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## IFRS<sup>®</sup> Interpretations Committee meeting

Date           **September 2024**  
Project       **Matters Reported to the IASB**  
Topic         **Update**  
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This paper has been prepared for discussion at a public meeting of the IFRS Interpretations Committee (Committee). This paper does not represent the views of the International Accounting Standards Board (IASB), the Committee or any individual member of the IASB or the Committee. 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*. The Committee's technical decisions are made in public and are reported in IFRIC<sup>®</sup> *Update*.

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## Background

1. The IFRS Interpretations Committee (Committee) works together with the International Accounting Standards Board (IASB) in supporting consistent application of IFRS Accounting Standards. In response to application questions submitted, the Committee may:
  - (a) decide a standard-setting project should be added to the work plan when all the criteria set out in paragraph 5.16 of the IFRS Foundation's [Due Process Handbook](#) are met; or
  - (b) publish an agenda decision explaining why a standard-setting project has not been added to the work plan (subject to the IASB not objecting).
2. At times, the Committee is unable to respond to a question submitted. For example, the question may be such that it could be addressed effectively only by considering it in a broader context—any narrow-scope standard-setting would not be cost-effective or would risk creating new questions or inconsistencies. Therefore, the matter may fail to meet some of the criteria set out in paragraph 5.16 of the *Due Process Handbook*, namely:

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- (c) the matter can be resolved efficiently within the confines of the existing Standards and the *Conceptual Framework*; and
  - (d) the matter is sufficiently narrow in scope that the Board or the Interpretations Committee can address it in an efficient manner, but not so narrow that it is not cost-effective for the Board or the Interpretations Committee and stakeholders to undertake the due process required to change a Standard.
3. If a matter does not meet these criteria in paragraph 5.16 of the *Due Process Handbook*, the Committee publishes an agenda decision explaining that the matter could not be resolved in isolation, without broader consideration of the topic area by the IASB. In such cases, the Committee may report the matter to the IASB for further consideration.

## Objective and structure

4. This paper provides the Committee with a summary of the status of matters previously reported to the IASB. It is structured as follows:
- (a) methodology for selection of matters discussed in this paper (paragraphs 6–9); and
  - (b) summary of our findings (paragraphs 10–18).
5. This paper has four appendices:
- (a) [Appendix A](#)—summarises matters the IASB is considering as part of its work plan.
  - (b) [Appendix B](#)—summarises matters the IASB may consider as part of its future work plan.

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- (c) [Appendix C](#)—summarises matters the IASB considered and decided (or tentatively decided) not to add to the work plan.
  - (d) [Appendix D](#)—summarises matters the IASB considered and addressed.

## Methodology for selection of matters discussed in this paper

- 6. [Agenda Paper 6](#) to the September 2022 Committee meeting (September 2022 agenda paper) provided information about the status of matters the Committee had reported to the IASB since June 2019 to June 2022.
- 7. This paper includes:
  - (a) matters identified in the September 2022 agenda paper that, at that time, were being considered by the IASB as part of its work plan or that the IASB was planning to consider as part of its future work plan;
  - (b) matters the Committee reported to the IASB between June 2022 and June 2024.
- 8. We have also included in this paper matters on which the Committee recommended undertaking narrow-scope standard-setting between June 2022 and June 2024 and the status of those recommendations.
- 9. We have identified a total of 17 matters, discussed further in this paper.

## Summary of our findings

- 10. We have not identified any matters to recommend for further discussion by the Committee. The IASB either is considering, will consider or has already considered all matters discussed in this paper.

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***Matters the IASB is considering as part of its work plan***

11. The IASB is considering nine matters as part of its work plan—two of these as part of the Equity Method project, and three as part of the Financial Instruments with Characteristics of Equity (FICE) project.
12. Refer to Appendix A for further details.

***Matters the IASB may consider as part of its future work plan***

13. The IASB may consider one matter as part of its future work plan.
14. Refer to Appendix B for further details.

***Matters the IASB considered and decided (or tentatively decided) not to add to the work plan***

15. During its Equity Method project, the IASB tentatively decided not to add to the project's scope one application question which the Committee had reported to the IASB.
16. Refer to Appendix C for further details.

***Matters the IASB considered and addressed***

17. The IASB considered six matters, which it has decided (or tentatively decided) to address through the issuance of narrow-scope amendments, including annual improvements.
18. Refer to Appendix D for further details.

Question for the Committee

Do Committee members have any comments or questions on this paper?

