
IASB Update

Andreas Barckow
Nili Shah

#WSS2022

Presenters



Andreas Barckow





IASB Chair



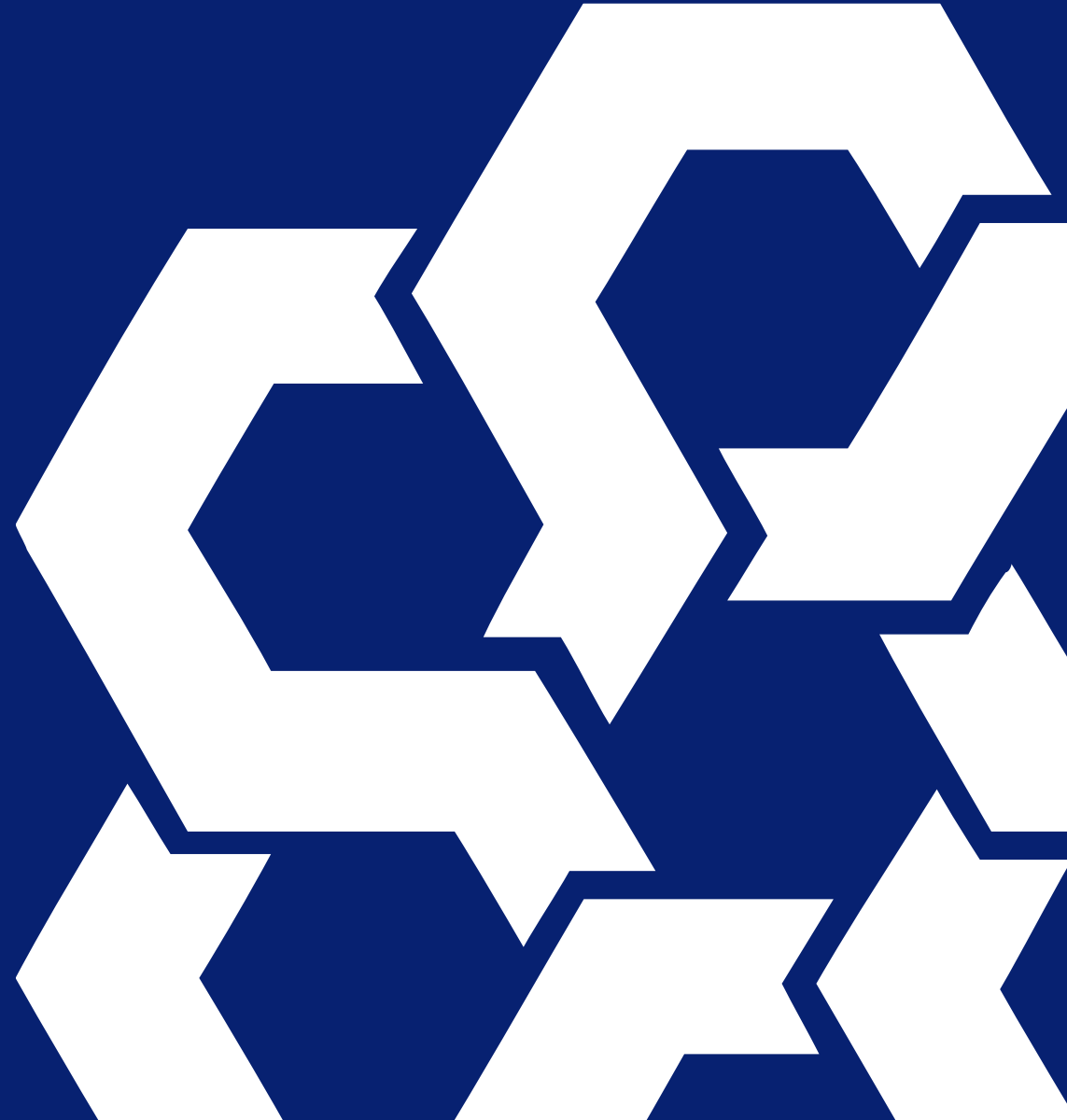
Nili Shah

IASB Executive
Technical Director

What is keeping the IASB busy?

- Progressing projects currently on the work plan  Post-implementation reviews
- Preparing for future projects – responding to stakeholders and the evolving landscape  Research projects
- Working with others  Standard-setting projects
-  Maintenance and consistent application
-  ISSB and national standard-setters

Outcome of the third Agenda Consultation



The IASB's response to feedback

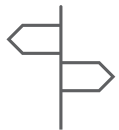
The IASB decided ...



... 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

Research
project pipeline



Intangible Assets



Statement of Cash Flows and Related Matters

Maintenance
project pipeline



Climate-related Risks in the Financial Statements

Reserve list
(if additional capacity
becomes available)



Operating Segments



Pollutant Pricing Mechanisms

Partnering with national standard-setters (NSS)

