
Emerging Economies Group meeting

Date **May 2023**

Topic **IASB Technical Update**

This paper has been prepared for discussion at a public meeting of the Emerging Economies Group (EEG). 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*.

IASB profile

IASB members



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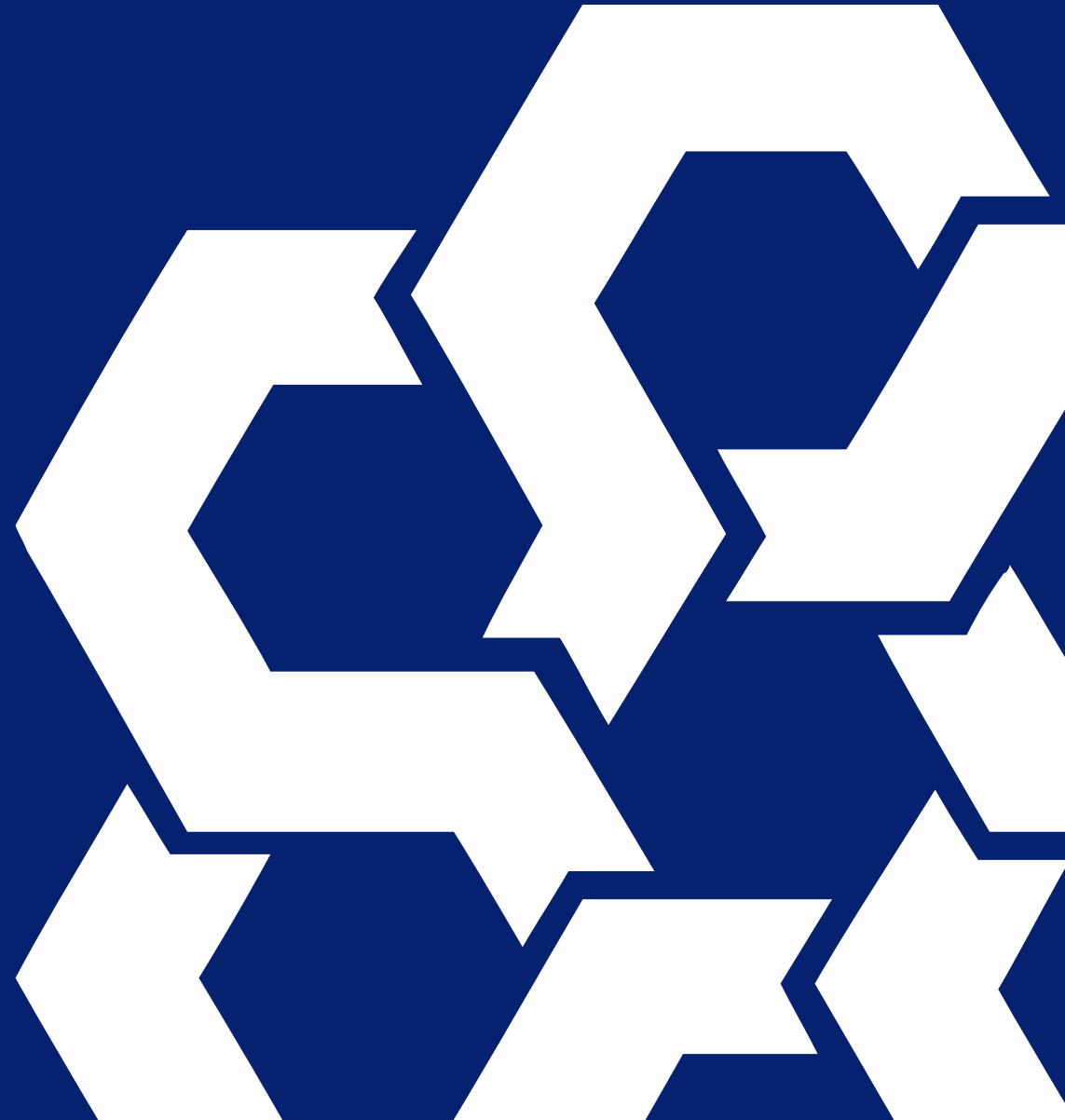


Hagit
Keren



Florian
Esterer

Update on current work plan



Amendments

Recently issued

Lease Liability in a Sale and
Leaseback
(Amendments to IFRS 16)

Non-current Liabilities with Covenants
(Amendments to IAS 1)

Forthcoming

Lack of Exchangeability
(Amendments to IAS 21)

Supplier Finance Arrangements
(Amendments to IAS 7 and IFRS 7)

International Tax Reform—
Pillar Two Model Rules
(Amendments to IAS 12)