## Appendix A—Matters the IASB is considering as part of the work plan

No.	Matter	Additional background information	Status
1	<p>Application of the ‘Own Use’ Exception in the Light of Current Market and Geopolitical Questions (IFRS 9 <i>Financial Instruments</i>)— <a href="#">June 2023</a></p> <p>How an entity applies paragraph 2.4 of IFRS 9 to physical delivery contracts to buy energy.</p>	<p>The Committee observed that the purchase of renewable energy such as solar and wind via long term energy contracts with physical delivery is widespread and is increasing as renewable energy generation also increases. The request that the Committee received states that entities are experiencing application challenges and questions when applying the requirements in IFRS 9 particularly due to the unique characteristics of the renewable energy market and the related features of the long-term physical delivery contracts.</p>	<p>The IASB is considering this matter within its <a href="#">Power Purchase Agreements</a> project.</p> <p>In May 2024, the IASB issued an exposure draft. The IASB considered feedback on that exposure draft at its supplementary meeting in <a href="#">August 2024</a> and will continue its redeliberations on this matter in future meetings.</p>

No.	Matter	Additional background information	Status
		<p>The Committee recommended the International Accounting Standards Board (IASB) consider undertaking a narrow-scope standard-setting project that addresses the application of paragraph 2.4 of IFRS 9 to some physical power purchase agreements to buy energy.</p>	
2	<p>Customer’s Right to Receive Access to the Supplier’s Software Hosted on the Cloud (IAS 38 <i>Intangible Assets</i>)—<a href="#">March 2019</a></p> <p>How a customer accounts for a ‘Software as a Service’ cloud computing arrangement.</p>	<p>Respondents to the Committee’s May 2019 tentative agenda decision on this matter highlighted shortcomings in the requirements of IAS 38 in their application to intangible asset arrangements linked to digitalisation.</p>	<p>At its <a href="#">April 2024</a> meeting, the IASB decided to start its research project on Intangible Assets. The IASB is conducting initial research to define the problem the project should seek to resolve, the project’s scope and how best to stage work on this topic to deliver timely improvements.</p>

No.	Matter	Additional background information	Status
3	<p>Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38)— <a href="#">April 2021</a></p> <p>Accounting for costs of configuring or customising the supplier’s application software in a Software as a Service (SaaS) arrangement.</p>	<p>Some respondents to the Committee’s December 2020 tentative agenda decision on this matter highlighted shortcomings in the requirements of IAS 38 in their application to intangible asset arrangements linked to digitalisation. The Committee suggested that the IASB consider this feedback as part of its upcoming Agenda Consultation.<sup>1</sup></p>	<p>At its <a href="#">April 2024</a> meeting, the IASB decided to start its research project on Intangible Assets. The IASB is conducting initial research to define the problem the project should seek to resolve, the project’s scope and how best to stage work on this topic to deliver timely improvements.</p>
4	<p>IAS 18 <i>Revenue</i>, IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> and IAS 39 <i>Financial Instruments</i>:</p>	N/A	<p>The IASB is considering this matter within the Rate-regulated Activities project.</p>

<sup>1</sup> Some respondents to the Committee’s November 2019 tentative agenda decision Player Transfer Payments also suggested considering whether to amend IAS 38 to introduce a requirement similar to that in paragraph 68A of IAS 16 Property, Plant and Equipment. See [Agenda Paper 5](#) of the June 2020 Committee meeting for further details.

No.	Matter	Additional background information	Status
	<p><i>Recognition and Measurement</i>—Regulatory assets and liabilities—<a href="#">November 2012</a></p> <p>Clarification on whether a regulatory asset or regulatory liability should be recognised in a particular situation.</p>		<p>The IASB expects to issue an IFRS Accounting Standard in the second half of 2025. This Accounting Standard will replace IFRS 14 <i>Regulatory Deferral Accounts</i>.</p>
5	<p>Consolidation of a Non-hyperinflationary Subsidiary by a Hyperinflationary Parent (IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>)—<a href="#">June 2023</a></p> <p>How an entity applies IAS 21 and IAS 29 to the consolidation of a subsidiary, whose functional currency is the currency of a non-hyperinflationary economy, by a parent,</p>	<p>In June 2023, the Committee decided to refer the matter to the IASB by recommending that the IASB develops a narrow-scope amendment to address the matter.</p>	<p>The IASB is considering this matter within its <a href="#">Translation to a Hyperinflationary Presentation Currency</a> project.</p> <p>In July 2024, the IASB published an exposure draft which is open for comment till November 2024.</p>



No.	Matter	Additional background information	Status
	<p>whose functional and presentation currency is the currency of a hyperinflationary economy.</p>		
6	<p>IAS 28 <i>Investments in Associates and Joint Ventures</i>—Equity method—Share of other net asset changes—<a href="#">May 2011</a></p> <p>Accounting for an investor’s share of changes in an investee’s net assets other than (a) the investor’s share of the investee’s profit or loss or other comprehensive income, and (b) distributions received.</p>	N/A	<p>In November 2012, the IASB published Exposure Draft <i>Equity Method: Share of Other Net Asset Changes</i> to address the matter. The IASB did not finalise the Exposure Draft.</p> <p>However, the IASB is considering this matter within the Equity Method project.</p> <p>At its February 2024 meeting, the IASB tentatively decided to amend paragraph 10 of IAS 28 to refer to ‘changes in the investor’s share of associate’s net assets’.</p>