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



Significant partnerships with NSS already in place

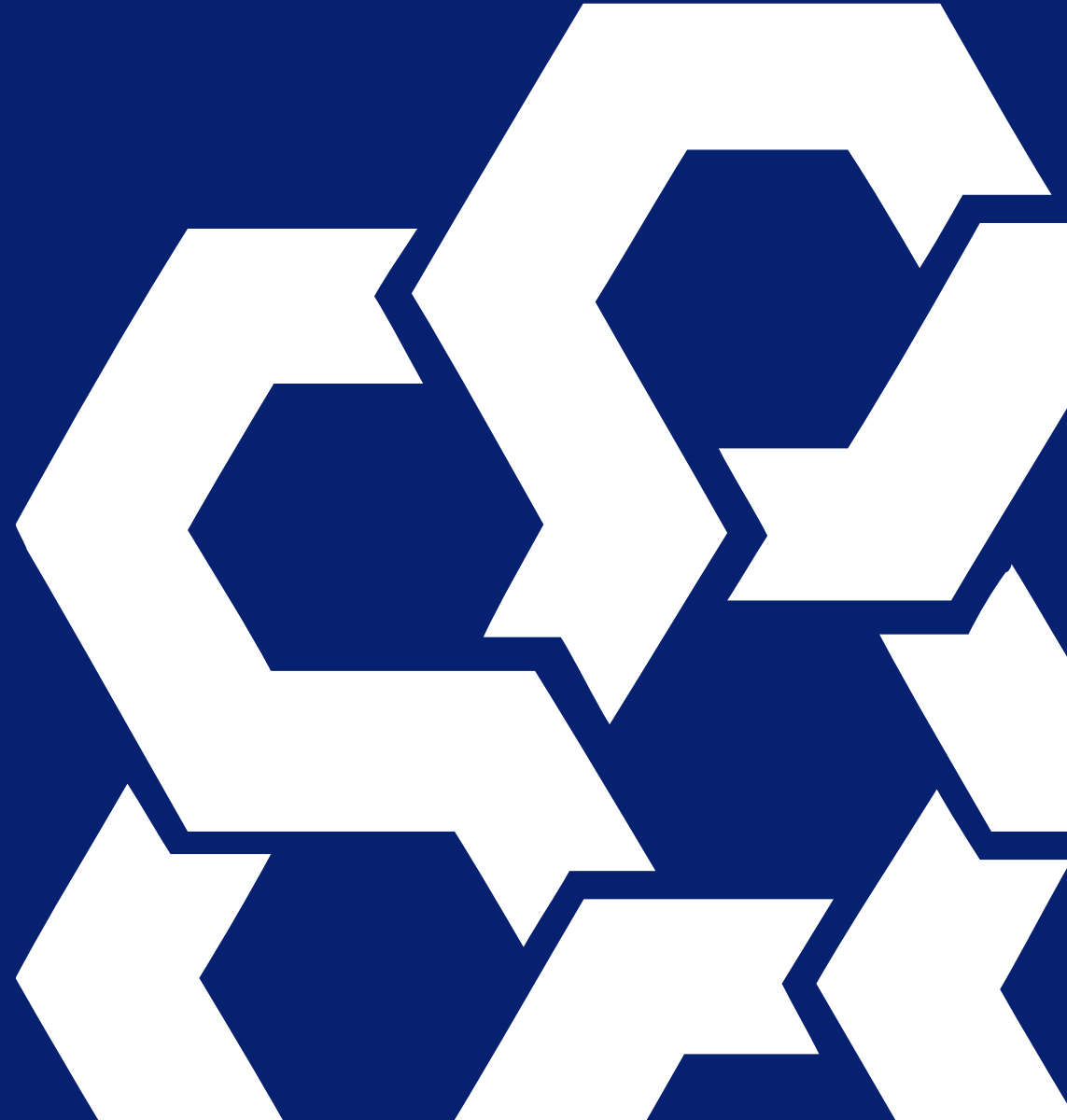
- 1 Technical collaboration
- 2 Supporting consistent application
- 3 NSS participation in consultative groups, advisory bodies, WSS Conference
- 4 IASB participation in IFASS and meetings of regional bodies
- 5 Secondments of NSS' staff to the IFRS Foundation

