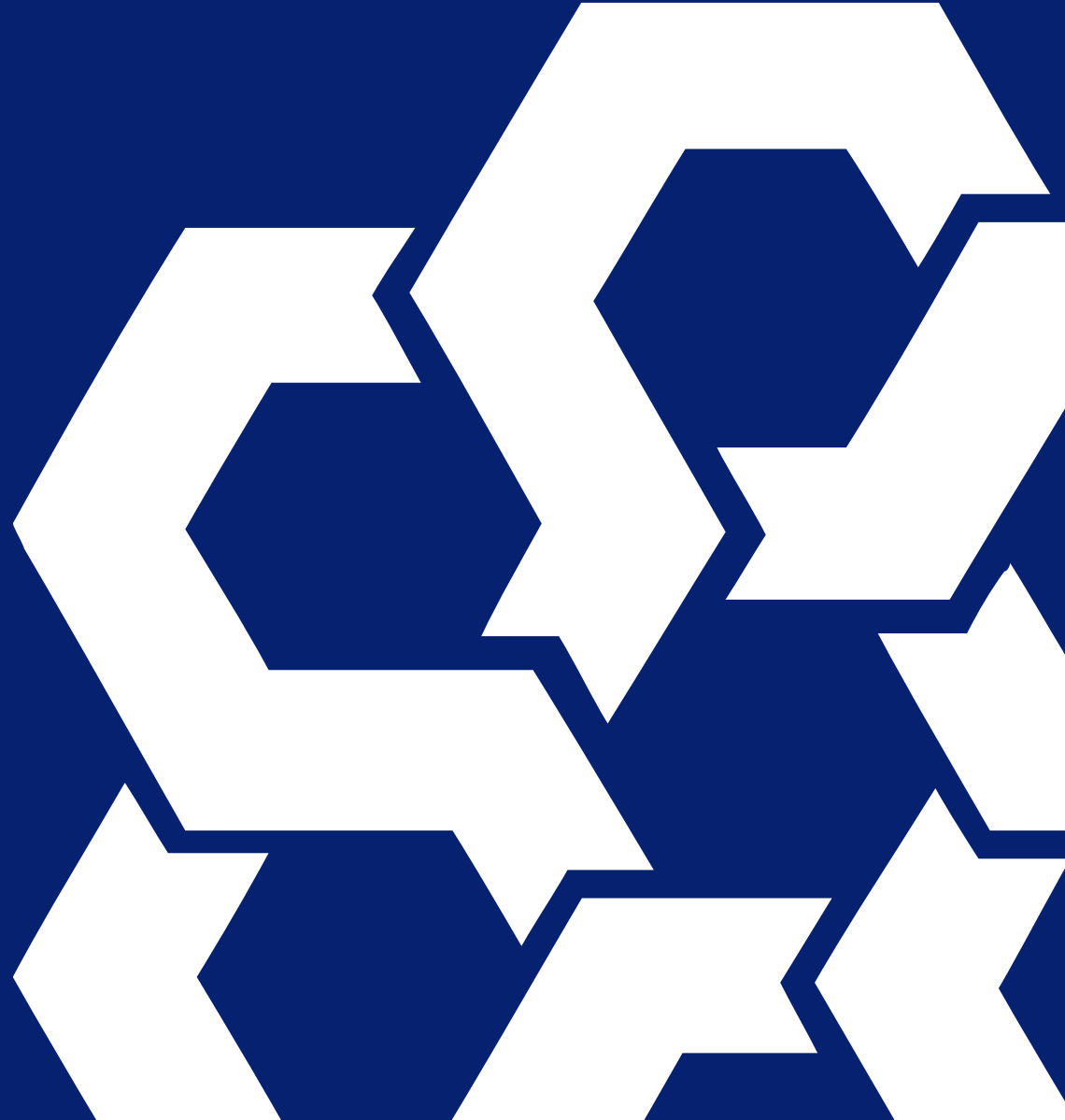
Proposals

- 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
- Reflect compensation for goods or services in the period goods or services are supplied
- Require recognition of regulatory assets, regulatory liabilities, regulatory income and regulatory expense

