
Consistent application of IFRS Accounting Standards

Breakout session

Presenters



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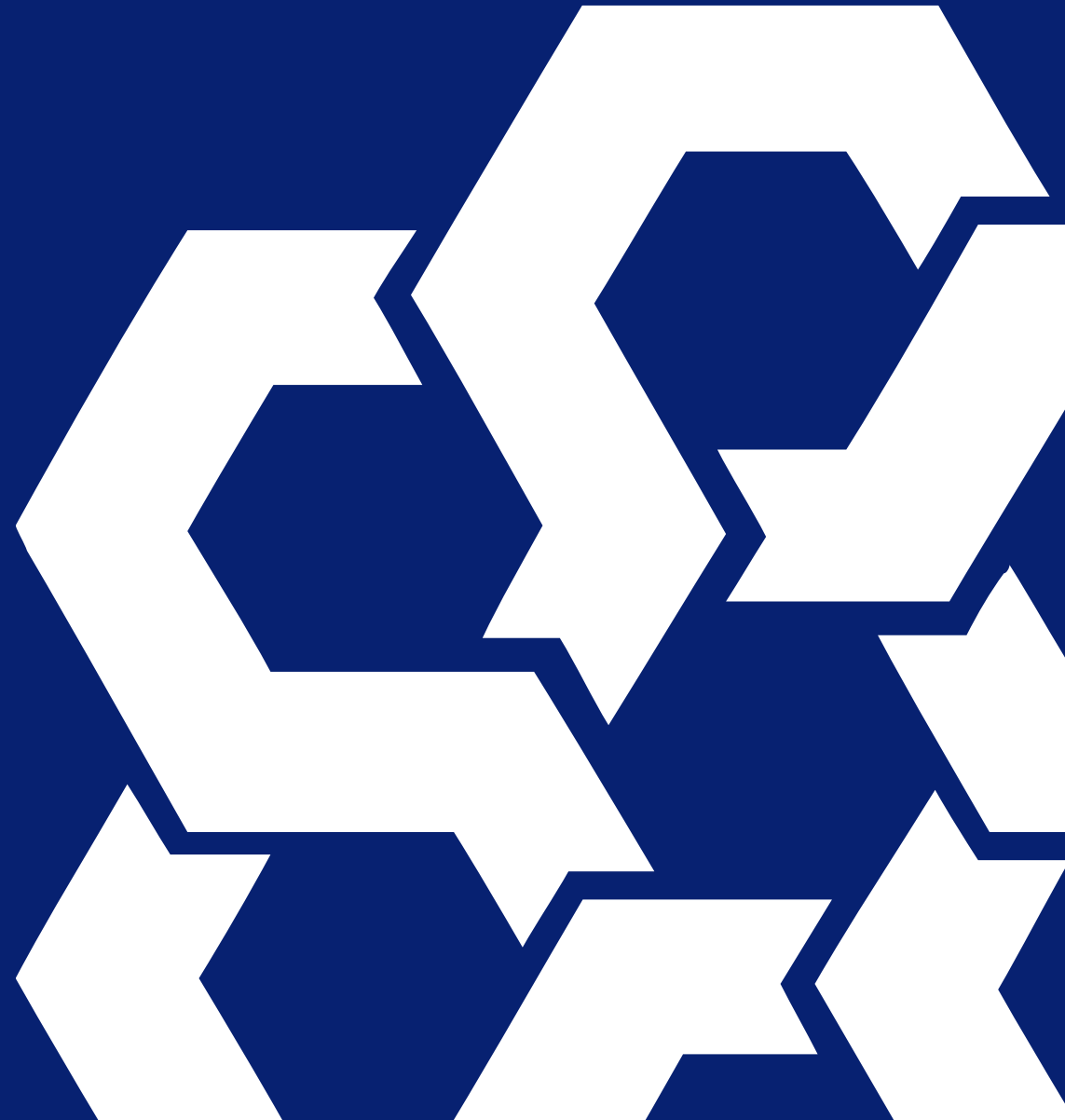
Dennis Deysel