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




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



Further details in
Breakout
Session **1**

Ongoing

PIR of IFRS 15 *Revenue from Contracts with Customers*

PIR of IFRS 16 *Leases*

Forthcoming

PIR of IFRS 9—Hedge Accounting

PIR objective and process

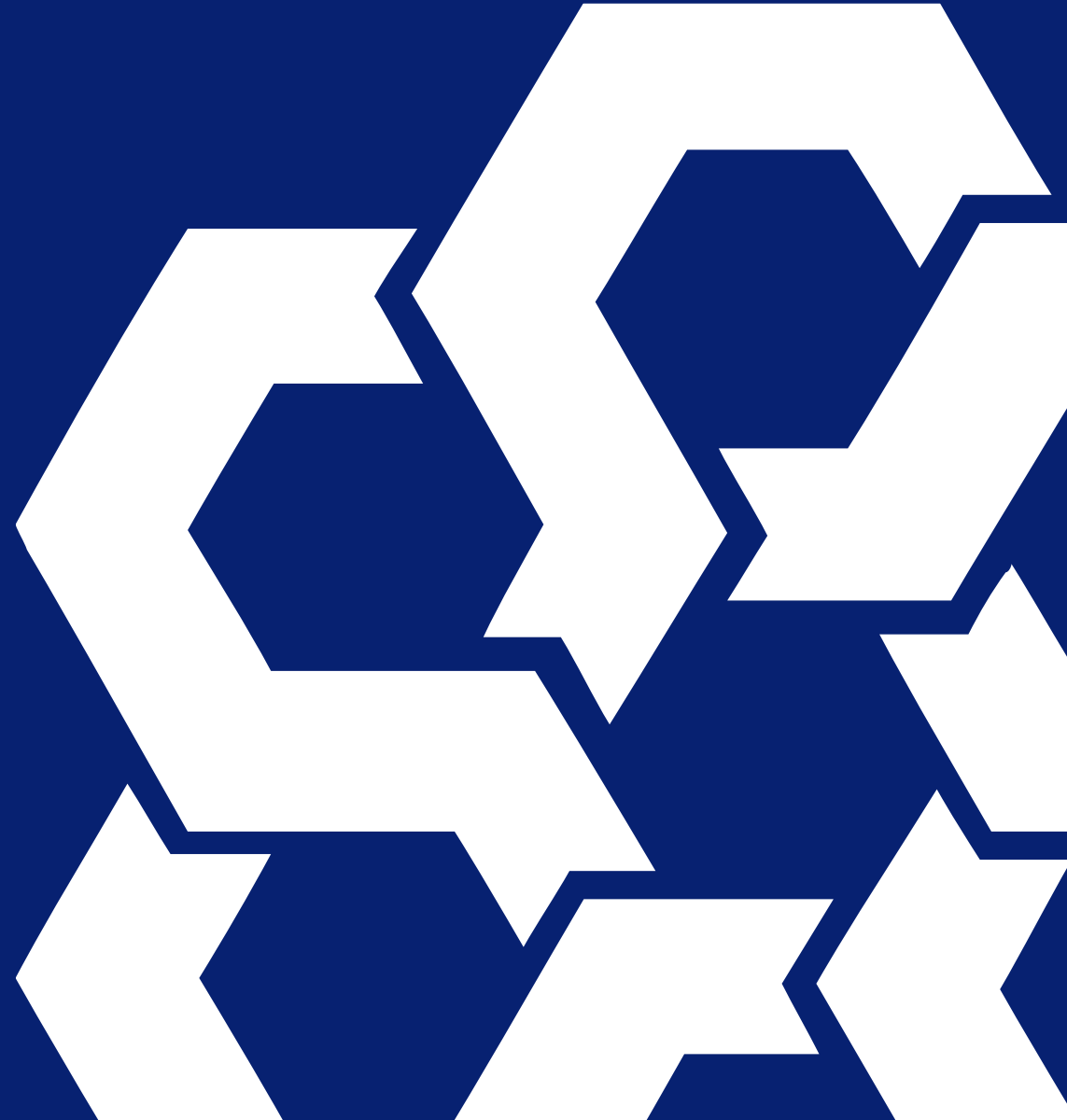
Objective

- 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

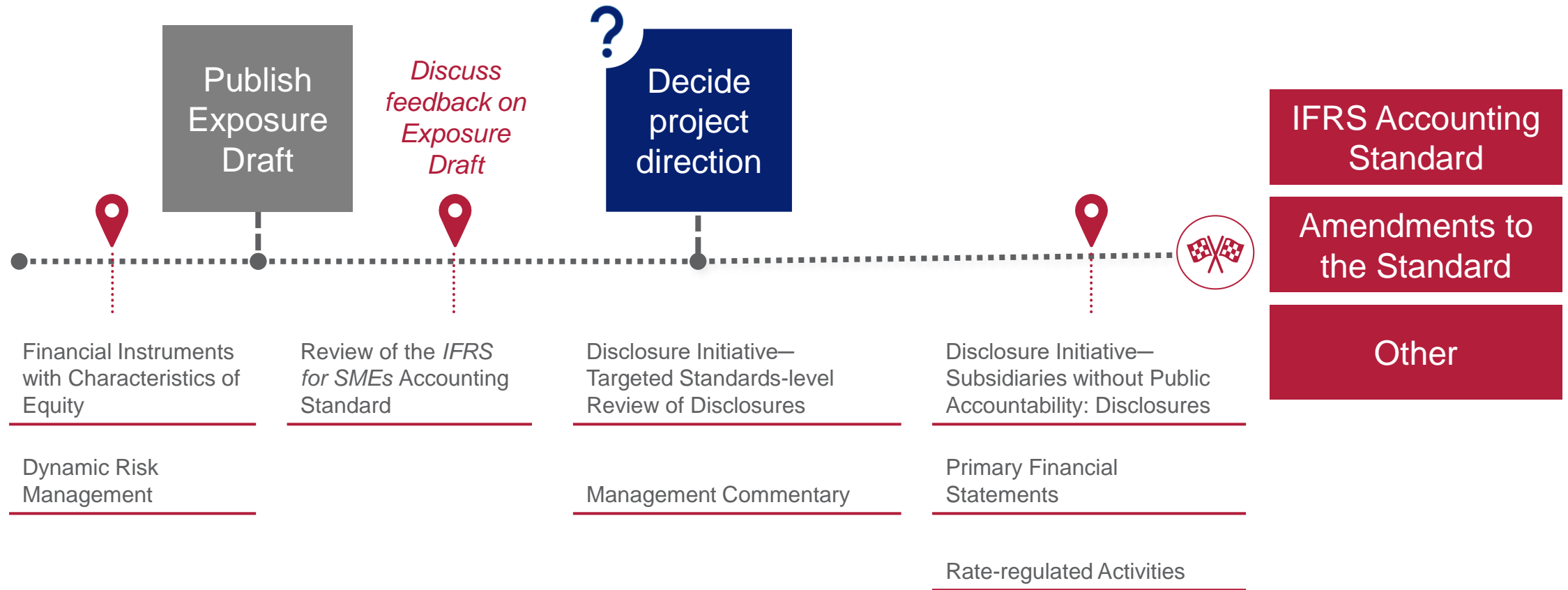
The PIR process

Starting a PIR				
Research				
Matters identified and their prioritisation	High priority	Medium priority	Low priority	No action
Outcomes				
Reporting				

