



IFRS® Foundation

IASB Technical Update

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A grayscale world map is the background for the slide. Overlaid on the map are several thick, light gray curved lines that sweep across the continents. Additionally, there are several dotted lines that form a grid-like pattern across the map, intersecting the curved lines.

Introduction

Introduction

Content

This document sets IASB's technical projects, highlighting the next milestone

This document reflects IASB tentative decisions up to the February 2022 IASB meeting

Recent developments since the last meeting

IASB decided that in the second half of 2022 it will:

- begin the Post-implementation Reviews (PIRs) of IFRS 15 *Revenue from Contracts with Customers* and the impairment requirements in IFRS 9 *Financial Instruments*; and
- consider when to begin the PIRs of IFRS 16 *Leases* and the hedge accounting requirements in IFRS 9.

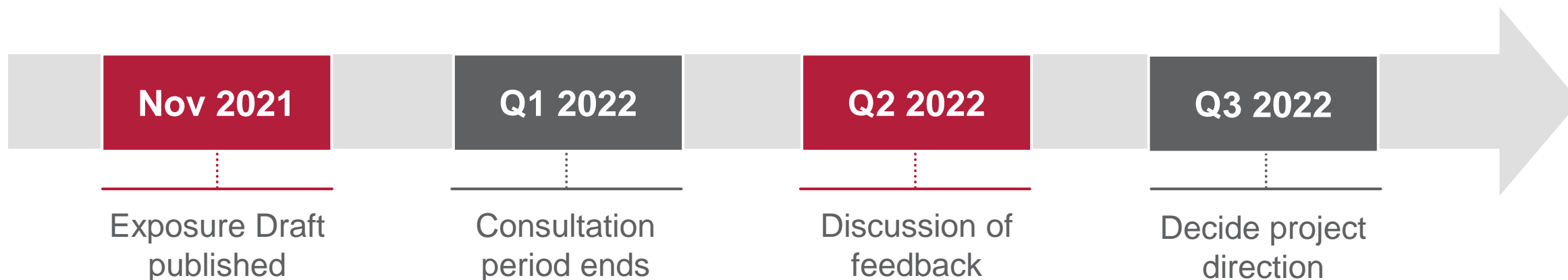
Comment periods ended for:

- the Exposure Draft *Management Commentary* on 23 November 2022
- the Exposure Draft *Disclosure Requirements in IFRS Standards—A Pilot Approach* on 12 January 2022.
- the Request for information *Post-implementation Review IFRS 9—Classification and Measurement* on 28 January 2022
- the Exposure Draft *Subsidiaries without Public Accountability: Disclosures* on 31 January 2022



Consultations open for
comment

Non-current Liabilities with Covenants



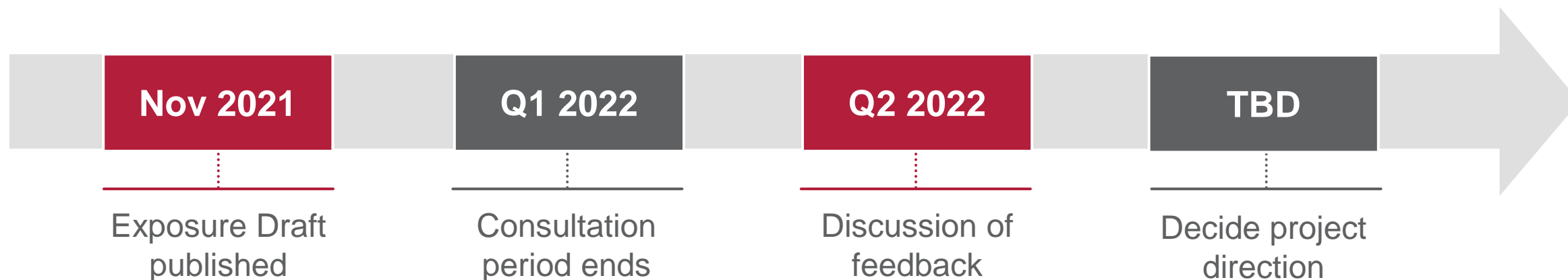
Objective

Improve the information about liabilities with covenants provided through classification (as current or non-current), presentation and disclosure in financial statements

