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## Global Preparers Forum meeting

28 March 2025

### 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*.

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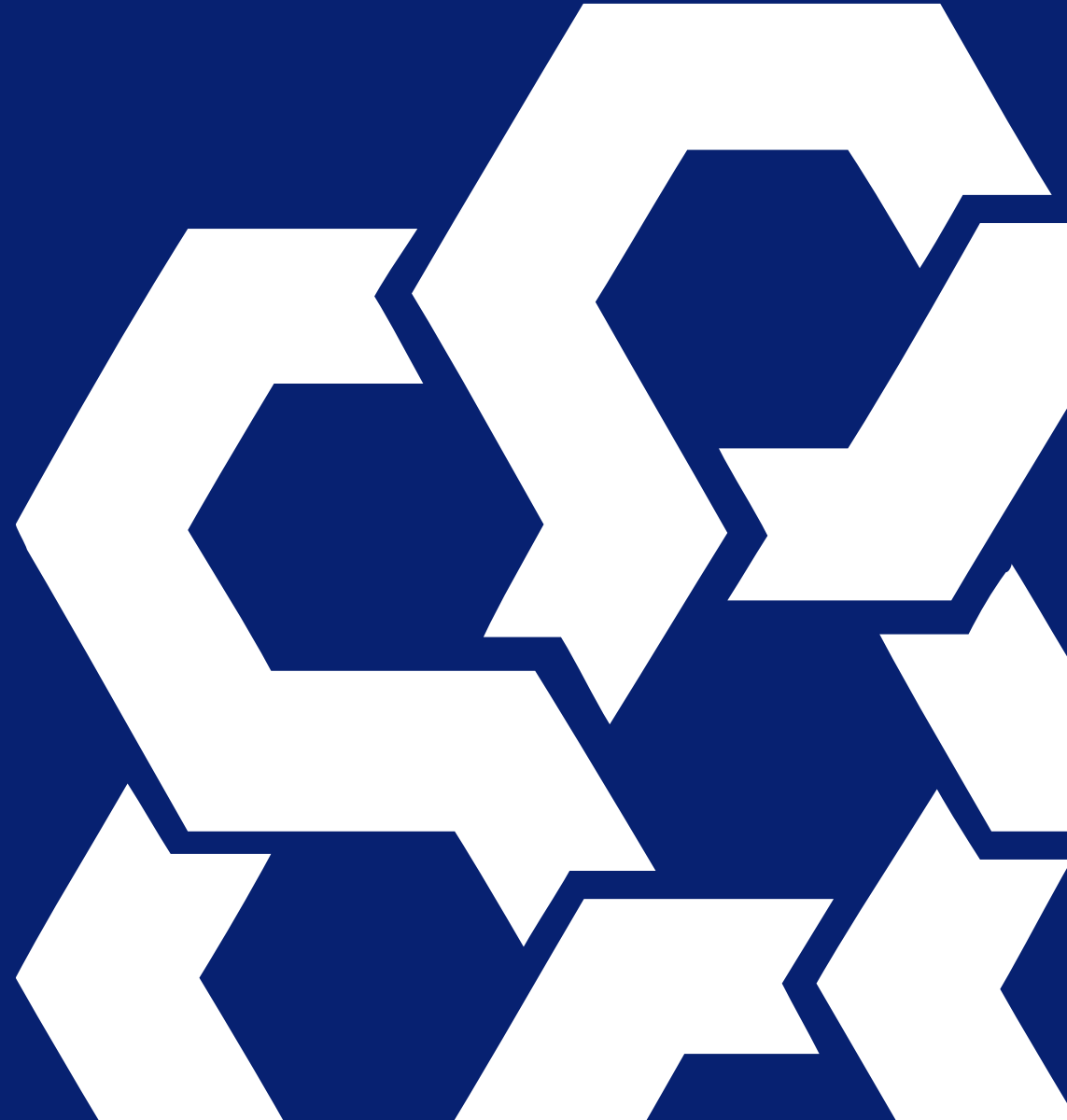
# Overview

This update is prepared as of 28 February 2025

- Update on current IASB work plan
- Post-implementation reviews
- Research projects
- Standard-setting projects
- Maintenance projects
- Update on Climate-related and Other Uncertainties in the Financial Statements
- Work of the IFRS Interpretations Committee
- New requirements

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# Update on current IASB work plan



# Consultations

Open for comments 

Comments due

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

12 March 2025

Forthcoming 

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

**Q4 2025:** 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 2025

Third edition of the *IFRS for SMEs Accounting Standard*

## Expected

(subject to the Board's approval)

- ✓ **Q2 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*

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## Update since last GPF meeting (1/4)

- The IASB met in November and December 2024 to discuss targeted refinements to its proposals for the revised IFRS Practice Statement 1 *Management Commentary*
- The IASB has begun the process for balloting the revised Practice Statement

### Management Commentary

- The IASB met in January 2025 to discuss whether to add the project to its work plan or defer the decision until the next agenda consultation
- The IASB decided to defer the decision until the agenda consultation

### Pollutant Pricing Mechanisms

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## Update since last GPF meeting (2/4)

- The IASB met in January and February 2025 to discuss stakeholder feedback on the Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment* and to redeliberate on the project’s objective and its approach to achieving that objective

Business  
Combinations—  
Disclosures, Goodwill  
and Impairment

- The IASB met in February 2025 to discuss:
  - a summary of feedback from meetings with stakeholders;
  - a summary of responses to IASB surveys from users of financial statements and other stakeholders; and
  - a summary of other research and activities.