Standard-setting projects



Overview: standard-setting projects

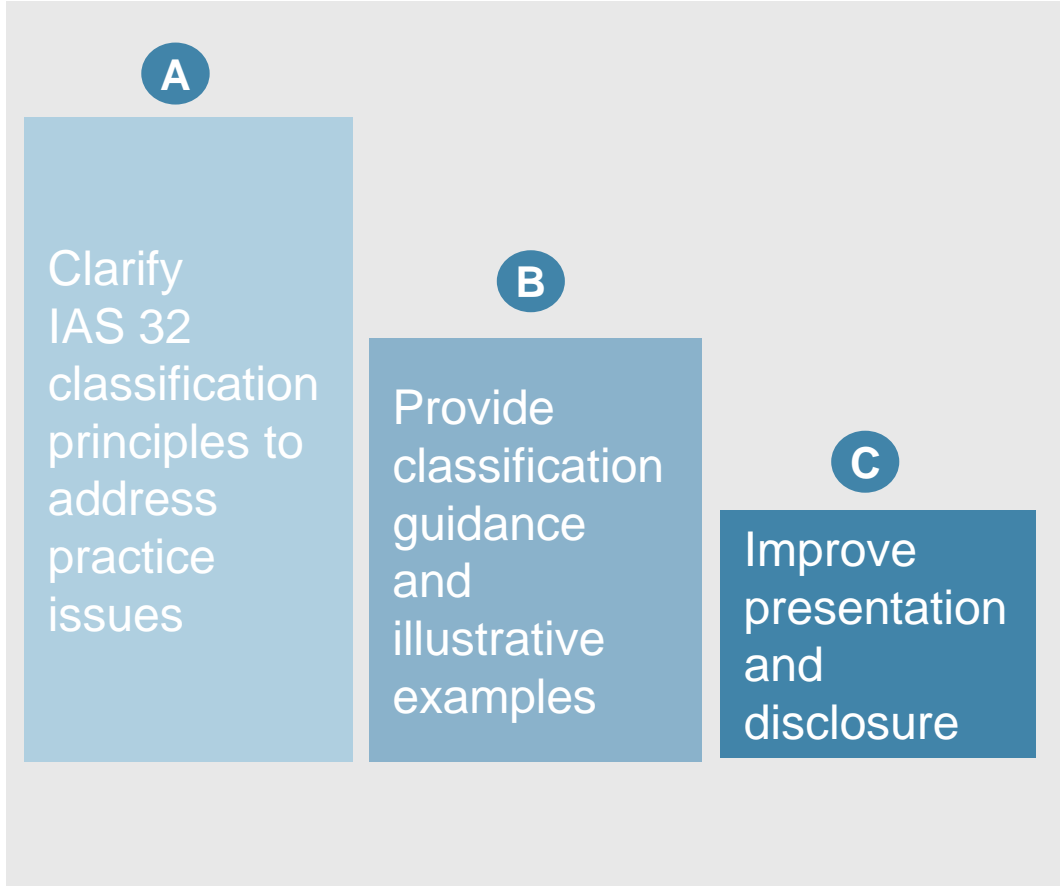


1 Financial Instruments with Characteristics of Equity

Objective	<ul style="list-style-type: none">✓ Improve information companies provide in their financial statements about issued financial instruments✓ Address challenges with applying IAS 32
Project update	<p>Between December 2021 and September 2022, the IASB made tentative decisions on classification for the following practice issues:</p> <ul style="list-style-type: none">✓ 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	<p>Discuss remaining topics in project plan with the aim to publish an Exposure Draft of amendments to IAS 32 and IFRS 7</p>



What is it about?



2 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

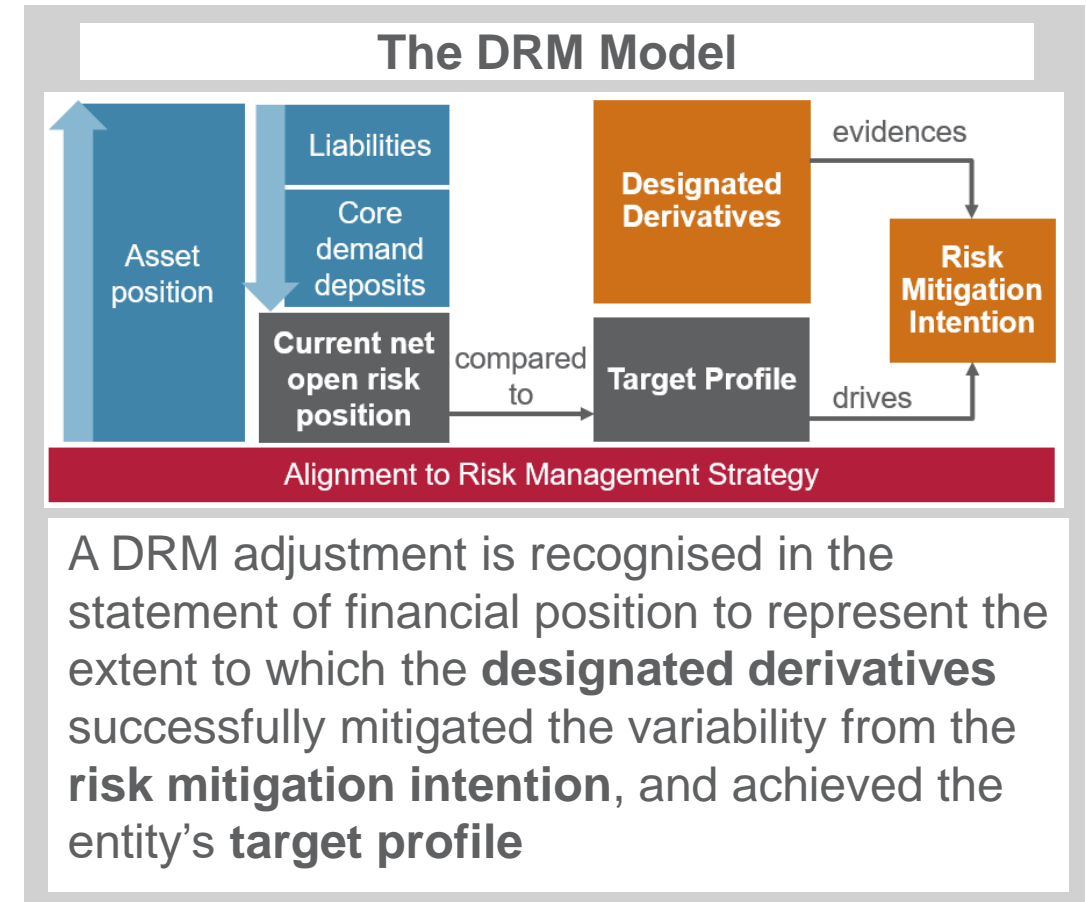
- ✓ The DRM project is moved from the research programme to the standard-setting programme
- ✓ No dedicated consultative group was formed

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?



