Staff paper

Agenda reference: DP2

IFRS Foundation Trustees meeting – Due Process Oversight Committee

Date	**October 2025**
Topic	**IASB Technical Activities: Key Issues and Update**
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Purpose of the report

1. This report provides the Due Process Oversight Committee (DPOC) with an update on the activities of the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (Interpretations Committee) for the period 1 May 2025 to 30 September 2025.

2. The report sets out how the IASB and the Interpretations Committee have fulfilled their due process obligations as set out in the *Due Process Handbook*. The report aims to assist the DPOC in fulfilling its role of overseeing the due process activities of the IASB and the Interpretations Committee, as set out in paragraphs 2.1–2.15 of the *Due Process Handbook*. Paragraph 2.8(a) of the *Due Process Handbook* explains:

   > The DPOC is responsible for … reviewing regularly, and in a timely manner, together with the [IASB] and the IFRS Foundation staff, the due process activities of the [IASB] and the Interpretations Committee, including standard-setting, the development of materials to support the consistent application of IFRS [Accounting] Standards, and the IFRS [Accounting] Taxonomy.

3. In this paper, there are no projects for which the DPOC is being asked to specifically confirm that due process has been followed. **Accordingly, all information in this report is for information only.**

4. The report is structured as follows:

   (a) due process matters in the period for noting (paragraphs 6–13); and
   (b) other matters occurring during the period for the attention of the DPOC (paragraphs 14–39).

5. The accompanying appendices are as follows:

   Appendix A—Overview of projects on the work plan

   Appendix B—Due process documents published in the period.

Due process matters in the period for noting

Due process documents published

6. The due process documents published in the period are listed in Appendix B. The staff confirm that the required due process steps have been completed for each of the documents listed. When the IASB is required to review a summary of the due process steps undertaken for a due process document, the DPOC receives a copy of the supporting IASB paper in advance of the IASB's discussion.

Due process decisions

7. In May 2025, the IASB was provided with a summary of the first phase of the *Post-implementation review (PIR) of IFRS 16 Leases*, setting out the process the IASB has followed to determine the scope of the Request for Information (RFI), including undertaking extensive engagement with stakeholders. The IASB approved the publication of the request for information for public comment and set a 120-day comment period. See paragraphs 17–20 for further information.

8. In June 2025, the IASB decided to move its Amortised Cost Measurement project from its research programme to its standard-setting programme, evaluating the project against the criteria in paragraphs 5.4–5.7 of the *Due Process Handbook*. This decision means that the IASB's next due process document will be an exposure draft, rather than a discussion paper. Paragraph 5.5 of the *Due Process Handbook* states that the IASB would normally propose to develop major amendments to an IFRS Accounting Standard after publication and consideration of comments on a discussion paper. However, publication of a discussion paper is not mandatory if the IASB concludes that it otherwise has sufficient information and understands the problems and potential solutions well enough. With this decision, IASB members noted that this is the case based on the work of two PIRs (the classification and measurement requirements in IFRS 9 *Financial Instruments* and the impairment requirements in IFRS 9) and the work performed to date in the Amortised Cost Measurement project.

9. When adding a major project to the IASB's standard-setting programme, paragraph 3.60 of the *Due Process Handbook* also requires consideration of whether a consultative group should be established for the project. The IASB is in the process of establishing a Financial Instruments Consultative Group, whose remit will include the Amortised Cost Measurement project (see paragraph 8 of AP DP3A).

10. In June 2025, the IASB concluded its redeliberations of the proposals in its Exposure Draft *Translation to a Hyperinflationary Presentation Currency* published in July 2024. The IASB confirmed it has complied with the applicable due process requirements to begin the balloting process for these amendments. As part of this, the IASB confirmed that re-exposure is not necessary.

11. In June 2025, the IASB concluded redeliberations of the feedback on the Exposure Draft *Climate-related and Other Uncertainties in the Financial Statements*. The IASB confirmed it has complied with the applicable due process requirements to begin the balloting process for the illustrative examples. As part of this, the IASB confirmed that re-exposure is not necessary. See paragraphs 33–36 for further information.