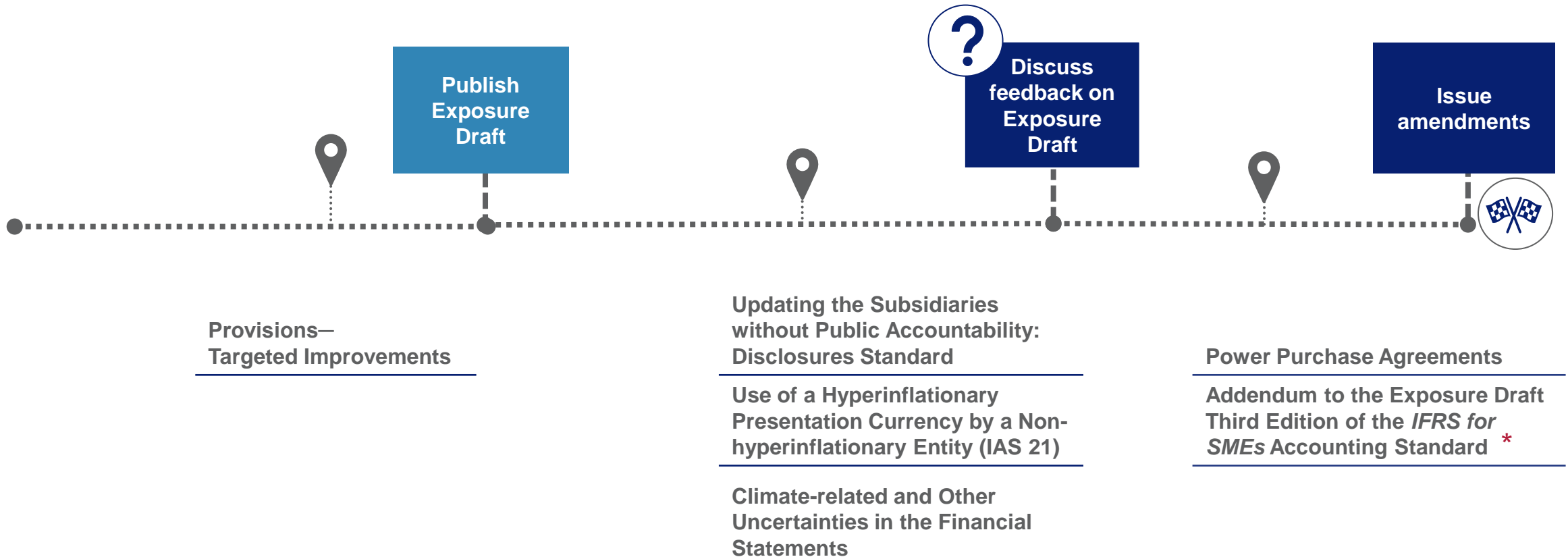
Next milestone

- Issue IFRS Accounting Standard – expected in H2 2025

Maintenance projects



Overview: maintenance projects



* The next milestone for the Addendum to the Exposure Draft Third Edition of the *IFRS for SMEs Accounting Standard* is *IFRS for SMEs Accounting Standard*, as the IASB will include the amendments in the forthcoming third edition of the Standard (Q1 2025)

Provisions—Targeted Improvements

Objective

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

Areas of focus

- Amend requirements supporting the ‘present obligation’ recognition criterion—using concepts from the *Conceptual Framework*
- Clarify which costs to include in measure of a provision
- Specify more precisely the rate to use to discount future cash flows to their present value.

Next milestone

- Publish Exposure Draft – expected in November 2024

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

Objective

- Narrow-scope amendments to IAS 21 to improve the usefulness of the financial information reported by entities that present financial statements in a hyperinflationary currency.

Areas of focus

- To 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.

Next milestone

- Comment period for the Exposure Draft *Translation to a Hyperinflationary Presentation Currency* closes on 22 November 2024

Updating IFRS 19

Objective

- Propose amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Project scope

- Develop reduced versions of disclosure requirements in IFRS Accounting Standards that were added or amended after 28 February 2021

Next steps

- Comment period for the Exposure Draft [Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures](#) closes on 27 November 2024

Climate-related and Other Uncertainties in the Financial Statements

Objective

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

Areas of focus

- Improve application of IFRS Accounting Standards, including by developing illustrative examples
- Explore targeted amendments to improve disclosures about estimates in the financial statements
- Explain the objective and scope of financial statements
- Raise awareness of the requirements in IFRS Accounting Standards
- Work with the ISSB to ensure the work of both Boards is connected

Next milestone

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

Power Purchase Agreements (PPAs)

