



2023

World Standard-setters Conference

#WSS2023

**Better information
for better decisions**

**Consistent application of
IFRS Accounting
Standards**

Breakout session 2

Presenters



Bruce Mackenzie
IASB member
IFRS Interpretations
Committee (Chair)



Riana Wiesner
IASB Technical
Director



Jawaid Dossani
IASB Technical
Director



Gustavo Olinda
IASB Technical Staff

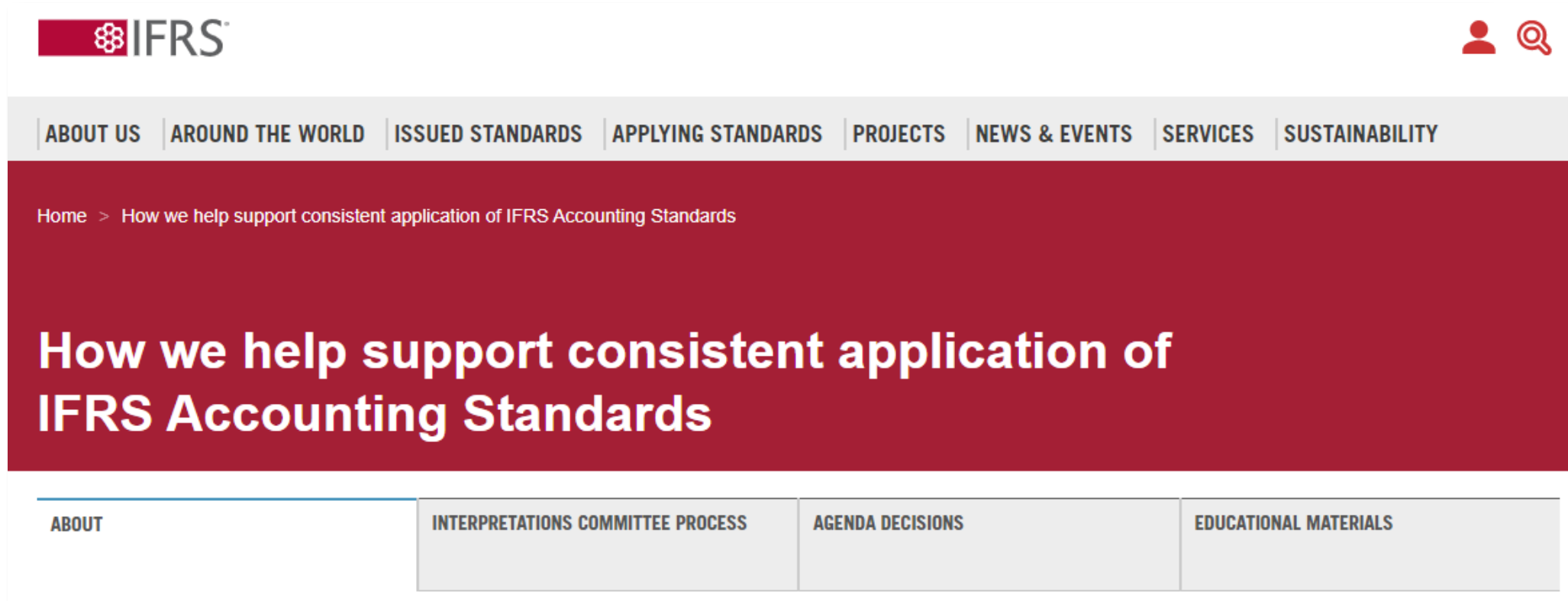


Dennis Deysel
IASB Technical Staff

A guided tour



Agenda



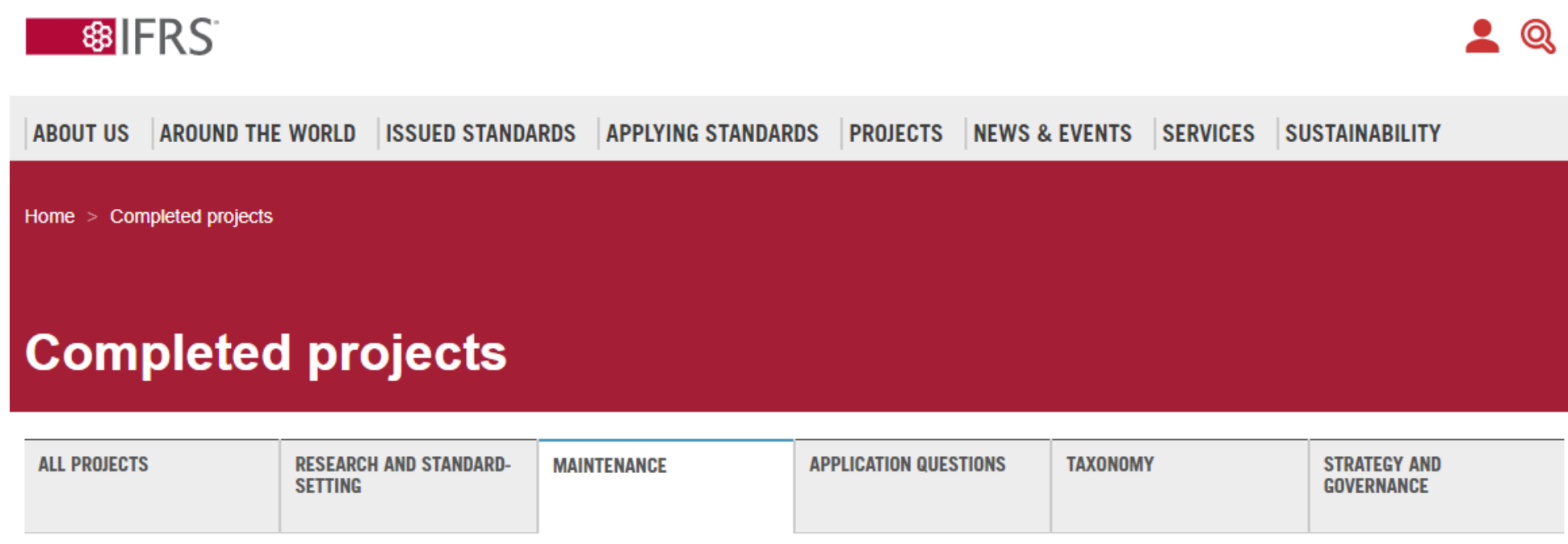
The screenshot shows the IFRS Accounting Standards website. At the top left is the IFRS Accounting logo. To the right are icons for a user profile and a search function. Below the logo is a navigation menu with the following items: ABOUT US, AROUND THE WORLD, ISSUED STANDARDS, APPLYING STANDARDS, PROJECTS, NEWS & EVENTS, SERVICES, and SUSTAINABILITY. Below the navigation menu is a breadcrumb trail: Home > How we help support consistent application of IFRS Accounting Standards. The main content area has a dark red background with the title 'How we help support consistent application of IFRS Accounting Standards' in white text. Below the title is a horizontal menu with four items: ABOUT, INTERPRETATIONS COMMITTEE PROCESS, AGENDA DECISIONS, and EDUCATIONAL MATERIALS. The 'ABOUT' item is highlighted with a blue underline.