12. In September 2025, the IASB decided to change its approach to its Fourth Agenda Consultation. See paragraphs 14–16 for further information.

Agenda paper compliance report[1]

13. In the period 1 May 2025 to 30 September 2025, all agenda papers discussed by the IASB and the Interpretations Committee were made available on the public website unaltered.

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[1] Paragraph 3.12 of the *Due Process Handbook* states 'The technical staff is required to report to the [IASB] and the DPOC at least annually on the extent to which material discussed by the [IASB] or the Interpretations Committee has not been made available to observers and the main reasons for doing so. In addition, the technical staff is required to include in that report the number of meeting papers that have been distributed less than five working days in advance and the main reasons for doing so.'

Other matters occurring during the period for the attention of the DPOC

Work plan developments

Fourth Agenda Consultation

14. As discussed with the DPOC in previous meetings, the IASB started its Fourth Agenda Consultation in March 2025. However, IASB and ISSB board and staff leadership continued discussing the possibility of concurrent agenda consultations. As a result of these discussions, in July 2025, the ISSB agreed, subject to confirmation from the IASB, to begin an agenda consultation in late 2026 and to publish a Request for Information in 2027.

15. In July 2025, IASB members discussed this development and welcomed the plan, noting that concurrent agenda consultations would be less burdensome for stakeholders to consider each board's work plan at the same time and provide holistic feedback about the priority of connected work.

16. In September 2025, the IASB decided to revise its approach to the Fourth Agenda Consultation by:

    (a) deferring its plans to publish a request for information in October 2025 in line with the proposal for a concurrent request for information in 2027 to align with the ISSB; and

    (b) extending the Third Agenda Consultation period until the conclusion of the concurrent agenda consultation and using capacity becoming available during that time on existing and new projects.

Post-implementation review of IFRS 16 Leases

17. The IASB began the PIR of IFRS 16 *Leases* in June 2024.

18. The IASB, together with the Financial Accounting Standards Board (FASB), started a joint project to improve the financial reporting of leases in July 2006. The IASB issued IFRS 16 in January 2016 and the FASB issued its Accounting Standards Update in February 2016. IFRS 16 was effective for annual reporting periods beginning on or after 1 January 2019.

19. IFRS 16 eliminated the model in which a lessee classified leases as either operating leases or finance leases as required by the previous Standard (IAS 17 *Leases*) and introduced a single lessee accounting model that requires a lessee to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement.

20. In June 2025, the IASB published a Request for Information, seeking information to help the IASB assess whether the effects of applying the new requirements on users of financial statements, preparers, auditors and regulators are as intended when the new requirements were developed. As reported to the DPOC in June, the questions in the RFI are informed by the engagement the IASB undertook with stakeholders since June 2024. The Request for Information has a 120-day comment period that ends on 15 October 2025.

Research and standard-setting updates

Rate-regulated Activities

21. The IASB is progressing towards issuance of a final Accounting Standard.

22. In July 2025, the DPOC discussed a due process complaint it received and concluded that it was satisfied that the IASB complied with due process. It also confirmed that all the necessary due process steps have been followed and its review of the due process on this project is now complete.

23. The IASB expected to issue the final Accounting Standard in December 2025. However, the IASB would like to invest more time to improve the clarity of the extensive new requirements. It therefore now expects to issue the final Accounting Standard in Q2 2026. During this time, the IASB also continues to engage with stakeholders to help clarify the objective and key requirements of the Standard and understand any stakeholder concerns.

24. The IASB also continues to engage with stakeholders to clarify the new requirements and support future implementation of the final Standard.

Dynamic Risk Management

25. The IASB is progressing towards publication of an exposure draft, expected in December 2025.

26. Dynamic risk management is a complex area of accounting, and the IASB is proposing an accounting model that will enable investors to better understand the effect of a company's dynamic risk management (DRM) of repricing risk due to changes in interest rates and to evaluate the effectiveness of that risk management.

