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Agenda paper 3

# Update on the IASB's activities

IFRS Advisory Council  
April 2025

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## Update on the IASB's activities

### Contents

- Looking back to 2024
- Looking ahead on 2025
- Connectivity

**Appendix: Detailed description of projects on the IASB's work plan**

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## Looking back to 2024

# Looking back on 2024

*Successfully executed on our mission*



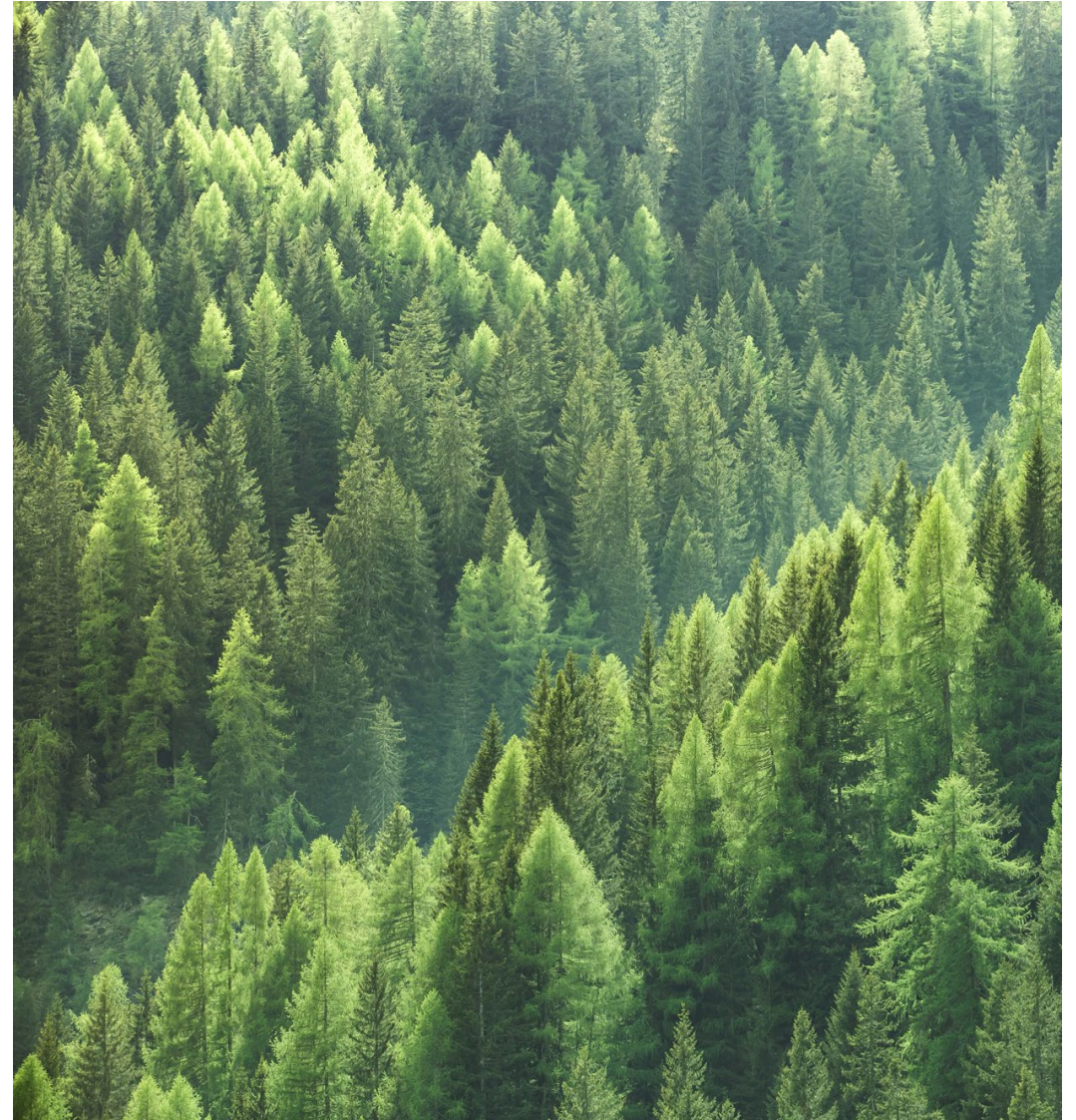
**Met all obligations from Third Agenda Consultation**

\* third project was Climate-related and other uncertainties in the financial statements, started in 2023

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## Pollutant Pricing Mechanisms