1

2

3

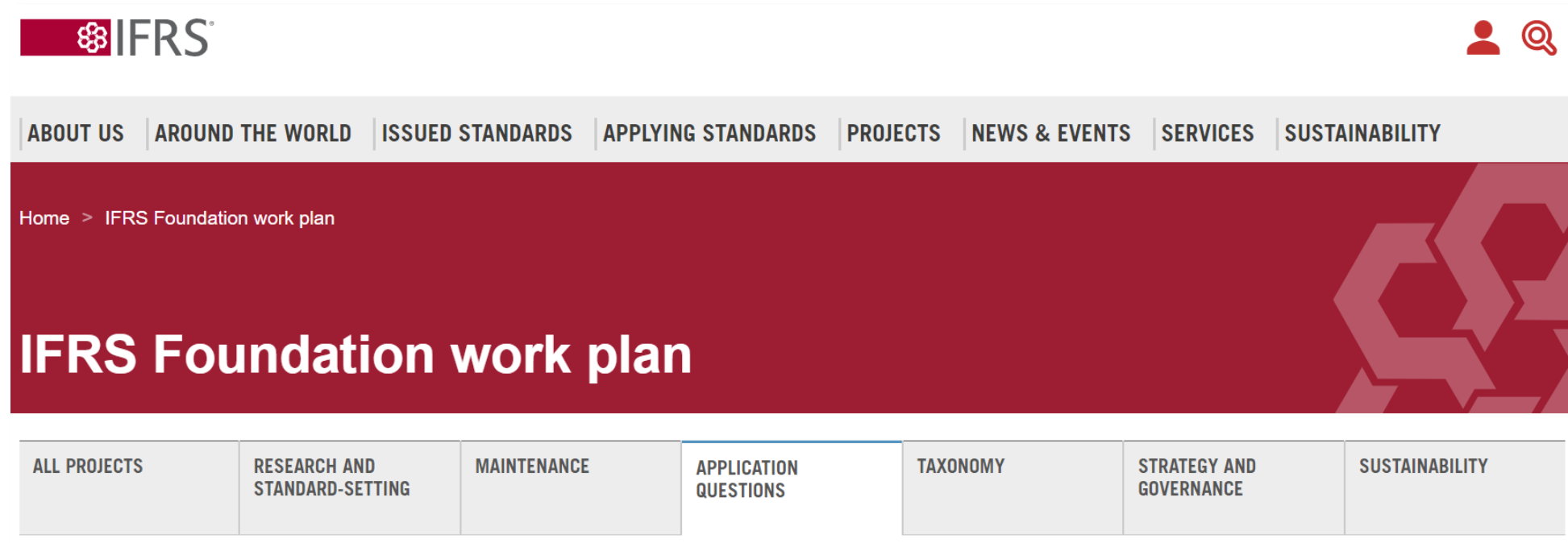
Agenda





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4

Agenda



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ABOUT US | AROUND THE WORLD | ISSUED STANDARDS | APPLYING STANDARDS | PROJECTS | NEWS & EVENTS | SERVICES | SUSTAINABILITY

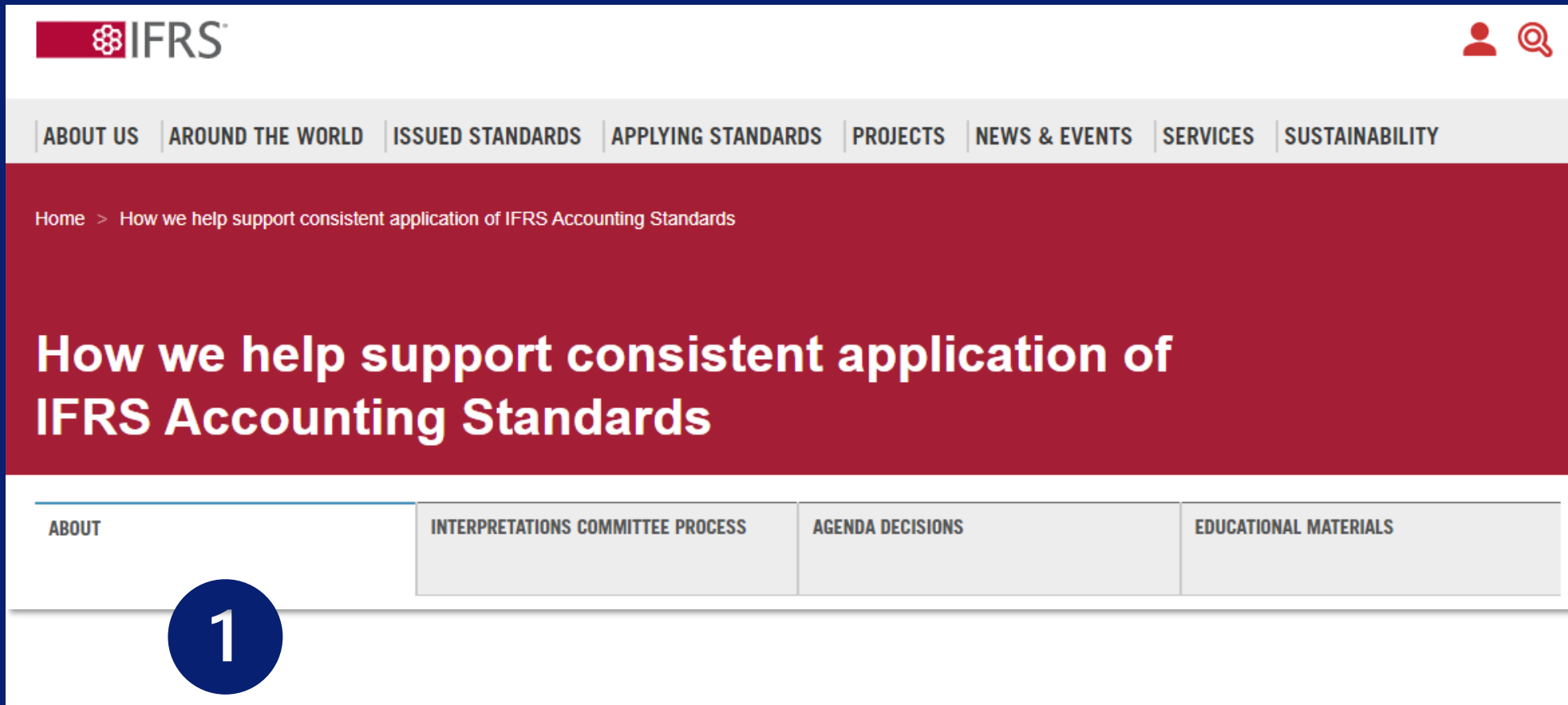
Home > IFRS Foundation work plan

IFRS Foundation work plan




ALL PROJECTS	RESEARCH AND STANDARD-SETTING	MAINTENANCE	APPLICATION QUESTIONS	TAXONOMY	STRATEGY AND GOVERNANCE	SUSTAINABILITY
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5

Consistent application activities



The screenshot shows the IFRS Accounting Standards website. At the top left is the IFRS logo. To the right are icons for a user profile and a search function. Below the logo is a navigation menu with the following items: ABOUT US, AROUND THE WORLD, ISSUED STANDARDS, APPLYING STANDARDS, PROJECTS, NEWS & EVENTS, SERVICES, and SUSTAINABILITY. Below the navigation menu is a breadcrumb trail: Home > How we help support consistent application of IFRS Accounting Standards. The main heading of the page is "How we help support consistent application of IFRS Accounting Standards". Below the heading is a horizontal menu with four items: ABOUT, INTERPRETATIONS COMMITTEE PROCESS, AGENDA DECISIONS, and EDUCATIONAL MATERIALS. A blue circle with the number "1" is overlaid on the "ABOUT" item.