Proposed amendments to IAS 1

- 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 end of the reporting period
- 2 Add **presentation and disclosure requirements** for non-current liabilities subject to covenants
- 3 Clarify situations in which an entity **does not have a right to defer settlement**

Supplier Finance Arrangements



Objective

Provide information that enable investors to assess the effects of supplier finance arrangements on a company's liabilities and cash flows

Proposed amendments to IAS 7 and IFRS 7

- 1 Describe** the characteristics of an arrangement for which an entity would be required to provide the proposed disclosure
- 2 Add qualitative and quantitative disclosure** requirements for supplier finance arrangements to meet the disclosure objective
- 3 Highlight** the required disclosure of liquidity risk and risk management and of non-cash changes in financing liabilities arising from supplier finance arrangements

A grayscale world map is centered in the background. Overlaid on the map are several thick, light gray curved lines that sweep across the frame from the bottom left towards the top right. A network of thin, dotted white lines is also visible, connecting various points across the map, suggesting a global network or project locations.

Projects with consultations recently closed

IASB discussing ...

Next step: IFRS Standard

- Primary Financial Statements
- Rate-regulated Activities

Next step: IFRS Amendment

- Lease Liability in a Sale and Leaseback

Next step: Exposure Draft

- Second Review of the *IFRS for SMEs* Standard

Next step: Feedback Statement

- Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12

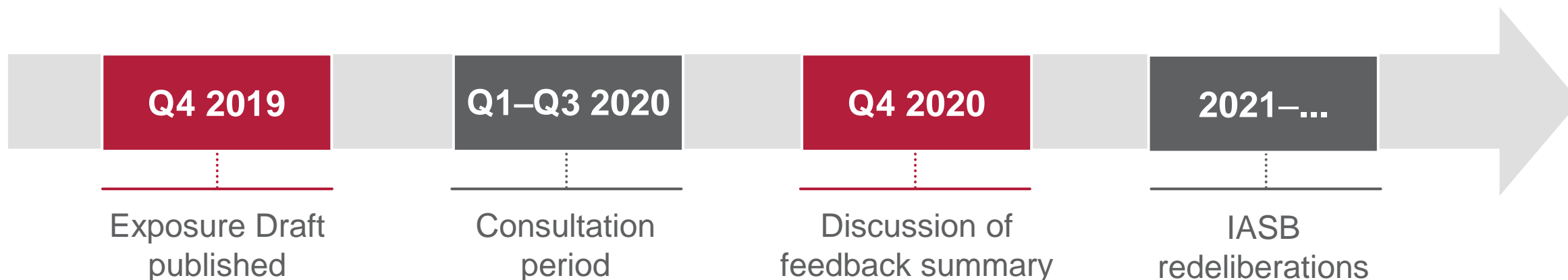
Next step: Decide Project Direction

- Goodwill and Impairment
- Business Combinations under Common Control
- Lack of Exchangeability

Next step: Stakeholder Feedback

- Management Commentary
- Disclosure Initiative—Targeted Standards-level Review of Disclosures
- Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures
- Post-implementation Review of IFRS 9—Classification and Measurement

Primary Financial Statements



Objective

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

Main proposals

- 1 Require additional **defined subtotals** in statement of profit or loss
- 2 Strengthen requirements for **disaggregating information**
- 3 Require disclosures about **management performance measures**

