
Capital Markets Advisory Committee meeting

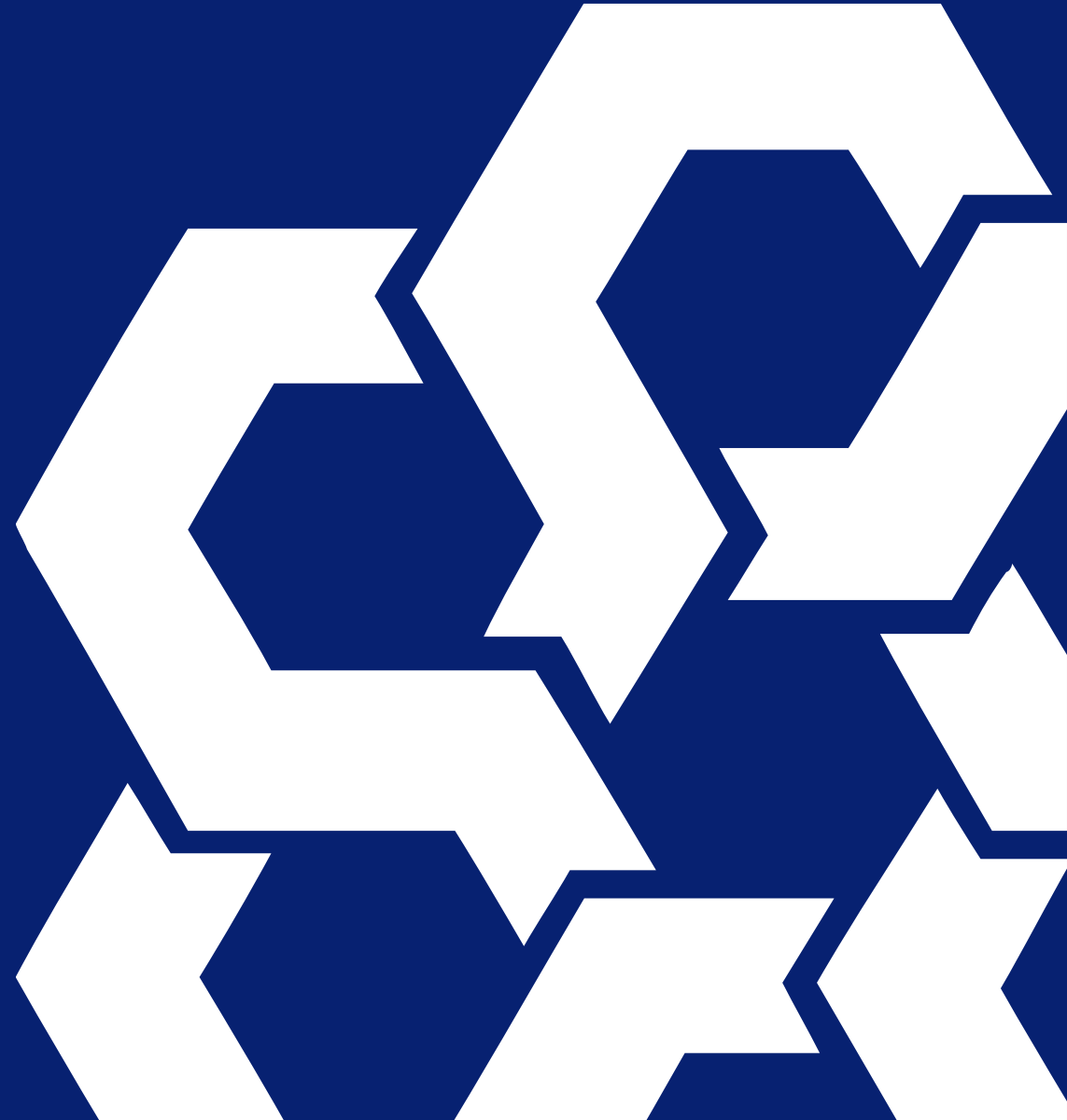
Date **8 November 2024**

Topic **IASB Update**

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This paper has been prepared for discussion at a public meeting of the Capital Markets Advisory Committee (CMAC). 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*.

Update on current IASB work plan



Consultations

Open for comments

Comments due

Exposure Draft: *Translation to a Hyperinflationary Presentation Currency*

22 November 2024

Exposure Draft: Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures Standard*

27 November 2024

Exposure Draft: *Climate-related and Other Uncertainties in the Financial Statements*

28 November 2024

Exposure Draft: *Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures (revised 202x)*

20 January 2025

Forthcoming in 2024

- **November 2024:** Exposure Draft proposing clarifications to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*

New Standards, Amendments and Other Publications

Issued in 2024

IFRS 18 *Presentation and Disclosure in Financial Statements*

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Amendments to the classification and measurement of financial instruments (IFRS 9 and IFRS 7)

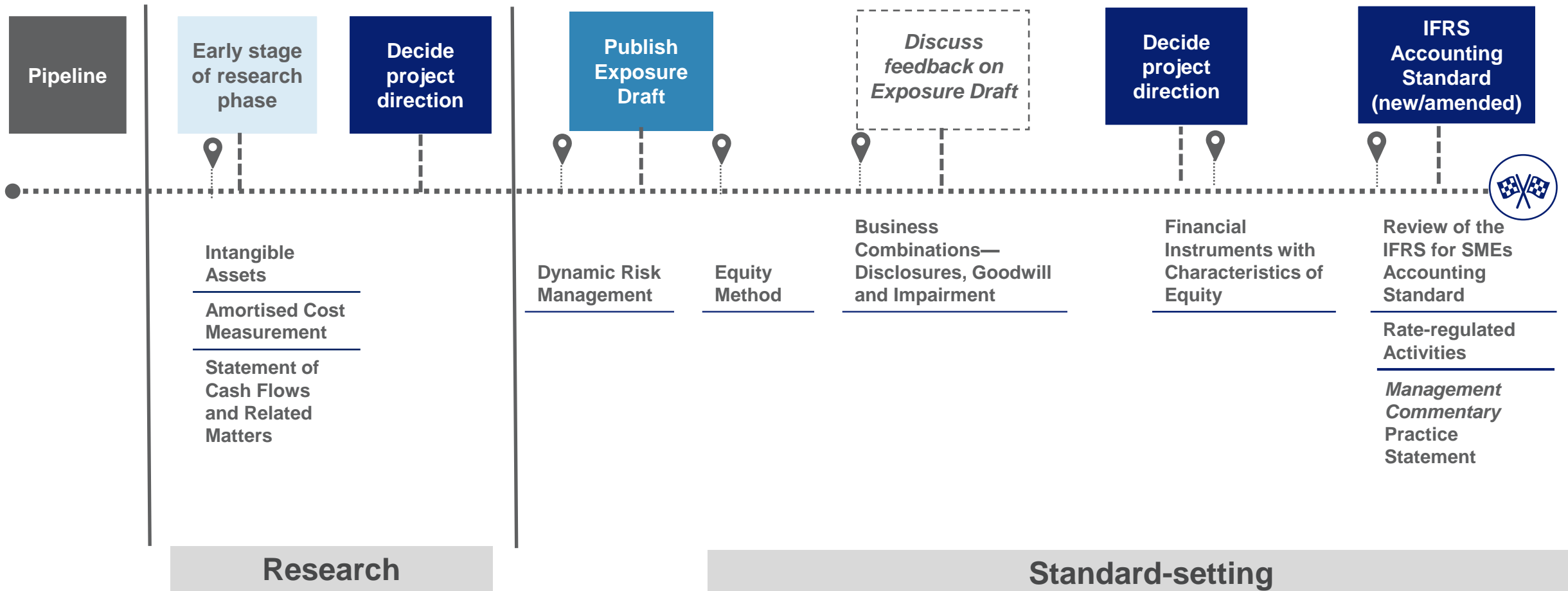
Annual Improvements to IFRS Accounting Standards—Volume 11