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Home > [How we help support consistent application of IFRS Accounting Standards](#)

How we help support consistent application of IFRS Accounting Standards

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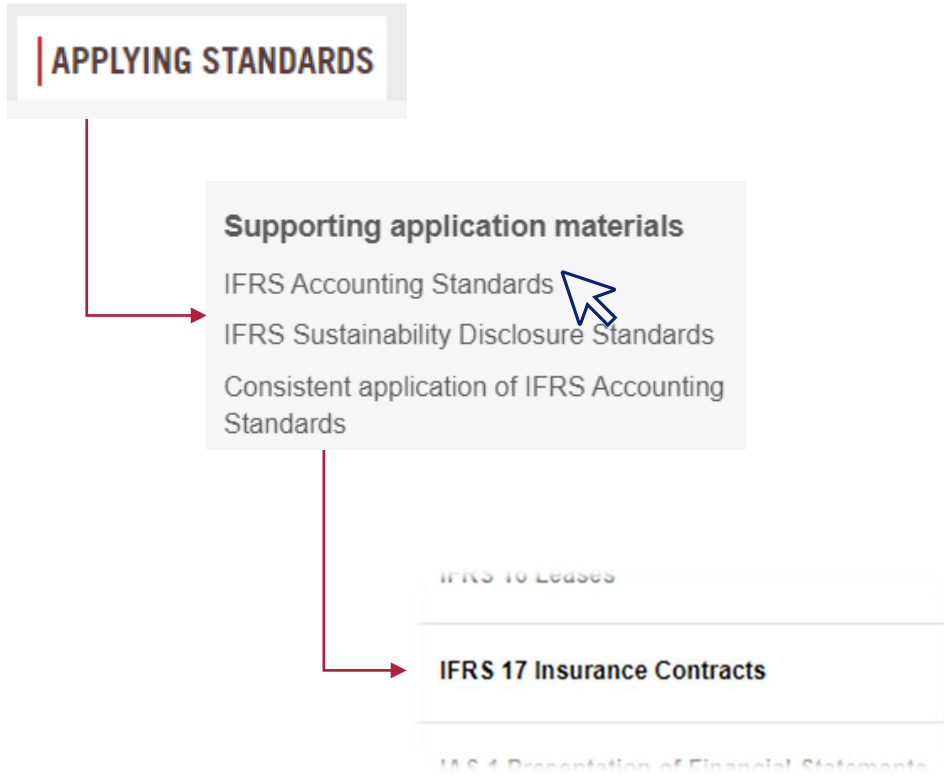
1

Polling question 1

What are the ways in which the IFRS Interpretations Committee and the IASB supports consistent application of IFRS Accounting Standards?

- A. IASB member articles
- B. IFRS Interpretations Committee agenda decisions
- C. Work of Transition Resource Groups
- D. All of the above.

Consistent application activities



IFRS 17 Insurance Contracts

IFRS Standard
IFRS 17 Insurance Contracts

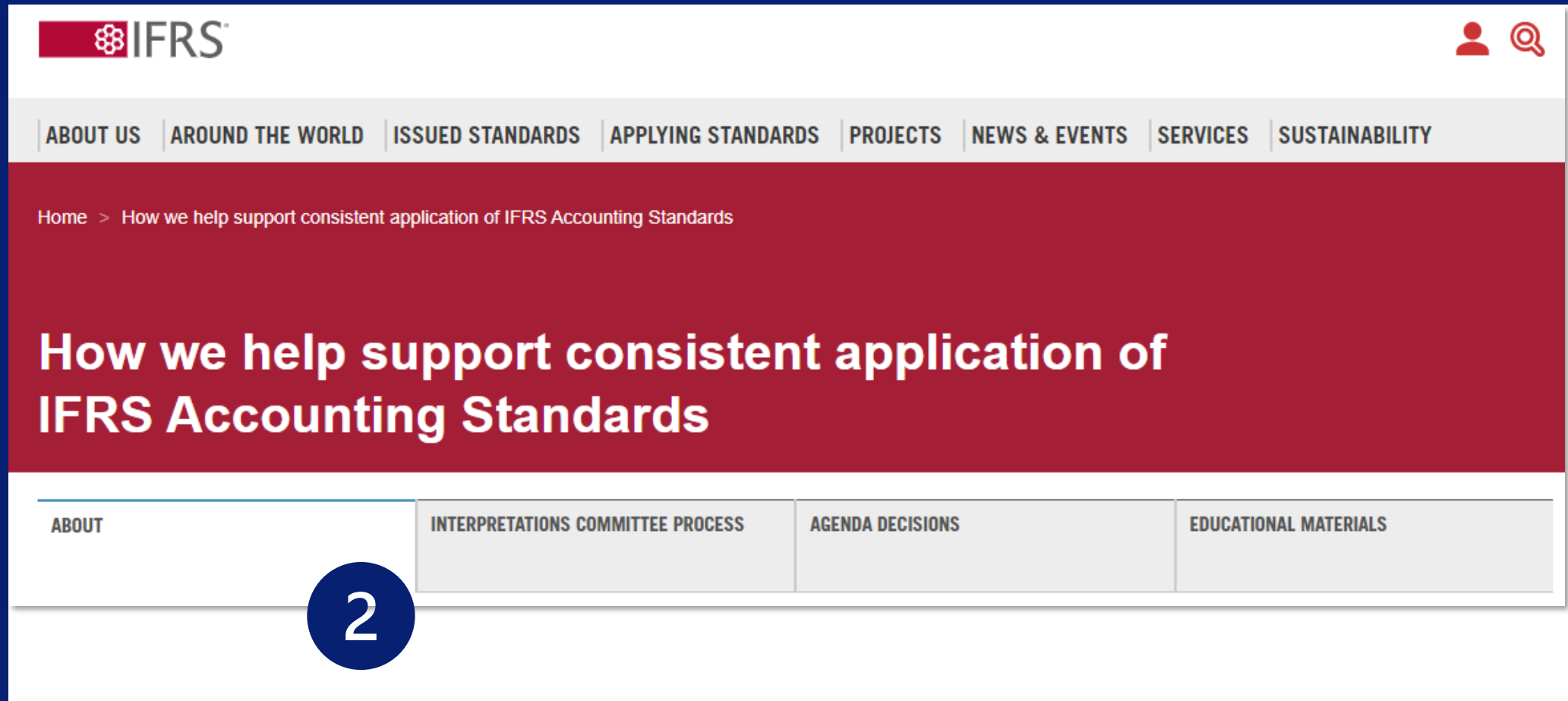
IFRS 17 *Insurance Contracts* was issued by the International Accounting Standards Board (Board) on 18 May 2017. The Board has undertaken a number of activities to support consistent application of the Standard, and has established a [Transition Resource Group](#). The Board published some amendments to IFRS 17, including a deferral of the effective date of IFRS 17 by two years so that entities are required to apply IFRS 17 for annual periods beginning on or after 1 January 2023. Visit [Amendments to IFRS 17](#) to find out more about the amendments published in June 2020.