27. The IASB has set a 240-day comment period for the exposure draft. This comment period is twice the length of the 120-day comment period typically provided for exposure drafts, as noted in the *Due Process Handbook*. The extended comment period is intended to provide stakeholders with time to consider the proposed new model, identify possible concerns, share implications of this model for companies other than banks (eg insurance) and other types of risk, and participate in detailed fieldwork. The questions for the fieldwork will be published alongside the Exposure Draft and all stakeholders will be invited to participate in the fieldwork.

28. The extended comment period will also enable coordination with the PIR of the hedge accounting requirements in IFRS 9, expected to start in Q1 2026. There is some interaction with the DRM project and the PIR as the proposed DRM disclosure requirements are based on the hedge accounting disclosures in IFRS 7. An overlap in the two consultations would allow for a more coordinated approach in gathering evidence and information on the potential withdrawal of the hedge accounting requirements in IAS 39 and whether the application of the DRM model could be applicable to the activities of entities other than banks or to risks other than repricing risk.

Statement of Cash Flows and Related Matters

29. In September 2024, the IASB started work on its research project on the statement of cash flows and related matters in response to feedback on its Third Agenda Consultation. After extensive outreach, review of academic literature and studies performed by national standard-setters and analysis of financial statements, the IASB decided in May 2025 to focus the project on ways to improve:

    (a) the disaggregation of cash flow information in the financial statements;

    (b) the reporting of information about non-cash transactions in the financial statements;

    (c) the transparency of information communicated about cash flow measures not specified in IFRS Accounting Standards;

(d) the consistent application of requirements to classify cash flows as operating, investing or financing; and

(e) the consistent application of the definition of 'cash equivalents'.

30. The IASB had initial discussions relating to some of the areas of focus, including tentative decisions to extend the scope of requirements in IFRS 18 for management-defined performance measures to measures relating to cash flows. The IASB expect to discuss remaining topics over the following months. The IASB is expected to decide project direction in H1 2026, in particular whether to move this project from the research programme to the standard-setting programme.

IFRS Accounting Taxonomy

31. To reduce consultation burdens on stakeholders, the IASB will now be bundling IFRS Accounting Taxonomy updates into a single consultation document each year, reflecting amendments to presentation and disclosure requirements issued throughout the year. Paragraph A29 of the *Due Process Handbook* allows for balloting of amendments to the IFRS Accounting Taxonomy later than the balloting of the final amendments to the IFRS Accounting Standards to avoid delaying amendments to the IFRS Accounting Standards.

32. The IASB will consider proposing updates to the IFRS Accounting Taxonomy for the *IFRS for SMEs Accounting Standard Third Edition* and Practice Statement 1 Management Commentary in due course.

Supporting consistent application

Maintenance projects – Disclosures about Uncertainties in the Financial Statements using Climate-related Examples

33. Respondents to the IASB's previous Agenda Consultation in 2021 told the IASB that they were concerned that information about the effects of climate-related risks in the financial statements was sometimes insufficient or appeared to be inconsistent with information entities provided outside the financial statements, particularly information reported in other general purpose financial reports. To respond to those concerns, the IASB added to its work plan a project to explore targeted actions to improve the reporting of the effects of climate-related risks in the financial statements.

34. The IASB carried out research to understand the nature and causes of respondents' concerns about reporting the effects of climate-related risks in the financial statements. Based on this research, the IASB decided:

(a) to generalise the project's objective to cover uncertainties in general; and

(b) to take actions to help to improve the reporting of the effects of these uncertainties in the financial statements.

35. The main action the IASB decided to take was to develop examples illustrating how an entity applies the requirements in IFRS Accounting Standards to report the effects of uncertainties in its financial statements.

36. In July 2025, the staff published a near-final draft of the illustrative examples to give companies early visibility of our work. The IASB originally planned to issue the final illustrative examples in October, However, we are taking extra time to ensure drafting of the basis for conclusions provides appropriate context for the project. Specifically, we are clarifying the objective of the project is to improve the disclosure of uncertainties applying IFRS Accounting Standards, when application results in material information in the context of the financial statements. The illustrative examples use climate-related

uncertainties as examples, as requested by our stakeholders, to meet this objective, but the basis for conclusions emphasises that these examples can be analogised to other types of uncertainties.

