
Capital Markets Advisory Committee meeting

Date **14 March 2025**

Topic **IASB Update**

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This paper has been prepared for discussion at a public meeting of the Capital Markets Advisory Committee (CMAC). 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

- Update on current IASB work plan
- Climate-related and Other Uncertainties in the Financial Statements
- Standard-setting projects
- Maintenance projects
- New requirements
- Helpful materials

Update on current IASB work plan



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

Contracts Referencing Nature-dependent Electricity—Amendments to IFRS 9 and IFRS 7

Expected

(subject to the Board's approval)

- ✓ **February 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:** Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, effective on or after 1 January 2027
- ✓ **H2 2025:** Accounting Standard *Regulatory Assets and Regulatory Liabilities*

Consultations

Open for comments 

Comments due

Exposure Draft: *Provisions—Targeted Improvements—Proposed amendments to IAS 37*

12 March 2025

Forthcoming 

Q2 2025: Exposure Draft proposing amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* in relation to dynamic risk management

Q2 2025: Request for Information: Post-implementation Review of IFRS 16 *Leases*

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 the measure of a provision



Next milestone

Exposure Draft open for comment
until 12 March 2025

Dynamic Risk Management

Objectives

The DRM method:

- better reflects the effects of dynamic interest rate risk management activities in an entity's financial statements
- Address 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