Expected

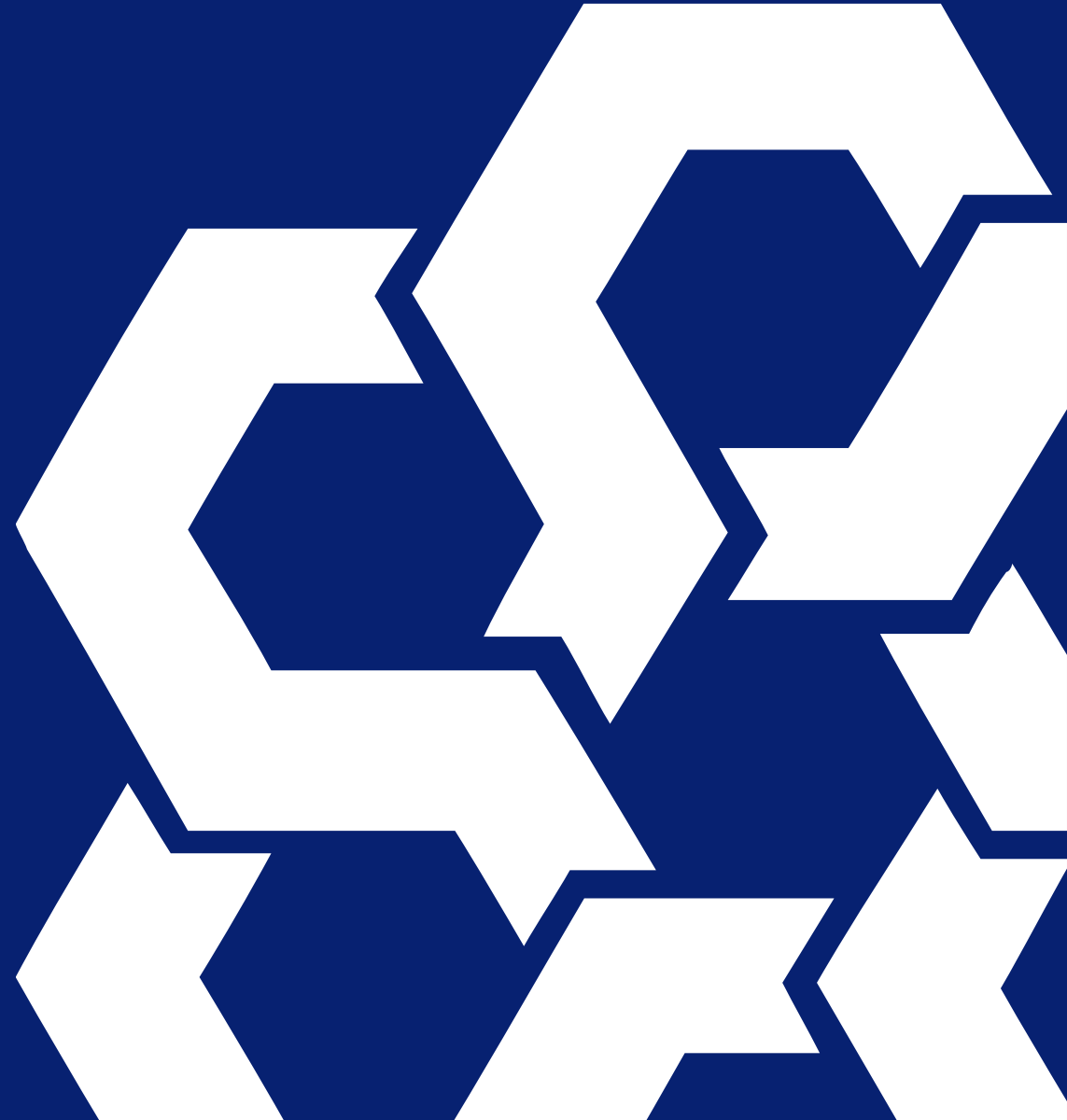
(subject to the Board's approval)

- ✓ **December 2024:** Contracts for Renewable Electricity—Amendments to IFRS 9 and IFRS 7
- ✓ **Q1 2025:** Third Edition of the *IFRS for SMEs* Accounting Standard, effective date on or after 1 January 2027
- ✓ **H1 2025:** Revised Practice Statement Management Commentary
- ✓ **H2 2025:** Accounting Standard *Regulatory Assets and Regulatory Liabilities*

Current projects are in different stages



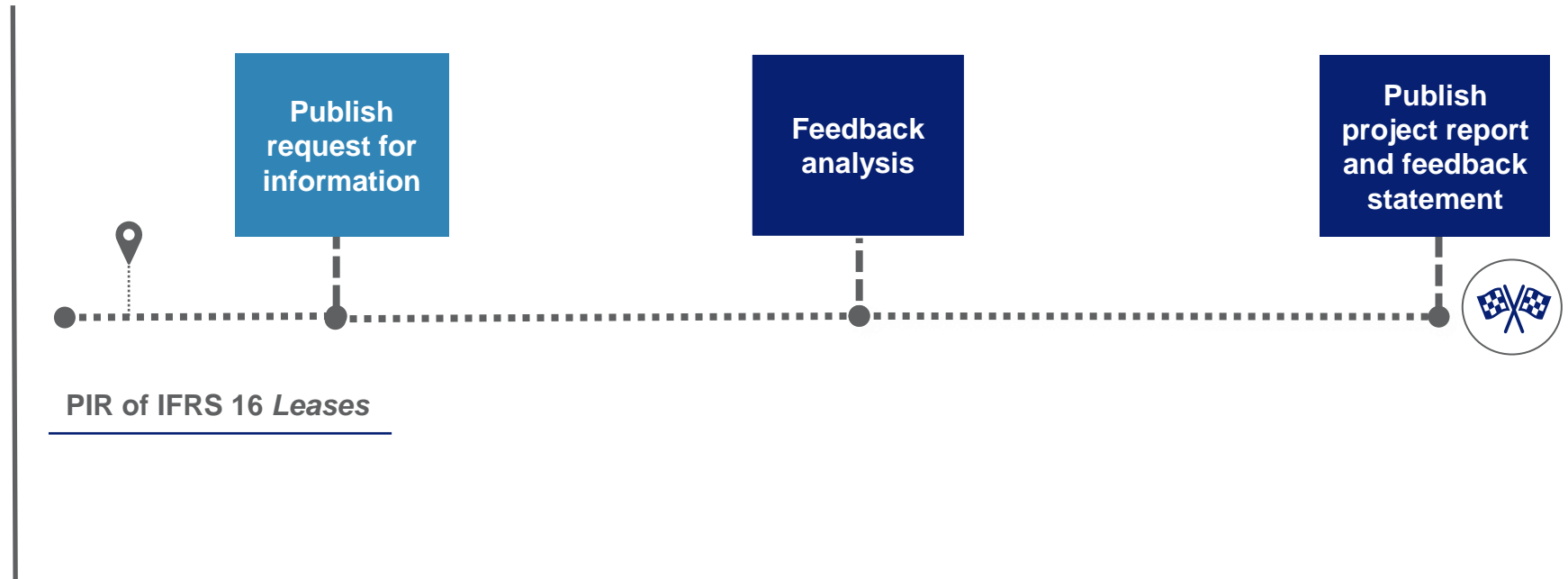
Post-implementation reviews



Overview: post-implementation review projects

Forthcoming post-implementation review:

- PIR of IFRS 9—Hedge Accounting



PIR of IFRS 16—*Leases*

Objective

- Assess whether the effects of applying IFRS 16 on users of financial statements, preparers, auditors and regulators are as intended when the Standard was issued

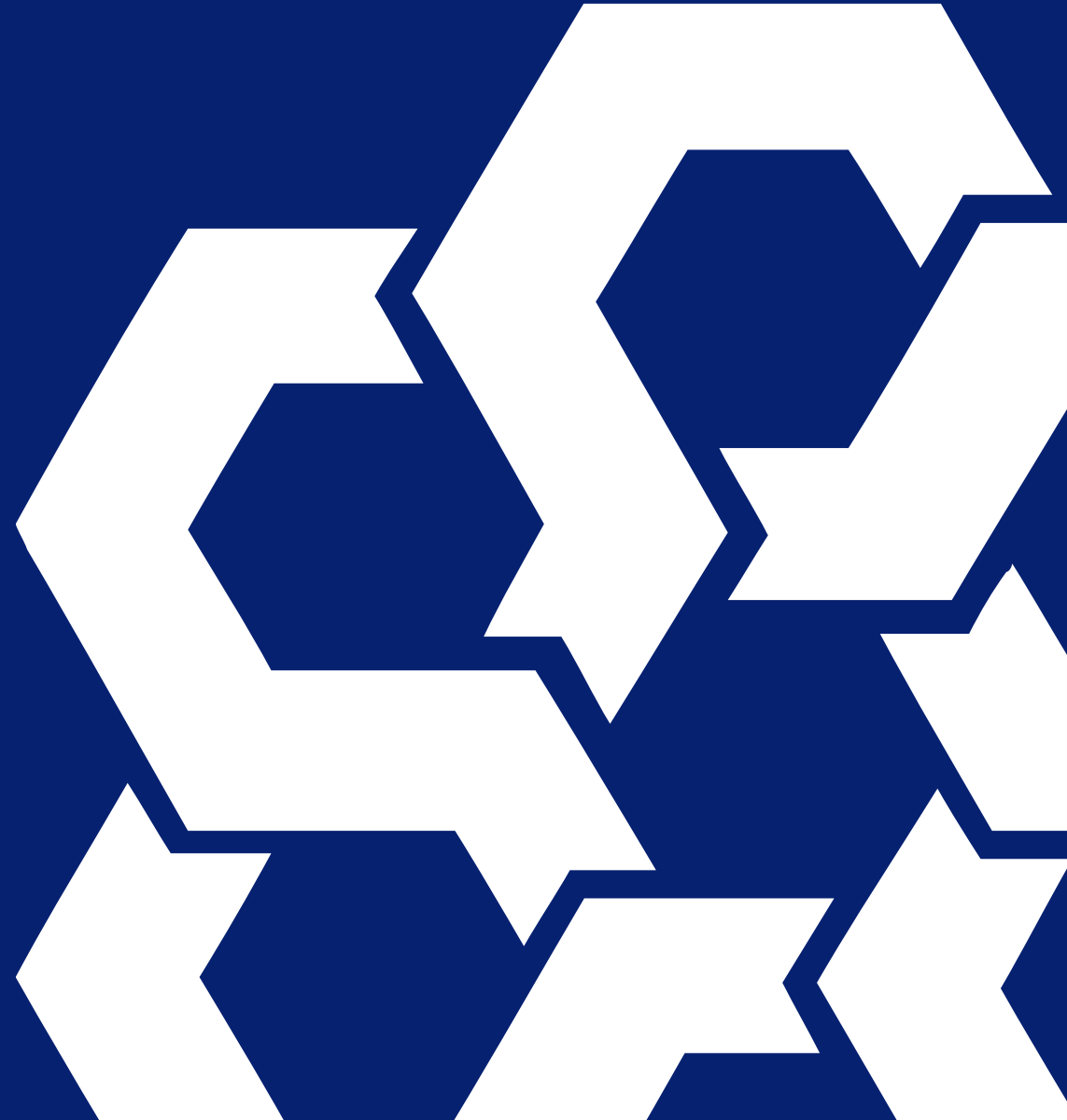
Project plan

- Outreach with the IASB's consultative groups and other stakeholders to help inform a request for information
- Review of academic research and other materials (for example, enforcement decisions)
- Consideration of market developments since IFRS 16 was issued
- Review of the findings of the FASB's PIR of Topic 842 Leases

Next milestone

- The IASB expects to publish the request for information in H1 2025

Research projects



Amortised Cost Measurement

Objective

- Address **widespread application matters** arising from amortised cost measurement requirements of IFRS 9, by clarifying the underlying principles or developing new principles and adding accompanying application guidance
- Make specific improvements in information about financial instruments measured at amortised cost

Areas of focus

- Effective interest method
- Modification, derecognition, write-off
- Interaction with impairment

Next milestone

- Review Research - expected in Q1 2025

Intangible Assets

Objective

- Comprehensively review the accounting requirements for intangibles
- Assess if the requirements of IAS 38 *Intangible Assets* remain relevant and continue to fairly reflect current business models or whether the IASB should improve the requirements

Areas of focus

- Initial research aims to define:
 - the problem the project should seek to resolve;
 - the scope of the project; and
 - how best to stage work to deliver timely improvements

Next milestone

- Review Research - expected in October 2024

Statement of Cash Flows and Related Matters

Objective

Review IAS 7
Statements of Cash Flows in response to the feedback received as a part of the Third Agenda Consultation