Interpretations Committee

37. The Interpretations Committee met in June and September 2025. At those meetings, the Interpretations Committee:

    (a) voted to finalise Agenda Decision *Assessing Indicators of Hyperinflationary Economies* (IAS 29 *Financial Reporting in Hyperinflationary Economies*). The Agenda Decision was published in July 2025 following the IASB's July 2025 meeting at which the IASB—in accordance with paragraph 8.7 of the Due Process Handbook—confirmed that it did not object to the agenda decision.

    (b) published four tentative agenda decisions. The Interpretations Committee will consider feedback on these tentative agenda decisions at its future meetings.

    (c) proposed updates to ten agenda decisions in the light of the issuance of IFRS 18 *Presentation and Disclosure in Financial Statements*.

38. At those meetings, Interpretations Committee members also provided input on the IASB's projects on:

    (a) Business Combinations—Disclosures, Goodwill and Impairment;

    (b) Statement of Cash Flows and Other Related Matters; and

    (c) Translation to a Hyperinflationary Presentation Currency.

39. At 30 September 2024, there was no submission recently received that the Interpretations Committee has not yet considered.

Appendix A—Overview of projects on the Work Plan

[abbreviations: DP=Discussion Paper; ED=Exposure Draft; RFI=Request for Information; ASAF=Accounting Standards Advisory Forum; CMAC=Capital Markets Advisory Committee; GPF=Global Preparers Forum; EEG=Emerging Economies Group; SMEIG=SME Implementation Group; IFCG=Islamic Finance Consultative Group; IRCC=Integrated Reporting and Connectivity Council]

Project	**Objective**	**Next due process step**	**Date**	**Timeline consistent with prior report**	**Current activity**	**Last due process document**	**Consultative group discussions**[2]
Governance projects							
Fourth Agenda Consultation	To consult on the strategic direction and balance of the IASB's work plan, the criteria for assessing projects that may be added to the IASB's work plan, and priority financial reporting matters.	N/A – project suspended	N/A	N/A	• IASB met in September 2025 to discuss its approach to its Fourth Agenda Consultation. • This project will now be removed from future reports.	N/A	CMAC and GPF joint meeting: Jun 2025 EEG: May 2025 Advisory Council: Apr 2025
Research projects							
Intangible Assets	To improve the usefulness of information entities provide about intangible items in their financial statements and to update IAS 38 *Intangible Assets*, in particular to make it more suitable for newer types of intangible items and new ways of using them.	Decide Project Direction	2026	✓	• The IASB met in June 2025 to discuss the project plan for the next twelve months.	N/A	CMAC/GPF joint meeting: Jun 2024 ASAF: Mar 2025 IC: Jun 2024 EEG: Dec 2024 GPF: Mar 2025

[2] Most recent discussion with each group highlighted

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions[2]
PIR of IFRS 16	To assess the effects of the new requirements on entities, users, auditors and regulators.	Request for Information Feedback	Q1 2026	N/A (new milestone)	• The IASB published a Request for Information in June 2025 with a 120-day comment period.	RFI published Jun 2025	ASAF: Mar 2025 IC: Sep 2024 CMAC: Nov 2024 GPF: Nov 2024 EEG: Dec 2024 ITCG: Dec 2024 IFCG: Dec 2024
Statement of Cash Flows and Related Matters	To review and improve the requirements for the statement of cash flows and related matters in IFRS Accounting Standards.	Decide Project Direction	Q1 2026	N/A (new milestone)	• The IASB continued deliberating its initial research findings.	N/A	CMAC/GPF joint meeting: Jun 2025 CMAC: Mar 2025 GPF: Mar 2025 ASAF: Mar 2025 EEG: Dec 2024 IC: Sep 2025
Standard-setting projects							
Amortised Cost Measurement	To make targeted improvements to the amortised cost measurement requirements in IFRS 9 *Financial Instruments* by clarifying their underlying principles and adding accompanying application guidance.	Exposure Draft	H2 2026	N/A (new milestone)	• The IASB met in June 2025 to discuss feedback from stakeholders and moved this project to the standard-setting agenda. In Sep 2025 it began deliberations of issues in the scope of the project.	N/A	ASAF: Dec 2024 EEG: Dec 2024 IC: Nov 2024