Technical staff
(moderator)

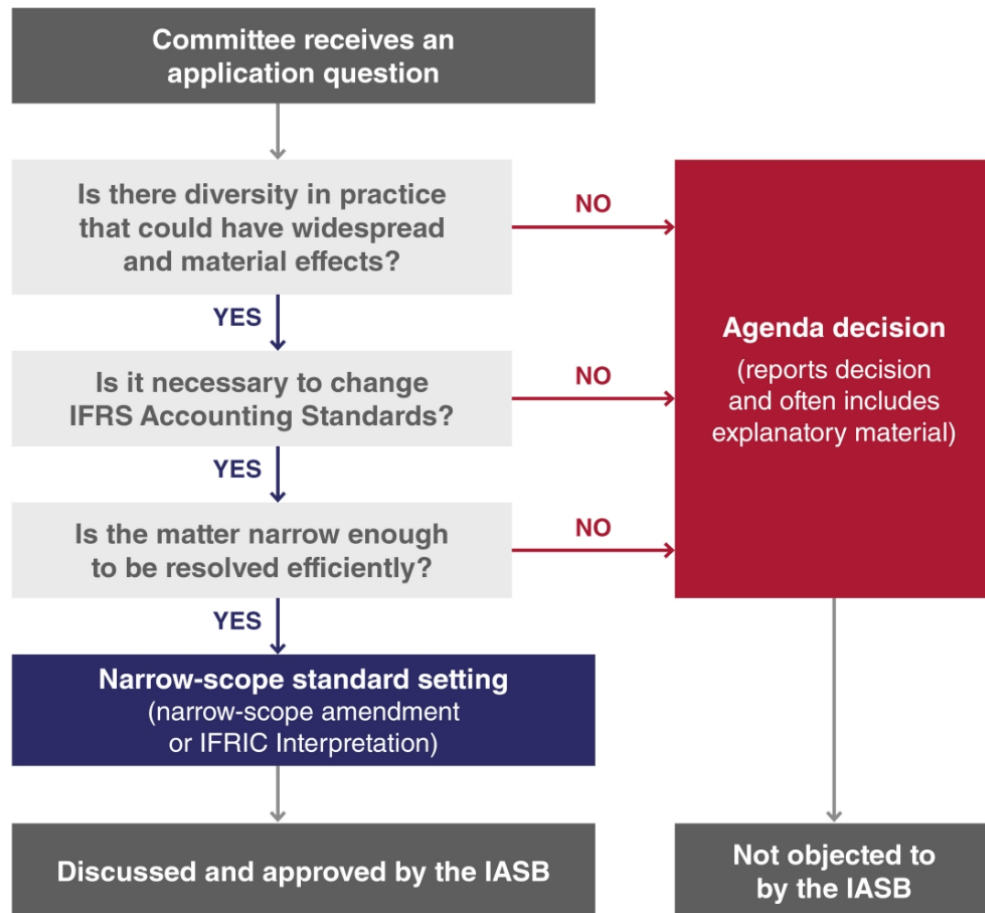
Agenda

- 1 Recent agenda decisions
- 2 Open tentative agenda decisions and recent Committee discussions
- 3 Recent narrow-scope amendments

Recent agenda decisions



Committee considerations on how to respond to a question



*“An **agenda decision** explains why a standard-setting project has not been added to the work plan and, in many cases, includes explanatory material.”*

Paragraph 8.3 of the Due Process Handbook



An agenda decision **does not include explanatory material** if evidence gathered by the Committee did not indicate the matter has widespread effect and has, or is expected to have, a material effect on those affected.



An agenda decision **includes explanatory material** if the Committee concluded that IFRS Accounting Standards provide an adequate basis to determine the required accounting.

Recognition of Intangible Assets from Climate-related Expenditure

The Committee received a request about whether an entity's acquisitions of carbon credits and expenditure on research activities and development activities meet the requirements in IAS 38 to be recognised as intangible assets.