Objective

- To better reflect the effects of these contracts in entities' financial statements

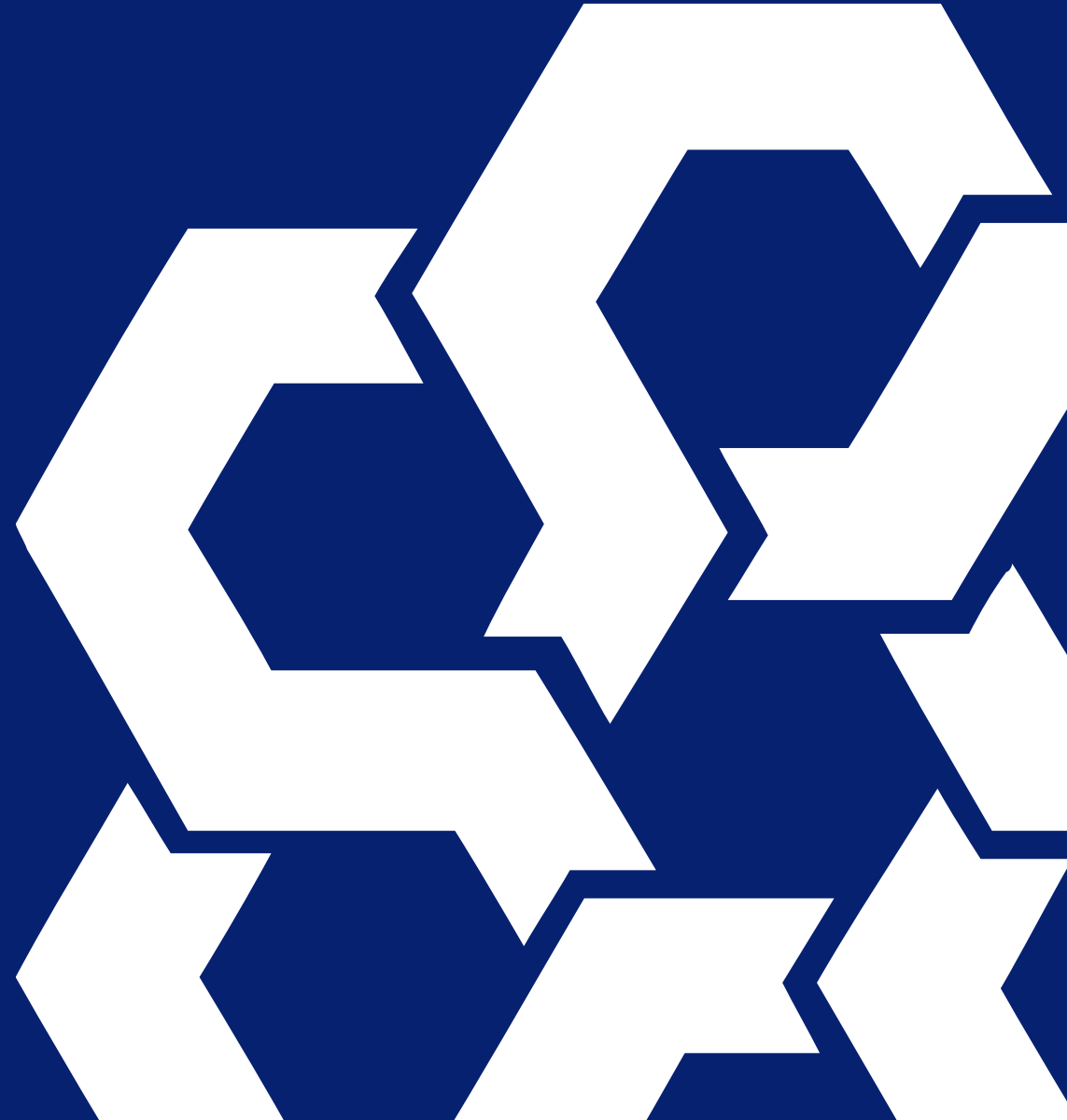
Project scope

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

Next steps

- Final Amendments to be published in December 2024

Work of the IFRS Interpretations Committee



The Committee's process

Committee receives an application question

Is there diversity in practice that could have widespread and material effects?

YES

Is it necessary to change IFRS Accounting Standards?

YES

Is the matter narrow enough to be resolved efficiently?