Intangible Assets

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## Update since last GPF meeting (3/4)

- The IASB met in January and February 2025 to discuss feedback on its proposals in the Exposure Draft and tentatively decided to retain its proposals relating to:
  - IFRS 18 *Presentation and Disclosure in Financial Statements*
  - lack of exchangeability
- The IASB tentatively decided to change its proposals relating to:
  - supplier finance arrangements
  - Pillar Two model rules by adding the phrase ‘known or reasonably estimable’ to paragraph 199 of IFRS 19.
  - financial instruments classification and measurement
- The IASB will decide at a future meeting whether to begin the balloting process for the amendments to IFRS 19

Updating IFRS 19  
Subsidiaries without  
Public Accountability:  
Disclosures








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## Update since last GPF meeting (4/4)

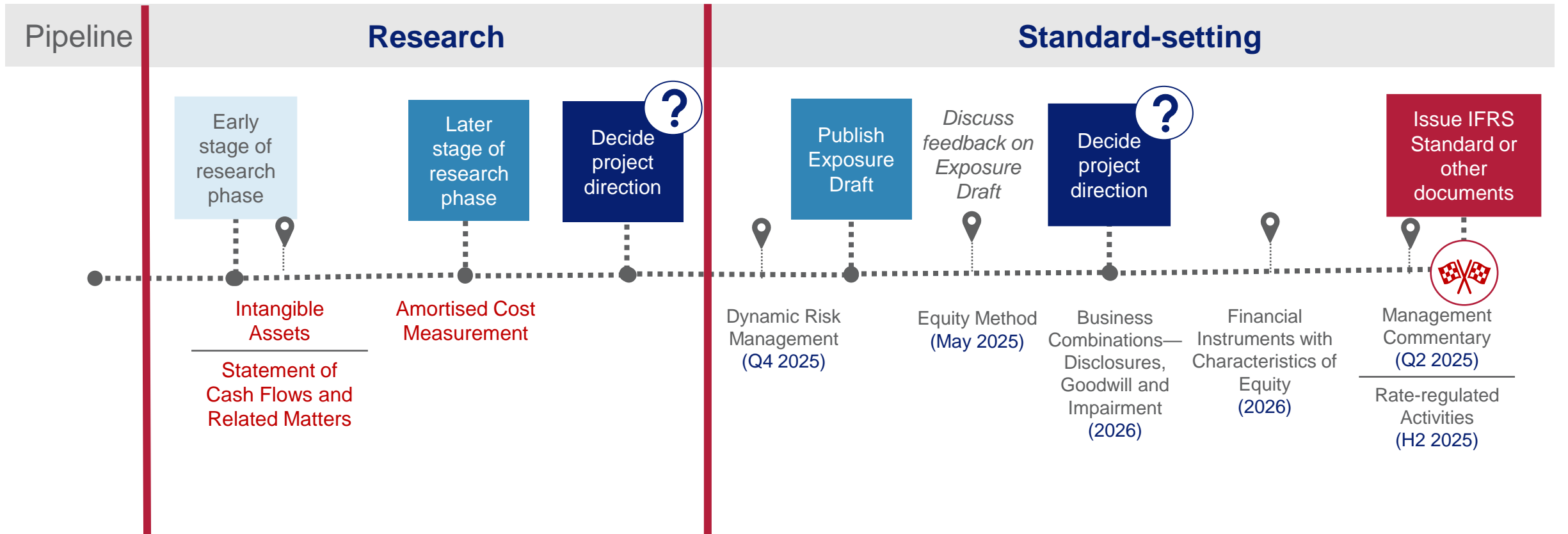
- In January 2024, the IASB discussed stakeholders' concerns and challenges related to applying IAS 29 *Financial Reporting in Hyperinflationary Economies*, which were identified through horizon scanning
- The IASB was not asked to make any decisions

*IAS 29 Financial  
Reporting in  
Hyperinflationary  
Economies*

# IASB work plan: overview

Type of project	As of 28.02.2025
Post-implementation reviews 	1
Research projects 	3
Standard-setting projects 	6
Maintenance projects 	4
Application questions (IFRS IC) 	4
<b>Total</b>	<b>18</b>

# Current projects are in different stages

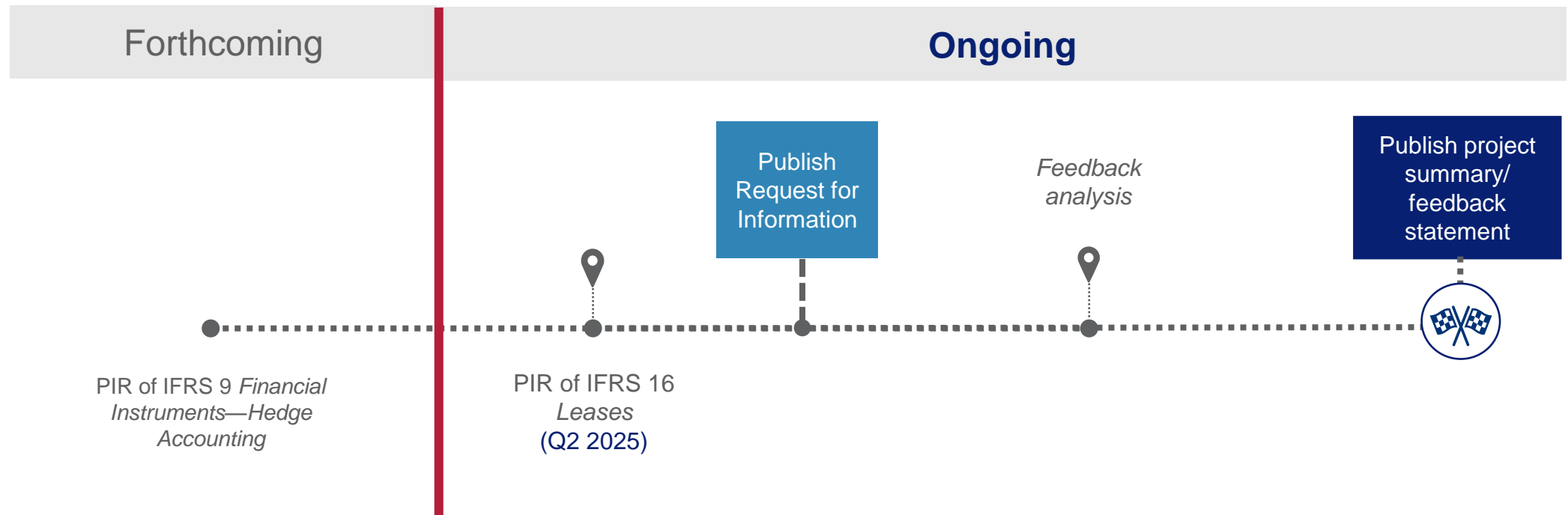


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# Post-implementation reviews