No.	Matter	Additional background information	Status
			The IASB expects to publish an exposure draft in September 2024.
<i>Matters the IASB is considering as part of its FICE project</i>			
7	<p><i>IAS 32 Financial Instruments: Presentation</i>— Written put options over non-controlling interests—<a href="#">January 2013</a></p> <p>Accounting for changes in the carrying amount of a financial liability recognised for a written put option over non-controlling interests (NCI put) in consolidated financial statements.</p>	The Committee published a draft Interpretation in May 2012. However, after considering the feedback the Committee referred the matter to the IASB.	<p>The IASB is considering this matter together with other matters related to the accounting for NCI puts in the FICE project.</p> <p>At its <a href="#">July 2024</a> meeting, the IASB discussed the project plan and preliminary project timeline. The IASB will begin redeliberating the Exposure Draft proposals in the fourth quarter of 2024.</p>

No.	Matter	Additional background information	Status
8	<p>IAS 32—Written put options over non-controlling interests to be settled by a variable number of the parent’s shares—<a href="#">November 2016</a></p> <p>Accounting for NCI puts in consolidated financial statements—the NCI put has a strike price that will, or may, be settled by a variable number of the parent’s own equity instruments.</p>	N/A	<p>The IASB is considering this matter together with other matters related to the accounting for NCI puts in the FICE project.</p> <p>At its <a href="#">July 2024</a> meeting, the IASB discussed the project plan and preliminary project timeline. The IASB will begin redeliberating the Exposure Draft proposals in the fourth quarter of 2024.</p>
9	<p>IAS 32—Classification of a financial instrument mandatorily convertible into a variable number of shares upon a contingent ‘non-viability’ event—<a href="#">January 2014</a></p>	N/A	<p>The IASB is considering this matter together with other matters related to accounting for instruments containing contingent settlement provisions in the FICE project.</p>

No.	Matter	Additional background information	Status
	<p>The financial instrument (a) does not have a stated maturity date but is mandatorily convertible into a variable number of the issuer's own equity instruments should the issuer breach the Tier 1 Capital ratio (described as a 'contingent non-viability event'), and (b) is issued at par; the value of the equity instruments delivered on conversion equals that par amount. Interest is payable at the discretion of the issuer. The request asked (1) whether the instrument could be classified as a financial liability in its entirety or as a compound instrument; and (2) how to measure the financial liability (or financial liability component).</p>		<p>At its <a href="#">July 2024</a> meeting, the IASB discussed the project plan and preliminary project timeline. The IASB will begin redeliberating the Exposure Draft proposals in the fourth quarter of 2024.</p>

## Appendix B—Matters the IASB may consider as part of its future work plan

No.	Matter	Additional background information	Status
1	<p data-bbox="277 531 862 730">IFRS 10 <i>Consolidated Financial Statements</i> and IFRS 16 <i>Leases</i>—Sale and Leaseback of an Asset in a Single-Asset Entity—<a href="#">February 2021</a></p> <p data-bbox="277 786 878 986">Applicability of the sale and leaseback requirements in IFRS 16 when an entity loses control of a subsidiary with only one asset and leases back the asset held by the subsidiary.</p>	<p data-bbox="920 531 1469 842">The Committee published a tentative agenda decision in September 2020 addressing a transaction in which an entity sells its equity interest in a subsidiary that holds only a real estate asset and leases that real estate asset back.</p> <p data-bbox="920 898 1469 1209">Having considered the feedback, the Committee decided not to finalise the agenda decision and recommended that the IASB consider narrow-scope standard-setting to address this and similar transactions.</p>	<p data-bbox="1505 531 2060 842">The IASB has not yet decided whether to undertake this project. Given that the IASB started the post-implementation review of IFRS 16 in the second quarter of 2024, the staff plans to consider this matter as part of that project.</p>

## Appendix C—Matters the IASB considered and decided (or tentatively decided) not to add to the work plan

No.	Matter	Additional background information	Status
1	<p>Investment in a subsidiary accounted for at cost: Step acquisition (IAS 27 <i>Separate Financial Statements</i>)—<a href="#">January 2019</a></p> <p>Determining the cost of a subsidiary in separate financial statements when an entity applied IFRS 9 in accounting for its interest in that subsidiary before obtaining control and accounts for its investments in subsidiaries at cost.</p>	<p>In considering the question, Committee members concluded that a reasonable reading of the requirements in IFRS Accounting Standards could result in application of either the fair value as deemed cost approach or the accumulated cost approach. However, in their view, the fair value as deemed cost approach would provide more useful information to users of financial statements than the accumulated cost approach.</p>	<p>At its <a href="#">February 2024</a> meeting, the IASB tentatively decided not to add to the scope of the Equity Method project an application question on how to measure the cost of an investment in a subsidiary acquired in stages and accounted for at cost in its separate financial statements.<sup>2</sup></p>

<sup>2</sup> Paragraph 34 of [Agenda Paper 13A](#) of the IASB's February 2024 meeting sets out the staff's rationale for recommending that the IASB not add this matter to the scope of the project.

