
Emerging Economies Group meeting

Date **May 2025**

Topic **IASB Technical Update**

Contacts **Tadeu Cendon (tcendon@ifrs.org)**

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*.
Copyright © 2025 IFRS Foundation. All rights reserved.

Overview

This update is prepared as of 8 April 2025

- Highlights since last EEG meeting
- Looking ahead
- Overview of the IASB's work plan
- Q&A session
- Appendix: Description of the projects on the IASB's work plan

Highlights since last EEG meeting

Highlights from December 2024

- The IASB has completed its technical decision-making on the revised IFRS Practice Statement 1 *Management Commentary*
- The updated Practice Statement is expected to be published in the June 2025

Management Commentary

- The IASB has issued targeted amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*
- Targeted amendments will help entities better reflect the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements, in their financial statements

Contracts Referencing Nature-dependent Electricity— Amendments to IFRS 9 and IFRS 7

Highlights from January 2025

- Having analysed the result of horizon-scanning activities, the IASB decided not to add a project on PPMs to its work plan now
- The IASB decided to defer a decision on whether to add a project on PPMs to its work plan to the next agenda consultation

Pollutant Pricing Mechanisms (PPMs)

- Comment period of the Exposure Draft *Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures (revised 202x)* ended on 20 January 2024 and the IASB received 111 comment letters from its stakeholders
- Exposure Draft feedback will be discussed by the IASB starting from May 2025

Equity Method

Highlights from February 2025

- The IASB and the ISSB held a joint meeting to discuss a summary of the feedback on the IASB's Exposure Draft *Climate-related and Other Uncertainties in the Financial Statements*
- The IASB plans to decide the project direction in June 2025

Climate-related and
Other Uncertainties in
the Financial
Statements

- The IASB issued the third edition of the *IFRS for SMEs Accounting Standard*
- The third edition is a major update to the Standard and is the outcome of a comprehensive review that has been informed by extensive stakeholder feedback

Second Comprehensive
Review of the *IFRS for
SMEs Accounting
Standard*

Highlights from March 2025

- The IASB discussed the approach to its next agenda consultation, which will shape its technical strategy and work plan from 2027
- The IASB will engage with its consultative groups and other stakeholders to develop the content for its public consultation
- The IASB expects to publish its formal consultation document through a request for information (RFI) in Q4 2025

Fourth Agenda Consultation

- The IASB discussed feedback on the application of IFRS 16, a review of academic literature and staff recommendations for the IASB on which matters to include in an RFI
- The IASB expects to publish the RFI by the end of June 2025

PIR of IFRS 16 *Leases*



Looking ahead



Consultations

Forthcoming



June 2025: Request for Information: Post-implementation Review of IFRS 16 *Leases*

Q4 2025: Exposure Draft proposing amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* in relation to Dynamic Risk Management

Q4 2025: Request for Information: *Fourth Agenda Consultation*

New Standards, Amendments and Other Publications

Issued in 2025

Third edition of the *IFRS for SMEs Accounting Standard*

Expected

(subject to the Board's approval)

- ✓ **June 2025:** Revised Practice Statement Management Commentary
- ✓ **Q3 2025:** Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, effective on or after 1 January 2027
- ✓ **H2 2025:** Accounting Standard *Regulatory Assets and Regulatory Liabilities*

New requirements - what is required when?

1 January 2025

- *Lack of Exchangeability* (Amendments to IAS 21)

1 January 2026

- *Amendments to the Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards—Volume 11
- *Contracts Referencing Nature-dependent Electricity*—Amendments to IFRS 9 and IFRS 7

1 January 2027

- IFRS 18: *Presentation and Disclosure in Financial Statements*
- IFRS 19: *Subsidiaries without Public Accountability: Disclosures*
- Third edition of the *IFRS for SMEs Accounting Standard*

Fourth Agenda Consultation

Objective

Consult on:

- strategic direction and balance of the IASB's work plan;
- criteria for assessing projects that may be added to the IASB's work plan; and
- priority financial reporting matters.