(see also: Agenda Decision [Climate-related Commitments](#) (April 2024))

Evidence gathered by the Committee did not indicate that these matters have widespread effect.

Classification of Cash Flows related to Variation Margin Calls on 'Collateralised-to-Market' Contracts

The Committee received a request about how an entity presents, in its statement of cash flows, the cash flows related to variation margin call payments made on contracts to purchase or sell commodities at a predetermined price and at a specified time in the future.

What do we mean by 'widespread'?

An accounting matter is widespread if the circumstance or transaction is **prevalent** and there is **diversity**, or expected diversity, in the application of IFRS Accounting Standards.



Assessing Indicators of Hyperinflationary Economies

The Committee received a request about applying IAS 29 to identify when an economy becomes hyperinflationary.

Evidence gathered by the Committee indicates that stakeholders use judgement in assessing the indicators in paragraph 3 of IAS 29 and might assign different weights to those, or other, indicators.

Recognition of Revenue from Tuition Fees

The Committee received a request about the period over which an educational institution recognises revenue from tuition fees.

Evidence gathered by the Committee suggests any differences in the period over which these educational institutions recognise revenue from tuition fees result from differing facts and circumstances and do not reflect diversity in accounting for revenue from tuition fees.

What do we mean by 'diversity'?

Diversity is **not**:

- ✗ differences in facts and circumstances
- ✗ differences in application of judgement

Diversity might result from:

- ✓ differences in understanding requirements
- ✓ overlooked requirements



Guarantees Issued on Obligations of Other Entities

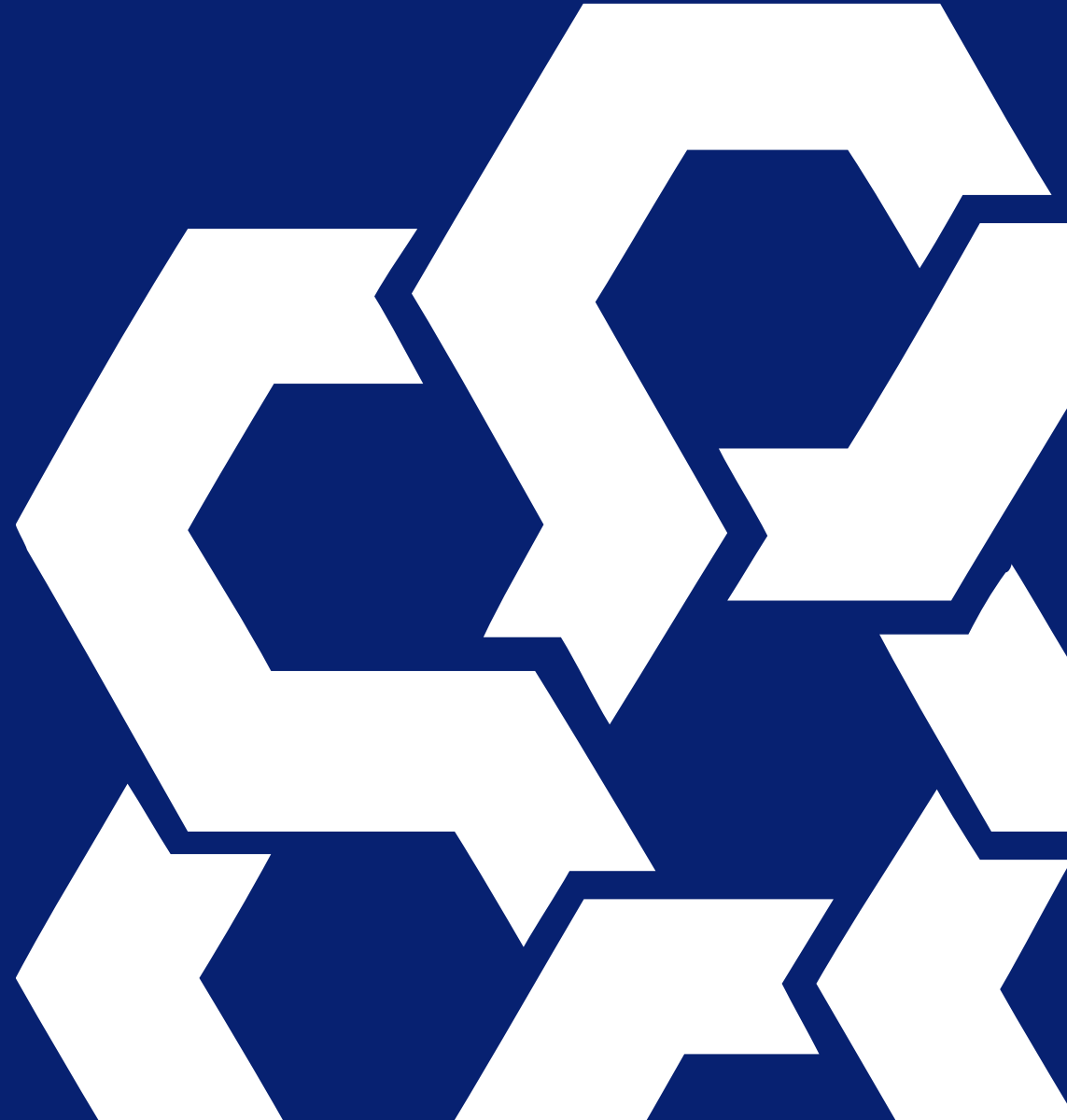
The Committee received a request about how an entity accounts for guarantees that it issues.