Rate-regulated Activities



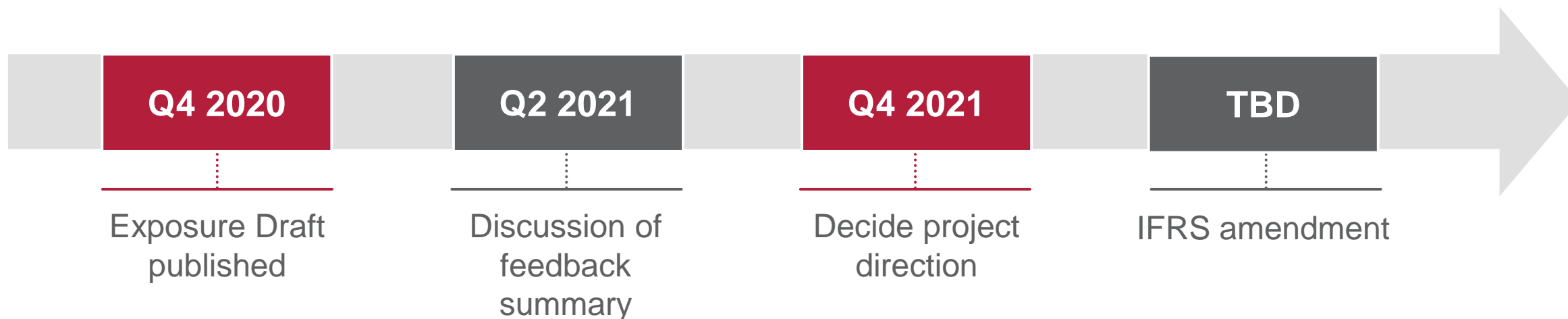
Objective

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

Main proposals

- 1 Require recognition of **regulatory assets**, **regulatory liabilities**, **regulatory income** and **regulatory expense**
- 2 Reflect **compensation** for goods or services supplied as part of a company's reported financial performance for the period in which it supplies those goods or services
- 3 Measure regulatory assets and regulatory liabilities using a **cash-flow-based** measurement technique

Lease Liability in a Sale and Leaseback



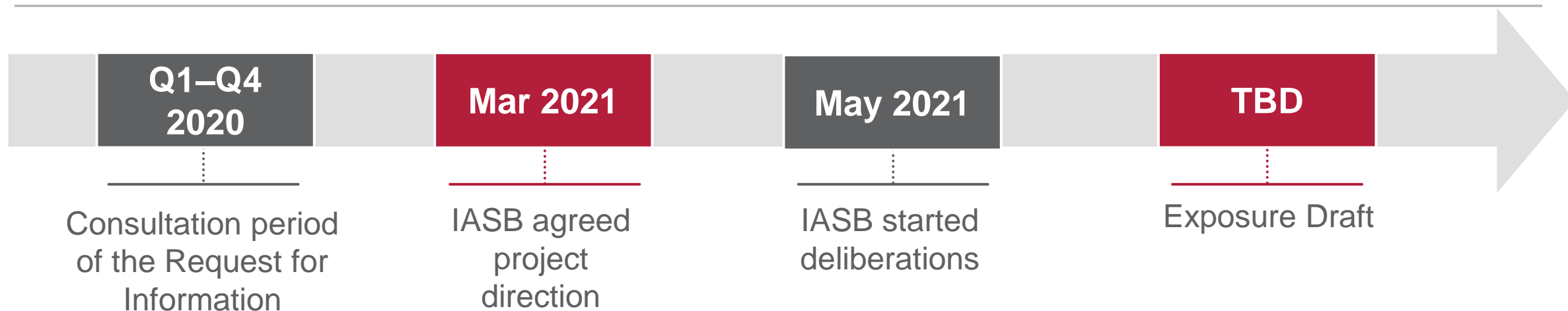
Objective

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

Proposed amendments to IFRS 16

- 1 Specify **the method** used in initially measuring the right-of-use asset and liability arising in a sale and leaseback transaction
- 2 Specify **subsequent measurement requirements** for the lease liability in a sale and leaseback transaction

Second Review of the *IFRS for SMEs* Standard



Objective

Update the *IFRS for SMEs* Standard for new requirements in IFRS Standards that are in the scope of the review

Approach

- Apply alignment approach to decide how to update the *IFRS for SMEs* Standard
- The alignment approach uses the principles of relevance to SMEs, simplicity and faithful representation, including the assessment of costs and benefits, to identify possible amendments