Request for Information

- Will seek input to enable the IASB to prioritise projects on its work plan, including any connectivity-related work with the ISSB
- Will cover the period beginning 2027

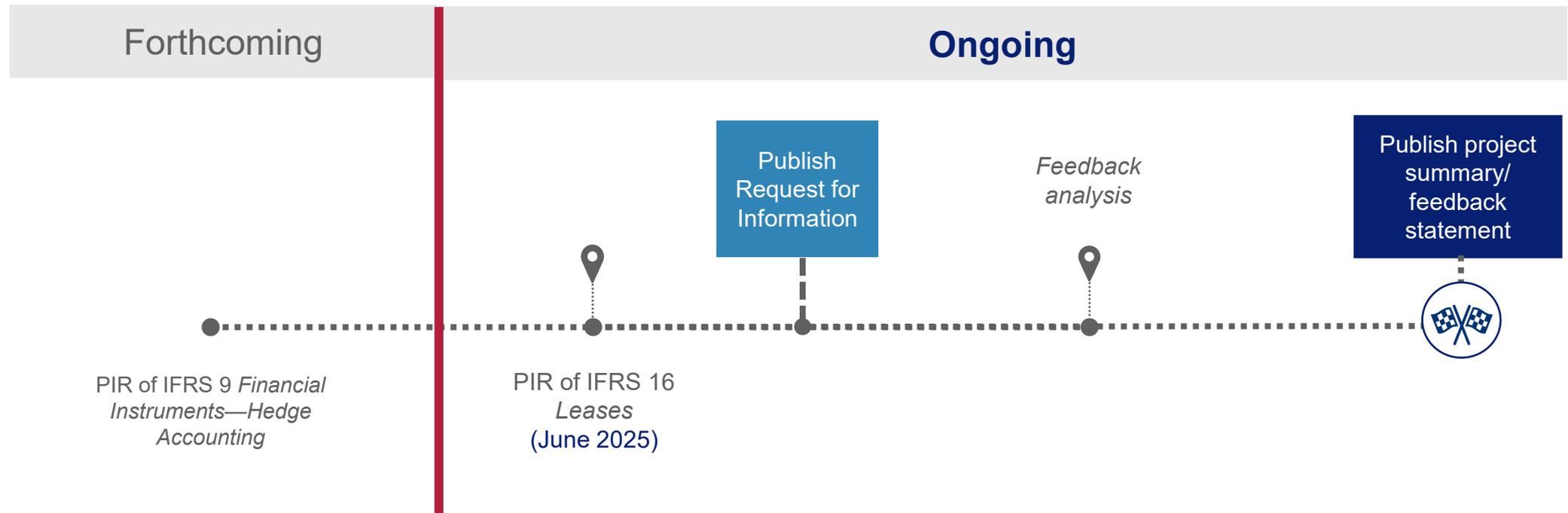


Next milestone

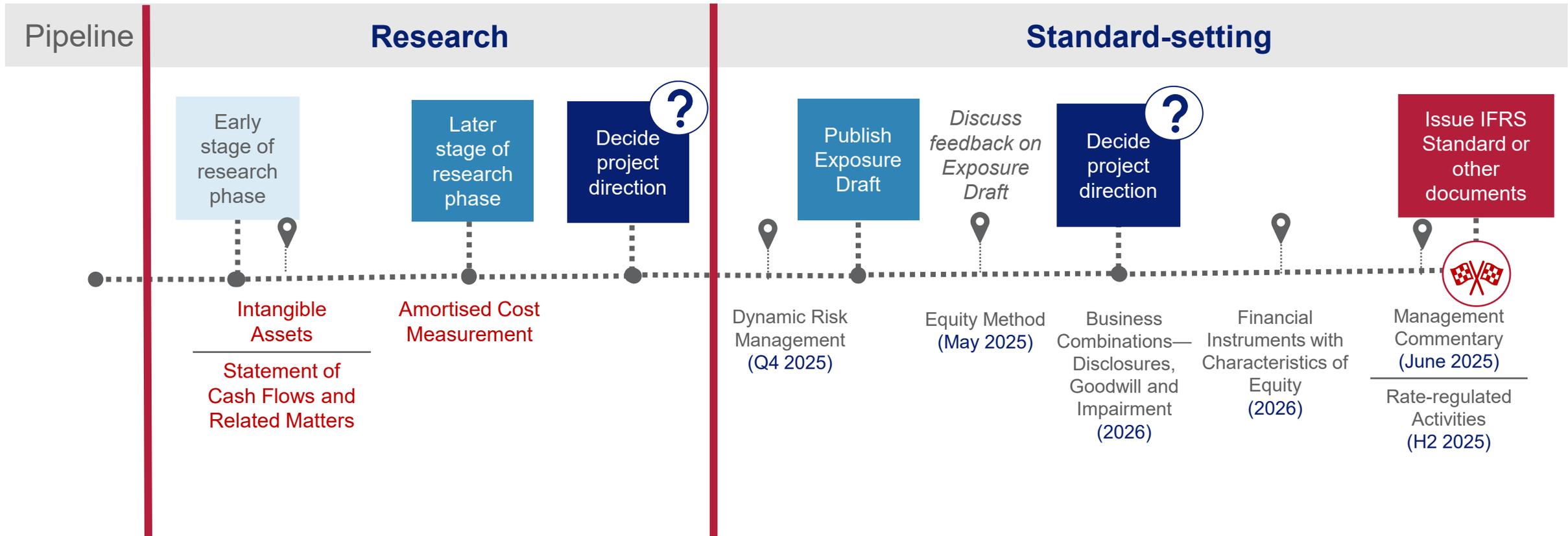
Request for Information in Q4 2025