Consultations

Recently published

Project Summary
Targeted Standards-level Review of
Disclosures

Feedback Statement
*PIR of IFRS 9—Classification and
Measurement*

Exposure draft proposing narrow-
scope amendments to IFRS 9 and
IFRS 7



Comments due by **19 July 2023**

Forthcoming

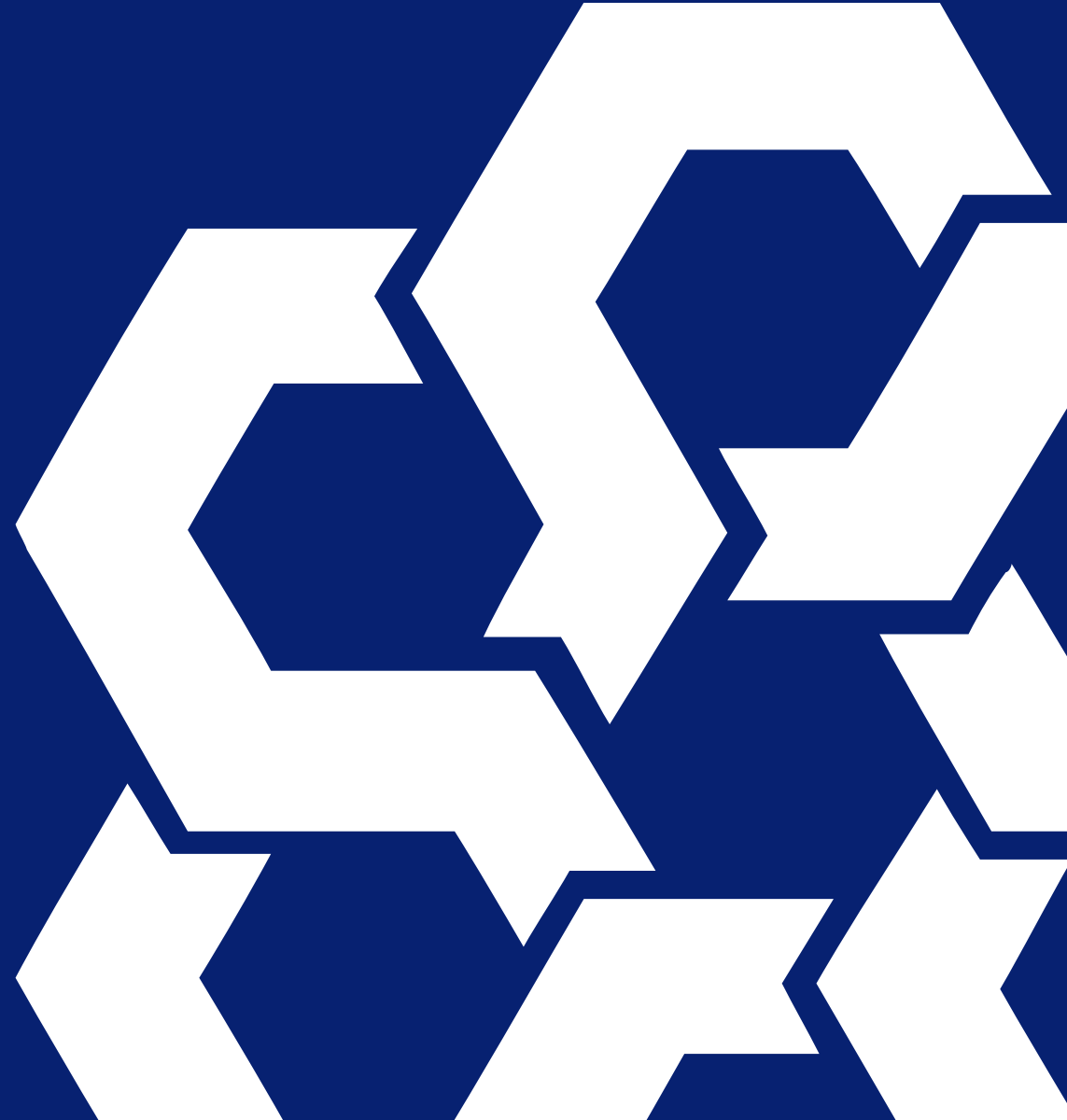
Expected Q2 2023:

- Request for information on PIR of IFRS 9
—Impairment
- Request for information on PIR of IFRS 15
—Revenue from Contracts with Customers