The explanatory material walks the reader through the applicable requirements:

1. Analyse the terms and conditions of a guarantee
2. Is the guarantee a financial guarantee contract?
3. Is the guarantee an insurance contract?
4. Other requirements in IFRS Accounting Standards that might apply



Open tentative agenda decisions and recent Committee discussions



Agenda Decisions

Tentative Agenda Decisions

Comments due by

- | | |
|--|-------------|
| • Determining and Accounting for Transaction Costs (IFRS 9) | 6 Oct. 2025 |
| • Embedded Prepayment Option (IFRS 9) | 6 Oct. 2025 |
| • Updates to Committee's agenda decisions for IFRS 18 (see next slide) | 6 Oct. 2025 |

Recent Committee Discussions

- Classification of a Foreign Exchange Difference from an Intragroup Monetary Liability (or Asset) (IFRS 18)
- Economic Benefits from Use of a Battery under an Offtake Arrangement (IFRS 16)

Determining and Accounting for Transaction Costs

The Committee received a request about the application of the definition of transaction costs in IFRS 9 and the requirements in IFRS 9 relating to transaction costs.

Evidence gathered by the Committee [to date] indicates no diversity in applying IFRS 9 that could have a material effect on entities' financial statements with regards to determining and accounting for costs incurred before entering into a contractual arrangement. **Feedback suggests that...**

Recognition of Revenue from Tuition Fees

The Committee received a request about the application of paragraph B4.3.5 of IFRS 9 to determine whether to separate an embedded prepayment option in a loan contract.

Evidence gathered by the Committee [to date] indicates no diversity in practice that could have a material effect on entities' financial statements with regards to interpreting the term 'the entity' in paragraph B4.3.5(e)(ii) of IFRS 9. **Feedback suggests that...**

Updates to Committee's agenda decisions for IFRS 18

The IASB typically take one of two approaches regarding agenda decisions if new requirements are issued:

- a) an agenda decision is withdrawn in its entirety if the explanatory material refers to requirements that have changed or are no longer effective; or
- b) the references included in the explanatory material are updated with those of the new or amended IFRS Accounting Standard if the requirements have been brought forward unchanged.