# Post-implementation review projects



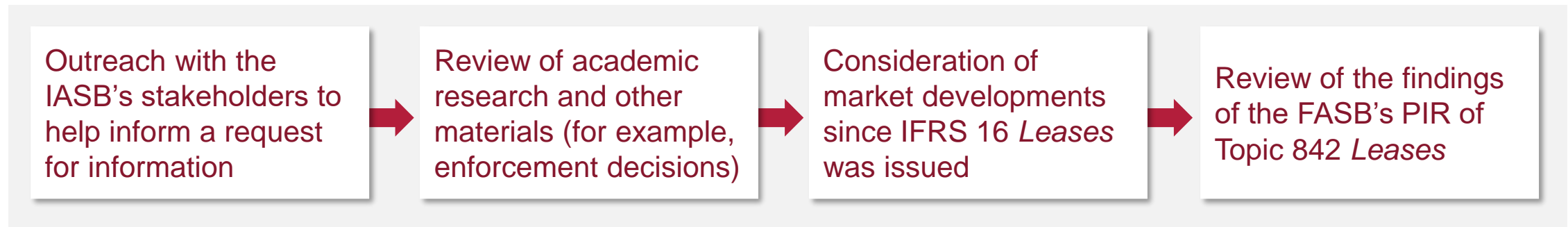
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# PIR of IFRS 16—*Leases*

## 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

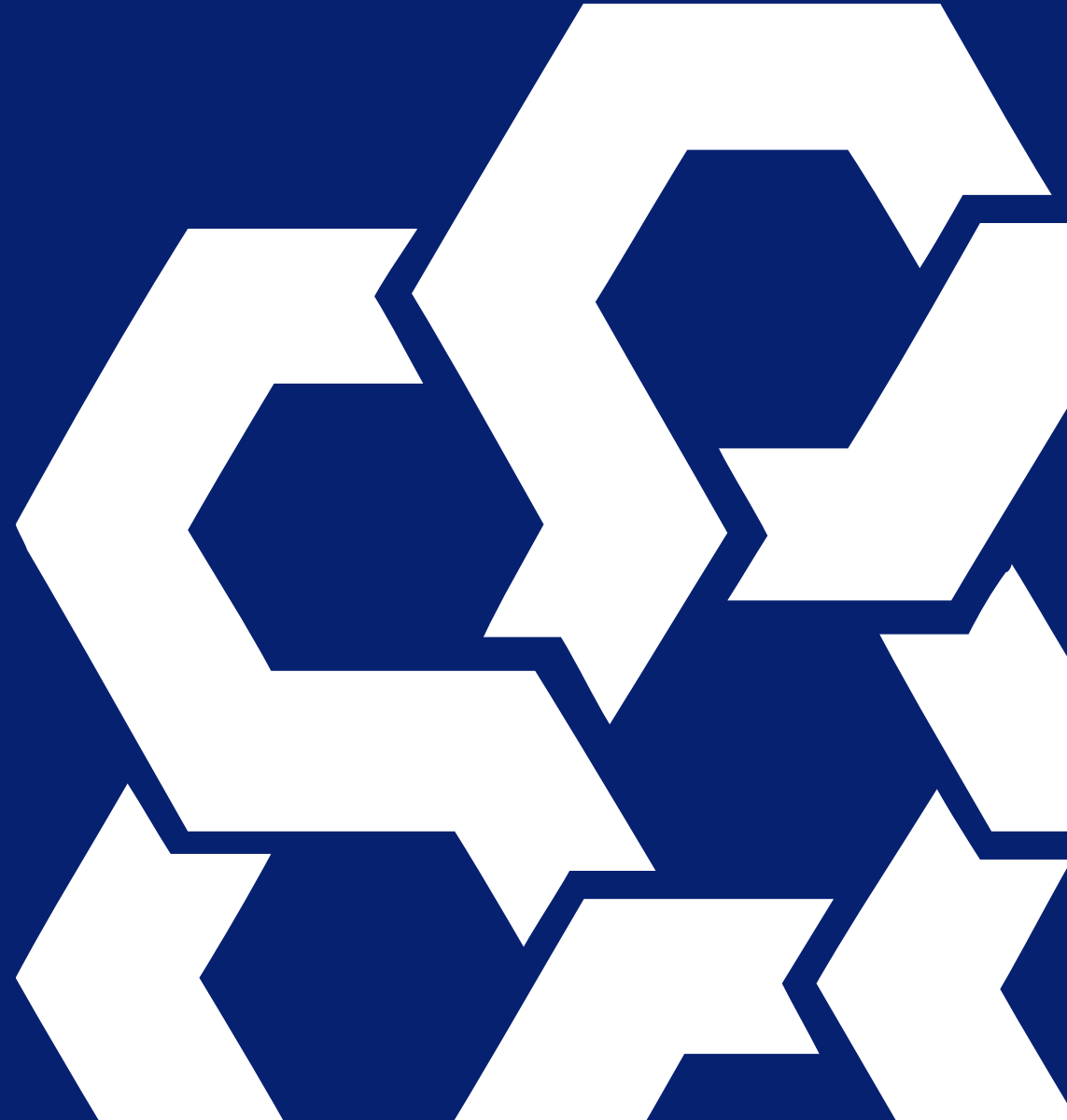


### Next milestone

Request for information in Q2 2025

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# Research projects



# 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



# 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

Analysis of feedback and possible ways forward 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

