Presenters

Andreas Barckow
IASB Chair

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IASB Executive Technical Director
What is keeping the IASB busy?

- Progressing projects currently on the work plan
- Preparing for future projects – responding to stakeholders and the evolving landscape
- Working with others

- Post-implementation reviews
- Research projects
- Standard-setting projects
- Maintenance and consistent application
- ISSB and national standard-setters
Outcome of the third Agenda Consultation
The IASB’s response to feedback

The IASB decided …

… to leave its current level of focus on its main activities largely unchanged

… to continue progressing the projects on its current work plan

… to add priority projects to its pipeline
Preparing for future projects

- Intangible Assets
- Statement of Cash Flows and Related Matters
- Climate-related Risks in the Financial Statements
- Operating Segments
- Pollutant Pricing Mechanisms
Partnering with national standard-setters (NSS)

**Significant partnerships with NSS already in place**

<table>
<thead>
<tr>
<th>1</th>
<th>Technical collaboration</th>
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<tbody>
<tr>
<td>2</td>
<td>Supporting consistent application</td>
</tr>
<tr>
<td>3</td>
<td>NSS participation in consultative groups, advisory bodies, WSS Conference</td>
</tr>
<tr>
<td>4</td>
<td>IASB participation in IFASS and meetings of regional bodies</td>
</tr>
<tr>
<td>5</td>
<td>Secondments of NSS’ staff to the IFRS Foundation</td>
</tr>
</tbody>
</table>

**Partnering further with NSS could alleviate some of the IASB’s capacity constraints**

**What’s next?**

The IASB will seek to deepen and broaden relationships with NSS. It thinks that enhancing its partnerships with NSS should focus on:

- continuing to support the quality of the IASB’s work
- expediting the IASB’s standard-setting
Post-implementation reviews

Recently completed
- PIR of IFRS 10, IFRS 11 and IFRS 12
- PIR of IFRS 9—Classification and Measurement
- PIR of IFRS 9—Impairment

Ongoing
- PIR of IFRS 15 Revenue from Contracts with Customers
- PIR of IFRS 16 Leases

Forthcoming
- PIR of IFRS 9—Hedge Accounting

Further details in Breakout Session 1
Objective

• Assess whether the effects of applying the new requirements on users of financial statements, preparers, auditors and regulators are as intended when the IASB developed those new requirements

The PIR process

- Starting a PIR
- Research
- Matters identified and their prioritisation
- Outcomes
- Reporting

High priority  Medium priority  Low priority  No action
Standard-setting projects
Overview: standard-setting projects

- Publish Exposure Draft
- Discuss feedback on Exposure Draft
- Decide project direction

Financial Instruments with Characteristics of Equity
Review of the IFRS for SMEs Accounting Standard
Disclosure Initiative—Targeted Standards-level Review of Disclosures
Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures
Management Commentary
Primary Financial Statements
Rate-regulated Activities
1 Financial Instruments with Characteristics of Equity

Objective

- Improve information companies provide in their financial statements about issued financial instruments
- Address challenges with applying IAS 32

Project update

Between December 2021 and September 2022, the IASB made tentative decisions on classification for the following practice issues:

- financial instruments with contingent settlement provisions
- the effects of applicable laws on contractual terms
- financial instruments where settlement of the contractual obligation is at the discretion of the issuer’s shareholders
- reclassification of issued financial instruments
- financial instruments containing obligations to redeem own equity instruments

Next steps

Discuss remaining topics in project plan with the aim to publish an Exposure Draft of amendments to IAS 32 and IFRS 7

What is it about?

A Clarify IAS 32 classification principles to address practice issues

B Provide classification guidance and illustrative examples

C Improve presentation and disclosure
Dynamic Risk Management (DRM)

Objective

Develop an accounting model to better reflect the effect of dynamic risk management in a company’s financial statements

Project update

✓ The DRM project is moved from the research programme to the standard-setting programme
✓ No dedicated consultative group was formed

Next steps

The IASB identified the topics to consider further as part of its development of the DRM model and will start the deliberation in Q4 2022

What is it about?

The DRM Model

A DRM adjustment is recognised in the statement of financial position to represent the extent to which the designated derivatives successfully mitigated the variability from the risk mitigation intention, and achieved the entity’s target profile
The IASB:

• is proposing to update the *IFRS for SMEs* Accounting Standard to reflect some improvements that have been made in full IFRS Accounting Standards

• will consider whether to amend the *IFRS for SMEs* Accounting Standard for new IFRS requirements for regulatory assets and regulatory liabilities and IFRS 16 in a future review

Comment period ends on 7 March 2023

Further details in a dedicated session of the Conference
## Disclosure Initiative — Targeted Standards-level Review of Disclosures

<table>
<thead>
<tr>
<th>Main proposals in the Exposure Draft</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A</strong></td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td><strong>B</strong></td>
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</tbody>
</table>

- **Support for the use of disclosure objectives**
- **The proposed approach may not solve** the disclosure problem
- **Support for early engagement with stakeholders**
- **Costly to apply and difficult to operationalise and enforce**
### Features of the proposals in the Exposure Draft

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Focus on information needs of <strong>investors</strong> and <strong>creditors</strong></td>
</tr>
<tr>
<td>B</td>
<td>Disclosure objectives + supporting guidance</td>
</tr>
<tr>
<td>C</td>
<td>Would bring together in one report information about <strong>financial</strong>, <strong>sustainability</strong>, and <strong>other</strong> matters fundamental to entity’s long-term prospects</td>
</tr>
</tbody>
</table>