However, at the request of the IASB, the Committee tentatively decided to propose:

- | | |
|--|---|
| <p>A. replacing the references to IAS 1 with references to the new or amended requirements in IFRS 18 for nine agenda decisions that refer to the general requirements about presentation, materiality and aggregation of information in the financial statements.</p> | <p>B. explaining how an entity applies the requirements in IFRS 18 to the fact pattern addressed by the Agenda Decision <i>Supply Chain Financing Arrangements—Reverse Factoring</i>.</p> |
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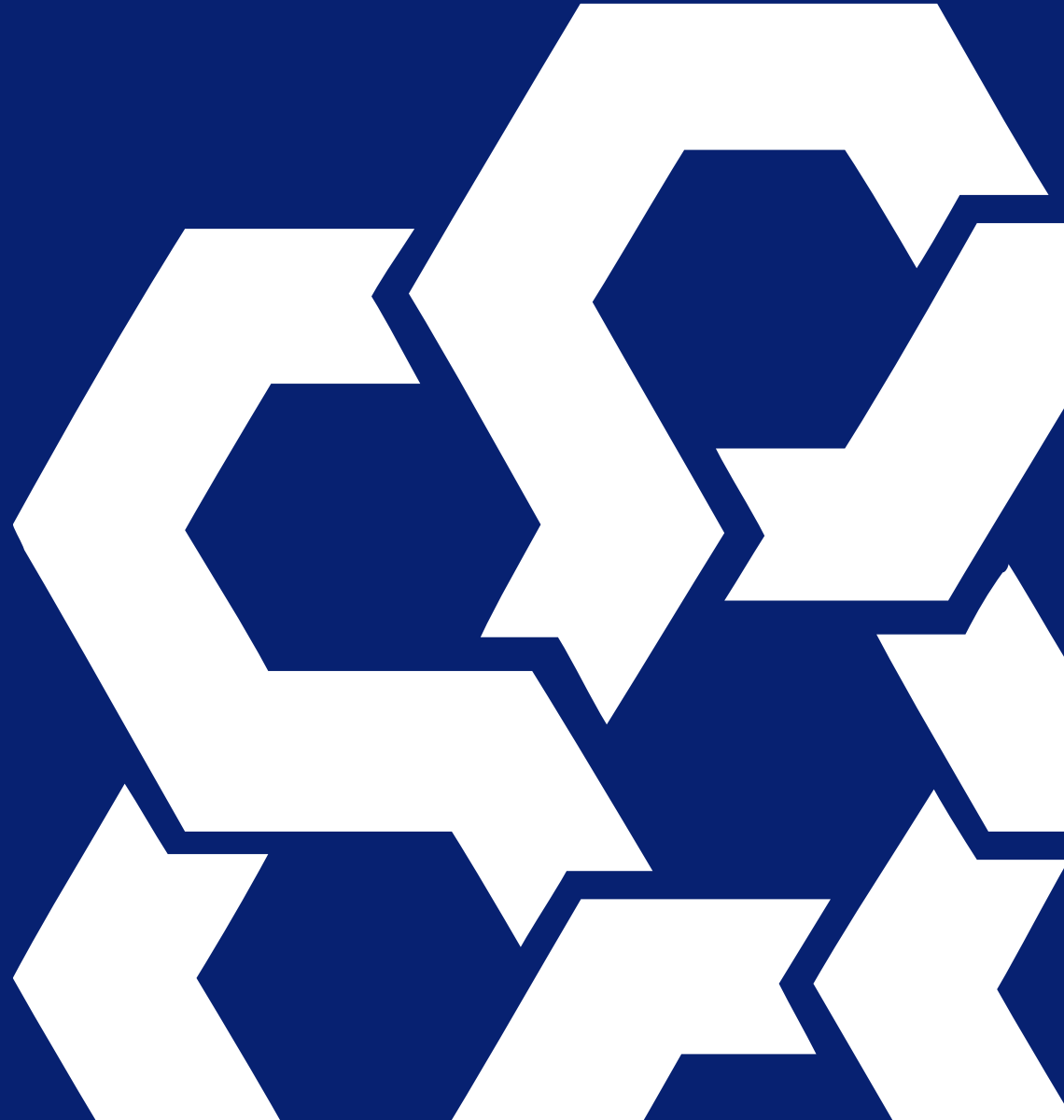
Classification of a Foreign Exchange Difference from an Intragroup Monetary Liability (or Asset)

The Committee received a request about the classification of a foreign exchange difference from an intragroup monetary liability (or asset) in accordance with [IFRS 18](#).