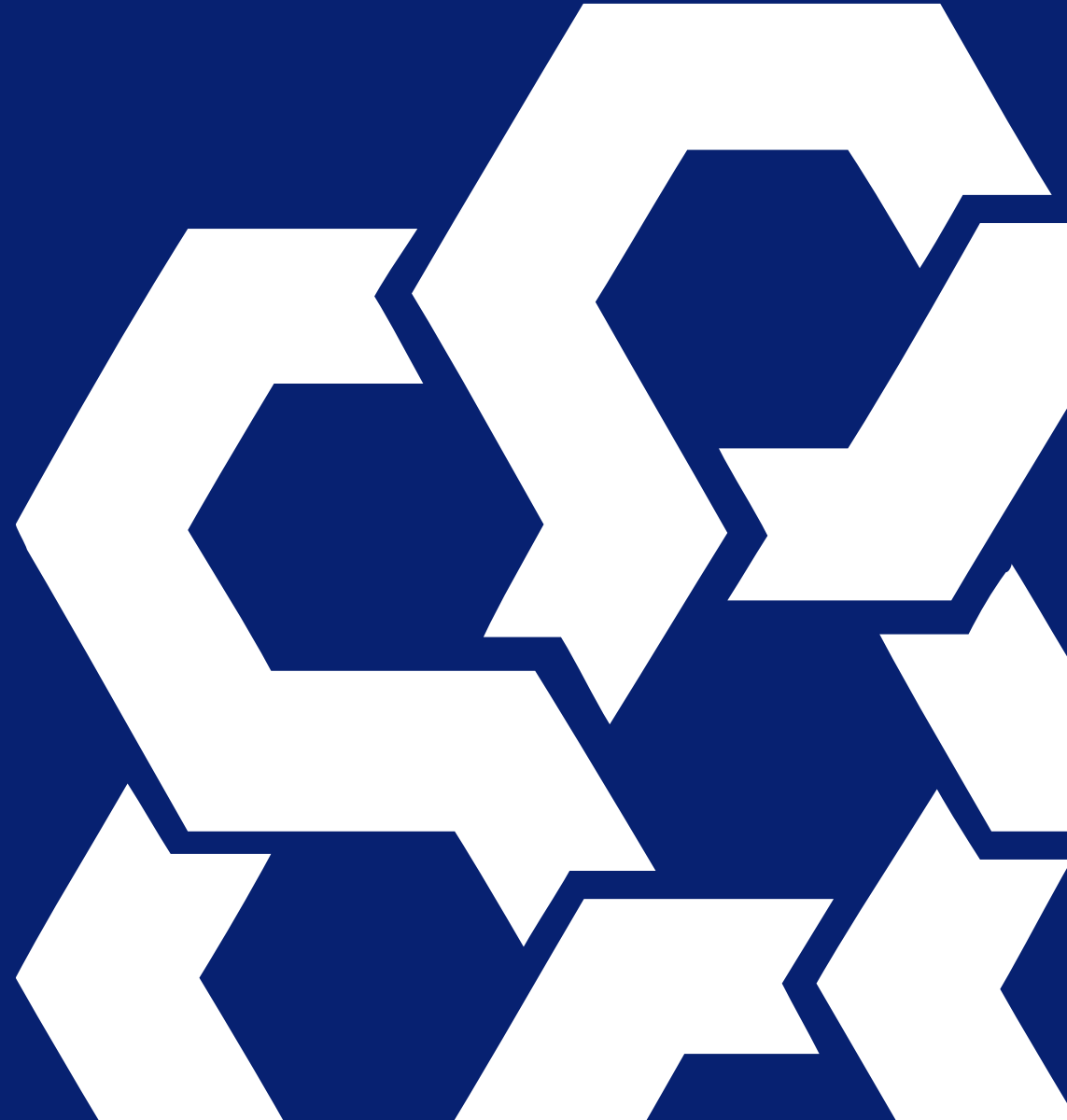


## Next milestone

Deliberate application issues and decide project direction in 2026

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# Standard-setting projects



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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
- 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 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