- After the Third Agenda Consultation a project on PPMs was added to the IASB's reserve list
- The IASB carried out **horizon scanning activities** to determine whether circumstances changed, and the project should now be prioritised, including consulting with the Advisory Council
- The IASB decided not to add a project to its work plan now and to defer the decision to the next agenda consultation



# Hyperinflation

- In the Third Agenda Consultation, most respondents rated a project about inflation as a low priority
- Later, stakeholders reported that the economic landscape has changed, and more economies are experiencing high rates of inflation
- IASB's **horizon scanning activities** revealed challenges and concerns about the application of IAS 29
- The IASB plans to consider this matter as part of the upcoming agenda consultation





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## Looking ahead on 2025



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## Looking ahead on 2025

### *Seizing opportunities amidst uncertainty*

#### Opportunities

- **Universal message** – *“Helping entities to tell their value creation story”*
- **Technical work** – continued momentum

#### Uncertainty

- **Geopolitical landscape**
- **Technical work** – managing opposing stakeholder expectations and sensitivities



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## Looking ahead on 2025 – *opportunities*

### Opportunities

- **Universal message** – *“Helping entities to tell their value creation story”*
  - Improving information for investors in global capital markets while reducing unnecessary costs in the ecosystem (→ need to raise awareness/highlight the role that we play in the ecosystem)
  - Executing jurisdictional strategy coming out of Gen3 work (→ focus jurisdictions)
  - Fourth Agenda Consultation (→ hear directly from stakeholders about priorities)
- **Technical work** – continued momentum
  - 3<sup>rd</sup> edition of the IFRS for SMEs Accounting Standard (issued in February 2025)
  - Revised Practice Statement on Management Commentary (exp. June 2025)
  - First IFRS Accounting Standard on Rate-regulated Activities, superseding temporary IFRS 14 (exp. Q4/2025)

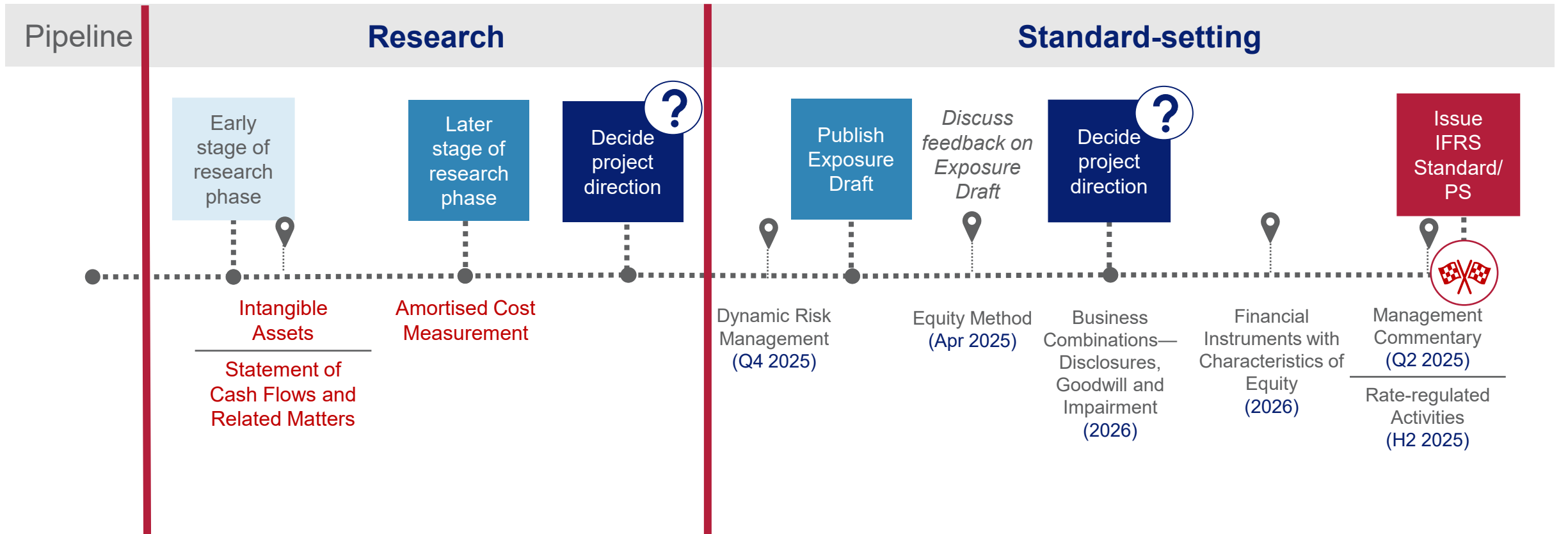
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## Looking ahead on 2025 – *uncertainty*