3 Review of the *IFRS for SMEs* Accounting Standard

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

Main proposals in the Exposure Draft

- A** **New approach** to drafting disclosure requirements that:
- requires entities to comply with **disclosure objectives**; and
 - provides a list of **items of information** that are typically not mandatory
- B** **Replace disclosure requirements** in IFRS 13 *Fair Value Measurement* and IAS 19 *Employee Benefits* applying the new approach

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**



Feedback on Exposure Draft

5 Management Commentary

Features of the proposals in the Exposure Draft	A Focus on information needs of investors and creditors
	B Disclosure objectives + supporting guidance
	C Would bring together in one report information about financial, sustainability and other matters fundamental to entity's long-term prospects

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

Main features in the Exposure Draft

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

Many suggestions for a **wider scope** to allow more companies to apply the draft Standard

Support for the **objective and finalisation** of the draft Standard

Many comments on the **proposed disclosure requirements**

Support for the **approach** to developing the disclosure requirements



Feedback on Exposure Draft

7 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



Further details in a dedicated session of the Conference

Proposals redeliberated...

Categories and required subtotals

Associates and Joint Ventures

Proposals for entities with specified main business activities

Scope and definition

Aspects of disclosure including tax and NCI

Disclosure in a single location

Presentation of operating expenses

Roles of primary financial statements and notes

Principles of aggregation and disaggregation

Statement of Cash Flows

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

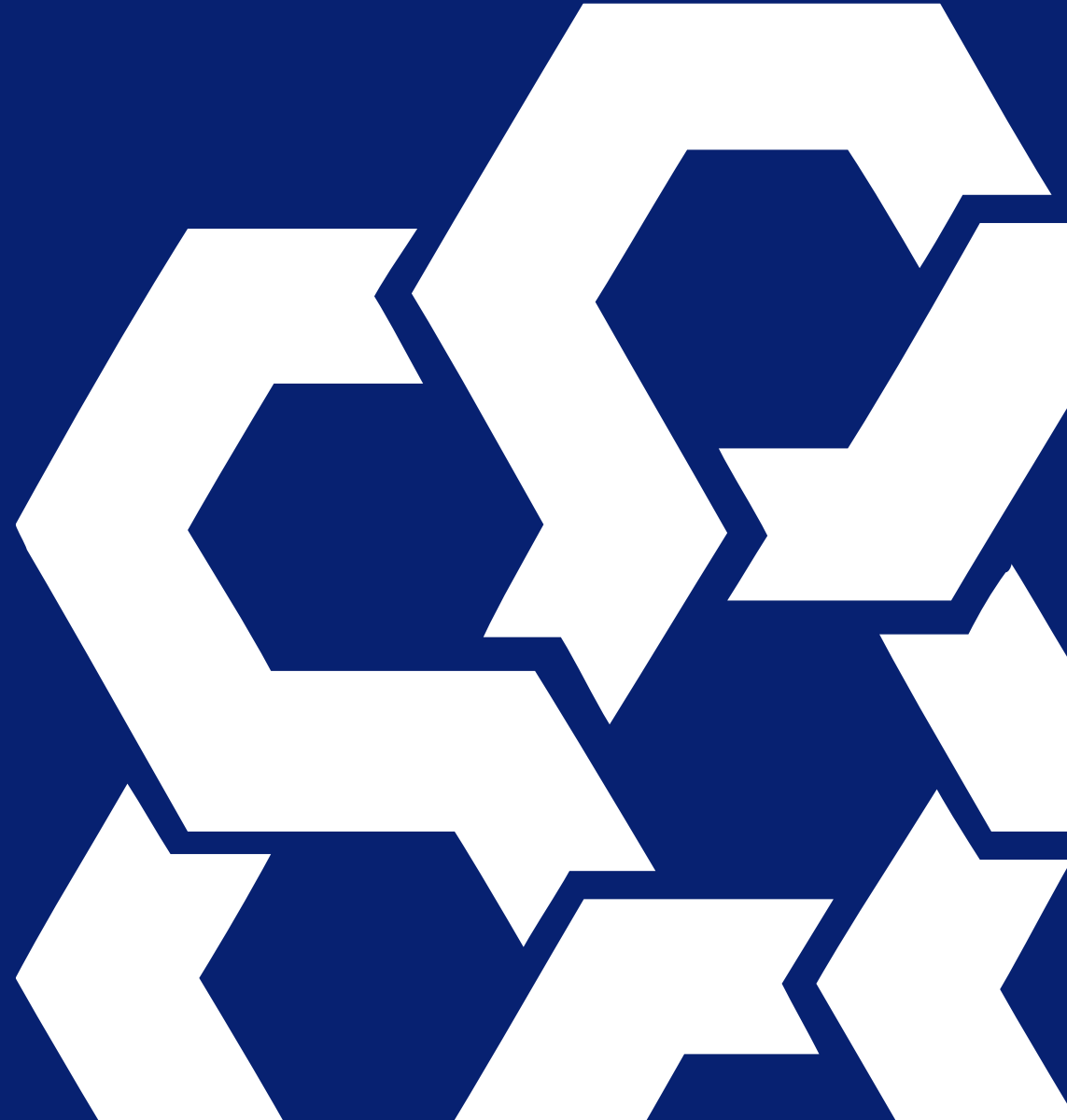
Total allowed compensation

- 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

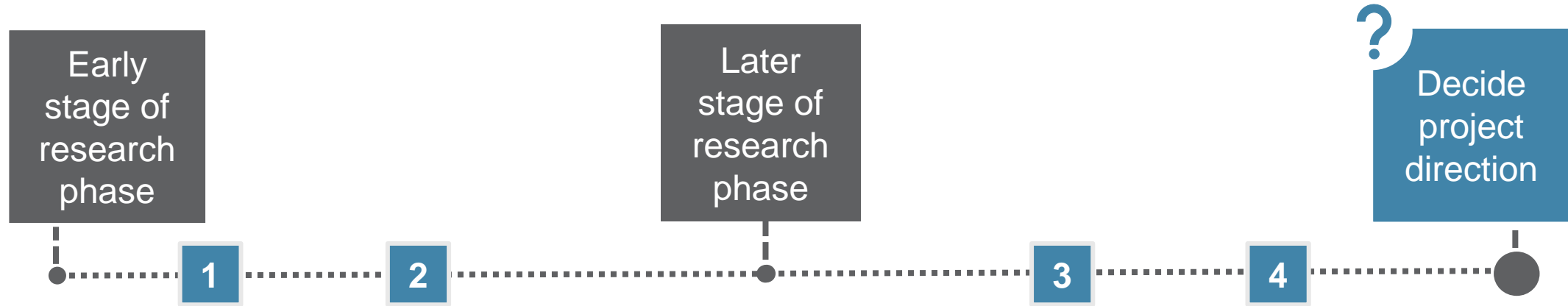
Next steps

Consider feedback on other topics

Research projects



Overview: research projects



- 1 Equity Method
- 2 Extractive Activities
- 3 Business Combinations under Common Control
- 4 Goodwill and Impairment

1 Equity Method

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

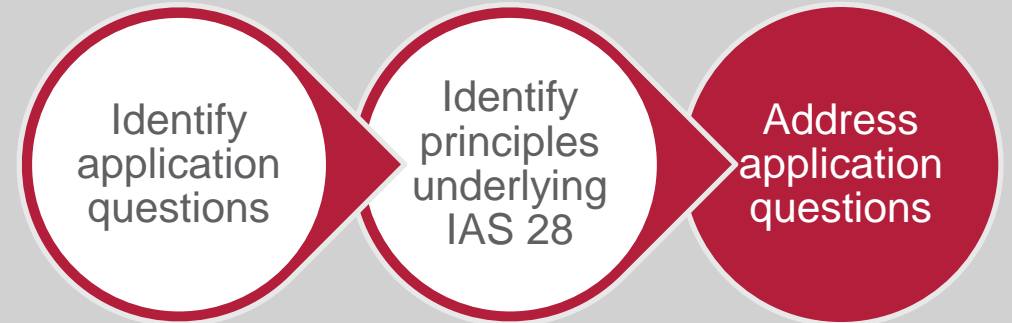
Next steps

- Decide project direction
- Continue discussion of other application questions



What is it about?

The Approach



2 Extractive Activities

Objective

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

Project update

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

Next steps

Discuss research findings



What is it about?

Ongoing research to understand



User's information needs

Why users do not currently get that information

Costs of requiring entities to provide that information

3 Business Combinations under Common Control

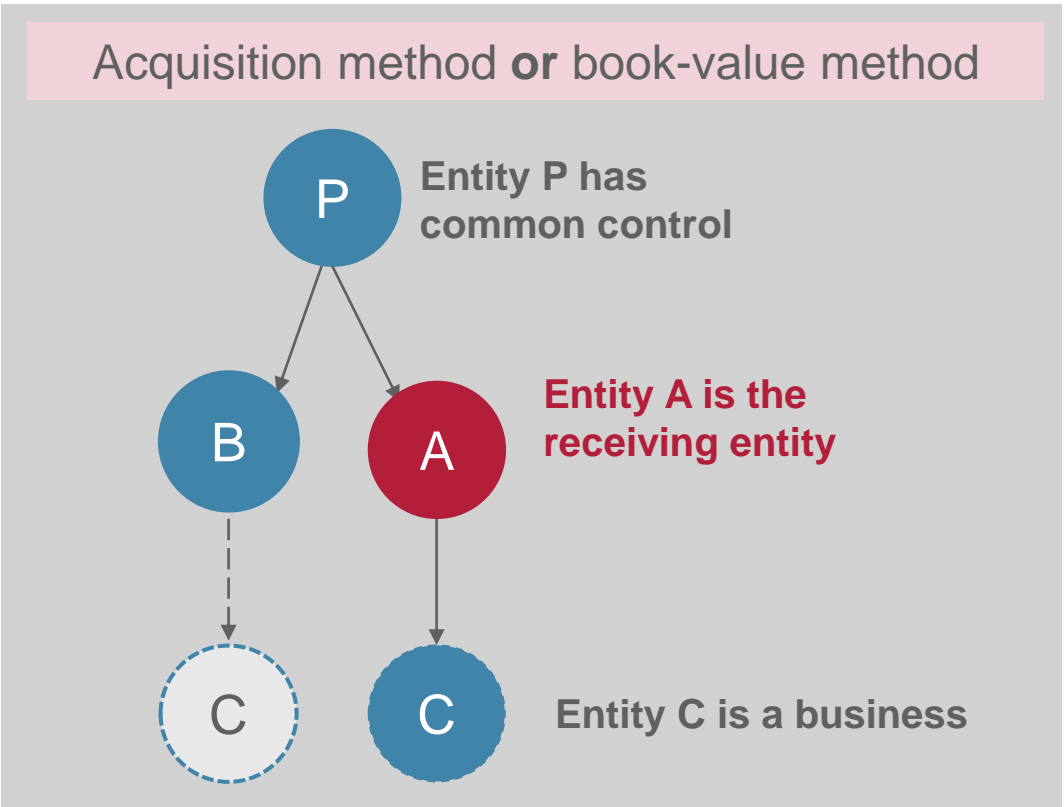
Objective
Develop reporting requirements to reduce diversity in practice and improve transparency

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?