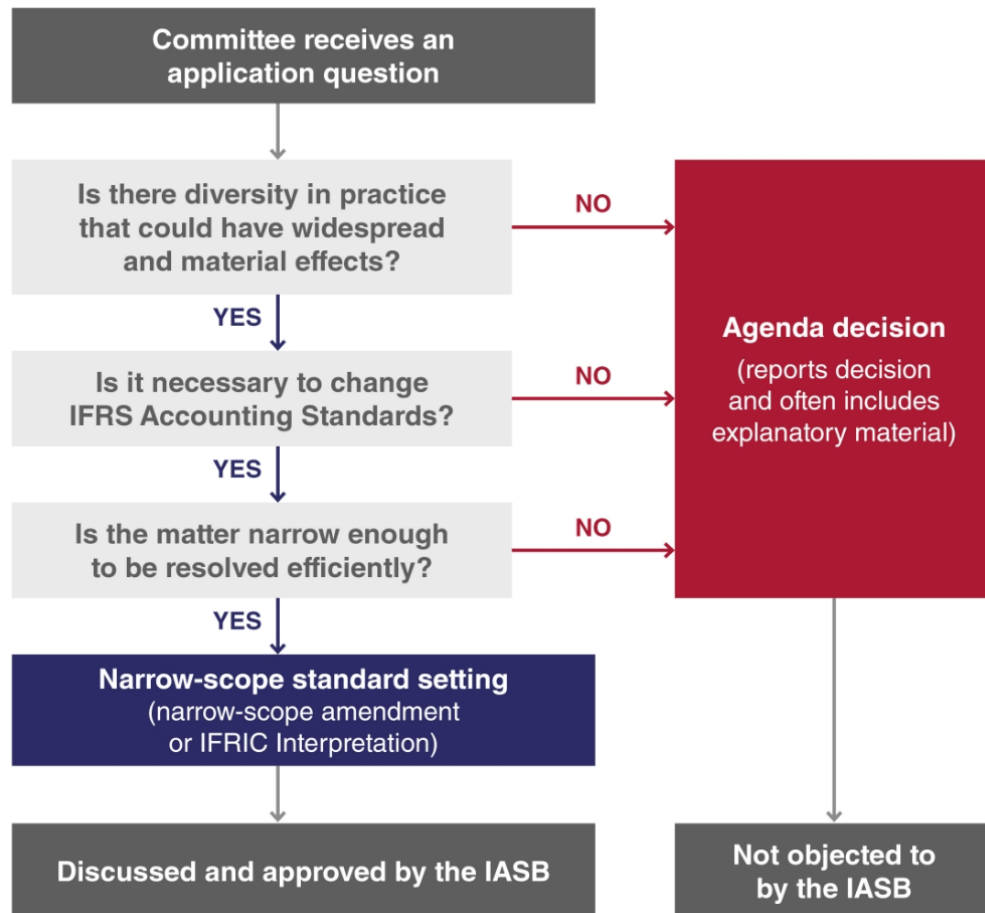
Economic Benefits from Use of a Battery under an Offtake Arrangement

The Committee received requests about how an entity applies the requirements in paragraph B9(a) of IFRS 16—in particular, how an entity determines whether a customer has the right to obtain substantially all of the economic benefits from use of an identified asset.

Recent narrow-scope amendments



Committee considerations on how to respond to a question



Narrow-scope standard setting add or change requirements to improve financial reporting and for accounting matters that are sufficiently narrow in scope that the IASB or the Committee can address it in an efficient manner.