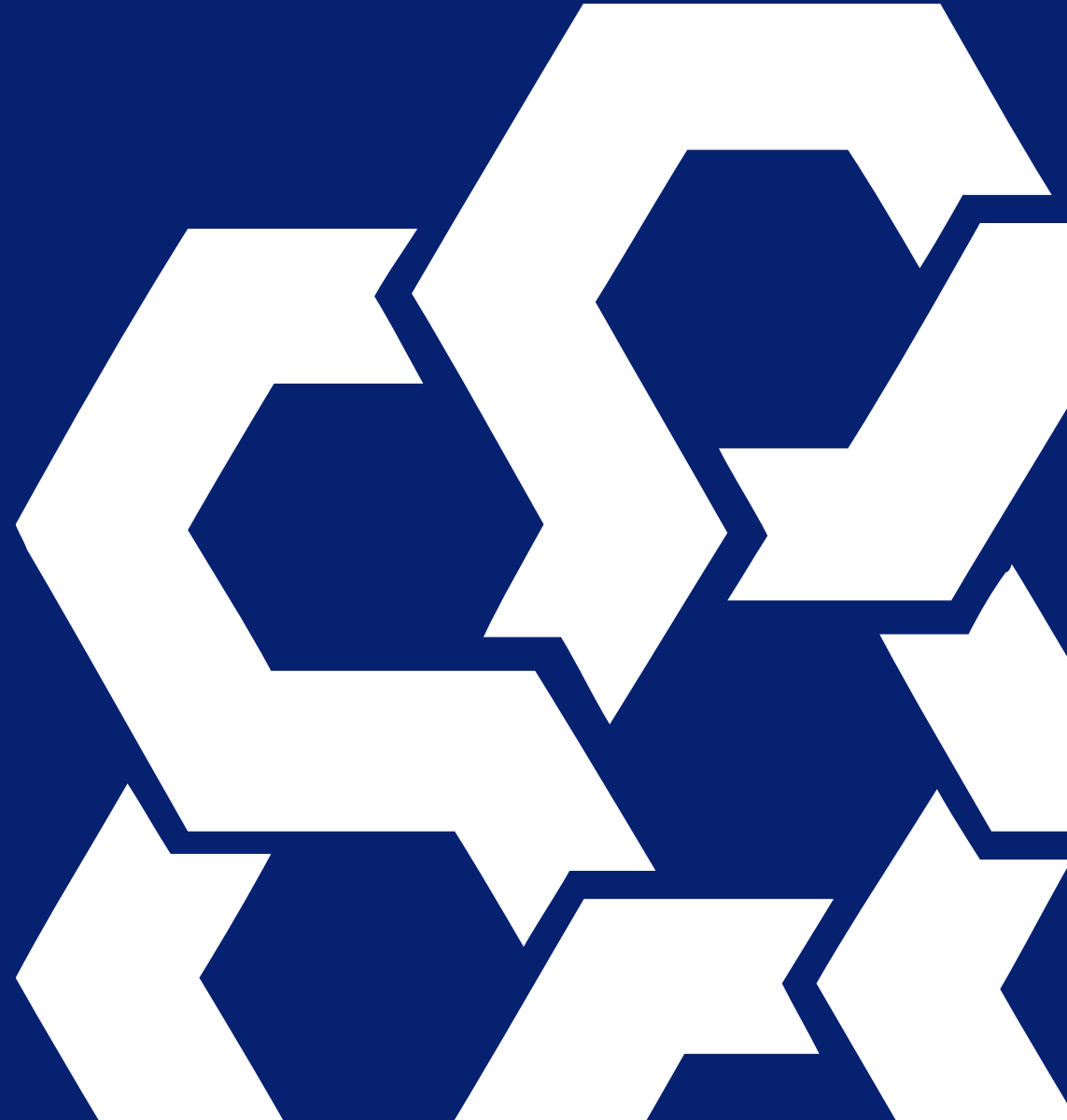


### Next milestone

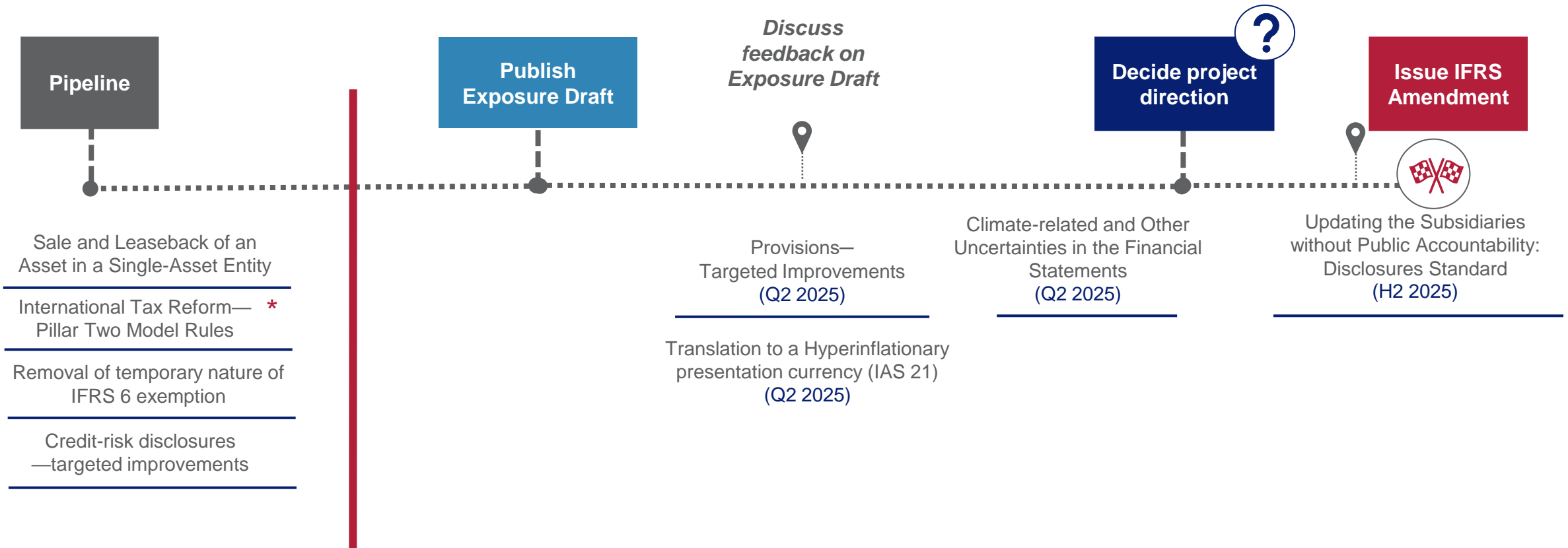
IFRS Accounting Standard *Regulatory Assets and Regulatory Liabilities* is expected in H2 2025