### Uncertainty

- **Geopolitical landscape**
  - Direct impact (interference) less evident, but spillover effects possible (deregulation push)
- **Technical work – managing opposing stakeholder expectations and sensitivities** (impacts being moving slower, termination, non-endorsement, etc.)
  - Business Combinations – Disclosures, Goodwill and Impairment
  - Dynamic Risk Management
  - Financial Instruments with Characteristics of Equity
  - Equity Method
  - (Climate-related and Other Uncertainties in the Financial Statements)

# Research and standard-setting projects - status



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# Connectivity



# Promoting connections in financial reports

New webpage

Webcasts with connectivity examples

February IASB-ISSB joint meeting

**Connecting IFRS Accounting and IFRS Sustainability**

Follow

ABOUT	RESOURCES	CONNECTED WORKING	NEWS
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**PURPOSE**

**At a glance**

What do we mean by connecting IFRS Accounting and IFRS Sustainability?

- purpose**—comprehensive and coherent information for capital markets in general purpose financial reports prepared applying IFRS Standards.
- products**—compatible and complementary IFRS Accounting Standards and IFRS Sustainability Disclosure Standards and the related digital taxonomies.
- people**—collaborative working between IASB and ISSB members and technical staff across the boards' projects and other activities.

**Related information**

- IFRS Foundation Constitution
- Integrated reporting
- Digital financial reporting

**Featured projects**

- Climate-related and Other Uncertainties in the Financial Statements
- Human Capital
- Intangible Assets
- Management Commentary
- Provisions—Targeted Improvements

**PURPOSE Shared purpose**

Investors and other capital market participants need both financial statements and sustainability-related financial disclosures to make informed decisions. Our stakeholders, in particular investors, have consistently emphasised the importance of those reports providing connected information about a company.

The International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB) are committed to developing IFRS Standards that enable companies to meet these needs. This commitment is embedded in the IFRS Foundation Constitution which establishes the focus on high-quality reporting to meet the needs of capital markets and requires the boards to work together towards their shared purpose.

**PRODUCTS Complementary products**

To meet stakeholder demand for high-quality comprehensive information, we work to ensure that our products—particularly IFRS Accounting Standards and IFRS Sustainability Disclosure Standards and our digital taxonomies that facilitate digital reporting—are well-coordinated and result in complementary information about a company.

**Webcasts—Connectivity between the financial statements and sustainability-related financial disclosures**

The International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB) recognise the importance of connectivity between their respective requirements in enabling the provision of high-quality financial information to capital markets.

In this webcast series, IASB technical staff Gustavo Olea and ISSB technical staff Gabriel Berwick discuss how IFRS Accounting Standards and IFRS Sustainability Disclosure Standards complement each other. Through practical examples, they illustrate how applying the Standards together results in complementary and connected reported information.

**Related information**

Connecting IFRS Accounting and IFRS Sustainability

**Webcast 1: IFRS Standards—Complementary and connected information**

This episode explores the objectives of financial statements and sustainability-related financial disclosures and explains how applying IFRS Accounting Standards and IFRS Sustainability Disclosure Standards together provides connected and complementary perspectives on a company, with a particular focus on the concept of material information.

Access the video.

**Webcast 2: Example—Climate-related risks and impairment of non-financial assets**

In this episode, Olea and Berwick discuss applying IFRS Accounting Standards and IFRS Sustainability Disclosure Standards together in a series of scenarios where a company considers climate-related risks in assessing the recoverability of non-financial assets.

Access the video.