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions[2]
Business Combinations—Disclosures, Goodwill and Impairment	To explore whether entities can, at a reasonable cost, provide users with more useful information about the acquisitions those entities make. The IASB is considering ways to meet the objective though improving the disclosure requirements about business combinations and the impairment test for groups of assets containing goodwill	Decide Project Direction	H2 2026	✓	• The IASB is redeliberating the proposals in the ED.	ED published Mar 2024.	ASAF: Jul 2025 CMAC/GPF Joint meeting: Jun 2025 EEG: May 2024 IFCG: May 2024 IC: Sep 2025
Dynamic Risk Management	To develop an accounting model to better reflect how an entity's interest rate risk management strategy may affect the amount, timing and uncertainty of future cash flows and the effect of risk management activities on its financial statements.	Exposure Draft	Q4 2025	✓	• The IASB finalised its deliberations on the technical aspects in October 2024 and gave the staff permission to draft the Exposure Draft.	DP published in 2014	ASAF: Sep 2024 IFCG: May 2024
Equity method	To develop answers to application questions about the equity method, as set out in IAS 28 *Investments in Associates and Joint Ventures*, using the principles derived from IAS 28 where possible.	Decide Project Direction	Q1 2026	N/A (new milestone)	• The IASB met in June 2025 to plan the next stage of the project.	ED published Sep 2024	ASAF: Mar 2025 GPF: Nov 2024 CMAC: Nov 2024 EEG: Dec 2024 CMAC/GPF: Jun 2025
Financial Instruments with Characteristics of Equity	To improve the information that entities provide in their financial statements about the financial instruments they have issued and address challenges with applying IAS 32 *Financial Instruments: Presentation*	Final Amendments	2026	✓	• The IASB continued to discuss feedback on the ED during the period.	ED published Nov 2023	ASAF: Mar 2025 CMAC: Mar 2025 GPF: Mar 2025 EEG: May 2025 IFCG: May 2024

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions[2]
Management Commentary	To revise and update Practice Statement 1 *Management Commentary* issued in 2010	Final Revised Practice Statement	June 2025	✓	• In June 2025 the IASB issued the revised IFRS Practice Statement 1 *Management Commentary* (revised Practice Statement). • This project will now be removed from future reports.	Revised Practise Statement published Jun 2025	Management Commentary Consultative Group: May 2024 Advisory Council: Apr 2023 ASAF: Dec 2024 CMAC: Jun 2021 EEG: Dec 2024 GPF: Jun 2021 IRCC: Jun 2024 IFRS Taxonomy Consultative Group: Nov 2021
Rate-regulated Activities	To develop a new accounting model to give users of financial statements better information about an entity's incremental rights and obligations arising from its rate-regulated activities	IFRS Accounting Standard	Q2 2026	Publication has been deferred from H2 2025 to Q2 2026, as the IASB would like to invest more time to improve the clarity of the extensive new requirements.	• Staff is drafting the final Standard and conducting outreach.	ED published Jan 2021	Consultative Group for Rate Regulation: Nov 2023 ASAF: Jul 2025 CMAC: Mar 2021 GPF: Mar 2021 EEG: Dec 2024