The materials relating to the activities to support consistent application of the Standard, which are listed below, have been developed in the context of IFRS 17 as issued in May 2017. The materials relating to the amendments to IFRS 17 provide information about the changes to IFRS 17 published in June 2020.

View [key terms for IFRS 17](#) for definitions of common terminology.

- + Educational materials
- + Educational webcasts and webinars
- + Transition Resource Group
- + Board member articles and other publications
- + IFRS Interpretations Committee agenda decisions
- + Technical enquiries and implementation questions

The Committee process



The screenshot shows the IFRS website header with navigation links: ABOUT US, AROUND THE WORLD, ISSUED STANDARDS, APPLYING STANDARDS, PROJECTS, NEWS & EVENTS, SERVICES, and SUSTAINABILITY. The main heading is "How we help support consistent application of IFRS Accounting Standards". Below the heading is a horizontal menu with four items: ABOUT, INTERPRETATIONS COMMITTEE PROCESS, AGENDA DECISIONS, and EDUCATIONAL MATERIALS. A blue circle with the number "2" is overlaid on the "INTERPRETATIONS COMMITTEE PROCESS" link.

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Home > How we help support consistent application of IFRS Accounting Standards

How we help support consistent application of IFRS Accounting Standards

ABOUT | INTERPRETATIONS COMMITTEE PROCESS | AGENDA DECISIONS | EDUCATIONAL MATERIALS

2

The Committee

Support consistent application of Standards

INTERPRETATIONS COMMITTEE PROCESS	AGENDA DECISIONS	EDUCATIONAL MATERIALS
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The Interpretations Committee works together with the International Accounting Standards Board to ensure the consistent application of IFRS® Accounting Standards. The Committee seeks to achieve a balance between maintaining the Standards and adding or changing requirements in response to emerging issues.

Process

An application question submitted for consideration

Related information

[IFRS Interpretations Committee](#)

[Interpretations Committee open items](#)

[Interpretations Committee pipeline projects](#)



Bruce Mackenzie
IFRS Interpretations Committee Chair



Renata Bandeira
IFRS Interpretations Committee member



Andre Besson
IFRS Interpretations Committee member



Karen Higgins
IFRS Interpretations Committee member



Guy Jones
IFRS Interpretations Committee member



Goro Kumagai
IFRS Interpretations Committee member



Lisa Bomba
IFRS Interpretations Committee member



Jens Freiberg
IFRS Interpretations Committee member



Karsten Ganssaue
IFRS Interpretations Committee member



M P Vijay Kumar
IFRS Interpretations Committee member



Yanli Liu
IFRS Interpretations Committee member



Sophie Massol
IFRS Interpretations Committee member



Jon Nelson
IFRS Interpretations Committee member



Brian O'Donovan
IFRS Interpretations Committee member



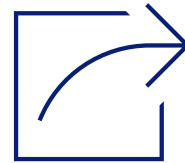
Donné Sephton
IFRS Interpretations Committee member

- Observer organisations
- IASB advisors

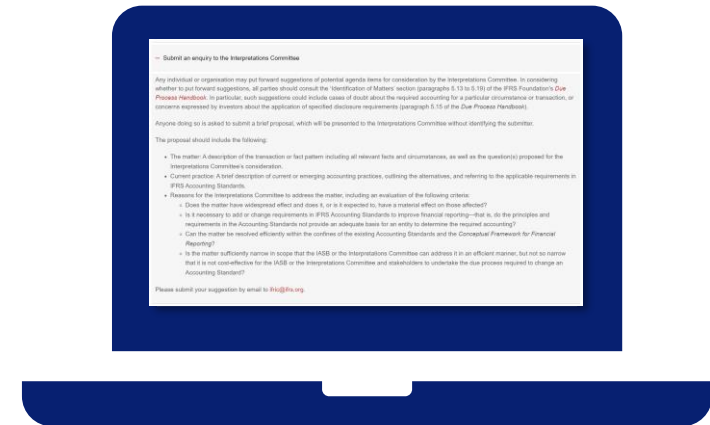
Submitting a question



Criteria



ifric@ifrs.org



Polling question 2

Which of the following examples satisfy the criterion for a question to have widespread effect and to have, or is expected to have, a material effect on those affected?

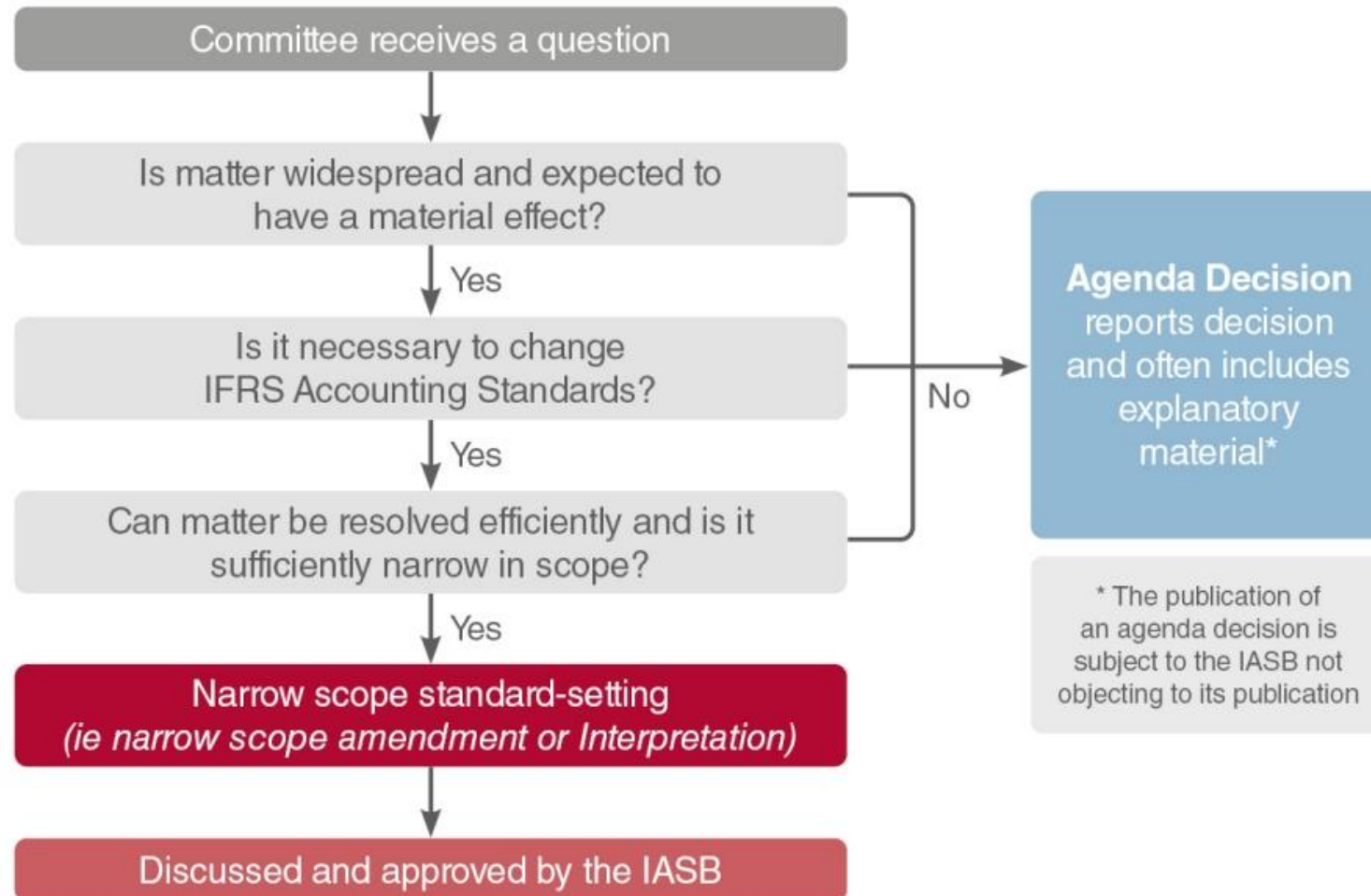
- A. The question applies to a common, and typically material, transaction in a single jurisdiction and affected companies **apply the same accounting treatment.**
- B. The question applies to a common, and typically material, transaction in a single jurisdiction and affected companies **apply diverse accounting treatments.**
- C. Both A and B.
- D. None of the above.