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# Maintenance projects



# Maintenance projects - status



\* To determine whether to remove or make permanent the temporary exception

# 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

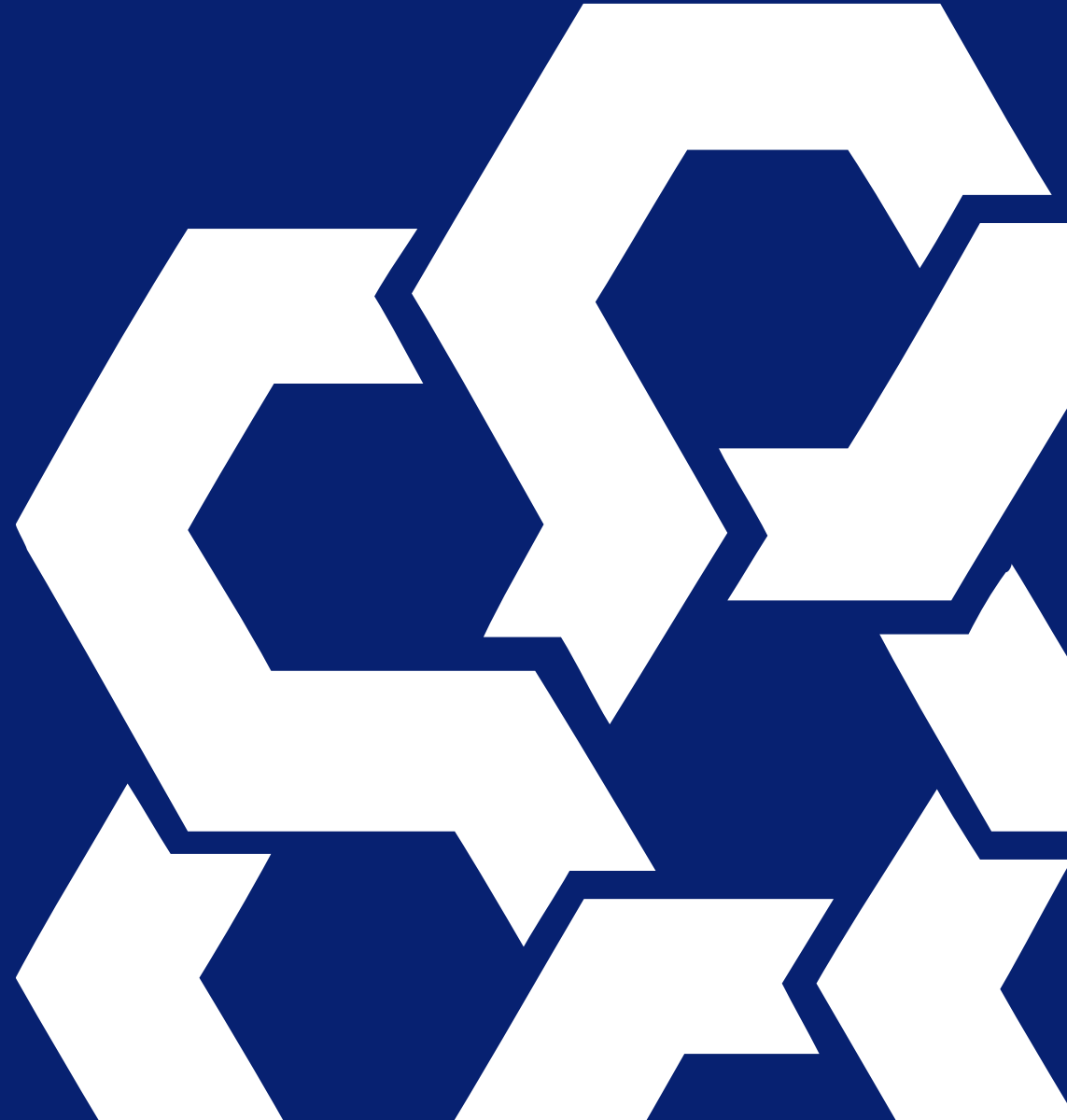


### Next milestone

Exposure Draft open for comment  
until 12 March 2025

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



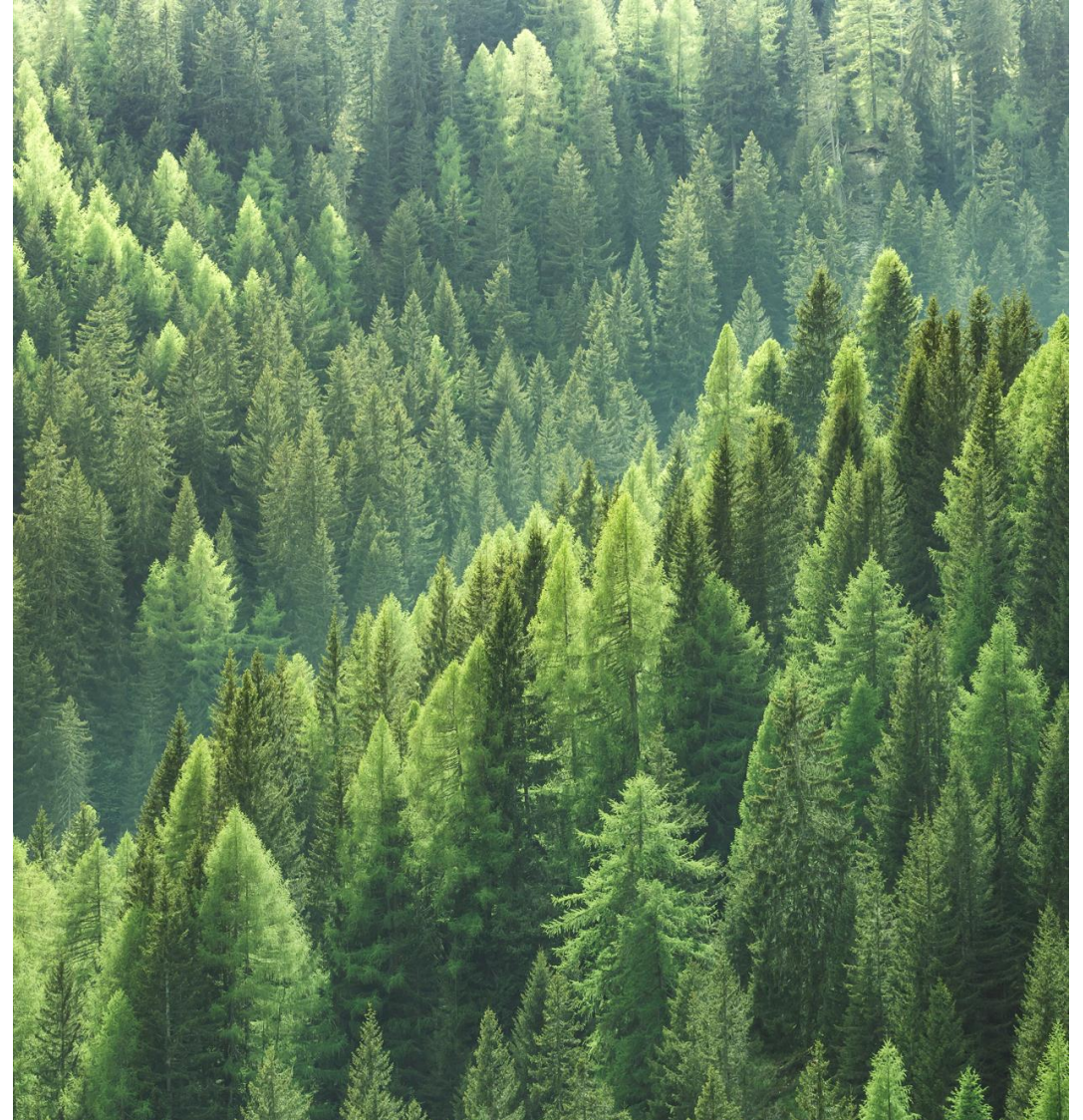
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# Objective of the project