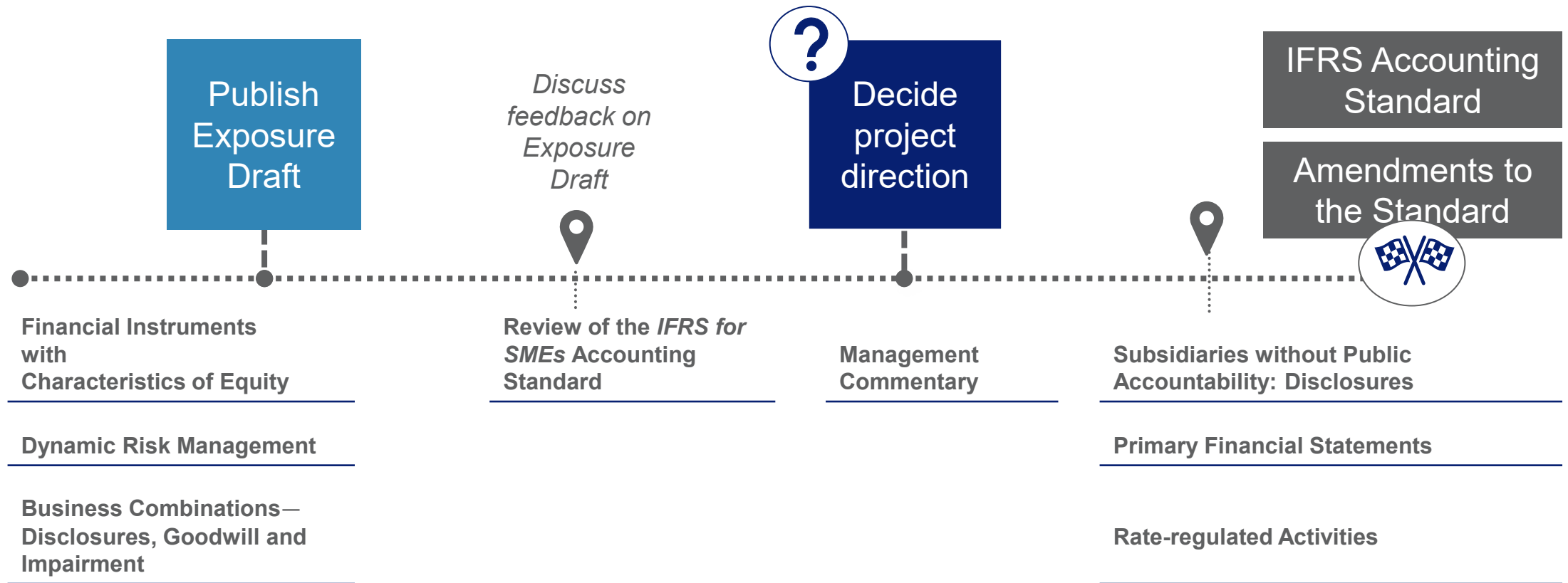
Expected H2 2023:

- Exposure draft proposing amendments to
*IAS 32 Financial Instruments with
Characteristics of Equity*