General support for **focus on information needs of investors and creditors**

- **Strong investor support** for the project, as it addresses common shortcomings in reporting practice
- **Calls to work together with the ISSB**

**Feedback on Exposure Draft**
### Disclosure Initiative — Subsidiaries without Public Accountability: Disclosures

<table>
<thead>
<tr>
<th>Main features in the Exposure Draft</th>
<th>Feedback on Exposure Draft</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Sets out reduced disclosure requirements for eligible subsidiaries</td>
<td>Many comments on the proposed disclosure requirements</td>
</tr>
<tr>
<td>B A voluntary standard forming part of the IFRS Accounting Standards</td>
<td>Support for the approach to developing the disclosure requirements</td>
</tr>
<tr>
<td>C Would reduce costs for preparers and maintain usefulness of the financial statements</td>
<td>Many suggestions for a wider scope to allow more companies to apply the draft Standard</td>
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**Support for the objective and finalisation of the draft Standard**
# Primary Financial Statements

## Main proposals

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

## Proposals redeliberated...

<table>
<thead>
<tr>
<th>Categories and required subtotals</th>
<th>Proposals for entities with specified main business activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associates and Joint Ventures</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Scope and definition</th>
<th>Aspects of disclosure including tax and NCI</th>
<th>Disclosure in a single location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presentation of operating expenses</td>
<td>Roles of primary financial statements and notes</td>
<td>Principles of aggregation and disaggregation</td>
</tr>
</tbody>
</table>

Further details in a dedicated session of the Conference
Main proposals

Require recognition of **regulatory assets, regulatory liabilities, regulatory income** and **regulatory expense**

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

Measure regulatory assets and regulatory liabilities using a **cash-flow-based** measurement technique

Project update

The IASB started to consider topics for which significant concerns were raised

**Scope**
- existence and definition of a regulator

**Total allowed compensation**
- focus on helping to identify differences in timing
- when regulatory returns on assets not yet available for use are enforceable they should be reflected in profit or loss during the construction period of the assets

Next steps

Consider feedback on other topics
Research projects
Overview: research projects

Early stage of research phase
1. Equity Method
2. Extractive Activities

Later stage of research phase
3. Business Combinations under Common Control
4. Goodwill and Impairment

Decide project direction
The IASB is discussing the application questions related to:

- changes in an investor’s ownership interest while retaining significant influence
- transactions between an investor and its associate

**Objective**
Assess whether application questions with the equity method as set out in IAS 28 can be addressed by identifying and explaining the principles of IAS 28

**Project update**
The IASB is discussing the application questions related to:
- changes in an investor’s ownership interest while retaining significant influence
- transactions between an investor and its associate

**Next steps**
- Decide project direction
- Continue discussion of other application questions

**What is it about?**
- Identify application questions
- Identify principles underlying IAS 28
- Address application questions
The IASB is exploring:
• developing requirements or guidance to improve a company’s disclosures about its exploration and evaluation expenditure and activities
• removing the temporary status of IFRS 6

Provide more useful information about exploration and evaluation expenditure and activities accounted for applying IFRS 6

Discuss research findings

User’s information needs

Why users do not currently get that information

Costs of requiring entities to provide that information

2 Extractive Activities

Objective

Project update

Next steps
**3 Business Combinations under Common Control**

**Objective**
Develop reporting requirements to reduce diversity in practice and improve transparency

**Project update**
IASB decided not to expand the project scope in March 2022

**Next steps**
Deliberate the selection of the measurement method(s)

**What is it about?**

- **Acquisition method or book-value method**
- Entity P has common control
- Entity A is the receiving entity
- Entity C is a business
Goodwill and Impairment

**Objective**

Improve information companies provide about their acquisitions at a reasonable cost

**Project update**

In September 2022 the IASB made tentative decisions as to whether, and how, to proceed with disclosures about business combinations

**Next steps**

The IASB will decide on the following topics after consideration of the staff’s additional research

- Improving the accounting for goodwill
- Whether to proceed with its preliminary view to retain the impairment-only model to account for goodwill
- Moving to standard-setting
- Whether to move the project from the research agenda to the standard-setting agenda

Further details in Breakout Session 2
Maintenance and consistent application
Overview: maintenance projects

Provisions—Targeted Improvements

Contractual Cash Flow Characteristics of Financial Assets

Lack of Exchangeability

Supplier Finance Arrangements

Non-current Liabilities with Covenants

Issue amendment

Publish Exposure Draft

Decide project direction
Lease Liability in a Sale and Leaseback

Objective

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

The amendments to IFRS 16

• Specify subsequent measurement requirements for the lease liability in a sale and leaseback transaction
• Require retrospective application of the amendments applying IAS 8

Effective date

Annual reporting periods beginning on or after 1 January 2024, with earlier application permitted
Other IASB news
Changes to the composition of the IASB

**Started their term**
- Robert Uhl
- Linda Mezon-Hutter

**Reappointed to a second term**
- Ann Tarca
- Nick Anderson
- Jianqiao Lu

**Stepped down or finished their term**
- Sue Lloyd
- Tom Scott
- Mary Tokar

**Three appointments imminent**
- Europe
- Asia-Oceania
- Europe
Join our team

- a mission that matters
- working with global accounting experts
- access to network of influential people
- small organisation with a big impact
- unique development opportunities
- intellectually stimulating
- international environment

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Use of IFRS Accounting Standards by jurisdiction

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