From the standard-setting criteria listed in paragraph 5.16 of the Due Process Handbook

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

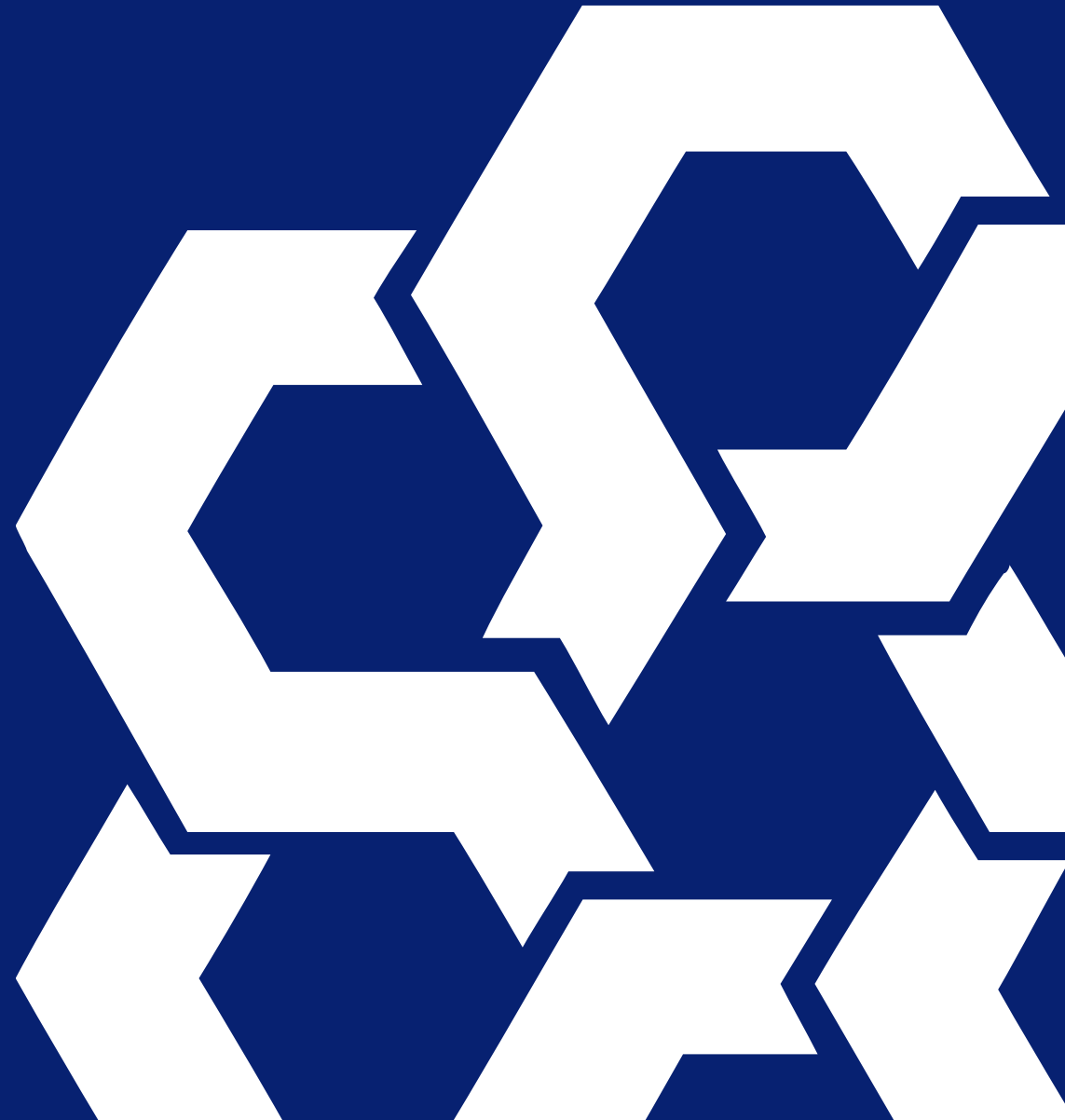
- Apply to contracts referencing nature-dependent electricity. The amount of electricity generated under these contracts can vary based on uncontrollable factors such as weather conditions;
- Include application guidance for a purchaser of electricity when applying the own-use requirements of paragraph 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

Questions?



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