Overview of the IASB's work plan

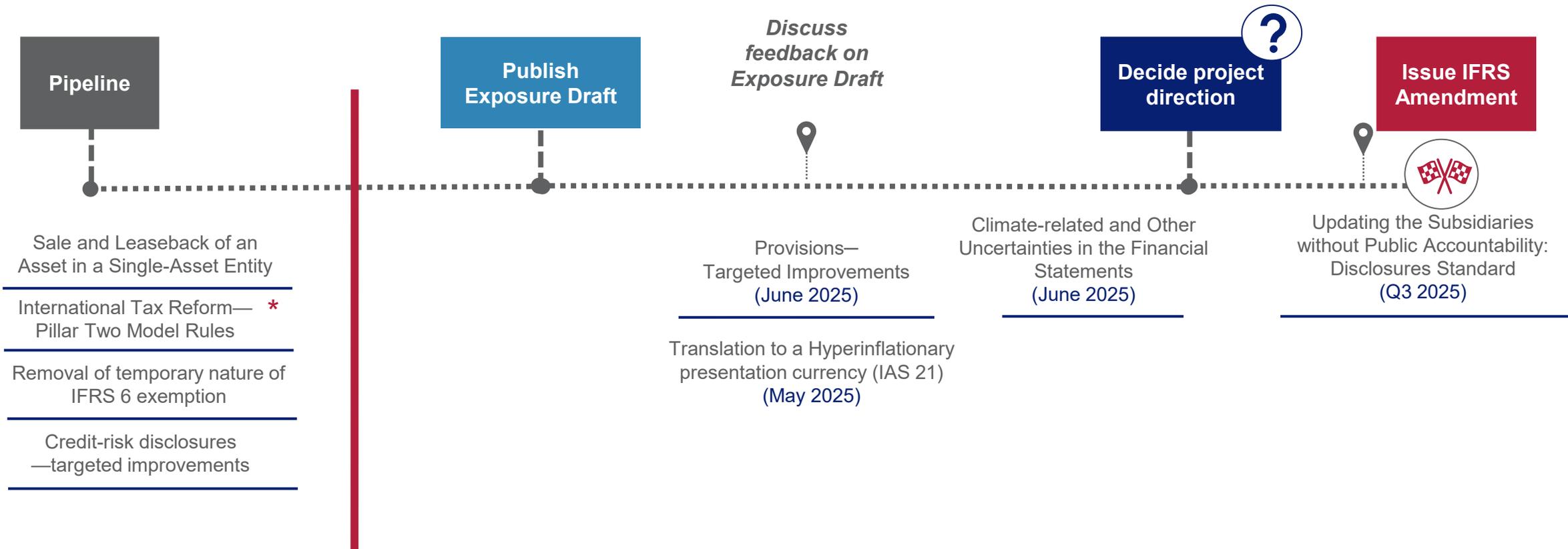
Post-implementation review projects



Research and standard-setting projects - status



Maintenance projects - status



* To determine whether to remove or make permanent the temporary exception

Q&A session

Follow us online

 [ifrs.org](https://www.ifrs.org)