Polling question 3

Which of the following factors will the Committee consider to determine whether a matter satisfies the criteria for potential standard-setting?

- A. Applying requirements in IFRS Standards will require substantial costs to companies.
- B. Applying requirements in IFRS Standards produce information that is not useful to investors.
- C. Both A and B.
- D. None of the above.

The Committee's process

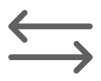


Example—Cash Received via Electronic Transfers

Can an entity recognise cash received on the date an electronic transfer is initiated (ie before the transfer is settled)?



An entity receives cash **as settlement for a trade receivable** via electronic transfer



The **electronic transfer system** has an automated settlement process that **takes three working days** to settle a cash transfer

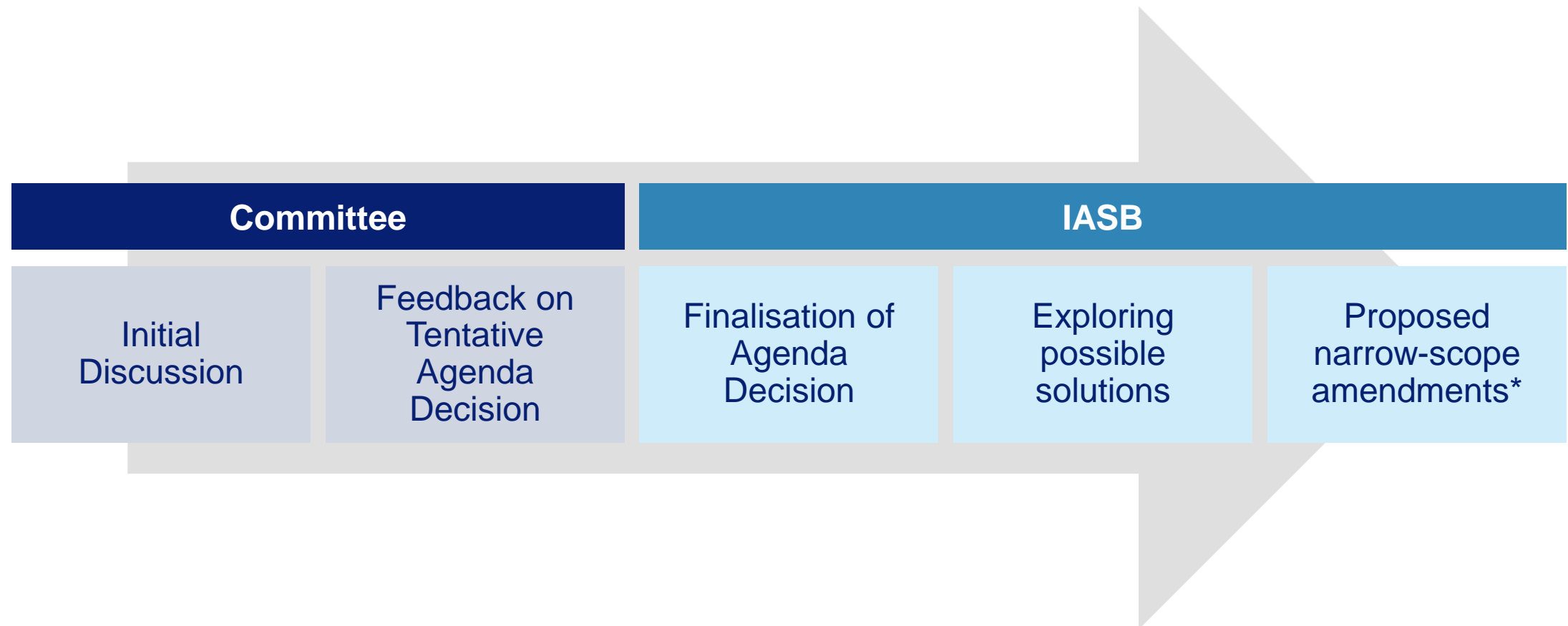
Analysis

- Paragraph 3.1.2 of IFRS 9—which specifies requirements for regular way purchase or sale of a financial asset—is **not applicable**
- The **general recognition and derecognition requirements** in paragraph 3.1.1 and 3.2.3(a) of IFRS 9 apply

Conclusion

The entity determines when to derecognise the trade receivable and recognise cash applying the general recognition and derecognition requirements in IFRS 9

Example—Cash Received via Electronic Transfers



*Included in the Exposure Draft *Amendments to Classification and Measurement of Financial Instruments*.

The Committee pipeline projects

Port consistent application of Standards

<p>INTERPRETATIONS COMMITTEE PROCESS</p>	<p>AGENDA DECISIONS</p>	<p>EDUCATIONAL MATERIALS</p>
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Interpretations Committee) works together with the International Accounting Standards Board (IASB) to ensure the consistent application of IFRS® Accounting Standards. The Committee seeks to achieve a balance between maintaining the Standards and adding or changing requirements in response to

Process

as an application question submitted for consideration




Related information

- [IFRS Interpretations Committee](#)
- [Interpretations Committee open items](#)
- [Interpretations Committee pipeline projects](#)



IASB PIPELINE	INTERPRETATIONS COMMITTEE PIPELINE				
	<p>This is a list of requests received but which the IFRS Interpretations Committee (Committee) has not yet discussed. The Committee will discuss these matters at a future meeting.</p> <p>Details that would identify the submitter of the request have been removed, unless the request is already published elsewhere (such as on the submitter's website) without removing such details.</p> <p>We have not included requests that are still at a preliminary research stage. The list therefore excludes requests for which further information is being sought from the submitter or other parties to define the request more clearly.</p> <p>If you have input on any of the requests listed in the table please contact the staff by email at ifric@ifrs.org.</p> <table border="1" data-bbox="1174 842 2479 921"> <thead> <tr> <th>Title</th> <th>^</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="text-align: center;">Content will appear here when published</td> </tr> </tbody> </table>	Title	^	Content will appear here when published	
Title	^				
Content will appear here when published					