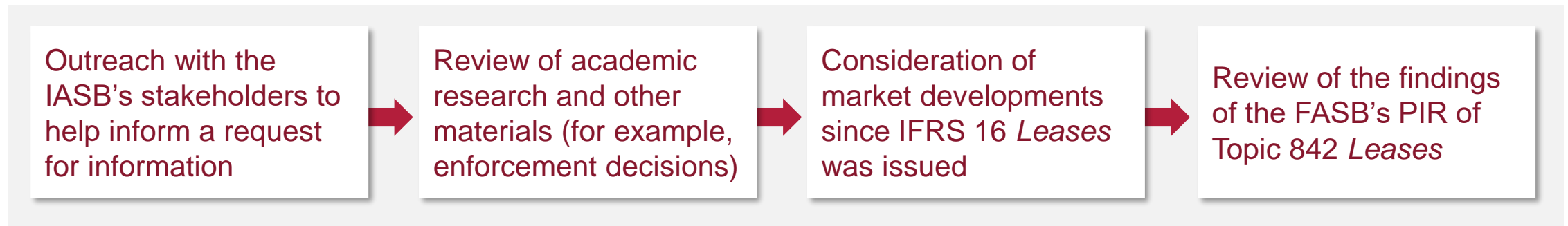
Exposure Draft is expected in Q2 2025

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 Q2 2025

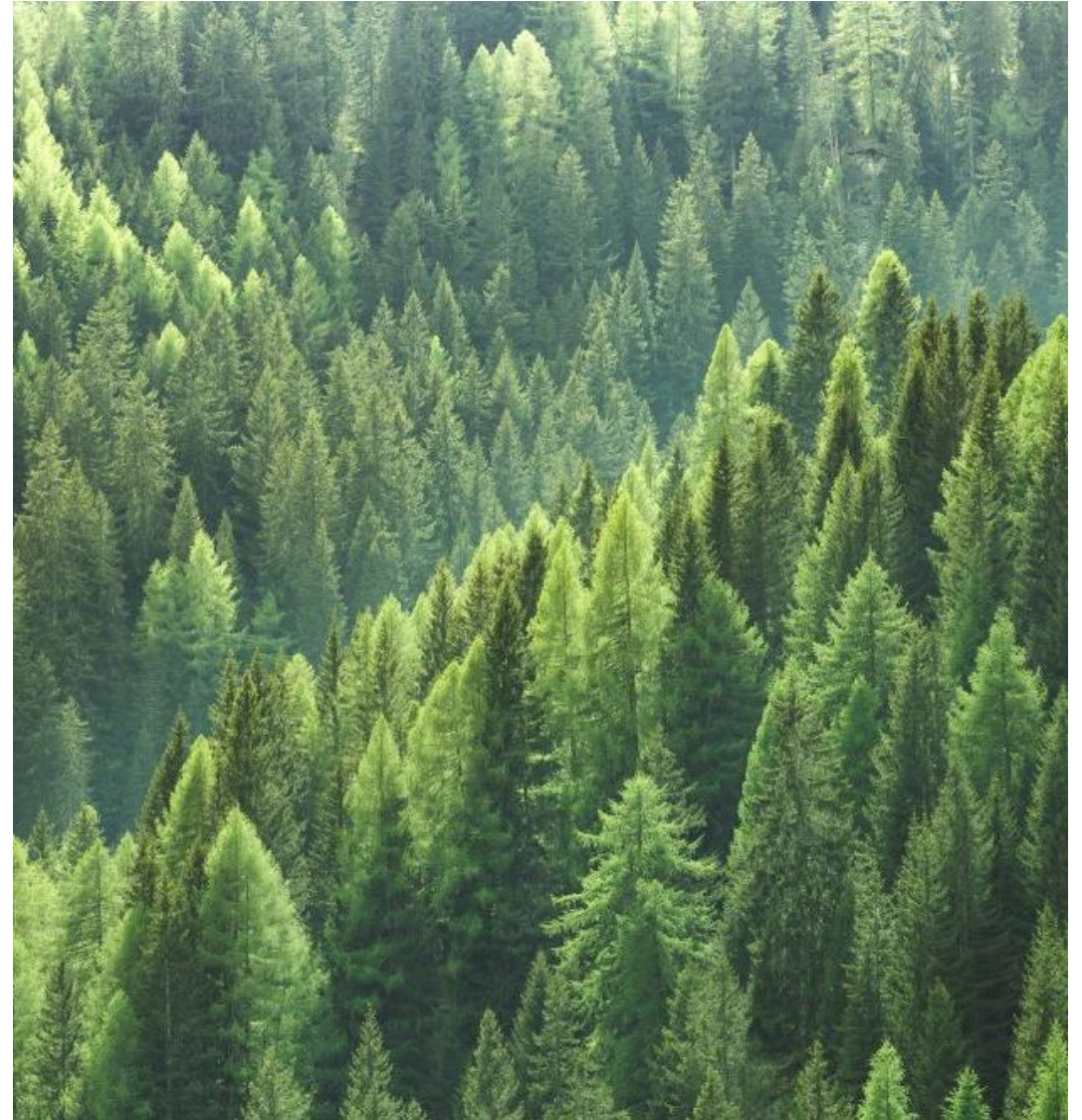
Update on *Climate-related
and Other Uncertainties in
the Financial Statements*

Objective of the project

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

- **Exposure Draft** with proposed illustrative examples on how an entity applies the Standards to report the effects of climate-related and other uncertainties in its financial statements.

Comment period ended on
28 November 2024

- IFRS Interpretations Committee considered a question about the **accounting for climate-related commitments**



Raise awareness of the requirements




- Improved the **accessibility of supporting materials** about reporting the effects of climate-related and other uncertainties in the financial statements and exploring other ways to raise awareness



Strengthen connections

- **Collaborating with the ISSB** to help strengthen connections between financial statements and sustainability-related financial disclosures

High-level summary of the examples

Main areas illustrated	Objective of the examples
 <p>Making materiality judgements <i>Examples 1–2</i></p>	<p>Illustrate connections between information provided in financial statements and information provided outside the financial statements</p>
 <p>Disclosing information about assumptions <i>Examples 3–7</i></p>	<p>Illustrate disclosure about assumptions a company makes and other sources of estimation uncertainty (for example, climate-related assumptions used in impairment tests)</p>
 <p>Disaggregating information <i>Example 8</i></p>	<p>Illustrate the provision of disaggregated information based on different risk characteristics (for example, based on exposures to climate-related transition risks)</p>

High-level summary of feedback*

Providing Examples

Most respondents **generally agree** with providing examples and with including them as illustrative examples accompanying IFRS Accounting Standards



Approach

Most respondents **generally agree** with the approach. However:

- many respondents comment on the balance between **climate-related versus other uncertainties**. They also **ask for additional examples and illustrations**
- many respondents **comment or express concerns about particular aspects of the technical analysis** or **make suggestions on some examples**
- respondents express **mixed views about whether and how to proceed with Examples 1–2**



Connectivity

Many respondents comment on connectivity and say **more should be done to improve connectivity** in general purpose financial reports