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><b>Making materiality judgements</b> <i>Examples 1–2</i></p>	<p>Illustrate connections between information provided in financial statements and information provided outside the financial statements</p>
 <p><b>Disclosing information about assumptions</b> <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><b>Disaggregating information</b> <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\*

<p><b>Providing Examples</b></p>	<p>Most respondents <b>generally agree</b> with providing examples and with including them as illustrative examples accompanying IFRS Accounting Standards</p>	
<p><b>Approach</b></p>	<p>Most respondents <b>generally agree</b> with the approach. However:</p> <ul style="list-style-type: none"> <li>• many respondents comment on the balance between <b>climate-related versus other uncertainties</b>. They also <b>ask for additional examples and illustrations</b></li> <li>• many respondents <b>comment or express concerns about particular aspects of the technical analysis</b> or <b>make suggestions on some examples</b></li> <li>• respondents express <b>mixed views about whether and how to proceed with Examples 1–2</b></li> </ul>	
<p><b>Connectivity</b></p>	<p>Many respondents comment on connectivity and say <b>more should be done to improve connectivity</b> in general purpose financial reports</p>	
<p><b>Next steps</b></p>	<p>The IASB will <b>discuss the project direction</b> in Q2 2025</p>	

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

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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

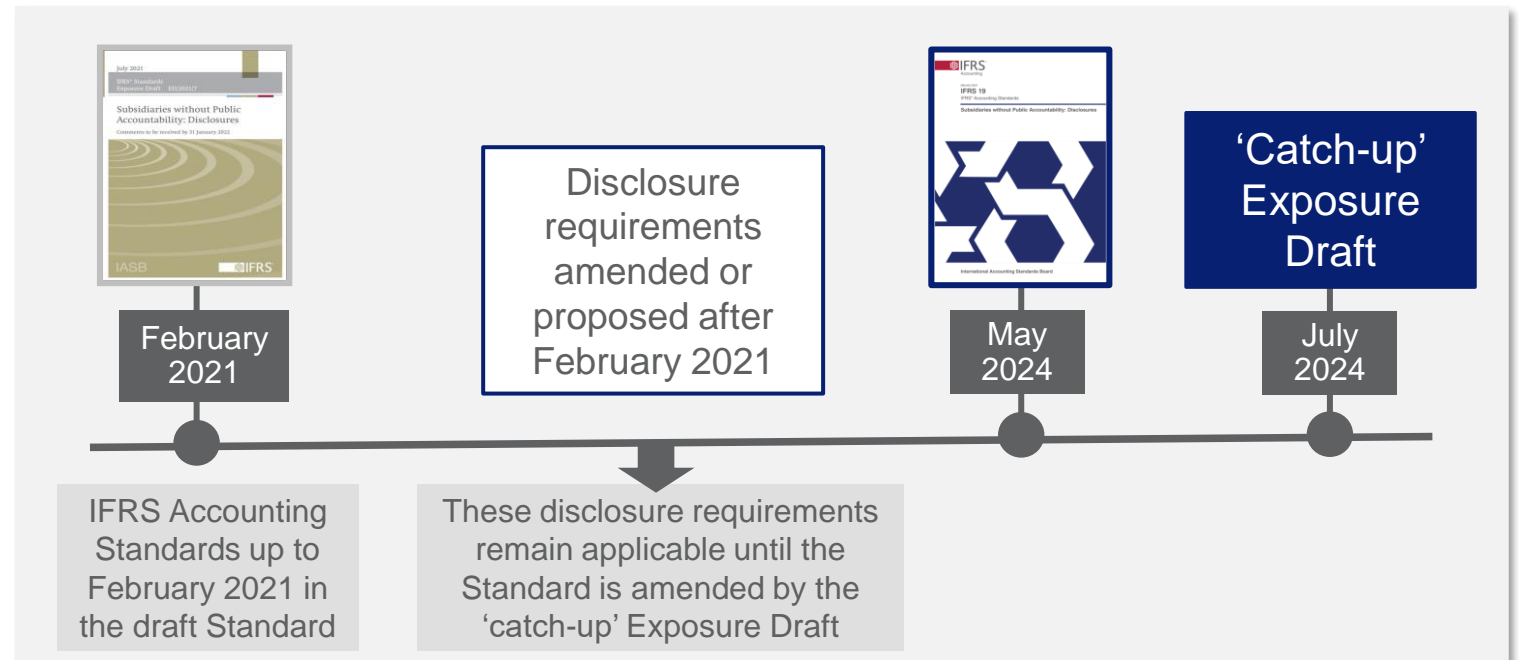
Discuss feedback on the [Exposure Draft](#) in Q2 2025


# 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 H2 2025

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# 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