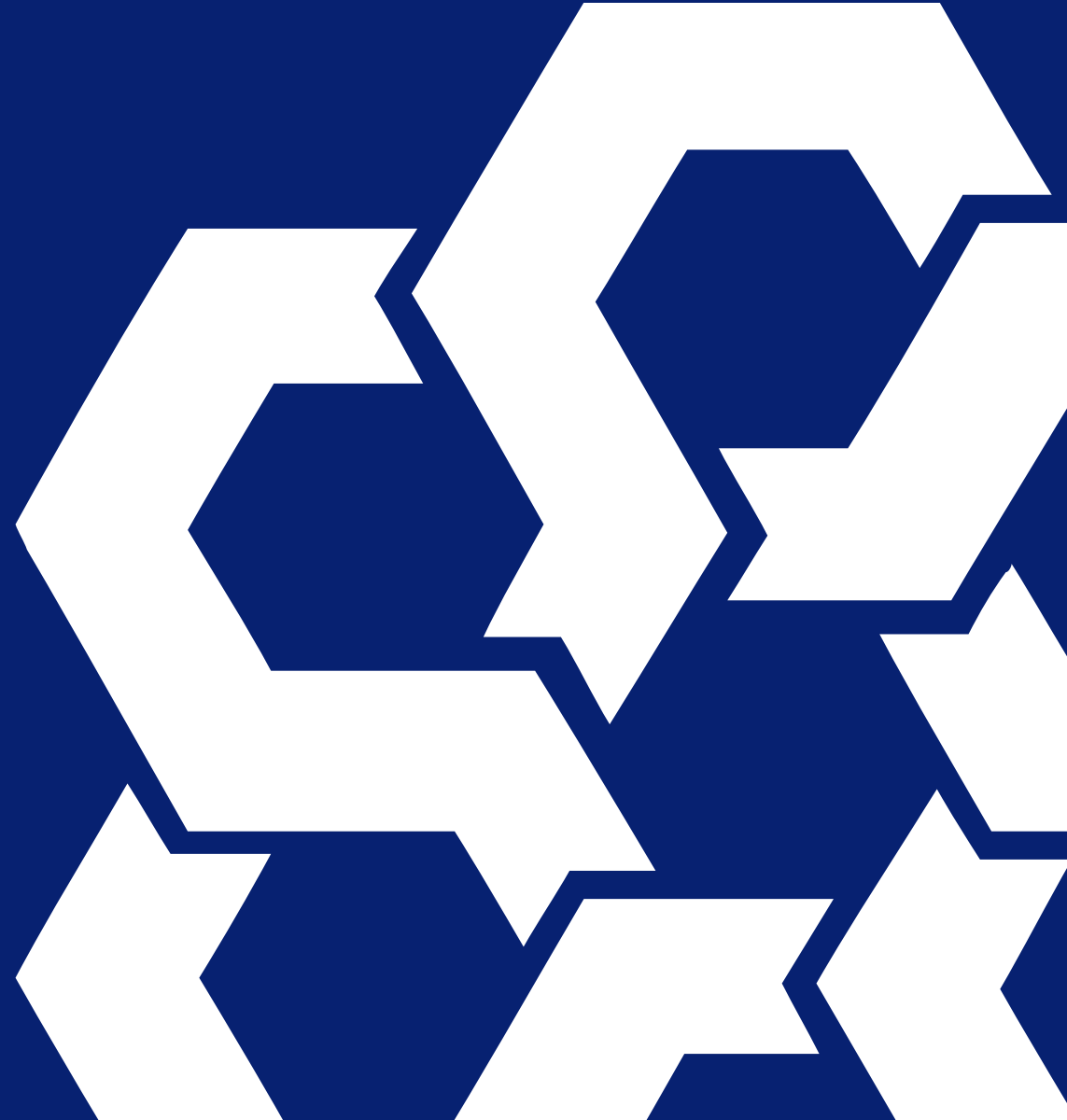
Standard-setting projects



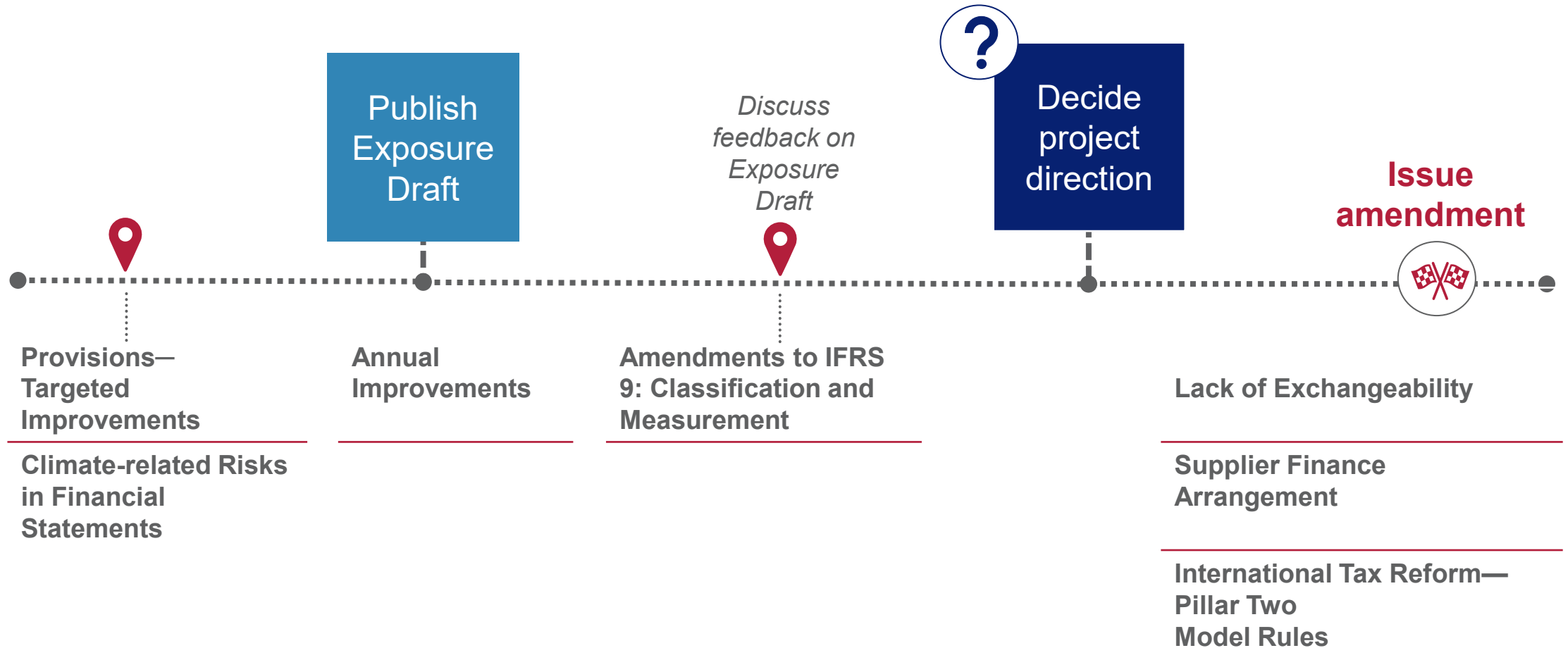
Overview: standard-setting projects



Maintenance projects



Overview: maintenance projects



International Tax Reform—Pillar Two Model Rules

Objective

- Respond to stakeholders' concerns about the potential implications of the imminent implementation of the OECD's Pillar Two model rules for income tax accounting

Proposals

- Introduce a temporary exception to the accounting for deferred taxes arising from the implementation of the rules
- Require targeted disclosures for affected companies

Next milestone

- Issue Amendment to IAS12

Supplier Finance Arrangements

Objective

- Provide information to enable investors to assess the effects of supplier finance arrangements on a company's liabilities, cash flows and exposure to liquidity risk

Proposals

- Describe the arrangements for which the proposed disclosure would be required
- Add qualitative and quantitative disclosure requirements
- Highlight the required disclosure of liquidity risk and risk management

Next milestone

- Issue IFRS Accounting Standard amendments

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

Proposals

- Specify when exchangeability is lacking and how to make that assessment
- Estimate the spot exchange rate when exchangeability is lacking
- Disclose how the lack of exchangeability affects financial performance, financial position and cash flows

Next milestone

- Issue IFRS Accounting Standard amendments

Provisions—Targeted Improvements

Objective

- Develop proposals for three targeted amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*