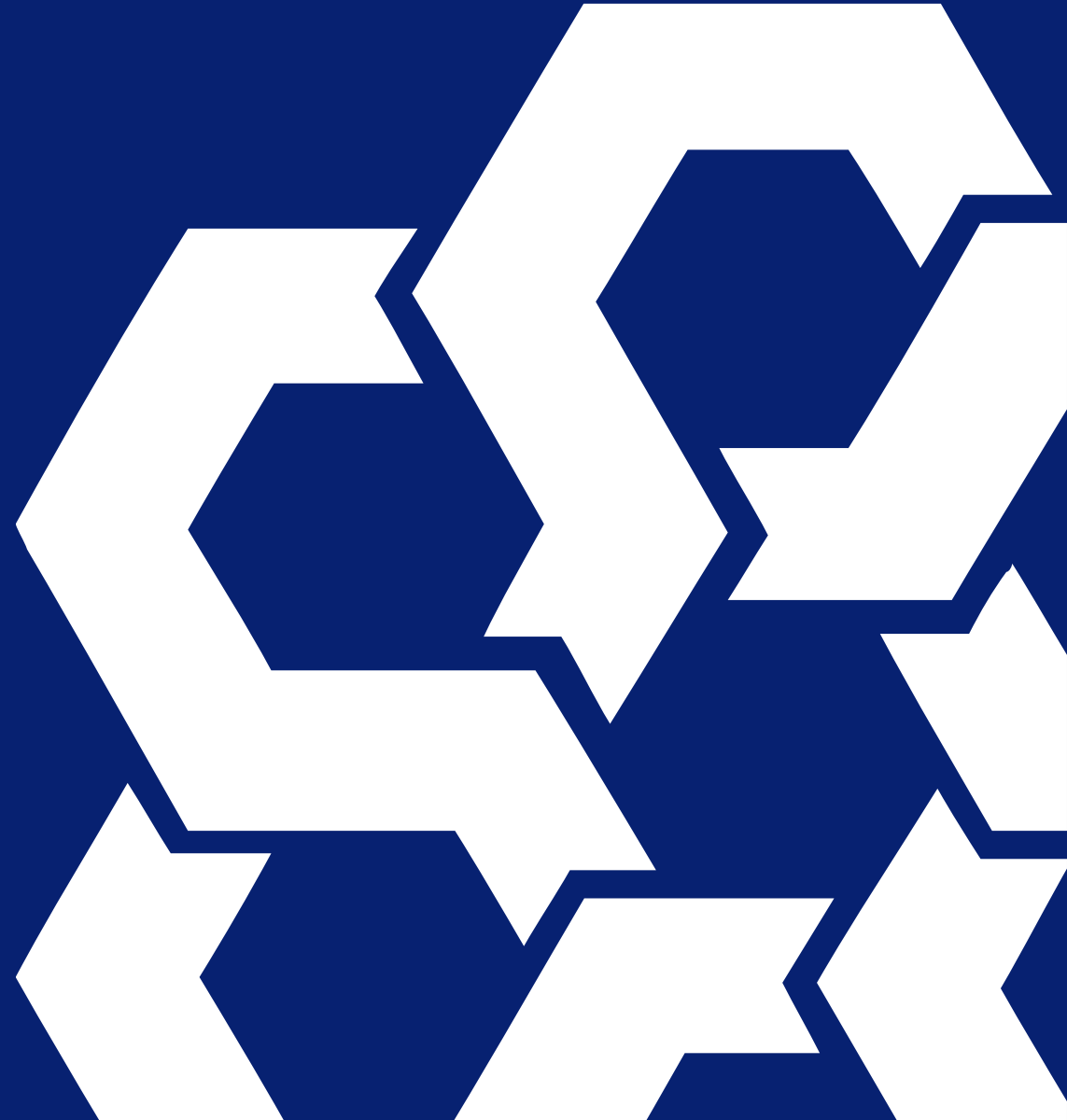
Potential topics to explore

- Classifying cash flows into categories;
- disaggregation requirements for information about cash flows;
- changing the definition of cash and cash equivalents;
- use of the direct method;
- specific requirements for the statement of cash flows for financial institutions; and
- presentation or disclosure requirements for additional information about the non-cash effects of some transactions.

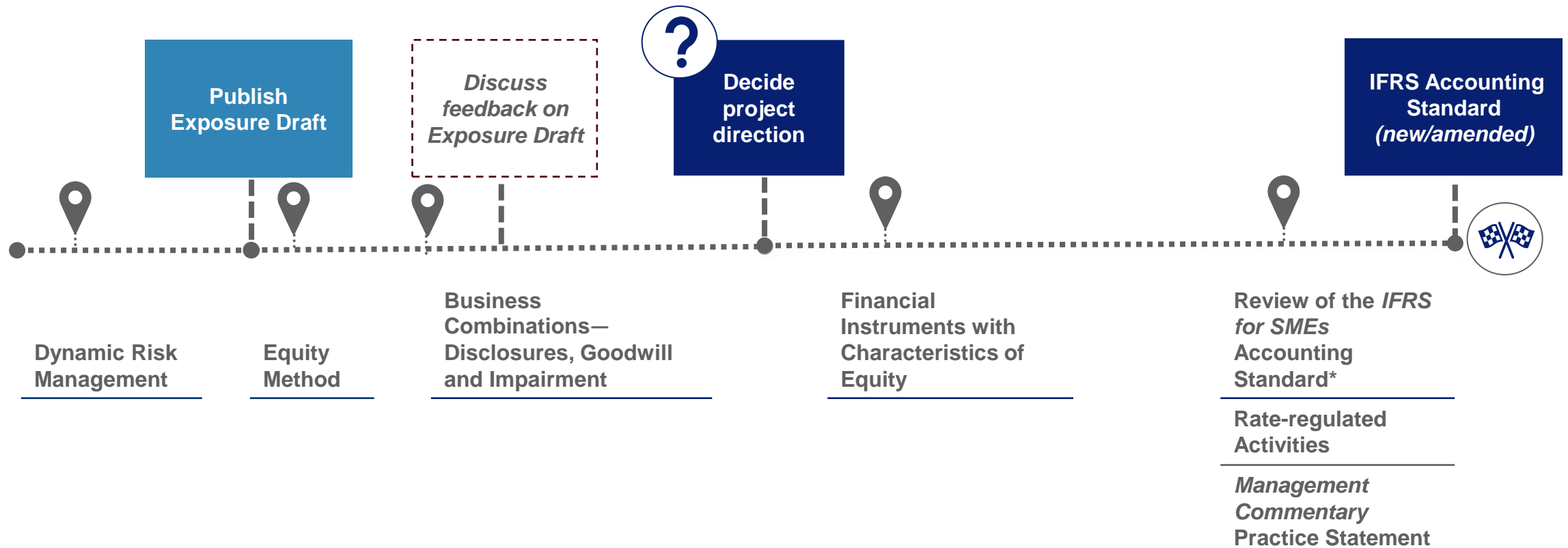
Next milestone

- Review research - expected in Q1 2025

Standard-setting projects



Overview: standard-setting projects



*A maintenance project was added for the addendum to the Exposure Draft *Third Edition of the IFRS for SMEs Accounting Standard*.

Business Combinations—Disclosures, Goodwill and Impairment

Objective

- Improve information companies provide about their acquisitions at a reasonable cost

Proposals

- A package of improved disclosure requirements in IFRS 3 *Business Combinations*
- Changes to the impairment test of cash-generating units containing goodwill in IAS 36 *Impairment of Assets*

Next milestone

- Discuss feedback on the [Exposure Draft](#)

Dynamic Risk Management

Objective

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

DRM model

- The DRM model addresses the challenges in applying the hedge accounting requirements to dynamic interest rate risk management activities
- Showing the effect of using derivatives to mitigate repricing risk on the current net open risk position
- Tentative decisions made about the recognition, measurement, presentation and disclosure requirements of the DRM model
- Next focus area is transition requirements

Next milestone

- Publish Exposure Draft – expected in H1 2025

Equity Method

Objective

- To reduce diversity in practice by answering application questions.
- To improve understandability of IAS 28 *Investments in Associates and Joint Ventures*.