YES

Narrow-scope standard-setting
(narrow-scope amendment or IFRIC Interpretation)

Discussed and approved by the IASB

NO

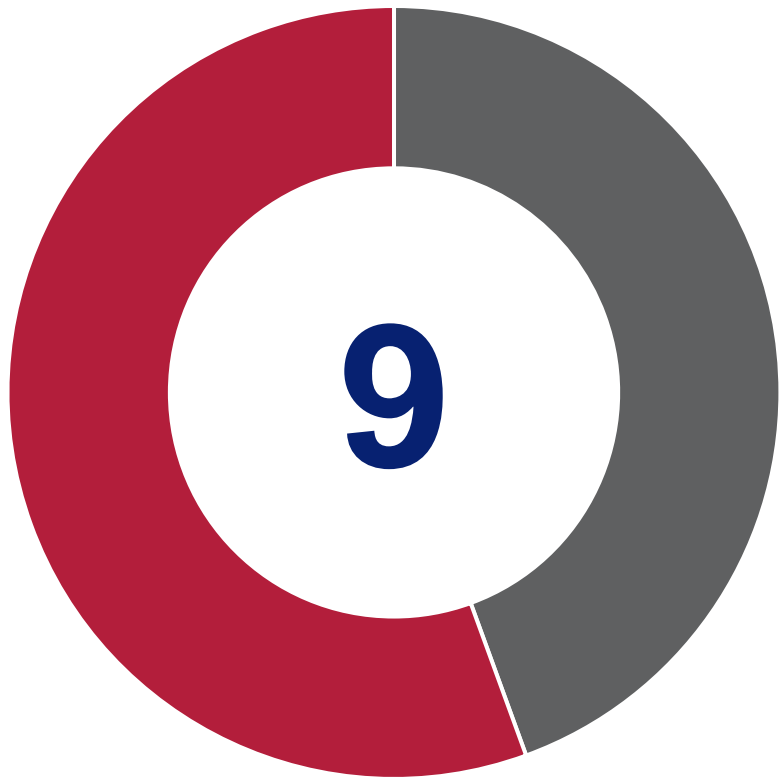
NO

NO

Agenda decision
(reports decision and often includes explanatory material)

Not objected to by the IASB

Overview of the Committee's 2024 discussions¹



4 final agenda decisions (see slide 39)

- Merger between a Parent and Its Subsidiary in Separate Financial Statements (IAS 27)
- Payments Contingent on Continued Employment during Handover Periods (IFRS 3)
- Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8)
- Climate-related Commitments (IAS 37)

5 inputs on IASB's projects

- Business Combinations—Disclosures, Goodwill and Impairment
- Intangible Assets
- Pollutant Pricing Mechanisms (reserve list project)
- Post-implementation Review of IFRS 9—Impairment
- Post-implementation Review of IFRS 16

¹ up to and including the September 2024 Committee meeting

Sample of recent agenda decisions

Open for comment until 18 Nov 2024
Guarantees Issued on
Obligations of Other Entities

July 2024
Disclosure of Revenues and
Expenses for Reportable
Segments (IFRS 8)

January 2024
Merger between a Parent and Its
Subsidiary in Separate Financial
Statements (IAS 27)

Open for comment until 18 Nov 2024
Recognition of Revenue from
Tuition Fees (IFRS 15)

April 2024
Climate-related Commitments
(IAS 37)