Goodwill and Impairment



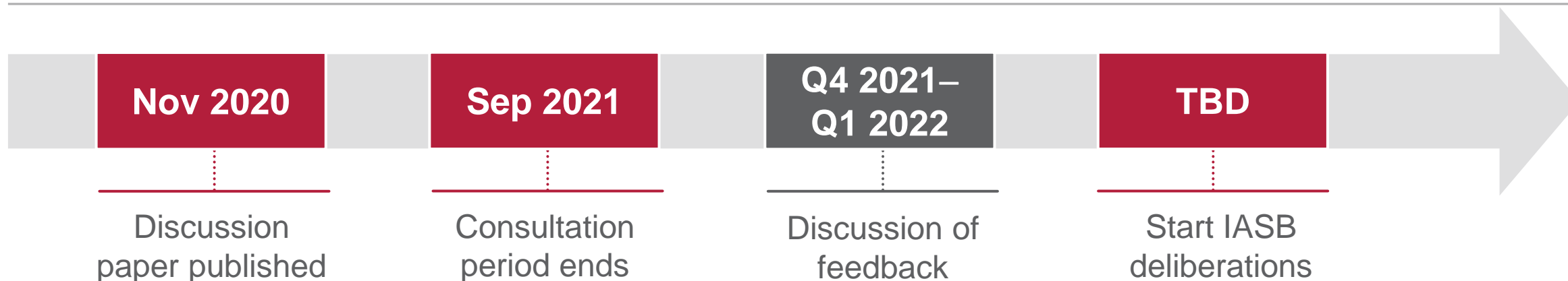
Objective

Improve information companies provide about their acquisitions

Preliminary views

- 1**
 - Disclose management’s objectives for acquisitions and subsequently disclose the performance against those objectives
 - Some targeted improvements to existing standards
- 2**
 - Retain impairment-only model for goodwill
 - Simplify impairment test
- 3**
 - Present amount of total equity excluding goodwill
 - Do not change recognition of intangibles separately from goodwill

Business Combinations under Common Control



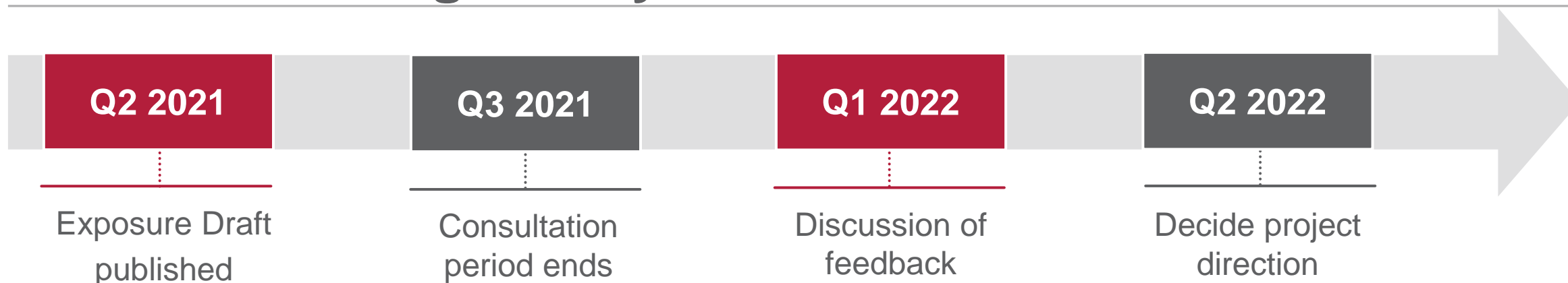
Objective

- Fill a 'gap' in IFRS Standards
- Give investors the information they need without imposing unnecessary costs on companies

Preliminary views

- 1 Specify which method should be applied in which circumstances to reduce diversity in practice and improve transparency in reporting
- 2 Use the **acquisition method** set out in IFRS 3 *Business Combinations* for combinations that affect investors outside the group, including all combinations by companies whose shares are publicly traded
- 3 Use a **book-value method** to be specified in IFRS Standards in all other cases – such as group restructurings involving wholly-owned subsidiaries