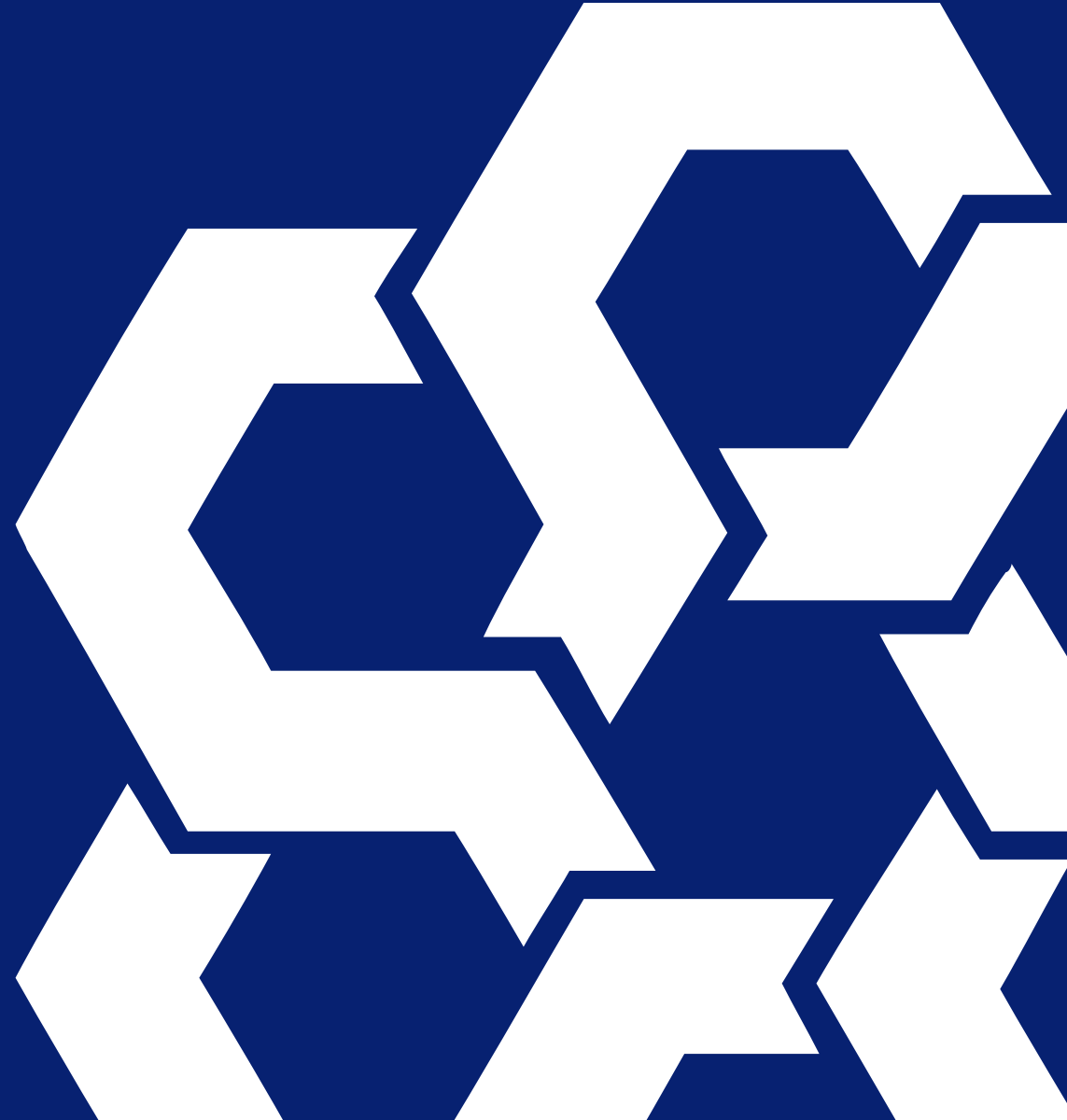
Areas of focus

- Align requirements for identifying liabilities with *Conceptual Framework*
- Clarify which costs to include in measure of a provision
- Specify whether discount rates used should reflect non-performance risk

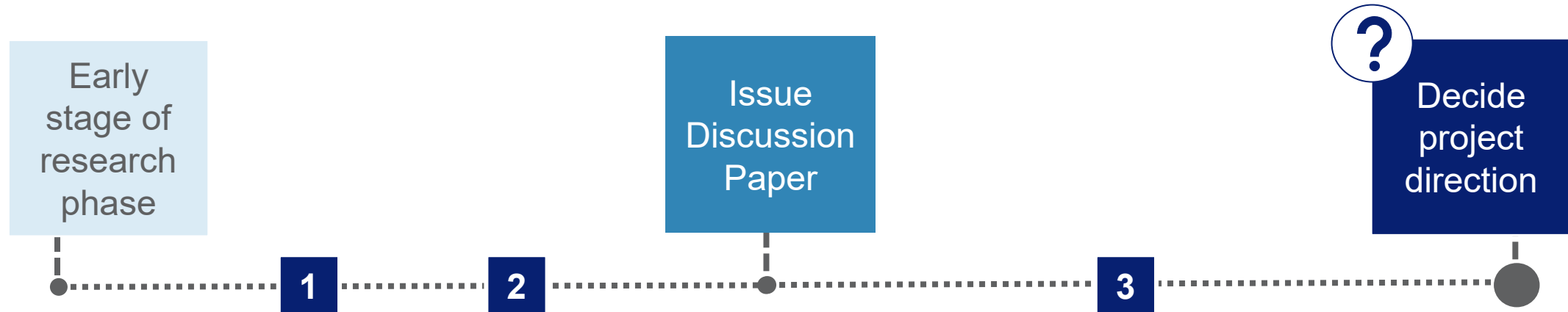
Next milestone

- Decide project direction

Research projects



Overview: research projects



1 Equity Method

2 Extractive Activities

3 Business Combinations under Common Control

Equity Method

Objective

- To assess whether application questions with the equity method, as set out in IAS 28 *Investments in Associates and Joint Ventures*, can be addressed in consolidated and individual financial statements by identifying and explaining principles in IAS 28

Project approach



Project update

Ownership changes ✓	Impairment
Recognition of losses ✓	Deferred taxes
Transactions with (and between) equity accounted investments ✓	Contingent consideration