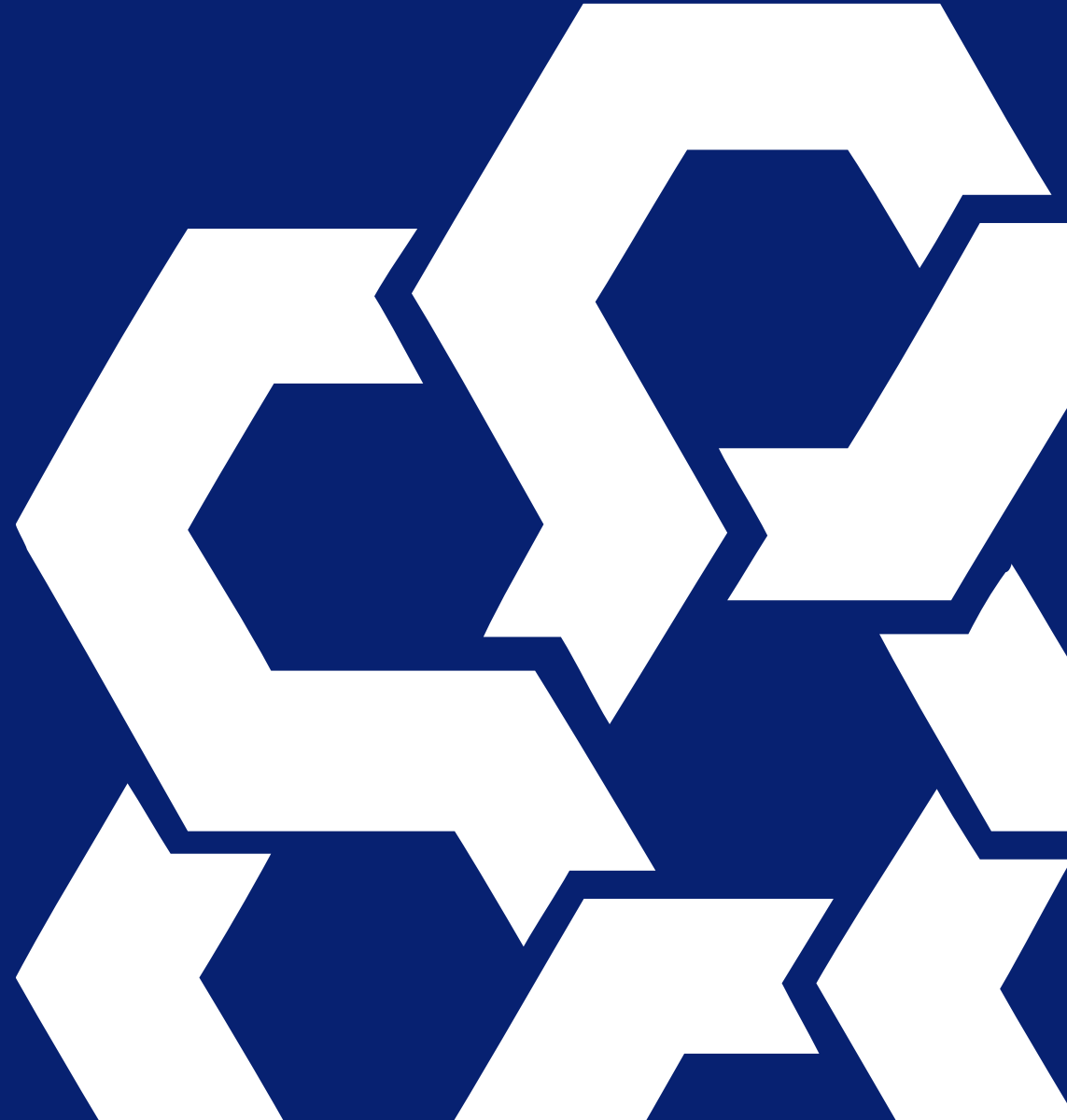


Next steps

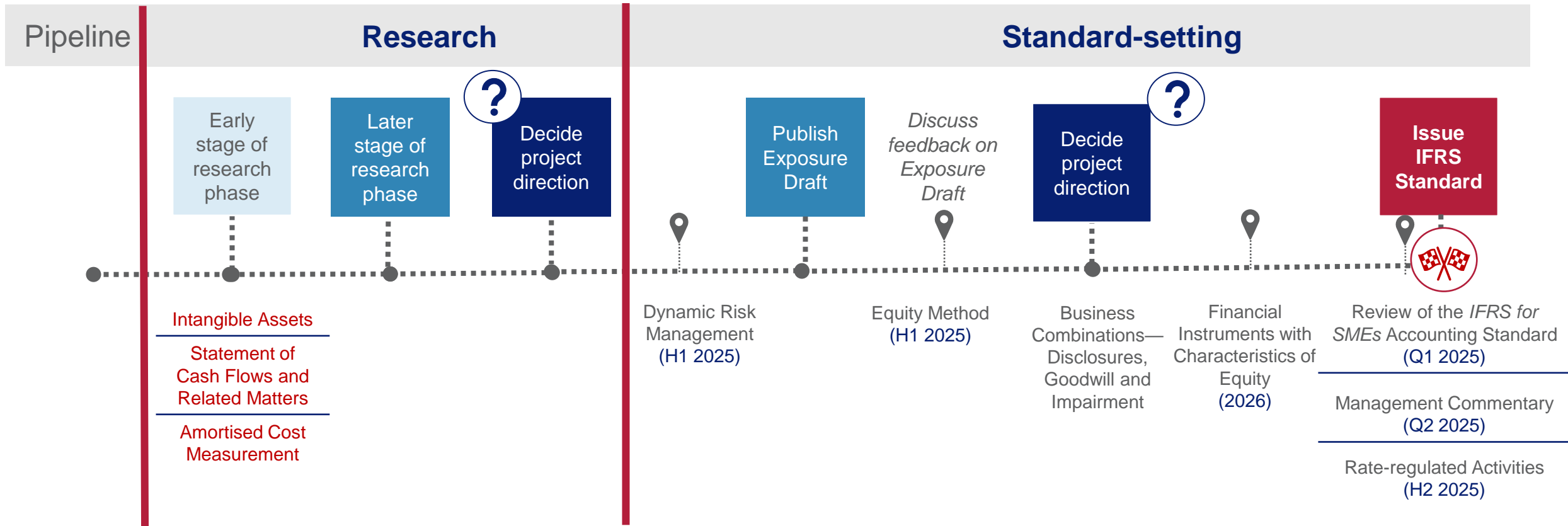
The IASB will **discuss the project direction** in Q2 2025

* Please refer to the agenda papers for the [IASB–ISSB joint meeting in February 2025](#) for further details.

Standard-setting projects



Research and standard-setting projects - status



Amortised Cost Measurement

Objectives

- Address widespread application matters arising from amortised cost measurement requirements
- 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

Project Approach

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

Targeted improvements for:



Mechanics of effective interest method



Modification, derecognition, write-off



Interaction with impairment



Next milestone

Review initial research in February 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

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 of

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 April 2025

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

Intangible Assets

Objectives

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

Possible project approaches



All-in-one



Early evaluation



Phased

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



Next milestone

Update on research findings in
February 2025

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

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

Review of the *IFRS for SMEs* Accounting Standard

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.

Major amendments to the Standard are to:

- Section 2 *Concepts and Pervasive Principles*;
- Section 9 *Consolidated and Separate Financial Statements*;
- Section 11 *Basic Financial Instruments* (renamed *Financial Instruments*);
- Section 12 *Fair Value Measurement*;
- Section 19 *Business Combinations*; and
- Section 23 *Revenue* (renamed *Revenue from Contracts with Customers*).



Next milestone

Third edition of the *IFRS for SMEs* Accounting Standard is expected in February 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