**IFRS Accounting**

July 2024

**Exposure Draft**  
IFRS Accounting Standard

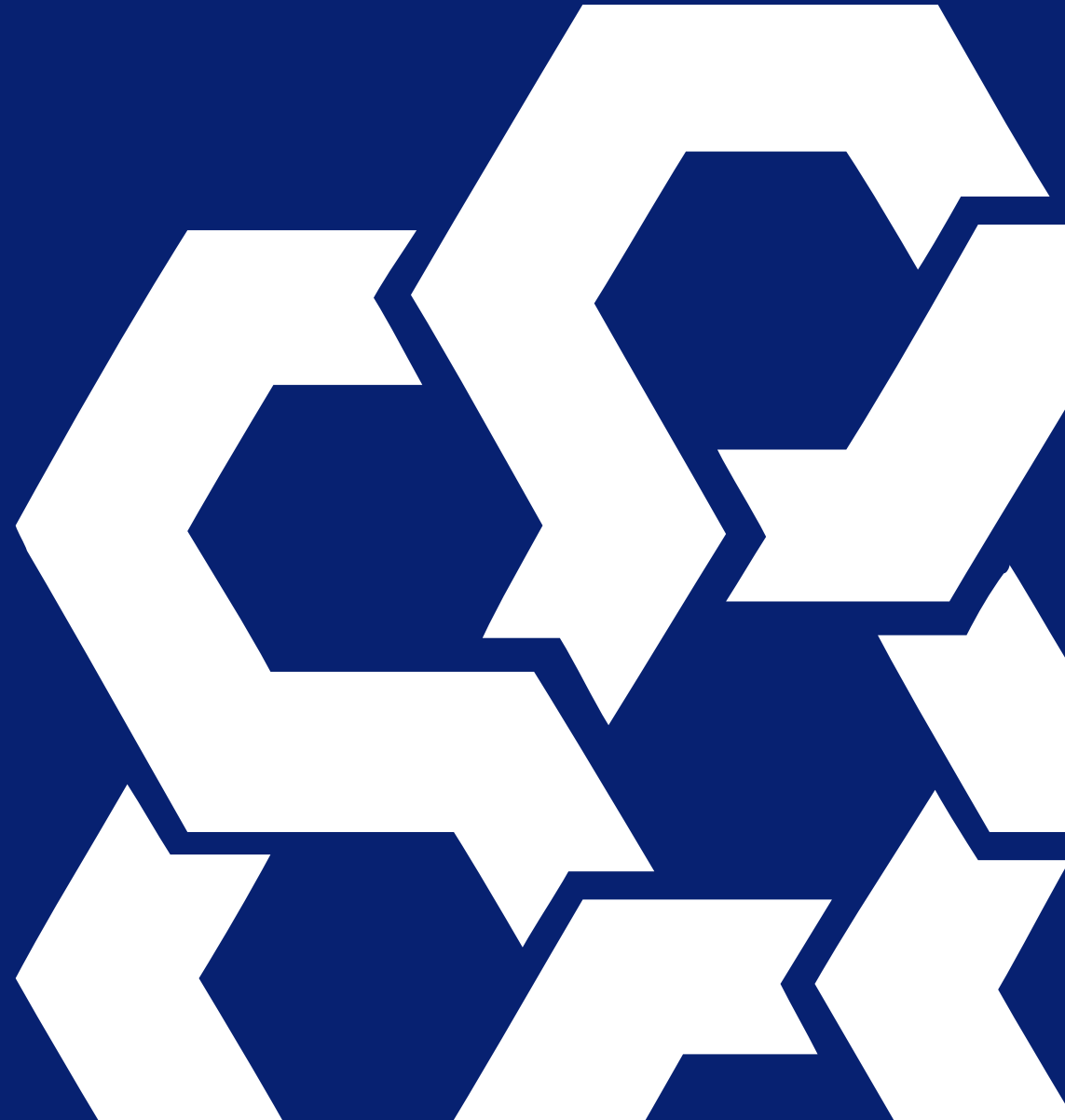
**Climate-related and Other Uncertainties in the Financial Statements**  
Proposed illustrative examples

Comments to be received by 28 November 2024

International Accounting Standards Board IASB/ED/2024/6

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## Appendix: Detailed description of projects on the IASB's work plan



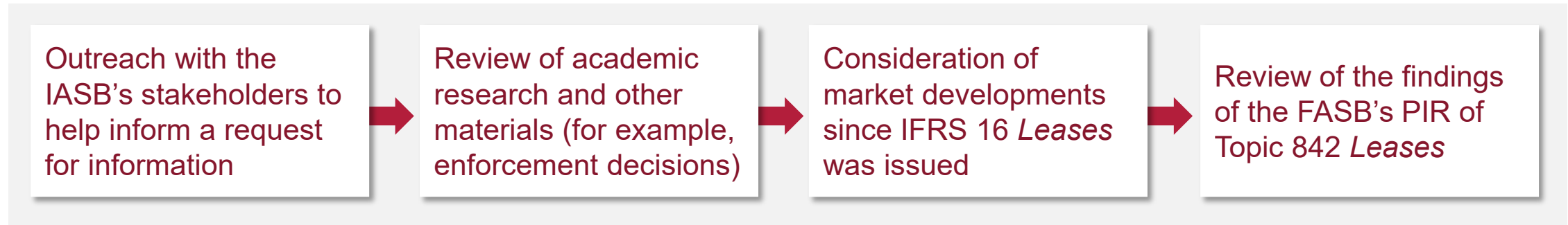
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# PIR of IFRS 16—*Leases*