Lack of Exchangeability



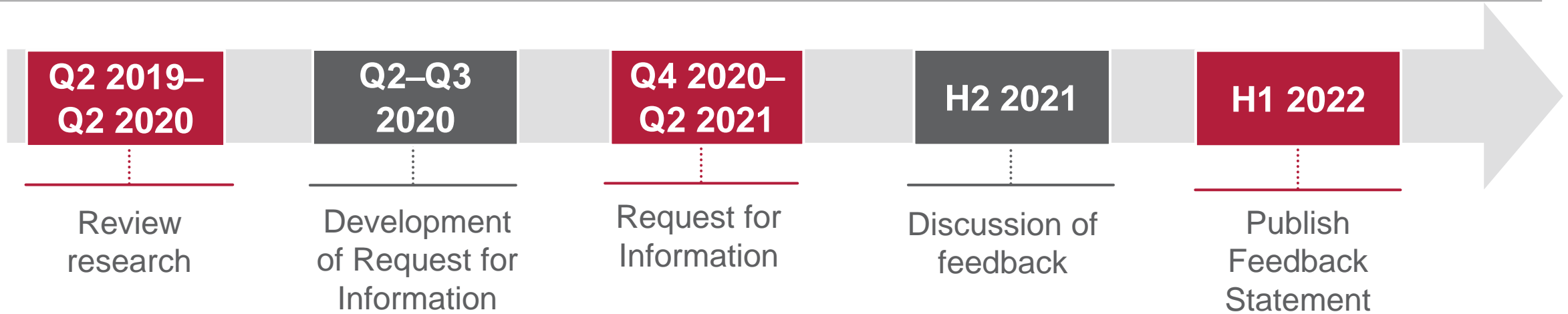
Objective

Improve usefulness of information provided by requiring a consistent approach to determining whether a currency is exchangeable into another currency and the exchange rate to use when it is not

Proposed amendments to IAS 21

- 1 Specify when exchangeability between two currencies is lacking and **how to make** that assessment
- 2 **Estimate the spot exchange rate** when exchangeability is lacking
- 3 **Disclose** how the lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position, and cash flows

Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12



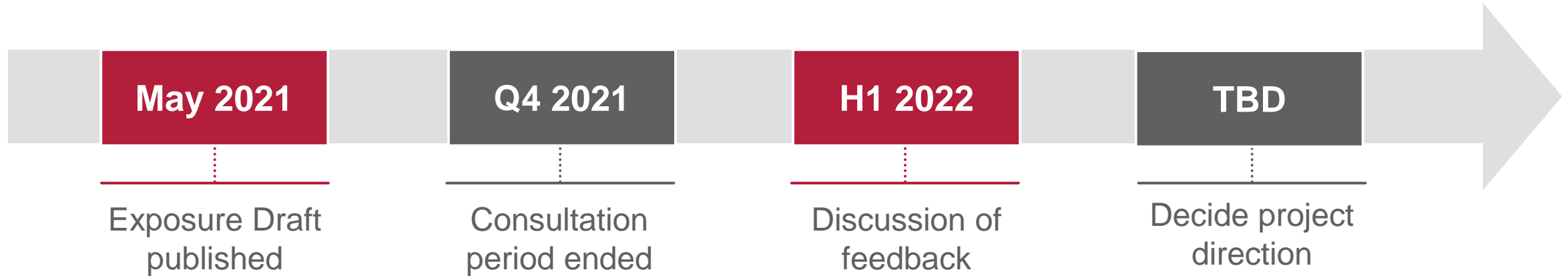
Objective

Assess whether IFRS 10, IFRS 11 and IFRS 12 are working as intended

Topics in the Request for Information

1	Control assessment, investment entities, specific accounting requirements	Consolidated reports
2	Collaborative arrangements, classifying joint arrangements, requirements for joint operations	Joint arrangements
3	Whether the disclosures provided applying IFRS 12 meet the Standard's objective	Disclosures

Management Commentary



Objective

Overhaul IFRS Practice Statement 1 to provide a **comprehensive framework** for preparing management commentary—building on recent developments in narrative reporting