Next steps

- Continue discussion of application questions

Post-implementation reviews



Post-implementation reviews

Recently completed

PIR of IFRS 9—Classification and Measurement

PIR of IFRS 9—Impairment

Ongoing

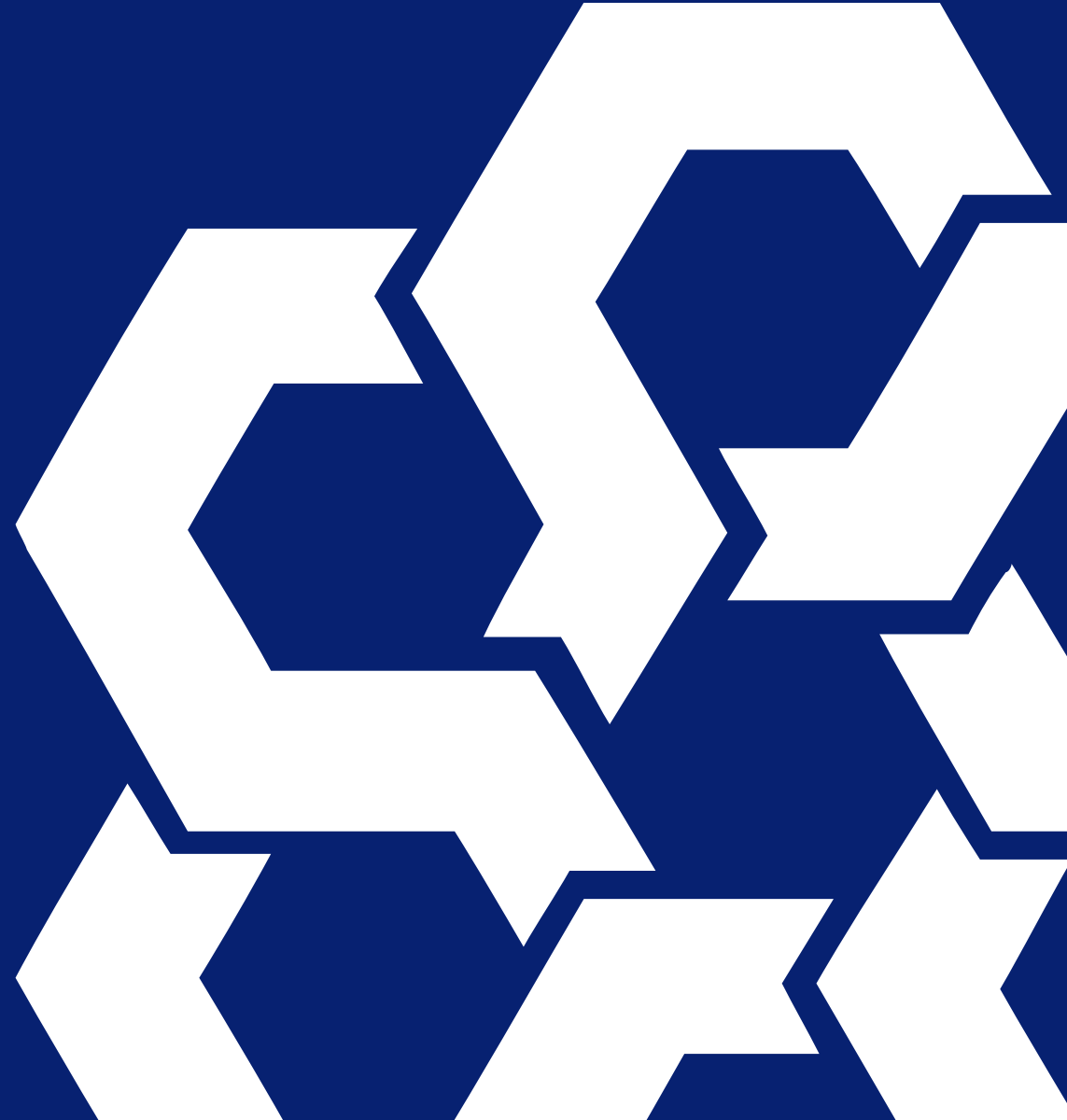
PIR of IFRS 15 *Revenue from Contracts with Customers*

PIR of IFRS 16 *Leases*

Forthcoming

PIR of IFRS 9—Hedge Accounting

New requirements



What is required when?

1 January 2023

- IFRS 17 *Insurance Contracts*
- *Definition of Accounting Estimates*
- *Disclosure of Accounting Policies*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to IAS 12)

1 January 2024

- *Lease Liability in a Sale and Leaseback* (Amendments to IFRS 16)
- *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1)
- *Non-current Liabilities with Covenants* (Amendments to IAS 1)
- *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7)
- *International Tax Reform—Pillar Two Model Rules* (Amendments to IAS 12)

ISSB work

ISSB priorities for 2023

Steps to deliver, strengthen and enhance adoption and application of IFRS S1 and IFRS S2:

- balloting process
- digital taxonomy
- capacity building
- regulatory adoption, working with IOSCO and jurisdictions
- voluntary application, working with companies and investors

Work to:

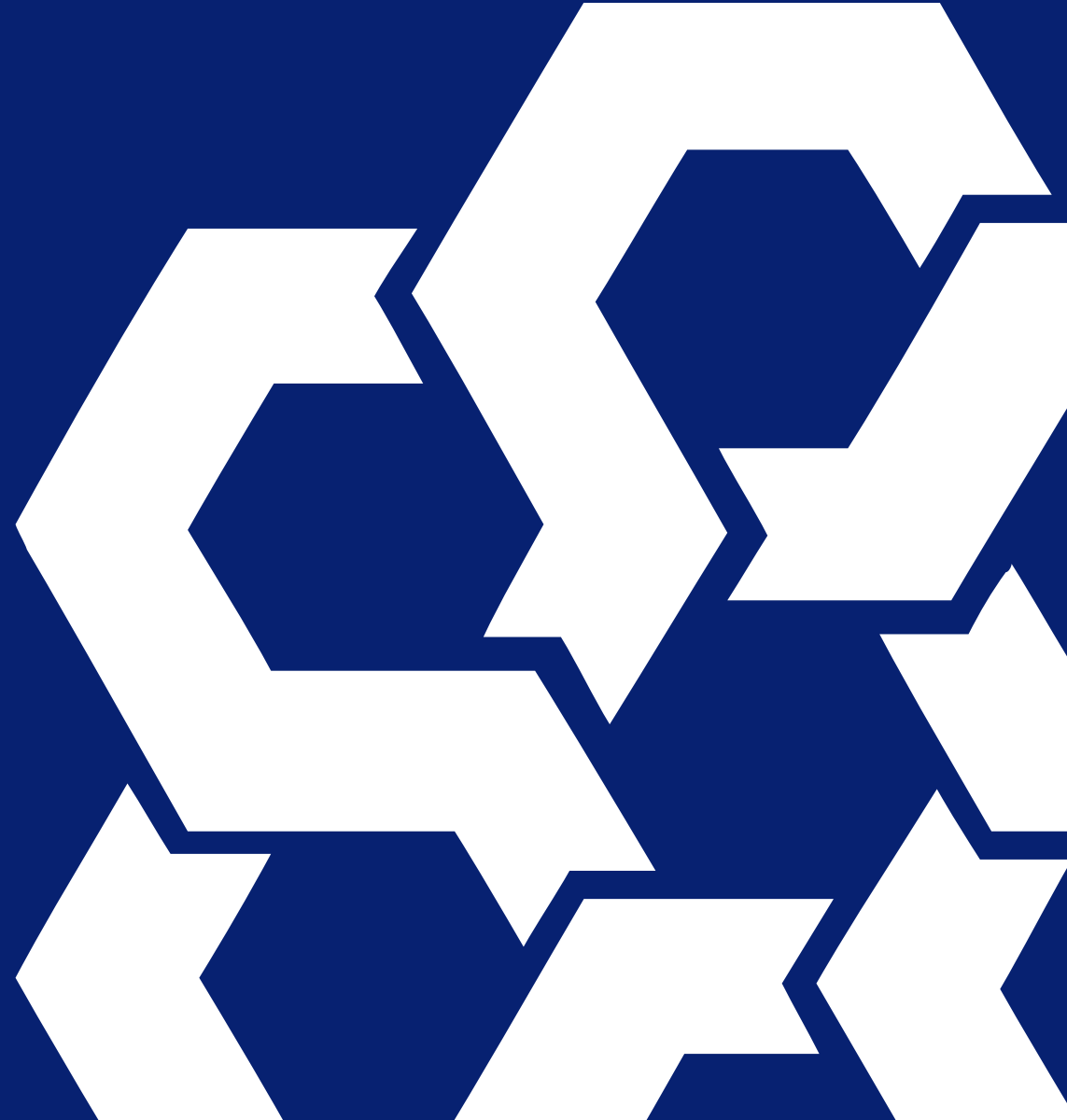
- enhance international applicability of SASB Standards
- connect climate and nature by researching incremental enhancements to disclosures required by IFRS S2

Focus on:

- connectivity with financial statements
- interoperability with GRI Standards



Connectivity between the IASB and the ISSB



Feedback from consultations

Importance of connectivity between the Boards



Stakeholders expressed...

- strong support for IFRS Foundation's creation of ISSB in part because of opportunity for connectivity between the IASB and ISSB
- but also sought prioritisation and progress of each board's stand-alone projects

Why is connectivity between the IASB and ISSB important?

Connectivity in **PROCESS**

Examples:

- *Information sharing*
- *Joint IASB-ISSB meetings*

leads to

Connectivity in **PRODUCT**

Examples:

- *Shared concepts (eg materiality)*
- *Complementary requirements (eg intangibles)*

leads to

Better general purpose financial reporting
Better information for better decisions

Helpful materials

Resources available on our website

Supporting materials sorted by Standard

Website
www.ifrs.org



IFRS
Accounting
Standards

IFRIC
Interpretations

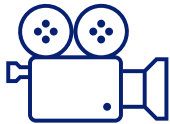
Cross-cutting
materials

News and
events



For example, for IFRS 9 *Financial Instruments*:

Videos



Webinars



Articles

Leaflet



Transition
Resource
Group



Agenda
decisions

Supporting IFRS
Accounting
Standards

IFRS Accounting Standards and their annotated equivalents



IFRS Accounting Standards

The IFRS[®] Accounting Standards Required 2023

The IFRS[®] Accounting Standards Issued 2023
(Available March 2023 onwards)

IFRS Accounting Standards + extensive cross-references + annotations

The Annotated IFRS[®] Standards Required 2023

The Annotated IFRS[®] Standards Issued 2023
(Available March 2023 onwards)

Annotated IFRS Accounting Standards also available in Spanish

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