## 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



### Next milestone

Request for information in June 2025

# Statement of Cash Flows and Related Matters

## Objective

Review the requirements of IAS 7 *Statement of Cash Flows* in response to feedback on the Third Agenda Consultation

## Possible project approaches



Comprehensive review of IAS 7



Targeted improvements

## 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
- The statement of cash flows for financial institutions
- Additional information about the non-cash effects of some transactions



## Next milestone

Decide project direction in Q2 2025






# Intangible Assets

## Objectives

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

## Global research on direction

-  Over 40 meetings with stakeholder groups
-  Over 70 respondents to investor survey
-  Over 200 respondents from diverse sectors and professions to general survey

## Key messages from outreach and survey



Main themes:

- modernise IAS 38
- improve information on intangibles in financial statements



Some level of support for almost all topics



Call for timely improvements



### Next milestone

Decide project direction in Q2 2025

# Amortised Cost Measurement

## Objectives

- Clarify the principles underlying the amortised cost measurement requirements in IFRS 9 and add accompanying application guidance to address widespread application issues
- Make specific improvements in information about financial instruments measured at amortised cost

## Project Approach

- Targeted improvements** to amortised cost measurement requirements
- Not a fundamental review** of those requirements

## Targeted improvements for:



Mechanics of effective interest method



Modification, derecognition, write-off



Interaction with impairment



## Next milestone

Deliberate application issues and decide project direction in 2026

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# Dynamic Risk Management

## Objectives

The DRM method:

- Better reflects the effects of dynamic interest rate risk management activities in an entity's financial statements
- Addresses challenges of current accounting models with respect to transparency, eligible items, dynamic nature and performance management

## Proposals

The DRM method aims to:

- better reflect the **risk management** perspective
- enables **designation** of an interest rate **risk exposure**
- aligns to the risk management perspective through the **designation** of additional eligible items (ie a stable portion of demand deposits)
- Achieves transparency through new **presentation** and **measurement** requirements



### Next milestone

Exposure Draft is expected in Q4 2025

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# Equity Method

## Objectives

- Reduce diversity in practice by answering application questions
- Reorder requirements in IAS 28 *Investments in Associates and Joint Ventures* to improve understandability

## Proposals

### Measurement:

- clarify the cost of the investment
- add requirements for purchases or disposals of an additional interest
- clarify impairment requirements
- delete requirement to restrict gains and losses on transactions with associates or joint ventures

**Presentation:** add requirements on the order of recognition of the investor's share of P&L and OCI

**Disclosures:** add requirements to improve information for investors, including reconciliation of carrying amounts of associates and joint ventures



## Next milestone

Discuss feedback on the [Exposure Draft](#) in May 2025

# Business Combinations—Disclosures, Goodwill and Impairment

## Objective

Improve information entities provide about their acquisitions at a reasonable cost

## Proposals

### Proposed changes to IFRS 3:

- Disclose information reviewed by key management personnel about the performance of a strategic business combination
- Disclose 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 calculation of value in use



## Next milestone

Redeliberate proposals in the [Exposure Draft](#) and decide project direction in 2026

# Financial Instruments with Characteristics of Equity

## Objectives

- 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



## Next milestone

- Redeliberate proposals in the [Exposure Draft](#)
- Final Amendments are expected in 2026

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# Management Commentary

## Objectives

- Overhaul IFRS Practice Statement 1 to provide a comprehensive resource for regulators and entities
- Respond to demand for better information about the factors that have affected or could affect an entity'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 an entity's management commentary and both its financial statements and sustainability disclosures
- Collaborate with the ISSB



### Next milestone

Revised Practice Statement *Management Commentary* is expected in Q2 2025

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# Rate-regulated Activities

## Objectives

Provide information about:

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

on entities' 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 entities:

- 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



### Next milestone

IFRS Accounting Standard *Regulatory Assets and Regulatory Liabilities* is expected in H2 2025



# Provisions—Targeted Improvements

## Objectives

- Clearer requirements on when to recognise a provision, with earlier recognition of some provisions
- More standardised measures of long-term provisions and greater transparency around inputs to the measures