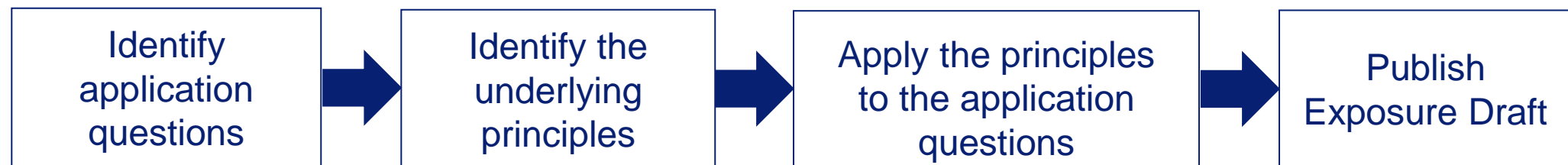
Proposals

- Add to and clarify how to apply the equity method of accounting.
- Introduce new disclosure requirements to enhance the information companies provide about associates and joint ventures.

Next steps

- Comment period closes 20 January 2025
- [Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures \(revised 202x\)](#)

Project approach



Financial Instruments with Characteristics of Equity

Objective

- Improve information entities provide in their financial statements about financial instruments they have issued
- Address challenges with applying IAS 32 *Financial Instruments: Presentation*

Approach

- Clarify IAS 32 classification principles to address practice issues:
 - fixed-for-fixed condition
 - effects of laws or regulations
 - obligations to purchase own equity instruments
 - contingent settlement provisions
 - shareholder discretion
 - reclassification
- Improve presentation and disclosure
- Provide application guidance and illustrative examples

Next milestone

- Analyse feedback and redeliberate proposals in the Exposure Draft
- Decide project direction

Management Commentary

Objective

- Overhaul IFRS Practice Statement 1 to provide a comprehensive resource for regulators and companies
- Respond to demand for better information about the factors that have affected or could affect a company's ability to create value and generate cash flows
- Provide a stepping-stone towards greater integration in reporting in the future

Approach

- Targeted refinements to proposals in Exposure Draft
- Codify innovations in reporting, including Integrated Reporting concepts, in a set of standard-like requirements
- Support connectivity between a company's management commentary and both its financial statements and sustainability disclosures
- Collaborate with the ISSB

Next milestone

- Revised Practice Statement expected to be issued in H1 2025

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

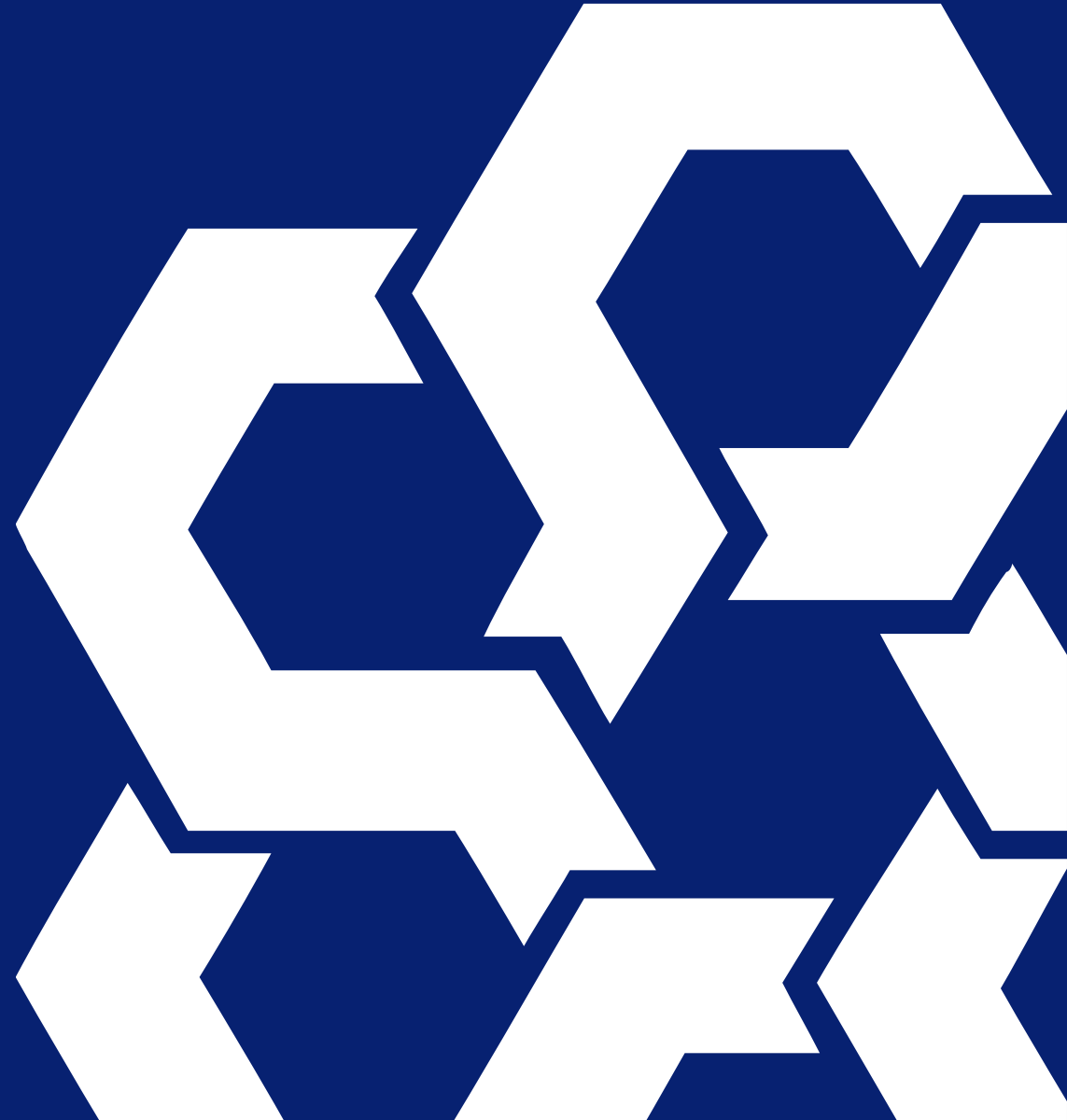
Proposals

- In some cases, rate regulation creates differences in timing that arise when compensation for goods or services supplied in one period is included in the regulated rate charged in a different period
- Reflect compensation for goods or services in the period goods or services are supplied
- Require recognition of regulatory assets, regulatory liabilities, regulatory income and regulatory expense