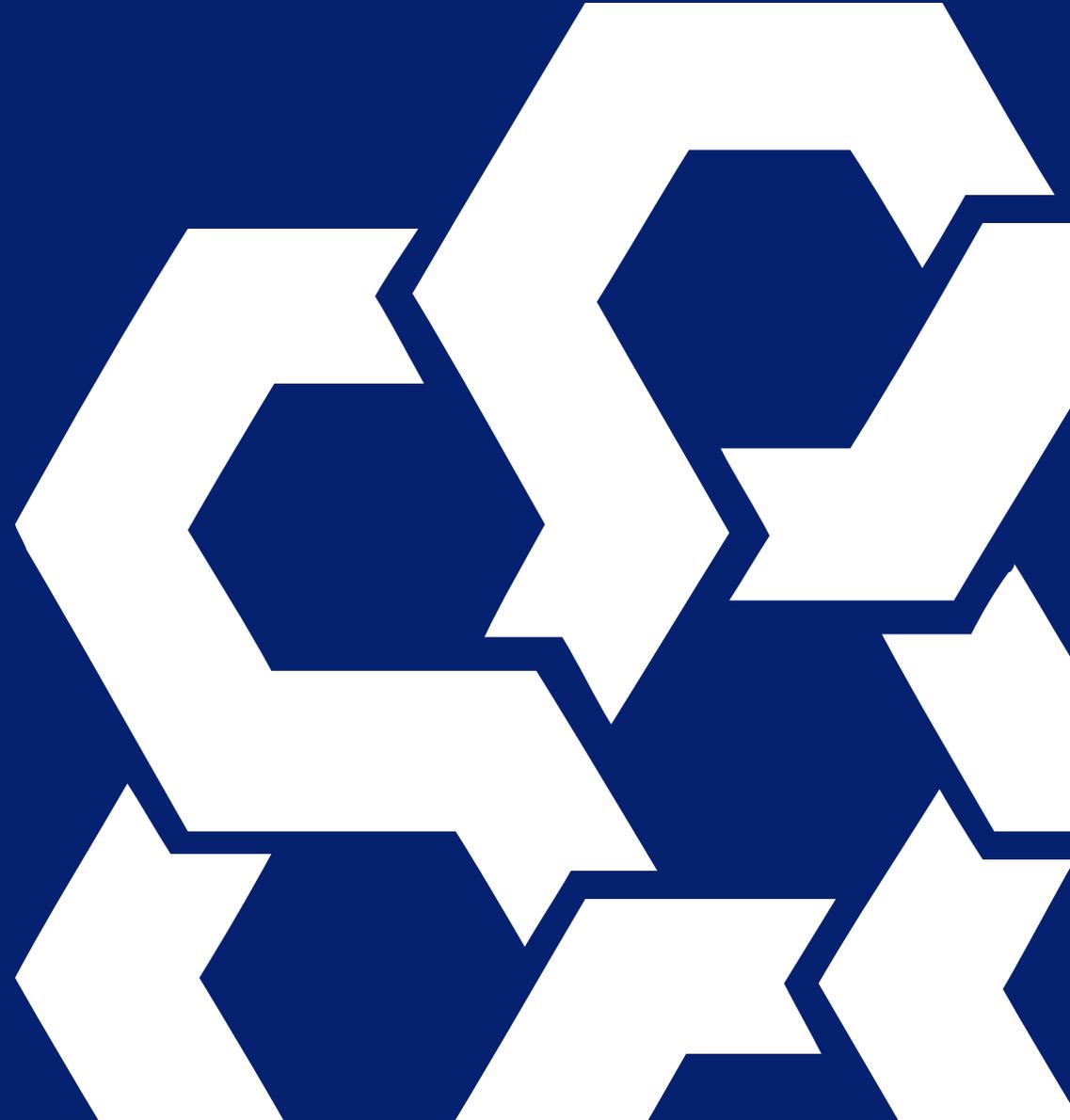
 [@IFRSFoundation](https://twitter.com/IFRSFoundation)

 [IFRS Foundation](https://www.youtube.com/IFRSFoundation)

 [International Accounting
Standards Board](https://www.linkedin.com/company/ifrs-foundation)

Appendix

Description of the projects on the IASB work plan



Appendix

Description of the projects
on the IASB's work plan

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



Next milestone

Request for information in June 2025

Statement of Cash Flows and Related Matters

Objective

Review the requirements of IAS 7 *Statement of Cash Flows* in response to feedback on the Third Agenda Consultation

Possible project approaches



Comprehensive review of IAS 7



Targeted improvements

Potential topics to explore

- Classifying cash flows into categories
- Disaggregation of cash flow information
- Definition of cash and cash equivalents
- Use of the direct method
- The statement of cash flows for financial institutions
- Additional information about the non-cash effects of some transactions