Features of the proposals

- 1 Focus on information needs of **investors** and **creditors**
- 2 Disclosure objectives + supporting guidance
- 3 Would bring together in one report **financial**, **sustainability** and **other** information about matters fundamental to entity's long-term prospects

Disclosure Initiative—Targeted Standards-level Review of Disclosures



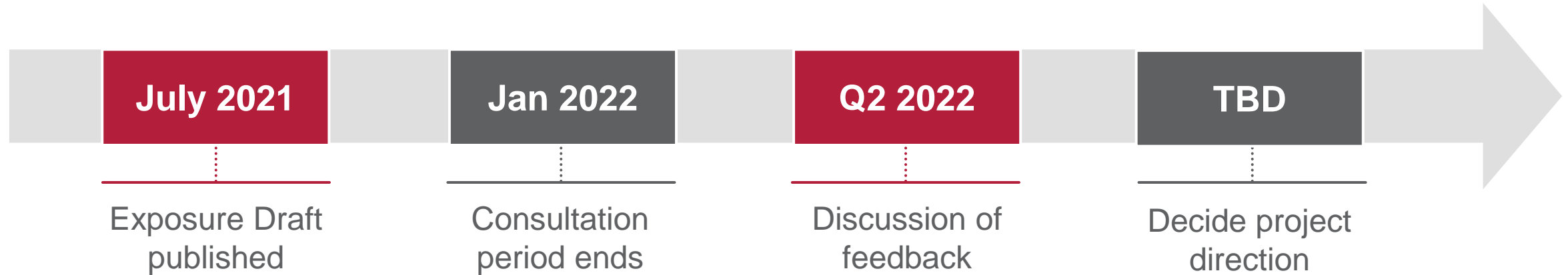
Objective

Improve the IASB’s approach to developing disclosure requirements in a way that enables companies to enhance their judgement and provide more decision-useful information for investors

Main proposals

- 1 New approach for the IASB to use when developing and drafting disclosure requirements in IFRS Standards (proposed Guidance)
- 2 Replace disclosure requirements in IFRS 13 *Fair Value Measurement* and IAS 19 *Employee Benefits* with a new set of disclosure requirements developed applying the proposed Guidance
- 3 Focus compliance on detailed disclosure objectives rather than prescriptive requirements, thus requiring companies to apply judgement

Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures



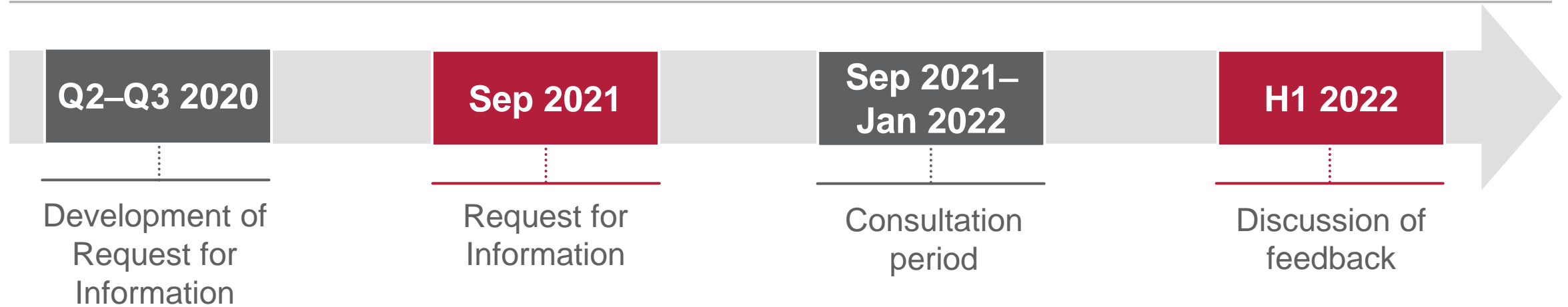
Objective

Permit eligible subsidiaries to apply the disclosure requirements in the draft Standard and the recognition, measurement and presentation requirements in IFRS Standards