## Proposals

### **Amend IAS 37 *Provisions, Contingent Liabilities and Contingent Assets***

- Clarify and amend the recognition criteria, applying the *Conceptual Framework*
- Specify the discount rates to use in measuring a long-term provision, and require disclosure of information about rates used
- Clarify the costs to include in measuring obligations to provide goods or services



### Next milestone

Discuss feedback on the [Exposure Draft](#) in Q2 2025

# Climate-related and Other Uncertainties in the Financial Statements

## Objective

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
- Work with the ISSB to ensure the work of both Boards is connected

## What we heard from stakeholders

- General support for finalising the illustrative examples subject to clarifications
- Continued interest in connectivity

## February 2025 IASB-ISSB joint meeting

- Discussed comments on the illustrative examples
- Keep the scope of the project narrow and focused
- Move the project as swiftly as possible



## Next milestone

Decide project direction in Q2 2025

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

## Objective

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

## Proposals

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

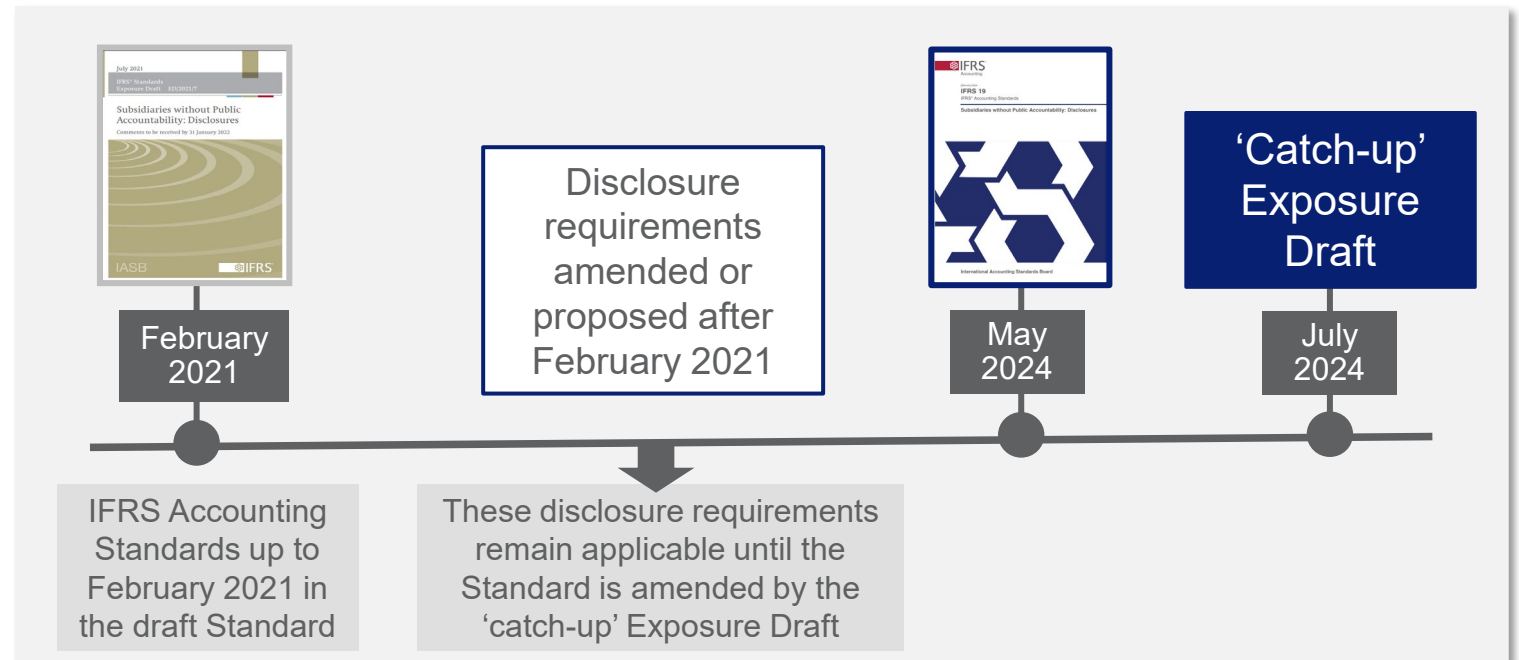
Discuss feedback on the [Exposure Draft](#) in Q2 2025

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

## 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*



**Next milestone**

Issue Amendments in August 2025

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