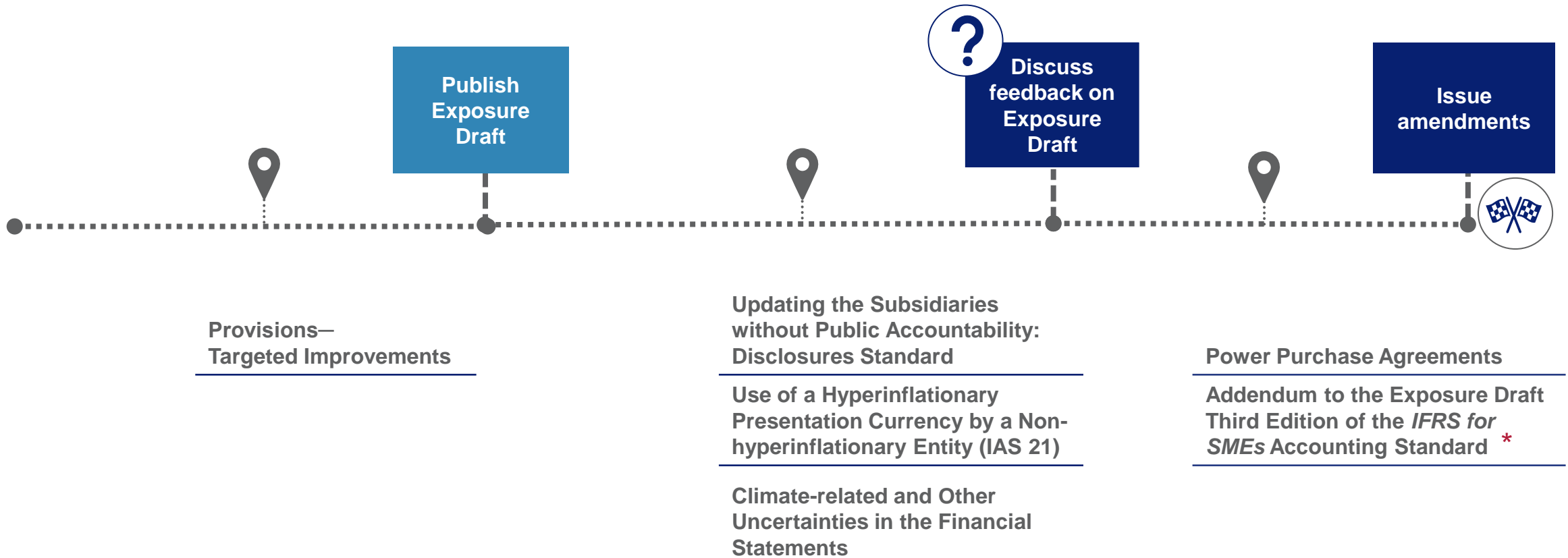
Next milestone

- Issue IFRS Accounting Standard – expected in H2 2025

Maintenance projects



Overview: maintenance projects



* The next milestone for the Addendum to the Exposure Draft Third Edition of the *IFRS for SMEs* Accounting Standard is IFRS for SMEs Accounting Standard, as the IASB will include the amendments in the forthcoming third edition of the Standard (Q1 2025)

Amendments to IAS 21: Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity

Objective

- Narrow-scope amendments to IAS 21 to improve the usefulness of the financial information reported by entities that present financial statements in a hyperinflationary currency.

Areas of focus

- To provide a relevant translation method applicable to entities whose functional currency is the currency of a non-hyperinflationary currency but whose financial statements are presented in a currency of a hyperinflationary economy.

Next milestone

- Comment period for the Exposure Draft *Translation to a Hyperinflationary Presentation Currency* closes on 22 November 2024

Climate-related and Other Uncertainties in the Financial Statements

Objective

- To explore targeted actions to improve the reporting of the effects of climate-related and other uncertainties in the financial statements

Areas of focus

- Improve application of IFRS Accounting Standards, including by developing illustrative examples
- Explore targeted amendments to improve disclosures about estimates in the financial statements
- Explain the objective and scope of financial statements
- Raise awareness of the requirements in IFRS Accounting Standards
- Work with the ISSB to ensure the work of both Boards is connected

Next milestone

- Comment period for the [Exposure Draft Climate-related and Other Uncertainties in the Financial Statements](#) closes on 28 November 2024

Power Purchase Agreements (PPAs)

Objective

- To better reflect the effects of these contracts in entities' financial statements

Project scope

- The proposed amendments apply to electricity contracts with specified characteristics
- Includes considerations for a purchaser when applying the own-use requirements
- Includes designation and measurement requirements of the hedged item if an entity uses a nature-dependent electricity contract as a hedging instrument
- Introduces new disclosure requirements

Next steps

- Discuss feedback on the [Exposure Draft Contracts for Renewable Electricity](#)