Status of agenda decisions

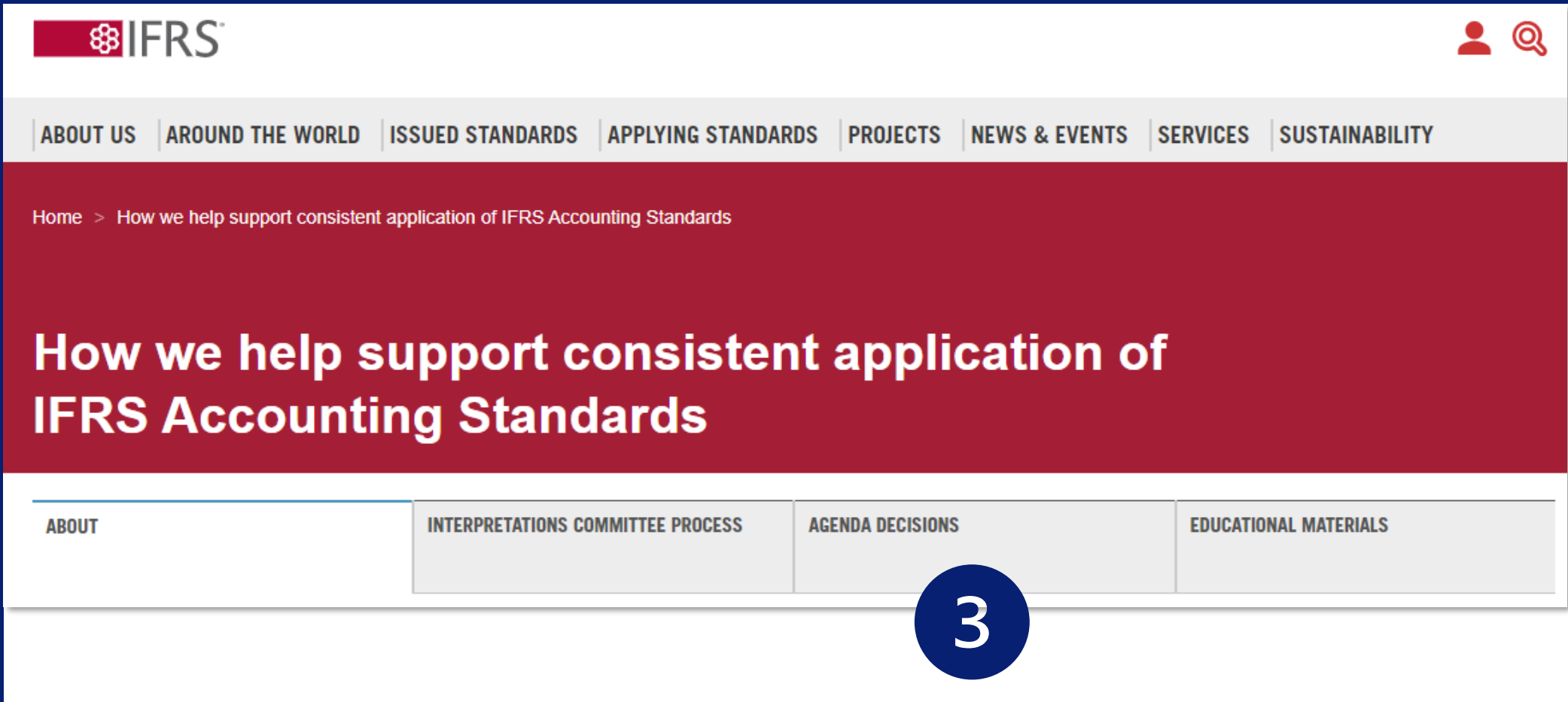
-  The IASB confirms that the agenda decision **does not add to or change** requirements.
-  Agenda decisions derive **authority** from IFRS Accounting Standards.
-  An entity is entitled to **sufficient time** to implement any necessary accounting policy change.

Questions & Answers



- Consistent application activities
- The Committee process

Agenda decisions



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Home > How we help support consistent application of IFRS Accounting Standards

How we help support consistent application of IFRS Accounting Standards

ABOUT | INTERPRETATIONS COMMITTEE PROCESS | **AGENDA DECISIONS** | EDUCATIONAL MATERIALS

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Overview

Compilations of agenda decisions

Compilations of agenda decisions compile all agenda decisions published by the Interpretations Committee and relevant Accounting Standards.

+ Compilations of agenda decisions

Agenda decisions by date

Agenda decisions published by the Interpretations Committee and relevant Accounting Standards are listed by relevant Accounting Standards, [click here](#) to view the details.

+ All agenda decisions

Date	Document
27 Apr 2023	1 Definition of a Lease—Substitution Rights (IFRS 16 Leases)
24 Oct 2022	Lessor Forgiveness of Lease Payments—IFRS 9 and IFRS 16
24 Oct 2022	Multi-currency Groups of Insurance Contracts—IFRS 17 and IAS 21
24 Oct 2022	2 Special Purpose Acquisition Companies (SPAC): Accounting for Warrants at Acquisition

① Definition of a Lease—Substitution Rights (IFRS 16 Leases)

The fact pattern

- 10-year contract with a customer for the use of 100 similar batteries;
- each battery is used in a bus that the customer owns or leases from a party unrelated to the supplier;
- the supplier has the practical ability to substitute alternative batteries throughout the contract term; **but**
- (key point) the supplier would not benefit economically from substituting a battery that has been used for less than three years.

The questions

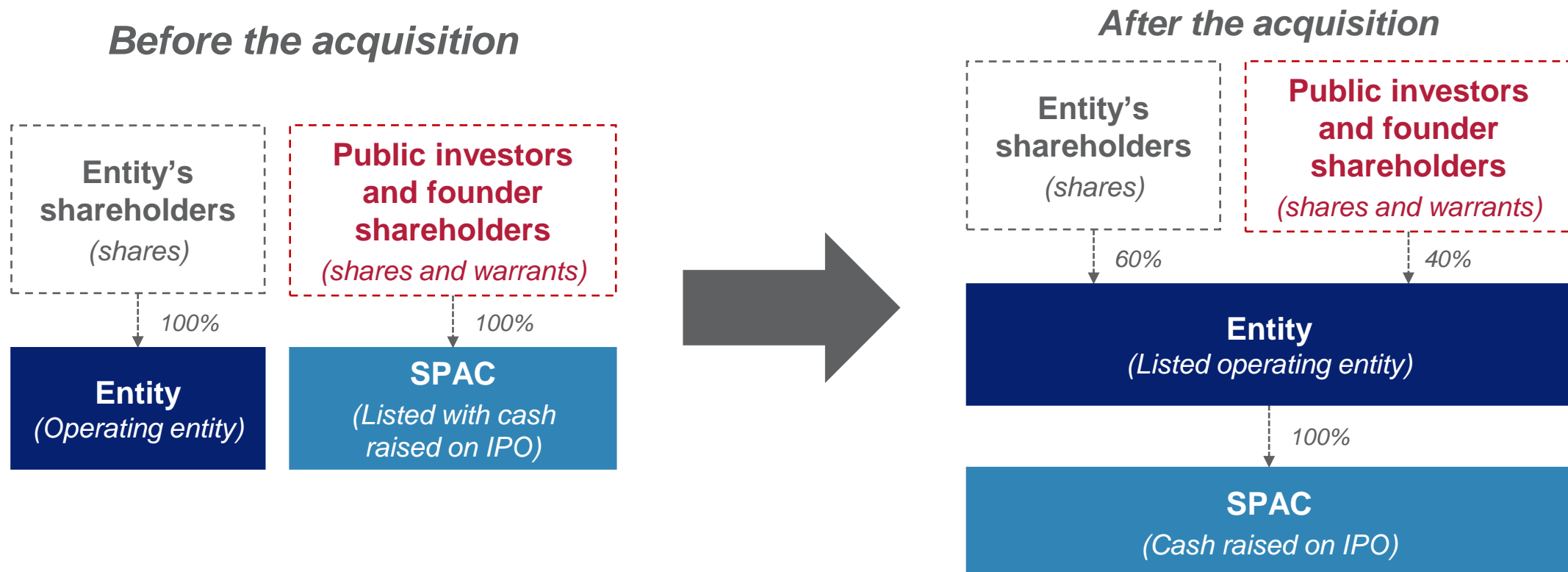
1. At which level to evaluate whether a contract contains a lease?
2. How to assess whether the contract contains a lease given the particular substitution rights?