4 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

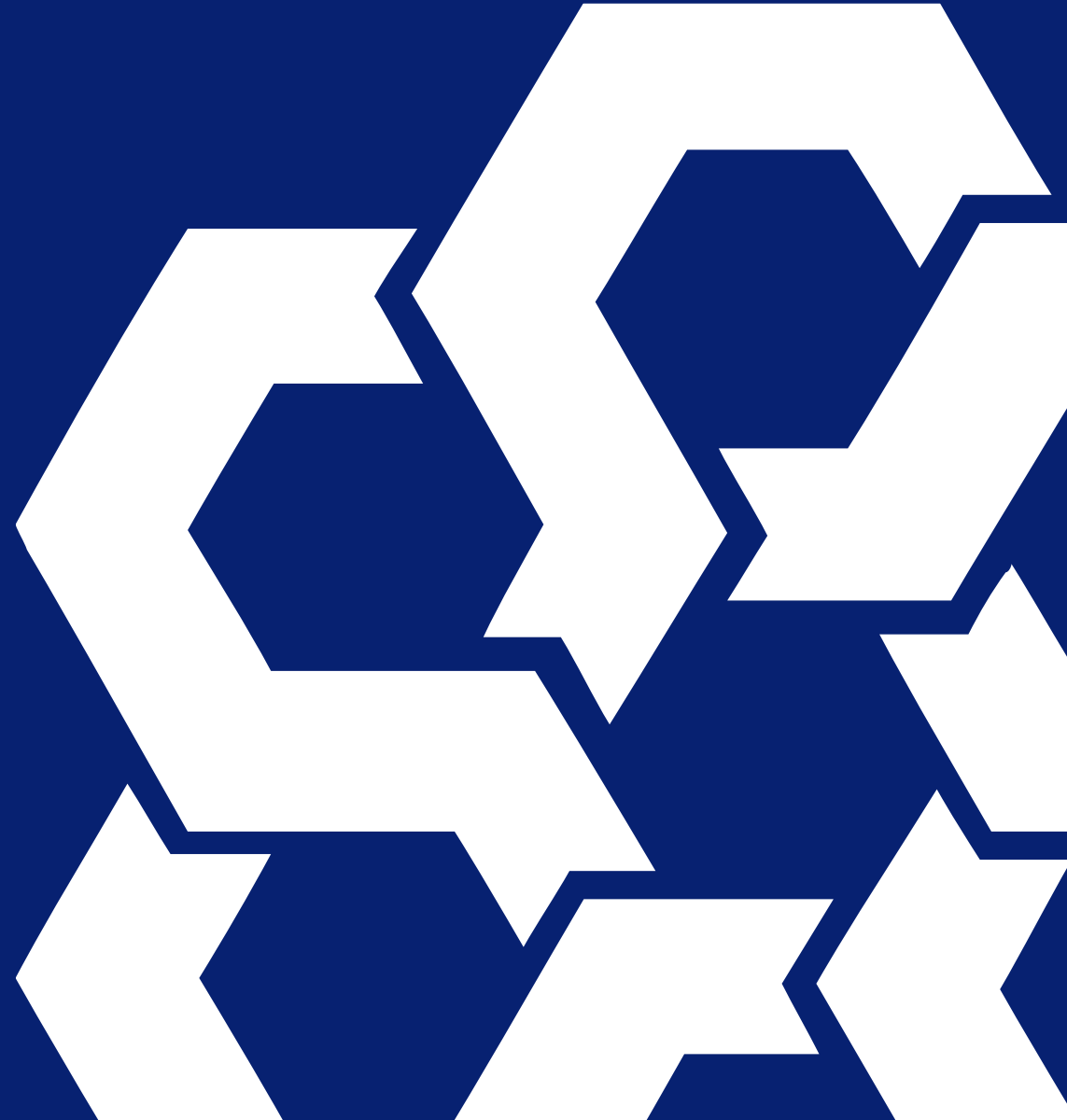
Moving to standard-setting

Whether to move the project from the research agenda to the standard-setting agenda