Features of the proposals

- 1 Sets out **reduced disclosure requirements** for eligible subsidiaries
- 2 A **voluntary standard** forming part of the IFRS Standards
- 3 Would **reduce costs** for preparers and **maintain usefulness** of the financial statements

Post-implementation Review of IFRS 9— Classification and Measurement



Objective

Assess whether the classification and measurement requirements in IFRS 9 are working as intended

Topics in the Request for Information

- 1 Business model, SPPI, Fair value changes in equity instruments **Financial assets**
- 2 Presentation of own credit gains and losses **Financial liabilities**
- 3 Modifications to contractual cash flows, Effective interest method, Transition to IFRS 9 **Other topics**

A grayscale world map is the background, showing continents and a grid of dotted lines. Overlaid on the left side are several thick, curved, light-gray lines that sweep across the map from the bottom left towards the top right.

Other technical projects

Other technical projects

Next steps

Financial Instruments with Characteristics of Equity

Exposure Draft

Dynamic Risk Management

Continue the redeliberation of key issues identified in the meetings with preparers

Provisions—Targeted Improvements (IAS 37)

Staff to prepare a project plan for consideration by the IASB

Equity method

Decide project direction

Extractive activities

Consider research to be performed

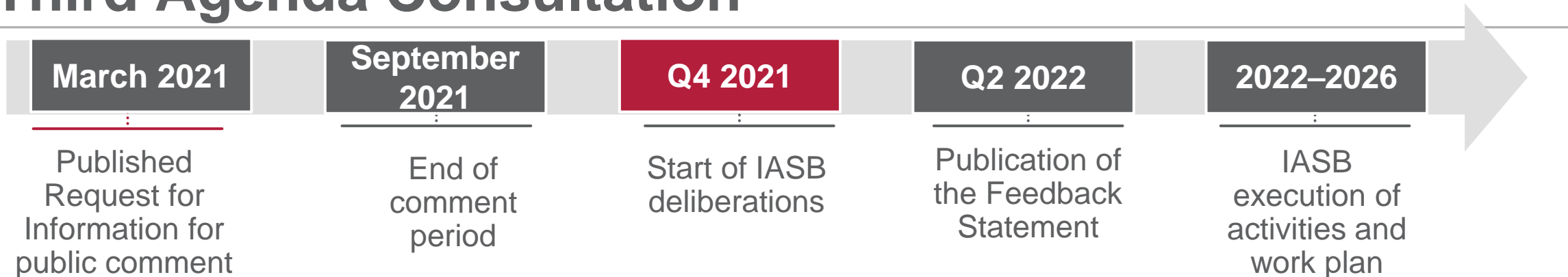
For more information, visit: <https://www.ifrs.org/projects/work-plan/>