Key message

The phrase ‘throughout the period of use’ does not necessarily mean at all times within that period.

② SPAC: Accounting for Warrants at Acquisition

Illustration of structure before and after the acquisition



② SPAC: Accounting for Warrants at Acquisition



Key messages

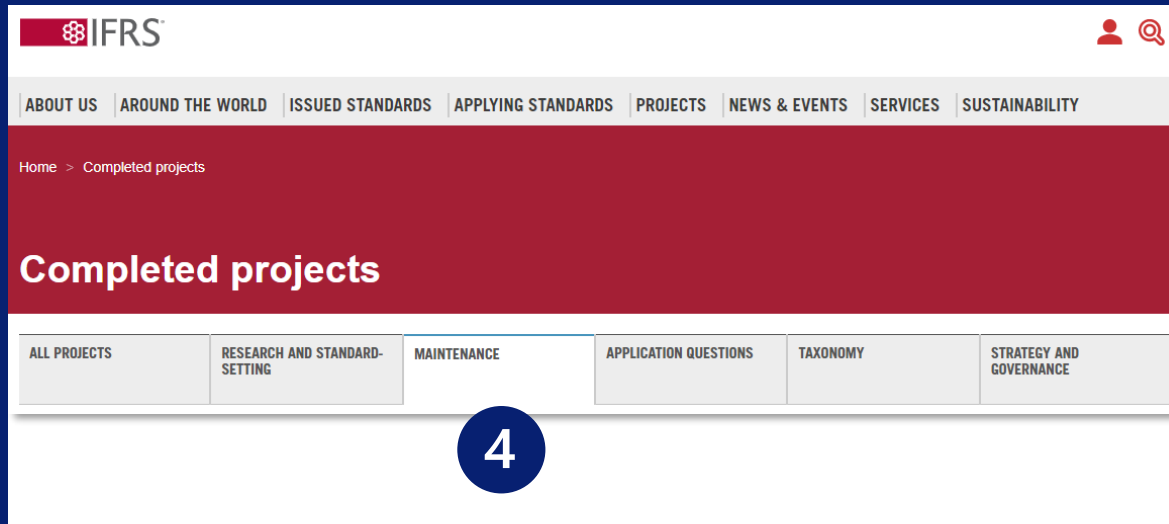
- The entity considers the specific facts and circumstances to determine whether it assumes the warrants, including the terms and conditions of all agreements associated with the acquisition
- Not all instruments issued are in the scope of IFRS 2. Therefore, some warrants might still be classified as financial liabilities.

Questions & Answers



- Definition of a Lease—Substitution Rights (IFRS 16 Leases)
- SPAC: Accounting for Warrants at Acquisition

Projects effective soon



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ALL PROJECTS	RESEARCH AND STANDARD-SETTING	MAINTENANCE	APPLICATION QUESTIONS	TAXONOMY	STRATEGY AND GOVERNANCE
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4

Maintenance projects with an effective date of 1 January 2024

MP	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	15 July 2020	1 January 2024	IAS 1
MP	Lease Liability in a Sale and Leaseback	22 September 2022	1 January 2024	IFRS 16
MP	① Non-current Liabilities with Covenants (Amendments to IAS 1)	31 October 2022	1 January 2024	IAS 1
MP	② Supplier Finance Arrangements	25 May 2023	1 January 2024	IAS 7 IFRS 7
MP	International Tax Reform—Pillar Two Model Rules	23 May 2023	1 January 2023	IAS 12

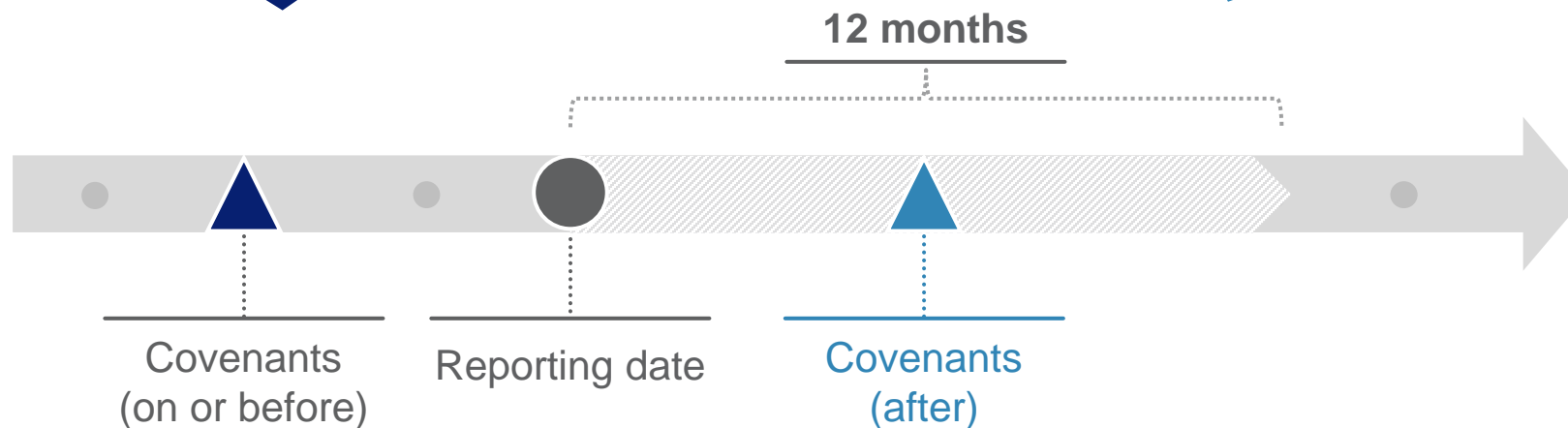
① Non-current Liabilities with Covenants (IAS 1)

Classification as Current or Non-current

A company classifies a liability as **current** or **non-current** based on its compliance with covenants required only on or before the reporting date

Disclosure

A company **discloses information** to enable investors to understand the risk that the liability could become repayable within twelve months if the company fails to comply with covenants



Information disclosed includes:

- information about the **covenants** (such as their nature and when compliance is required)
- facts and circumstances, if any, that indicate the entity may have **difficulty** complying with the covenants

② Supplier Finance Arrangements (IAS 7 and IFRS 7)

Note X—Supplier Finance Arrangements

The entity entered arrangements with the following **terms and conditions**:

Type A...