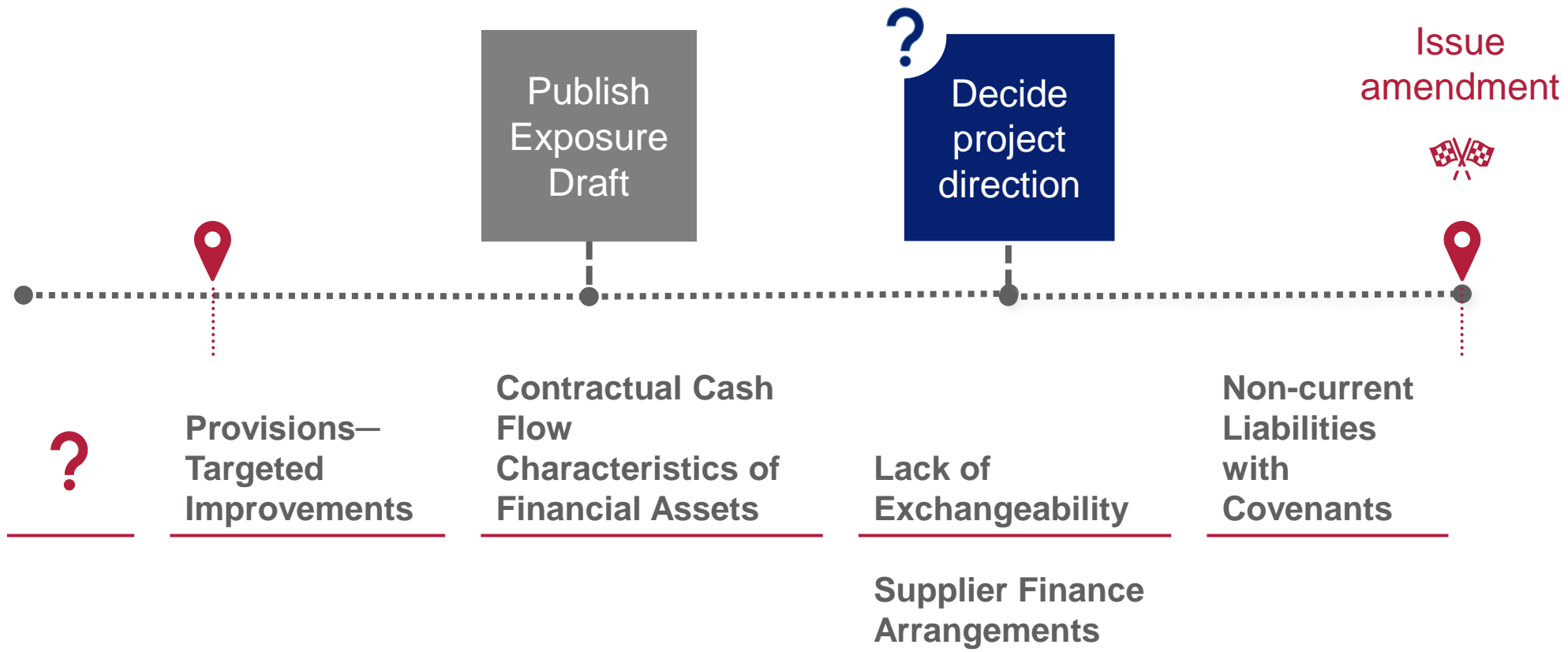
Further details in Breakout Session 2



Maintenance and consistent application



Overview: maintenance projects



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

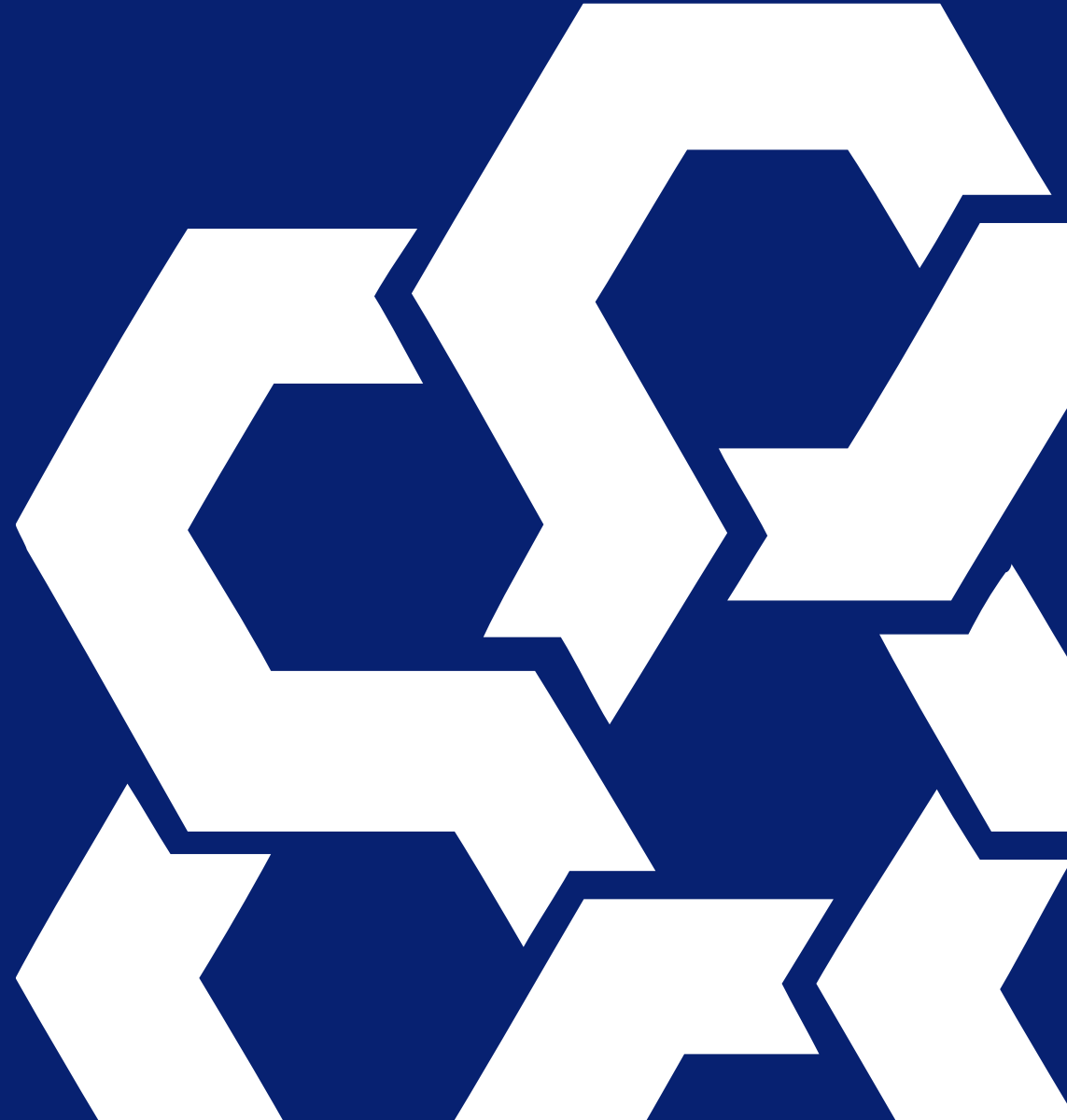
- Specify subsequent measurement requirements for the lease liability in a sale and leaseback transaction
- Require retrospective application of the amendments applying IAS 8



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



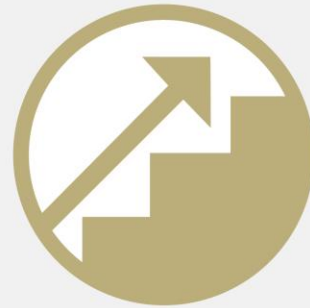
working with global
accounting experts



access to network of
influential people



small organisation
with a big impact



unique development
opportunities



intellectually
stimulating



international
environment

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