Next milestone

Decide project direction in May 2025

Intangible Assets

Objectives

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

Global research on direction

-  Over 40 meetings with stakeholder groups
-  Over 70 respondents to investor survey
-  Over 200 respondents from diverse sectors and professions to general survey

Key messages



Main themes:

- modernise IAS 38
- improve information on intangibles in financial statements



Some level of support for almost all topics



Call for timely improvements



Next milestone

Decide project direction in May 2025

Amortised Cost Measurement

Objectives

- Clarify the principles underlying the amortised cost measurement requirements in IFRS 9 and add accompanying application guidance to address widespread application issues
- Make specific improvements in information about financial instruments measured at amortised cost

Project Approach

- Targeted improvements** to amortised cost measurement requirements
- Not a fundamental review** of those requirements

Targeted improvements for:



Mechanics of effective interest method



Modification, derecognition, write-off



Interaction with impairment



Next milestone

Deliberate application issues and decide project direction in 2026

Dynamic Risk Management

Objectives

The DRM method:

- Better reflects the effects of dynamic interest rate risk management activities in an entity's financial statements
- Addresses challenges of current accounting models with respect to transparency, eligible items, dynamic nature and performance management

Proposals

The DRM method aims to:

- better reflect the **risk management** perspective
- enables **designation** of an interest rate **risk exposure**
- aligns to the risk management perspective through the **designation** of additional eligible items (ie a stable portion of demand deposits)
- Achieves transparency through new **presentation** and **measurement** requirements



Next milestone

Exposure Draft is expected in Q4 2025

Equity Method

Objectives

- Reduce diversity in practice by answering application questions
- Reorder requirements in IAS 28 *Investments in Associates and Joint Ventures* to improve understandability

Proposals

Measurement:

- clarify the cost of the investment
- add requirements for purchases or disposals of an additional interest
- clarify impairment requirements
- delete requirement to restrict gains and losses on transactions with associates or joint ventures

Presentation: add requirements on the order of recognition of the investor's share of P&L and OCI

Disclosures: add requirements to improve information for investors, including reconciliation of carrying amounts of associates and joint ventures



Next milestone

Discuss feedback on the [Exposure Draft](#) in May 2025

Business Combinations—Disclosures, Goodwill and Impairment

Objective

Improve information entities provide about their acquisitions at a reasonable cost

Proposals

Proposed changes to IFRS 3:

- Disclose information reviewed by key management personnel about the performance of a strategic business combination
- Disclose quantitative information, in the year of acquisition, about expected synergies
- Exempt an entity from disclosing some information in specific circumstances
- Other improvements to IFRS 3 disclosure requirements

Proposed changes to IAS 36:

- Clarify how an entity allocates goodwill to cash-generating units
- Require an entity to disclose in which reportable segment a cash-generating unit containing goodwill is included
- Simplify and improve calculation of value in use



Next milestone

Redeliberate proposals in the [Exposure Draft](#) and decide project direction in 2026

Financial Instruments with Characteristics of Equity

Objectives

- 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

- Redeliberate proposals in the [Exposure Draft](#)
- Final Amendments are expected in 2026

Management Commentary

Objectives

- Overhaul IFRS Practice Statement 1
- Respond to investor demand for better information in management commentary
- Provide a comprehensive resource for regulators and entities to support improvement and greater global alignment in management commentary
- Provide a stepping-stone towards greater integration in reporting in the future

Approach

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



Next milestone

Revised Practice Statement *Management Commentary* is expected in June 2025

Rate-regulated Activities

Objectives

Provide information about:

- the effects of regulatory income;
- regulatory expense;
- regulatory assets, and
- regulatory liabilities

on entities' 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.