Provisions—Targeted Improvements

Objective

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

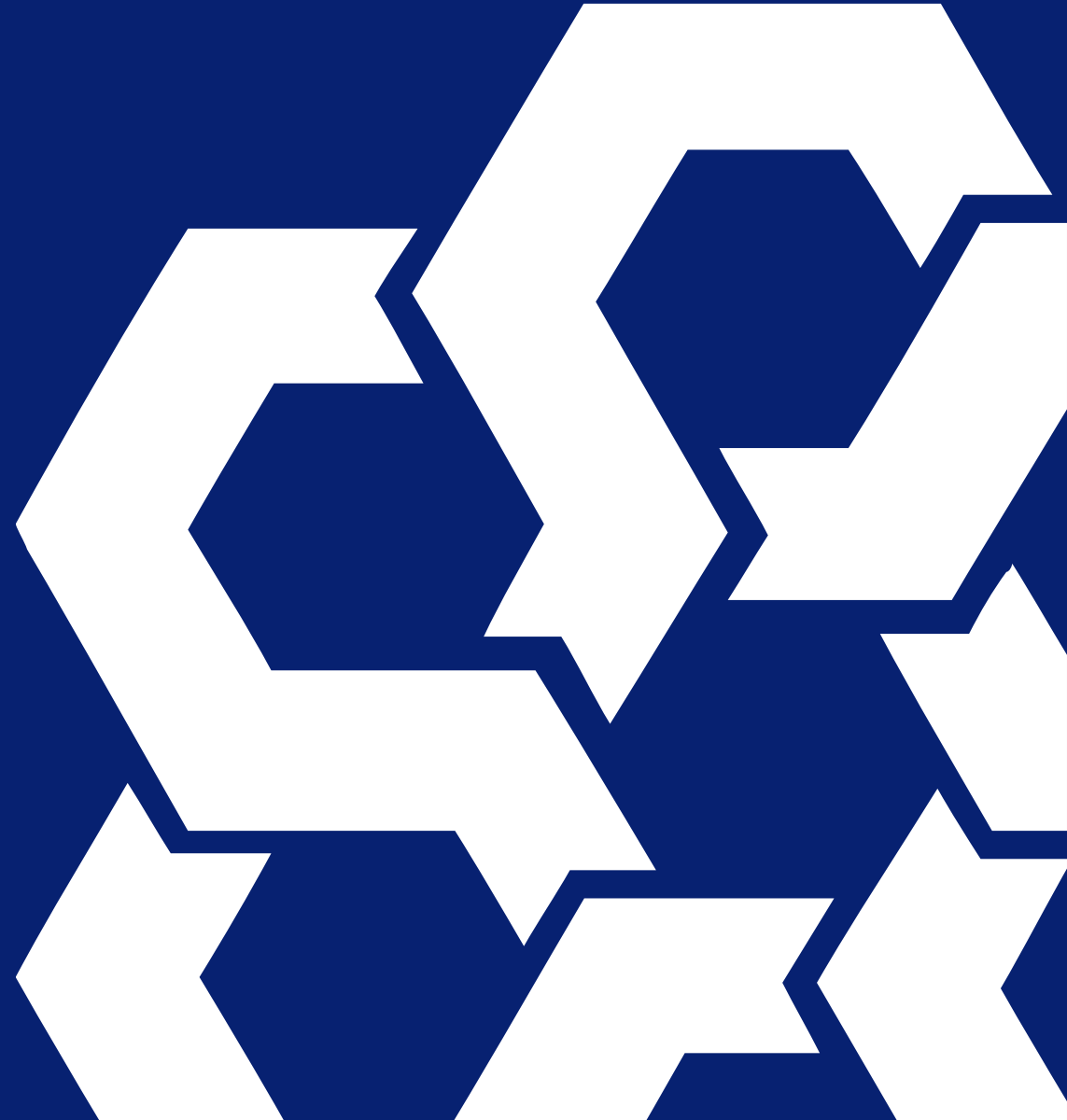
Areas of focus

- Amend requirements supporting the ‘present obligation’ recognition criterion—using concepts from the *Conceptual Framework*
- Clarify which costs to include in measure of a provision
- Specify more precisely the rate to use to discount future cash flows to their present value.

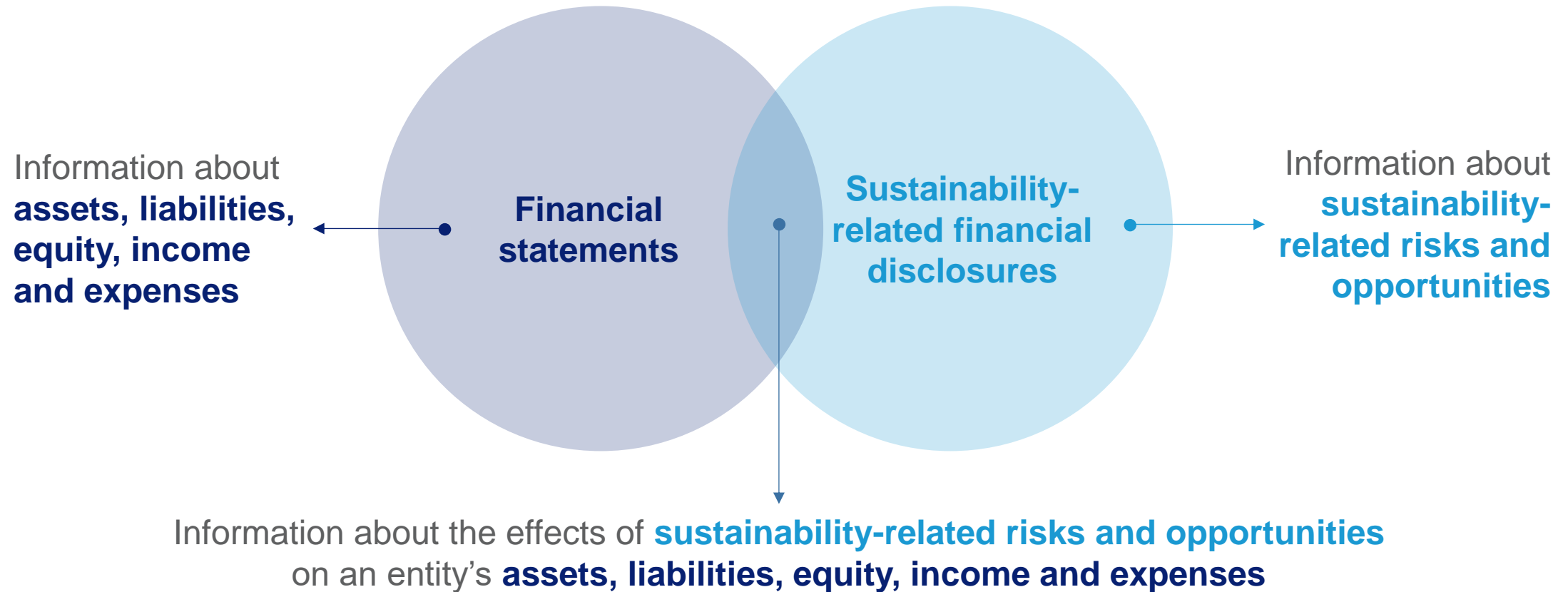
Next milestone

- Publish Exposure Draft – expected in November 2024

Connections between the ISSB and the IASB



Complementary objectives



IASB's progress in facilitating connections

1 Climate-related and Other Uncertainties in the Financial Statements project

- Seeks to address concerns that information about climate-related risks is sometimes insufficient or appears inconsistent with information provided elsewhere
- The IASB developed illustrative examples which, among other things, will help strengthen connections between an entity's general purpose financial reports
- The IASB collaborated with ISSB members and technical staff

2 Management Commentary project

- Targeted refinements to proposals in the Exposure Draft
- Revised Practice Statement *Management Commentary* expected in H1 2025
- Stepping stone towards greater integration in reporting in the future

Connected information—IFRS Accounting

IFRS Accounting Standards **enable connections** with the related sustainability-related financial disclosures

Examples of requirements



Disclosure about assumptions, judgements and estimation uncertainty



Overarching requirement to disclose material information



Disaggregation of information



Fair presentation

ISSB's progress in facilitating connections

- **1** IFRS S1 and IFRS S2 build on materials from **IFRS Accounting Standards**
(for example, definition of material and concept of reasonable and supportable information available without undue cost or effort)
- **2** IFRS S1 builds on concepts from the **Integrated Reporting Framework**
- **3** IFRS S1 and IFRS S2 include requirements for **connections** between financial statements and sustainability-related financial disclosures
- **4** IFRS S1 and IFRS S2 require disclosure of **current and anticipated effects** on financial statements due to sustainability-related risks and opportunities

Connected information—IFRS Sustainability

IFRS Sustainability Disclosure Standards **specifically require connections** with the related financial statements