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document
Maintenance projects						
Disclosures about Uncertainties in the Financial Statements Illustrated using Climate-related Examples	To explore whether and how financial statements can better communicate information about climate-related and other uncertainties.	Final Illustrative Examples	TBD	We are reviewing the timeline for issuance	• The IASB met in June 2025 to discuss the project direction, and to confirm that the IASB is satisfied is has complied with the applicable due process requirements and has undertaken sufficient consultation and analysis to begin the process for balloting the illustrative examples.	ED published Jul 2024
Provisions—Targeted Improvements	To develop proposals for three targeted improvements to IAS 37: (i) aligning the IAS 37 liability definition and requirements for identifying liabilities with the *Conceptual Framework*; and (ii) clarifying two aspects of the measurement requirements	Decide Project Direction	Q4 2025	✓	• The IASB met in June 2025 to discuss a summary of the feedback on its Exposure Draft. • In Sep 2025 it began redeliberations of proposals in the ED.	ED published Nov 2024
Updating IFRS 19 Subsidiaries without Public Accountability: Disclosures Standard	To update IFRS 19 for IFRS Accounting Standards that have been issued or amended since the IASB published the Exposure Draft relating to IFRS 19 in July 2021	Final Amendment	Q3 2025	✓	• In August 2025 the IASB amended IFRS 19 to provide reduced disclosure requirements for new and amended IFRS Accounting Standards issued between February 2021 and May 2024. • This project will now be removed from future reports.	Amendments published Aug 2025

Project	**Objective**	**Next due process step**	**Date**	**Timeline consistent with prior report**	**Current activity**	**Last due process document**
Translation to a Hyperinflationary Presentation Currency (IAS 21)	To make targeted amendments about the use of a hyperinflationary presentation currency by an entity whose functional currency is not hyperinflationary.	Final Amendment	Nov 2025	N/A (new milestone)	• In June 2025, the IASB confirmed it has complied with the applicable due process requirements to begin the balloting process for these amendments. As part of this, the IASB confirmed that re-exposure is not necessary	ED published Jul 2024

Appendix B—Due process documents published in the period

Standard-setting due process documents

Due process document	Due process stage	Date published	Due process reviewed by IASB[3]	All applicable due process steps completed
Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures	Amendment	August 2025	March 2025	✓
IFRS Practice Statement 1 Management Commentary	Revised Practice Statement	June 2025	December 2024	✓

[3] Paragraph 4.16, 6.6 and 6.22–6.24 of the *Due Process Handbook* set out the due process requirements for the IASB when publishing a Discussion Paper, an Exposure Draft, and a new or amended Standard respectively. Before publishing these documents, the staff presents a summary of the due process steps to the IASB and asks the IASB to confirm that it is satisfied that all necessary steps have been completed. The DPOC receives a copy of this summary in advance of the Board discussion.

Submissions discussed by the IFRS Interpretations Committee progressing towards an agenda decision

Topic	Current due process stage	Date published	Approved by Interpretations Committee	IASB not object[4]	All applicable due process steps completed	Next step	Remarks
Determining and Accounting for Transaction Costs (IFRS 9)	Tentative agenda decision	8 July 2025	25 June 2025	N/A	✓	Tentative agenda decision feedback	The Interpretations Committee will consider feedback on the tentative agenda decision at a future meeting.
Embedded Prepayment Option (IFRS 9)	Tentative agenda decision	8 July 2025	25 June 2025	N/A	✓	Tentative agenda decision feedback	The Interpretations Committee will consider feedback on the tentative agenda decision at a future meeting.
Updates to Committee's agenda decisions for IFRS 18	Tentative agenda decision	8 July 2025	25 June 2025	N/A	✓	Tentative agenda decision feedback	The Interpretations Committee will consider feedback on the tentative agenda decision at a future meeting.
Classification of a Foreign Exchange Difference from an Intragroup Monetary Liability (or Asset) (IFRS 18)	Tentative agenda decision	26 September 2025	16 September 2025	N/A	✓	Tentative agenda decision feedback	The Interpretations Committee will consider feedback on the tentative agenda decision at a future meeting.
Economic Benefits from Use of a Battery under an Offtake Arrangement (IFRS 16)	Tentative agenda decision	26 September 2025	16 September 2025	N/A	✓	Tentative agenda decision feedback	The Interpretations Committee will consider feedback on the tentative agenda decision at a future meeting.
Assessing Indicators of Hyperinflationary Economies (IAS 29)	Agenda decision	28 July 2025	25 June 2025	22 July 2025	✓	N/A	N/A

[4] Paragraph 8.7 of the *Due Process Handbook* requires the IASB to be asked whether it objects to a (final) agenda decision approved by the Interpretations Committee before that agenda decision is published.