## Appendix D—Matters the IASB considered and addressed

No.	Matter	Additional background information	Status
1	IFRS 9—Cash Received via Electronic Transfer as Settlement for a Financial Asset— <a href="#">September 2021</a>  Recognition of cash received via an electronic transfer system as settlement for a financial asset.	At its <a href="#">June 2022</a> meeting, the Committee considered feedback on the Tentative Agenda Decision <i>Cash Received via Electronic Transfer as Settlement for a Financial Asset</i> (IFRS 9).  Having considered those discussions and comments, at its <a href="#">September 2022</a> meeting, the IASB decided to explore narrow-scope standard-setting as part of its post-implementation review of IFRS 9.	In May 2024, the IASB issued <i>Amendments to the Classification and Measurement of Financial Instruments</i> which amended IFRS 9 and IFRS 7 <i>Financial Instruments: Disclosures</i> which addressed the matter.
2	IFRS 16—Sale and Leaseback with Variable Payments— <a href="#">March 2020</a>	The Committee recommended that the IASB amend IFRS 16 to specify how the seller-lessee applies IFRS 16’s subsequent measurement requirements to the lease	In September 2022, the IASB issued <i>Lease Liability in a Sale and Leaseback</i> , which

No.	Matter	Additional background information	Status
	Subsequent measurement of the lease liability that arises in a sale and leaseback transaction.	liability that arises in the sale and leaseback transaction.	amended IFRS 16 and addressed the matter.
3	IFRS 16 and IFRS 9—Lessor Forgiveness of Lease Payments— <a href="#">March 2022</a>  How a lessee applies IFRS 9 and IFRS 16 in accounting for a rent concession in which the only change to the lease contract is the lessor's forgiveness of lease payments due from the lessee under that contract.	The Committee recommended that the IASB consider undertaking a narrow-scope standard-setting project—potentially as an annual improvement—to address a lessee's accounting for such a rent concession.	In July 2024, the IASB issued an amendment to paragraph 2.1(b)(ii) of IFRS 9 as part of <i>Annual Improvements to the IFRS Accounting Standards—Volume 11</i> to address the matter.
4	IAS 1—Classification of Debt with Covenants as Current or Non-current— <a href="#">April 2021</a>  <i>Application of Classification of Liabilities as Current or Non-current</i> (amendments to IAS 1) to particular loan arrangements with covenants.	The Committee published a tentative agenda decision in December 2020. In April 2021, the Committee confirmed its agreement with the technical analysis and conclusions in the tentative agenda decision. Nonetheless, before finalising the	In October 2022, the IASB issued <i>Non-current Liabilities with Covenants</i> , which amended IAS 1 and addressed the matters raised by the Committee.



No.	Matter	Additional background information	Status
		<p>agenda decision the Committee decided to report to the IASB:</p> <ul style="list-style-type: none"> <li>a. its technical analysis and conclusions on the matter; and</li> <li>b. respondents' comments on the outcomes and potential consequences of applying the amendments, highlighting those that might provide information the IASB did not consider when developing <i>Classification of Liabilities as Current or Non-current</i>.</li> </ul>	
5	<p>IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>— Determination of the exchange rate when there is a long-term lack of exchangeability—<a href="#">June 2019</a></p>	<p>The Committee decided to recommend that the Board propose narrow-scope amendments to IAS 21. The proposed narrow-scope amendments would:</p>	<p>In August 2023 the IASB issued <i>Lack of Exchangeability</i>, which amended IAS 21 to address the matter.</p>

No.	Matter	Additional background information	Status
	The determination of the exchange rate an entity uses to translate the results and financial position of a foreign operation into its presentation currency applying IAS 21.	<ul style="list-style-type: none"> <li>a. define exchangeability and a lack of exchangeability; and</li> <li>b. when exchangeability between two currencies is lacking, specify how an entity would determine the spot exchange rate and the disclosures it would provide.</li> </ul>	
6	Supply Chain Financing Arrangements—Reverse Factoring— <a href="#">December 2020</a>  Presentation and disclosure required in relation to reverse factoring arrangements.	The Committee published an agenda decision in December 2020. Respondents to the tentative agenda decision provided input on possible standard-setting in relation to supply chain finance (or reverse factoring) arrangements.	In May 2023, the IASB issued <i>Supplier Finance Arrangements</i> , which amended IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 and addressed the matter.