The forthcoming Accounting Standard will require the entities:

- to reflect compensation for goods or services in the period goods or services are supplied;
- to recognise regulatory assets, regulatory liabilities, regulatory income and regulatory expense



Next milestone

IFRS Accounting Standard *Regulatory Assets and Regulatory Liabilities* is expected in H2 2025

Provisions—Targeted Improvements

Objectives

- Clearer requirements on when to recognise a provision, with earlier recognition of some provisions
- More standardised measures of long-term provisions and greater transparency around inputs to the measures

Proposals

Amend IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*

- Clarify and amend the recognition criteria, applying the *Conceptual Framework*
- Specify the discount rates to use in measuring a long-term provision, and require disclosure of information about rates used
- Clarify the costs to include in measuring obligations to provide goods or services



Next milestone

Discuss feedback on the [Exposure Draft](#) in June 2025

Climate-related and Other Uncertainties in the Financial Statements

Objective

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
- Raise awareness of the requirements in IFRS Accounting Standards, including the objective and scope of financial statements
- Work with the ISSB to ensure the work of both Boards is connected



Next milestone

Decide project direction in June 2025

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

Objective

Improve the usefulness of the financial information reported by entities that present financial statements in a hyperinflationary currency

Proposals

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

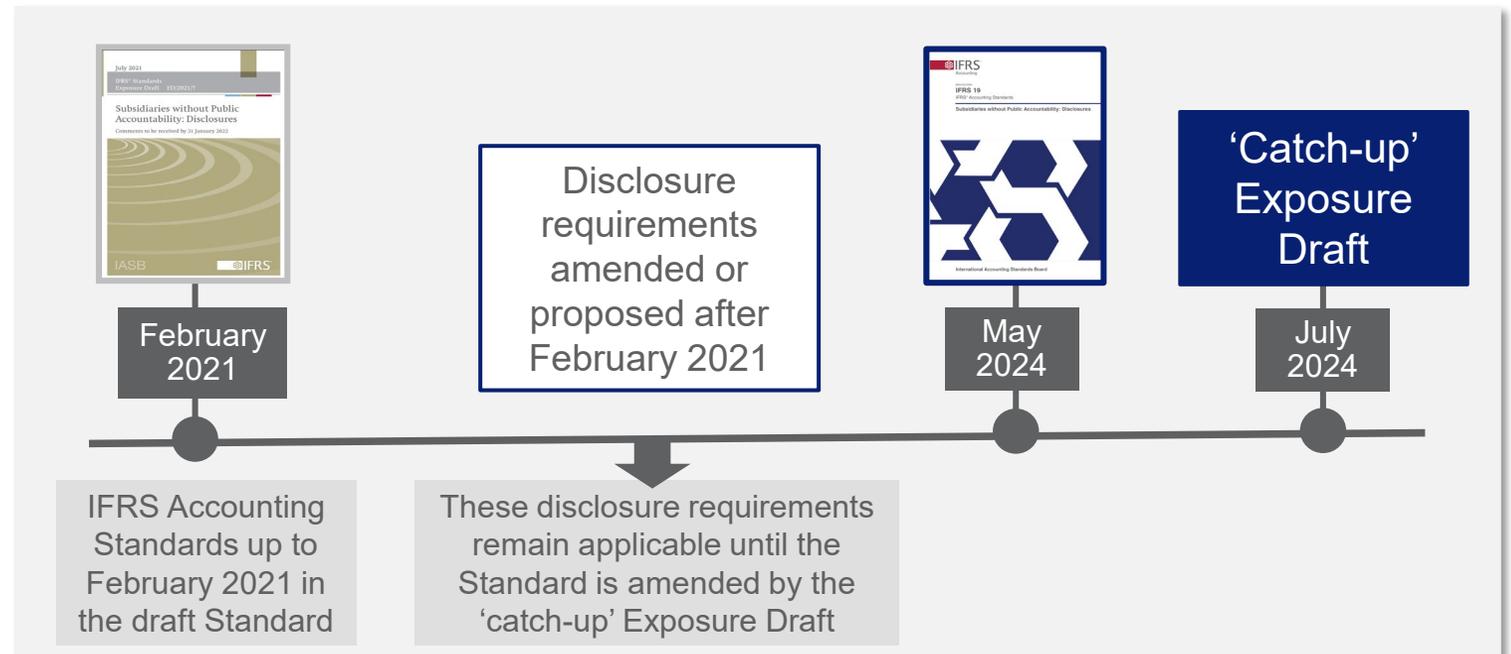
Discuss feedback on the [Exposure Draft](#) in May 2025

Updating IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Objective

Propose amendments to IFRS 19 and consider reduced versions of disclosure requirements added to IFRS since March 2021:

- *Non-current Liabilities with Covenants*
- *Supplier Finance Arrangements*
- *Lack of Exchangeability*
- *Primary Financial Statements*
- *Rate Regulated Activities*
- *International Tax Reform—Pillar Two Model Rules*



Next milestone
Issue Amendments in Q3 2025