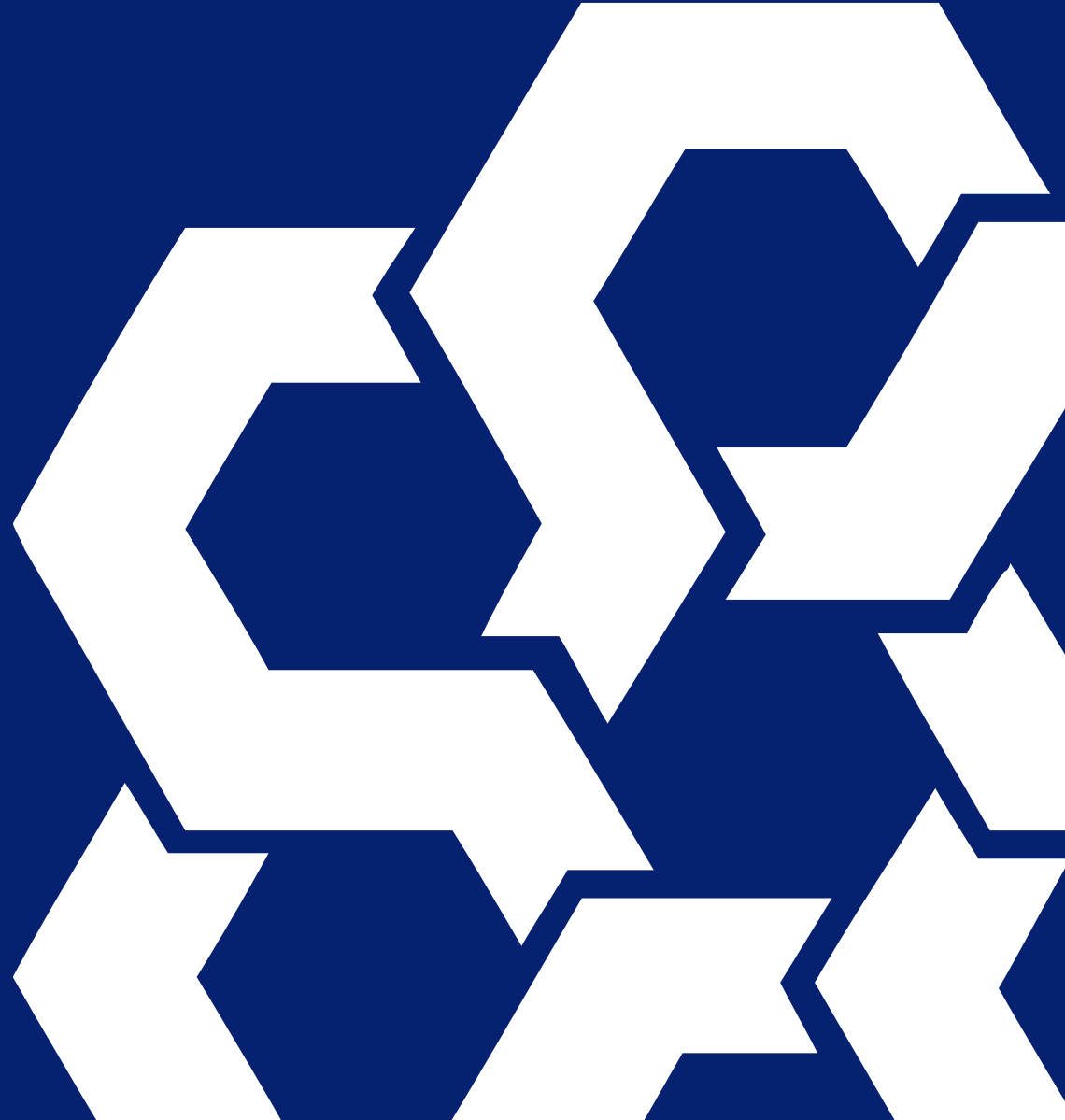
October 2023
Guarantee over a Derivative
Contract (IFRS 9)

November 2024—Feedback on tentative
agenda decision
Classification of Cash Flows
related to Variation Margin Calls
on ‘Collateralised-to-Market’
Contracts (IAS 7)

April 2024
Payments Contingent on
Continued Employment during
Handover Periods (IFRS 3)

October 2023
Homes and Home Loans
Provided to Employees

New requirements



What is required when?

1 January 2024

- *Lease Liability in a Sale and Leaseback* (Amendments to IFRS 16)
- *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1)
- *Non-current Liabilities with Covenants* (Amendments to IAS 1)
- *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7)

1 January 2025

- *Lack of Exchangeability* (Amendments to IAS 21)

1 January 2026

- *Amendments to the Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards—Volume 11

1 January 2027

- IFRS 18 : *Presentation and Disclosure in Financial Statements*
- IFRS 19: *Subsidiaries without Public Accountability: Disclosures*

Lease Liability in a Sale and Leaseback

Objective

- Improve the measurement requirements for sale and leaseback transactions — particularly those with variable payments

The amendments to IFRS 16

- Specify subsequent measurement requirements for the lease liability in a sale and leaseback transaction
- Require retrospective application of the amendments applying IAS 8



Effective date

Annual reporting periods beginning on or after 1 January 2024, with earlier application permitted

Classification of Liabilities as Current or Non-current

Liability is classified as non-current only if a company has right to defer settlement for at least 12 months after reporting period



The amendments to IAS 1 clarify this criterion

General clarifications

- Right to defer settlement must exist at end of reporting period*
- Classification is unaffected by expectations about *whether* company will exercise its right

Clarifications affecting convertible bonds

- Counterparty conversion option disregarded when assessing classification if recognised separately as equity component of compound financial instrument
- Any other obligation to convert liability is considered when assessing classification—ie conversion is regarded as settlement



Effective date

Annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

* *Non-current Liabilities with Covenants* include further amendments on the classification of liabilities with covenants.