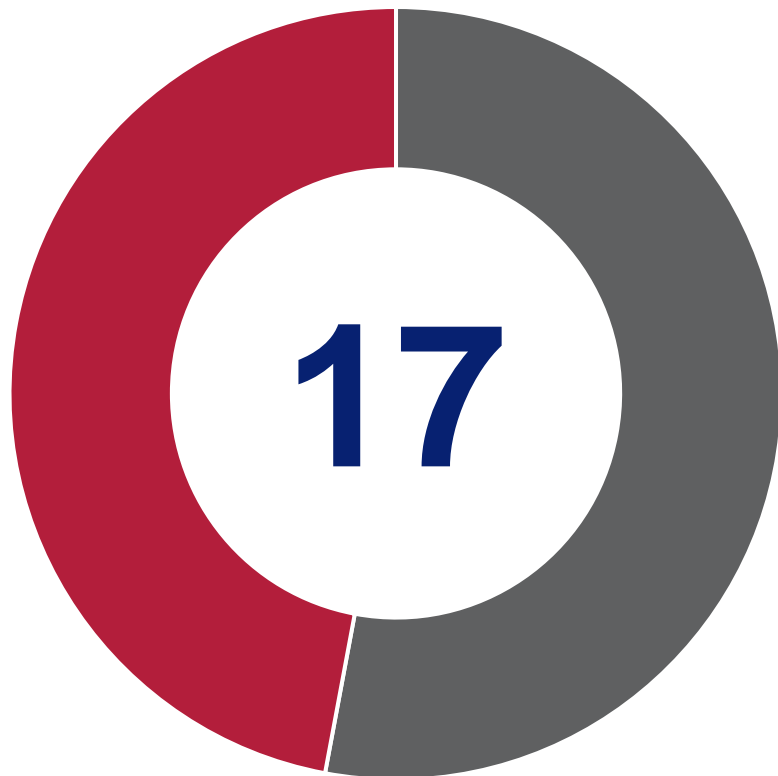
NO

NO

**Agenda decision**  
(reports decision and often includes explanatory material)

Not objected to by the IASB

# Overview of the Committee's 2024 discussions<sup>1</sup>



**9** agenda decisions (see slide **36**)

- **4** final agenda decisions
- **5** tentative agenda decisions<sup>1</sup>

**8** inputs on IASB's projects, including:

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

<sup>1</sup> up to and including the November 2024 Committee meeting

## Sample of recent agenda decisions

Comment period ended on 3 Feb 2025  
Assessing Indicators of  
Hyperinflationary Economies  
(IAS 29)

Comment period ended on 18 Nov 2024  
Recognition of Revenue from  
Tuition Fees (IFRS 15)

Published in April 2024  
Climate-related Commitments  
(IAS 37)

Comment period ended on 3 Feb 2025  
Recognition of Intangible Assets  
Resulting from Climate-related  
Expenditure (IAS 38)

Published in January 2025  
Classification of Cash Flows  
related to Variation Margin Calls  
on 'Collateralised-to-Market'  
Contracts (IAS 7)

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

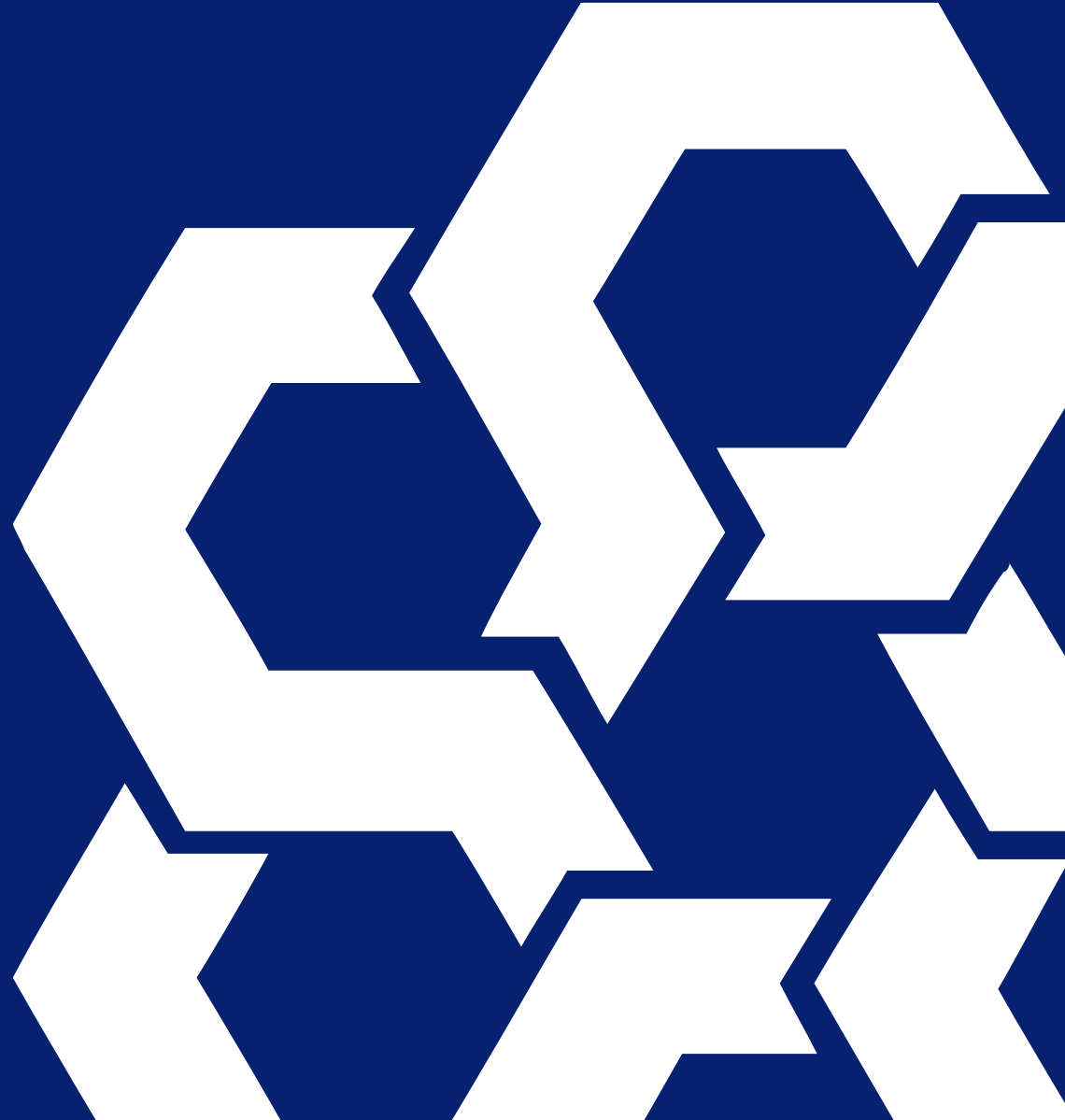
Comment period ended on 18 Nov 2024  
Guarantees Issued on  
Obligations of Other Entities

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

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

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# New requirements





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## 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*
- Third edition of the *IFRS for SMEs Accounting Standard*

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# 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 entities 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

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# 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

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# 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

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# 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

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# 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

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# 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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# Third edition of the *IFRS for SMEs* Accounting Standard

## Objective

To improve the information provided to users of SMEs' financial statements while maintaining the simplicity of the *IFRS for SMEs* Accounting Standard.

## Main changes to the Standard:

- A robust new model for recognising revenue from contracts with customers;
- Improved disclosures to help users of SMEs' financial statements assess credit risk, liquidity and expected cash flows; and
- Updated requirements for identifying and measuring a business combination.



Effective date

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



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