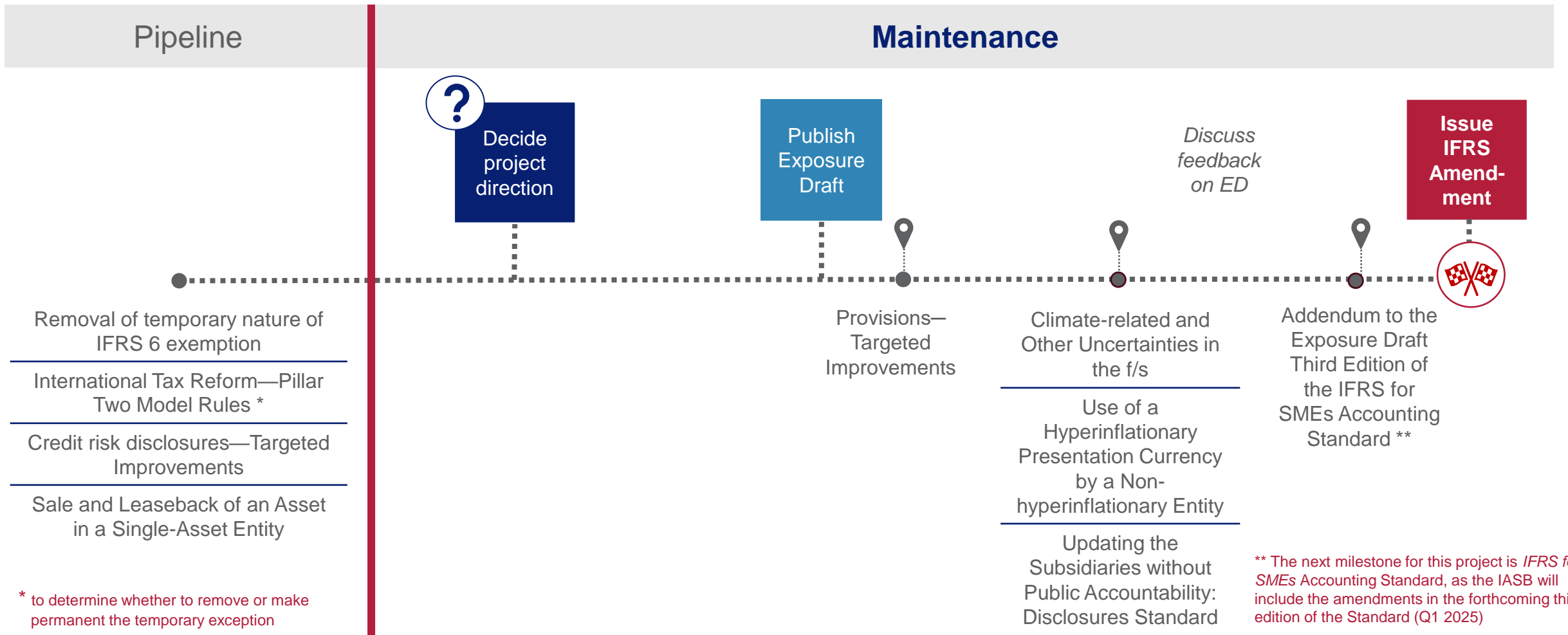
Next milestone

Update on research findings in March 2025

Maintenance projects



Maintenance projects



New requirements



What is required when?

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
- *Contracts Referencing Nature-dependent Electricity*—Amendments to IFRS 9 and IFRS 7

1 January 2027

- 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)

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

Contracts Referencing Nature-dependent Electricity

Objective

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

The amendments to IFRS 9 and IFRS 7

- Apply to contracts referencing nature-dependent electricity. The amount of electricity generated under these contracts can vary based on uncontrollable factors such as weather conditions;
- Include application guidance for a purchaser of electricity when applying the own-use requirements of paragraph 2.4 of IFRS 9;
- Permit the designation of the hedged item as a variable nominal amount of a forecast transaction; and
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and 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

Resources available on our website

Supporting materials sorted by Standard

Website
www.ifrs.org



IFRS
Accounting
Standards

IFRS IC
Interpretations

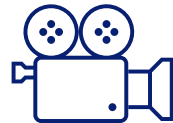
Cross-cutting
materials

News and
events



For example, for IFRS 9 *Financial Instruments*:

Videos



Webinars



Articles

Leaflet



Transition
Resource
Group



Agenda decisions

Supporting IFRS
Accounting
Standards

IFRS Accounting Standards and their annotated equivalents



IFRS Accounting Standards

The IFRS[®] Accounting Standards Required 2024

The IFRS[®] Accounting Standards Issued 2024
(Available March 2024 onwards)

IFRS Accounting Standards + extensive cross-references + annotations

The Annotated IFRS[®] Standards Required 2024

The Annotated IFRS[®] Standards Issued 2024
(Available March 2024 onwards)

Annotated IFRS Accounting Standards also available in Spanish

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