Strategy and Governance projects

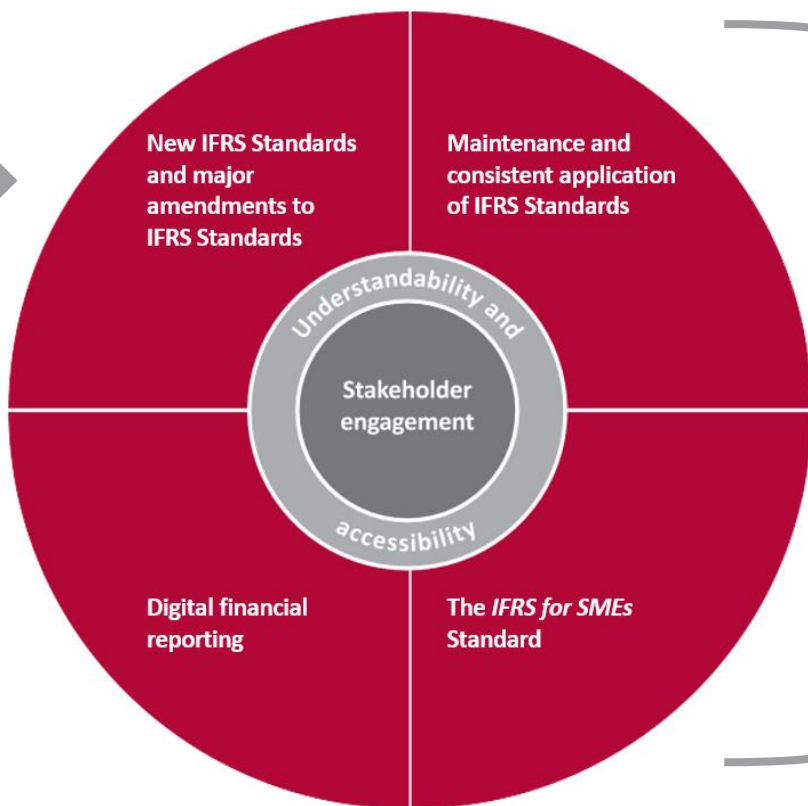
Third Agenda Consultation

Third Agenda Consultation



2 Criteria for assessing the priority of financial reporting issues

3 Priority of financial reporting issues that could be added to the work plan



1 Strategic direction and balance of the IASB's activities


 Feedback will help the IASB determine its priorities and work plan from 2022 to 2026.

Chart is not drawn to scale

1 Strategic direction and balance of the IASB's activities



After considering cross-cutting themes, such as implications of connectivity with the International Sustainability Standards Board (ISSB), and consistent with stakeholders' feedback, the IASB decided:

- to begin no new activities within the current scope of its work; and
- to leave its current level of focus on its main activities largely unchanged.

Activity	Current level of focus	IASB's decision
New Accounting Standards and major amendments	40%–45%	Slightly decrease
Maintenance and consistent application	15%–20%	Leave unchanged
The <i>IFRS for SMEs</i> Standard	5%	Leave unchanged
Digital financial reporting	5%	Slightly increase
Understandability and accessibility of Accounting Standards	5%	Slightly increase (indirect support of maintenance and consistent application)
Stakeholder engagement	20%–25%	Leave unchanged

2

Criteria for assessing priority of financial reporting issues that could be added to the IASB's work plan



The IASB decided:

- not to reprioritise projects on its current work plan, but to continue working on those projects.
- not to make any changes to the list of criteria but to proceed with the list as proposed in the Request for Information.

Overarching consideration

whether a potential project will meet investors' needs, while taking into account the costs of producing the information

- ① the importance of the matter to **investors**
- ② whether there is a **deficiency** in current reporting
- ③ the **type of companies** affected and jurisdictions where the matter is more prevalent
- ④ how **pervasive or acute** the matter is likely to be for companies
- ⑤ the potential project's **interaction with other projects**
- ⑥ the **complexity and feasibility** of the potential project and its solutions
- ⑦ the **capacity** of the IASB and its stakeholders to progress the potential project

3 Financial reporting issues that could be added to the IASB's work plan—to be decided in March–April 2022



- The IASB should not add too many **new projects** to the work plan as it will need capacity to deal with emerging issues and interaction with the ISSB
- Some projects are related and could be worked on at the same time—for example, intangible assets and cryptocurrencies
- The IASB should work on climate-related risks and pollutant pricing mechanisms (PPM) together with the ISSB

Some of the most commonly suggested projects (in alphabetical order)

Climate-related risks (incl. PPM)



Cryptocurrencies and related transactions



Going concern



Intangible assets



Operating segments (highly rated among users)



Statement of cash flows and related matters



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New requirements

What is required when?

1 January 2022	1 January 2023	1 January 2024
<i>Property, Plant and Equipment: Proceeds before Intended Use</i> (Amendments to IAS 16)	IFRS 17 <i>Insurance Contracts</i>	<i>Classification of Liabilities as Current or Non-current</i> (Amendments to IAS 1)*
<i>Reference to the Conceptual Framework</i> (Amendments to IFRS 3)	<i>Definition of Accounting Estimates</i>	
<i>Onerous Contracts—Cost of Fulfilling a Contract</i> (Amendments to IAS 37)	<i>Disclosure of Accounting Policies</i>	
<i>Annual Improvements to IFRS Standards 2018–2020</i>	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	

* IASB tentatively decided to defer the effective date of the amendments to 1 January 2024

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