Type B...

Carrying amount of liabilities part of the arrangement

	Year-end 20X2	Year-end 20X1
Presented in 'trade and other payables'	CU1,500	CU1,000
of which suppliers have been paid by finance providers	CU1,050	CU800
Presented in 'finance payables'	CU1,000	CU750
of which suppliers have been paid by finance providers	CU900	CU650

Range of payment due dates

	Days after invoice date	
Liabilities that are part of the arrangement	85-90	80-90
Comparable trade payables that are not part of an arrangement	60-70	60-65

Non-cash changes

There were no material business combinations or foreign exchange differences in either period. There were non-cash transfers from trade payables to finance payable of CU1,200 and CU900 in 20X2 and 20X1.

This example is provided for illustrative purposes only. The example is simplified and reflects assumptions that may not apply in all circumstances.



Disclosure objectives

To enable investors to understand the effect of arrangements on the company's:

- liabilities and cash flows; and
- exposure to liquidity risk



Level of aggregation

Aggregate disclosure for all supplier finance arrangements, but disaggregate, if required, information about:

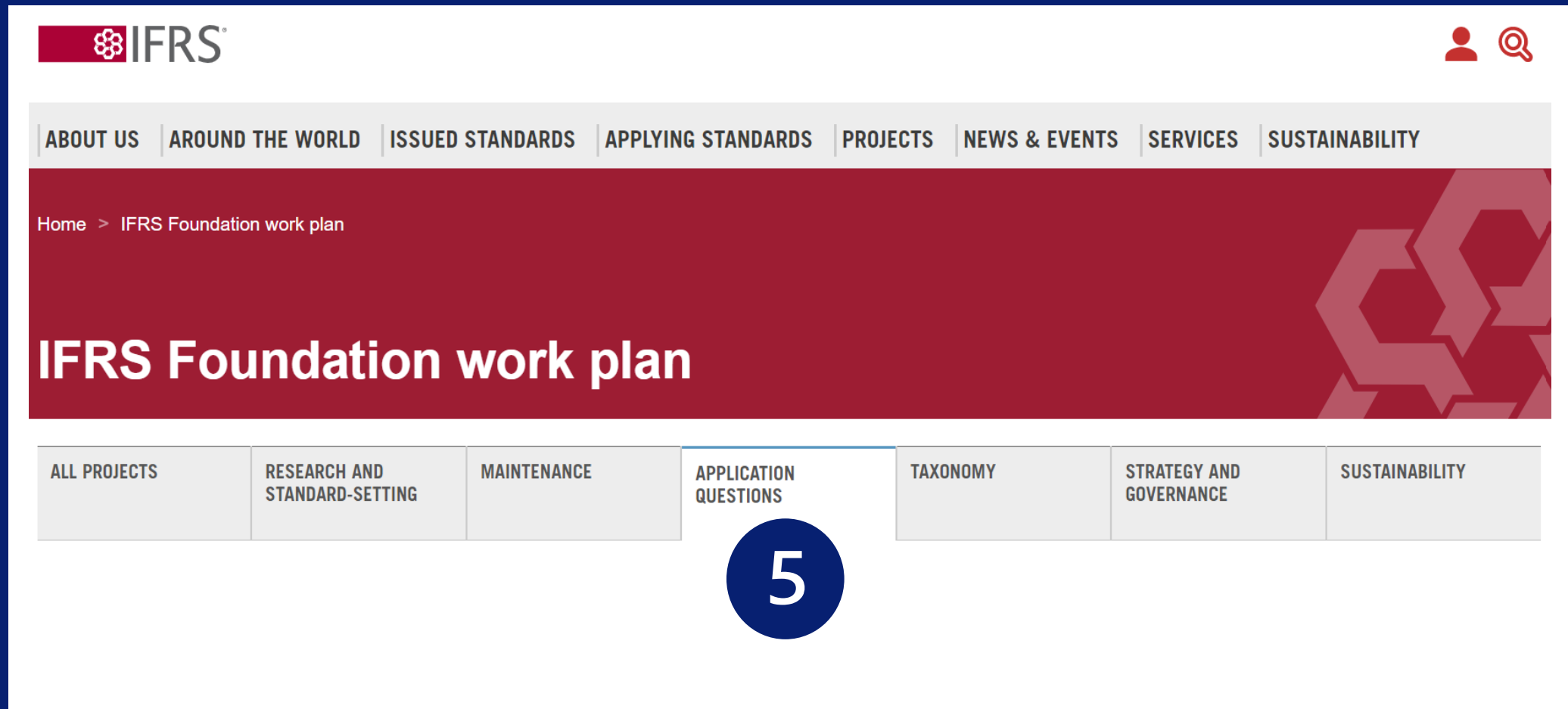
- terms and conditions;
- range of payment due dates; and
- non-cash changes.

Questions & Answers






- Non-current Liabilities with Covenants (IAS 1)
- Supplier Finance Arrangements (IAS 7 and IFRS 7)

The current work plan



The screenshot shows the IFRS Foundation website's work plan page. At the top left is the IFRS logo. To the right are icons for a user profile and a search function. Below this is a horizontal navigation menu with the following items: ABOUT US, AROUND THE WORLD, ISSUED STANDARDS, APPLYING STANDARDS, PROJECTS, NEWS & EVENTS, SERVICES, and SUSTAINABILITY. The main content area has a red background with the text 'Home > IFRS Foundation work plan' and a large heading 'IFRS Foundation work plan'. Below the heading is a row of seven tabs: ALL PROJECTS, RESEARCH AND STANDARD-SETTING, MAINTENANCE, APPLICATION QUESTIONS, TAXONOMY, STRATEGY AND GOVERNANCE, and SUSTAINABILITY. The 'APPLICATION QUESTIONS' tab is highlighted with a blue border. Below this tab is a large blue circle containing the white number '5'.

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Home > IFRS Foundation work plan

IFRS Foundation work plan

ALL PROJECTS | RESEARCH AND STANDARD-SETTING | MAINTENANCE | APPLICATION QUESTIONS | TAXONOMY | STRATEGY AND GOVERNANCE | SUSTAINABILITY

5

Application questions on the work plan

Type ^	Project ^	Next milestone ^	Expected date* ^	Open for comment ^	Related Standards
AQ	Guarantee over a Derivative Contract (IFRS 9)	Agenda Decision	October 2023	-	IFRS 9
AQ	Homes and Home Loans Provided to Employees	Agenda Decision	October 2023	-	
AQ	Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)	Agenda Decision	October 2023	-	IFRS 17 IFRS 9
AQ	Merger between a Parent and Its Subsidiary in Separate Financial Statements (IAS 27)	Tentative Agenda Decision Feedback	November 2023	-	IAS 27
AQ	Payments Contingent on Continued Employment during Handover Periods (IFRS 3)	Tentative Agenda Decision Feedback	H1 2024	 Tentative Agenda Decision and comment letters Submit letter by: 20/11/23	IFRS 3

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Appendix

The Interpretations Committee online

Where can you find out more or submit an enquiry to the Interpretations Committee?

[IFRS - How we help support consistent application of IFRS Accounting Standards](#)