Non-current Liabilities with Covenants

Objective

- Improve the information about liabilities with covenants

The amendments to IAS 1

- Specify that covenants with which an entity must comply after the reporting period do not affect classification of a liability as current or non-current at the reporting date
- Add disclosure requirements for non-current liabilities subject to covenants



Effective date

Annual reporting periods beginning on or after 1 January 2024, with earlier application permitted

Supplier Finance Arrangements

Objective

- Provide information to enable investors to assess the effects of supplier finance arrangements on a company's liabilities, cash flows and exposure to liquidity risk

The amendments to IAS 7 and IFRS 7

- Describe the arrangements for which the proposed disclosure would be required
- Add qualitative and quantitative disclosure requirements
- Highlight the required disclosure of liquidity risk and risk management



Effective date

Annual reporting periods beginning on or after 1 January 2024, with earlier application permitted

Lack of Exchangeability

Objective

- Improve the usefulness of information provided to investors and fill a gap in IFRS Accounting Standards related to the effects of changes in foreign exchange rates

The amendments to IAS 21

- Require companies to apply a consistent approach in assessing whether a currency is exchangeable into another currency – and when a currency is not exchangeable, to estimate the spot exchange rate
- Provide disclosure requirements to enable investors to understand the financial statement effects of a currency not being exchangeable into another currency



Effective date

Annual reporting periods beginning on or after 1 January 2025, with earlier application permitted

Amendments to the Classification and Measurement of Financial Instruments (IFRS 9 and IFRS 7)

Objective

- Clarify requirements in response to feedback on the post-implementation review of the classification and measurement requirements in IFRS 9

The amendments to IFRS 9 and IFRS 7

- Derecognition of financial liabilities settled through electronic cash transfers
- Contractual cash flow characteristics of financial assets
- Disclosure requirements for equity instruments for which fair value changes are presented in other comprehensive income



Effective date

Annual reporting periods beginning on or after 1 January 2026, with earlier application permitted

Annual Improvements to IFRS Accounting Standards— Volume 11

Objective

- Improve the Standards through amendments that either:
 - clarify wording; or
 - correct relatively minor unintended consequences, oversights or conflicts between existing requirements

In scope

- IFRS 1 *First-time Adoption of International Financial Reporting Standards*
- IFRS 7 *Financial Instruments: Disclosures*
- IFRS 9 *Financial Instruments*
- IFRS 10 *Consolidated Financial Statements*
- IAS 7 *Statement of Cash Flows*



Effective date

Annual reporting periods beginning on or after 1 January 2026, with earlier application permitted

IFRS 18: *Presentation and Disclosure in Financial Statements*

Objective

- Improve communication in financial statements
- Focus on information included in the statement of profit or loss

Requirements

- New required subtotals in statement of profit or loss including ‘operating profit’
- Disclosures about management-defined performance measures (MPMs)
- Enhanced guidance on grouping of information (aggregation and disaggregation)



Effective date

Annual reporting periods beginning on or after 1 January 2027, with earlier application permitted

IFRS 19: *Subsidiaries without Public Accountability: Disclosures*

IFRS 19—at a glance

- A voluntary Standard for eligible subsidiaries that will permit applying IFRS Accounting Standards with reduced disclosure requirements
- IFRS 19 will simplify reporting systems and processes and thereby reduce the costs of preparing eligible subsidiaries' financial statements



Effective date

Annual reporting periods beginning on or after 1 January 2027, with earlier application permitted

How to apply IFRS 19

- IFRS 19 is a disclosure-only standard. It does not include:
 - recognition, measurement and presentation requirements
 - guidance on applying disclosure requirements
- For recognition, measurement and presentation requirements, a subsidiary will refer to the relevant IFRS Accounting Standard

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