Examples of requirements



Same reporting entity



Same reporting period



Same timing of reporting



Same currency as a unit of measure



Consistent data



Consistent assumptions

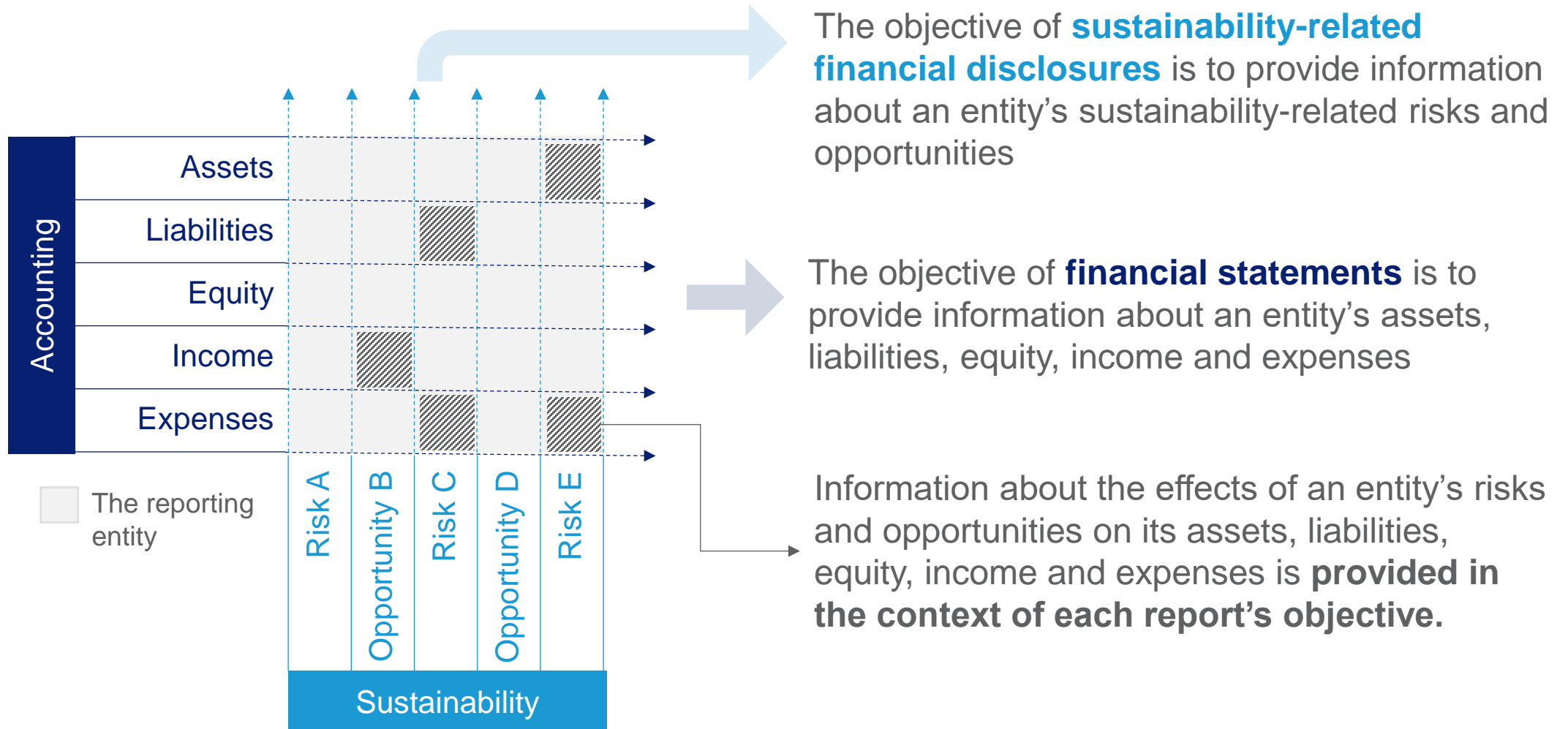


Connected information

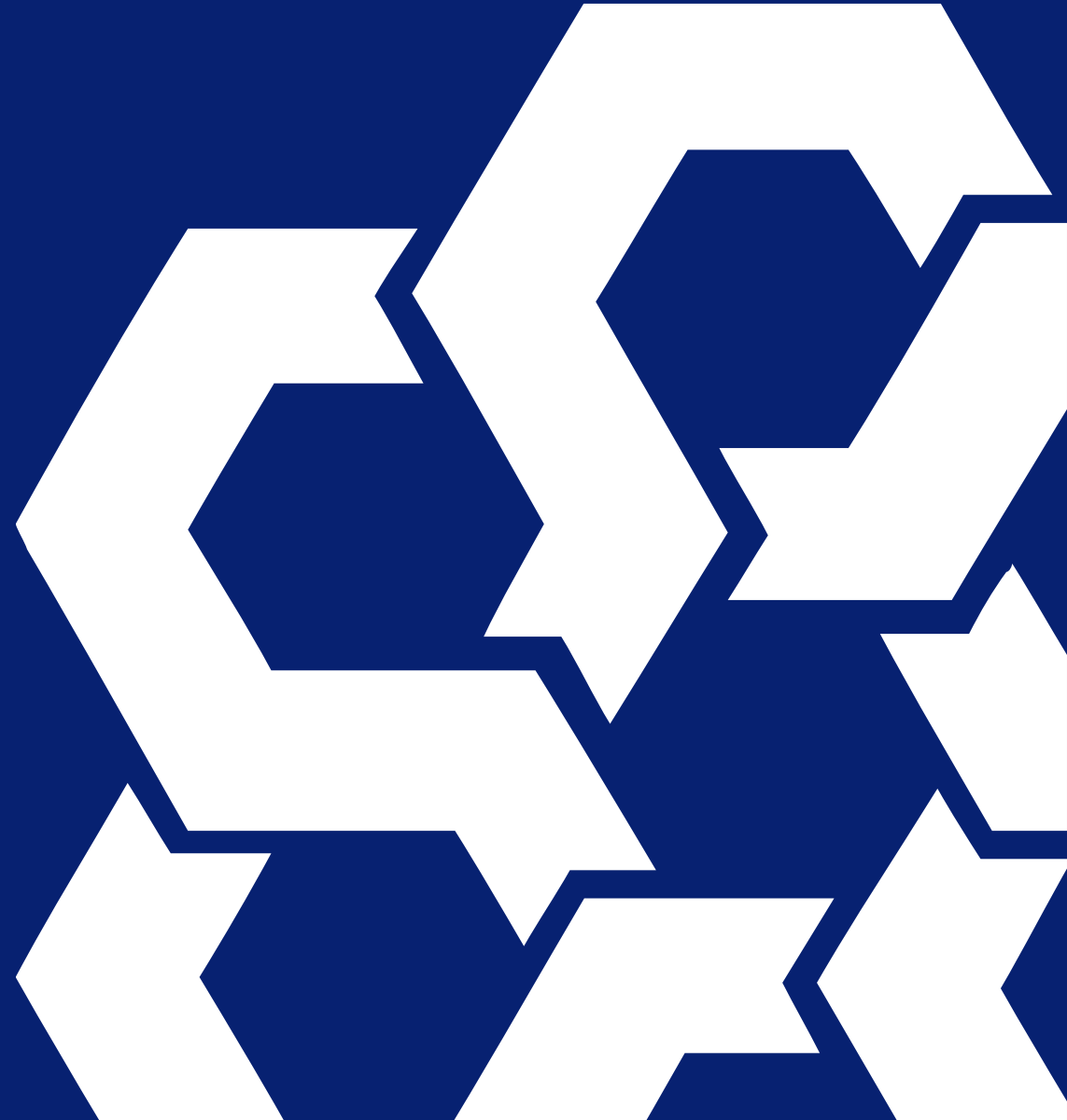


Current and anticipated financial effects

Complementary perspectives on the reporting entity



Helpful materials



Resources available on our website

Supporting materials sorted by Standard

Website
www.ifrs.org



IFRS
Accounting
Standards

IFRS IC
Interpretations

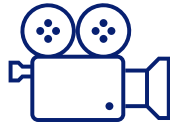
Cross-cutting
materials

News and
events



For example, for IFRS 9 *Financial Instruments*:

Videos



Webinars



Articles

Leaflet



Transition
Resource
Group



Agenda decisions

Supporting IFRS
Accounting
Standards

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