
IASB Technical Update to the IAASB

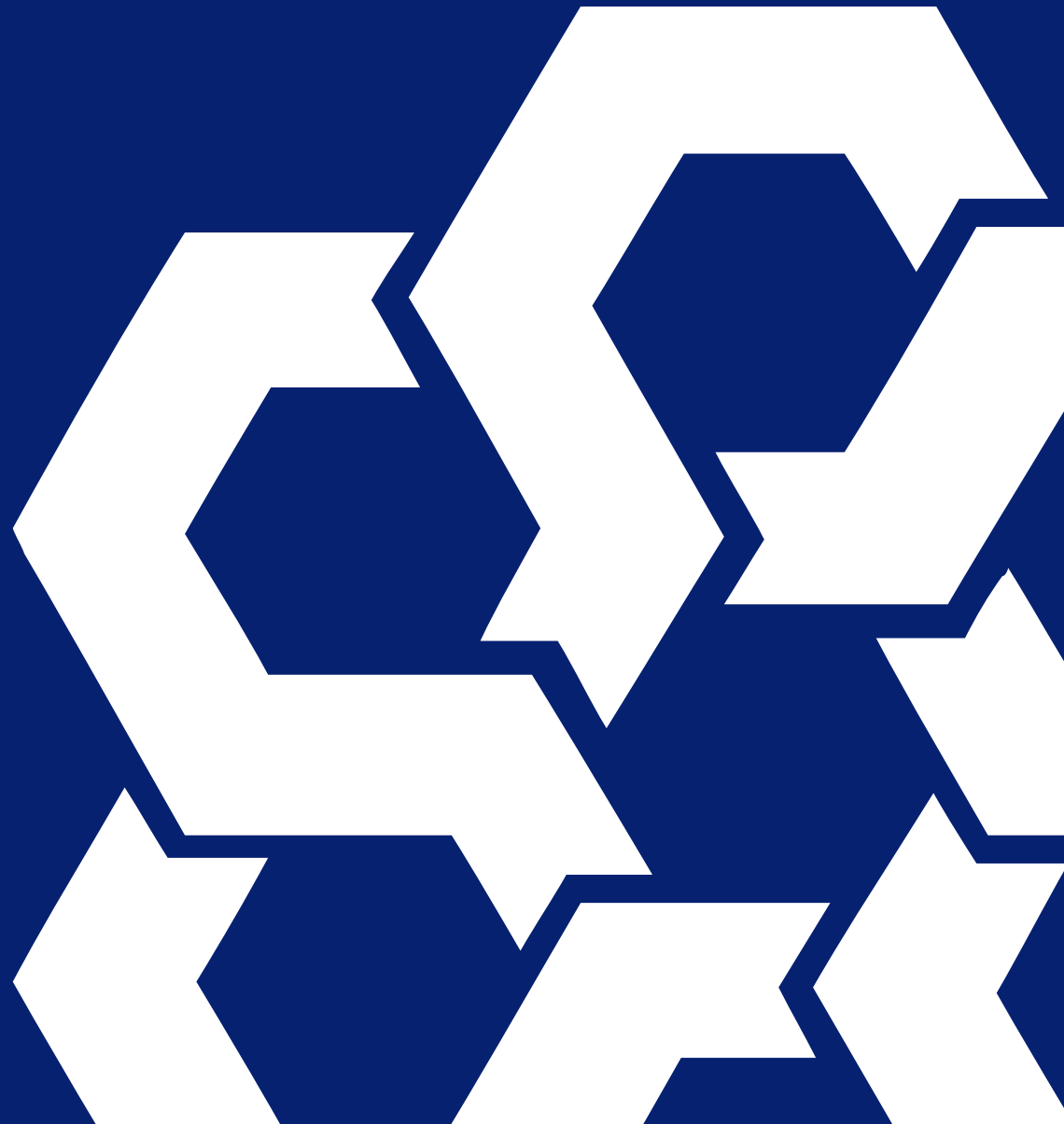
Rika Suzuki and
Jenifer Minke-Girard

11 December 2024

Overview

- New requirements
- Update on IASB work plan
- Liaison between IASB and IAASB
- Standard-setting projects
- Research projects
- Maintenance projects
- Connections between the IASB and the ISSB
- Digital financial reporting

New requirements



What is required when?

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)

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

1 January 2027

- IFRS 18 : *Presentation and Disclosure in Financial Statements*
- IFRS 19: *Subsidiaries without Public Accountability: Disclosures*

Lease Liability in a Sale and Leaseback

Objective

- Improve the measurement requirements for sale and leaseback transactions — particularly those with variable payments

The amendments to IFRS 16

- Specify subsequent measurement requirements for the lease liability in a sale and leaseback transaction
- Require retrospective application of the amendments applying IAS 8



Effective date

Annual reporting periods beginning on or after 1 January 2024, with earlier application permitted

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

The amendments to IAS 7 and IFRS 7

- 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



Effective date

Annual reporting periods beginning on or after 1 January 2024, with earlier application permitted

Lack of Exchangeability

Objective

- Improve the usefulness of information provided to investors and fill a gap in IFRS Accounting Standards related to the effects of changes in foreign exchange rates

The amendments to IAS 21

- Require companies to apply a consistent approach in assessing whether a currency is exchangeable into another currency — and when a currency is not exchangeable, to estimate the spot exchange rate
- Provide disclosure requirements to enable investors to understand the financial statement effects of a currency not being exchangeable into another currency



Effective date

Annual reporting periods beginning on or after 1 January 2025, with earlier application permitted

Amendments to the Classification and Measurement of Financial Instruments (IFRS 9 and IFRS 7)

Objective

- Clarify requirements in response to feedback on the post-implementation review of the classification and measurement requirements in IFRS 9

The amendments to IFRS 9 and IFRS 7

- Derecognition of financial liabilities settled through electronic cash transfers
- Contractual cash flow characteristics of financial assets
- Disclosure requirements for equity instruments for which fair value changes are presented in other comprehensive income



Effective date

Annual reporting periods beginning on or after 1 January 2026, with earlier application permitted

IFRS 18: *Presentation and Disclosure in Financial Statements*

Objective

- Improve communication in financial statements
- Focus on information included in the statement of profit or loss

Requirements

- New required subtotals in statement of profit or loss including 'operating profit'
- Disclosures about management-defined performance measures (MPMs)
- Enhanced guidance on grouping of information (aggregation and disaggregation)



Effective date

Annual reporting periods beginning on or after 1 January 2027, with earlier application permitted

IFRS 19: *Subsidiaries without Public Accountability: Disclosures*

IFRS 19—at a glance

- A voluntary Standard for eligible subsidiaries that will permit applying IFRS Accounting Standards with reduced disclosure requirements
- IFRS 19 will simplify reporting systems and processes and thereby reduce the costs of preparing eligible subsidiaries' financial statements



Effective date

Annual reporting periods beginning on or after 1 January 2027, with earlier application permitted

How to apply IFRS 19

- IFRS 19 is a disclosure-only standard. It does not include:
 - recognition, measurement and presentation requirements
 - guidance on applying disclosure requirements
- For recognition, measurement and presentation requirements, a subsidiary will refer to the relevant IFRS Accounting Standard

Update on IASB work plan



Consultations

Open for comments 

Comments due

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

20 January 2025

Exposure Draft: *Provisions—Targeted Improvements*

12 March 2025

Forthcoming 

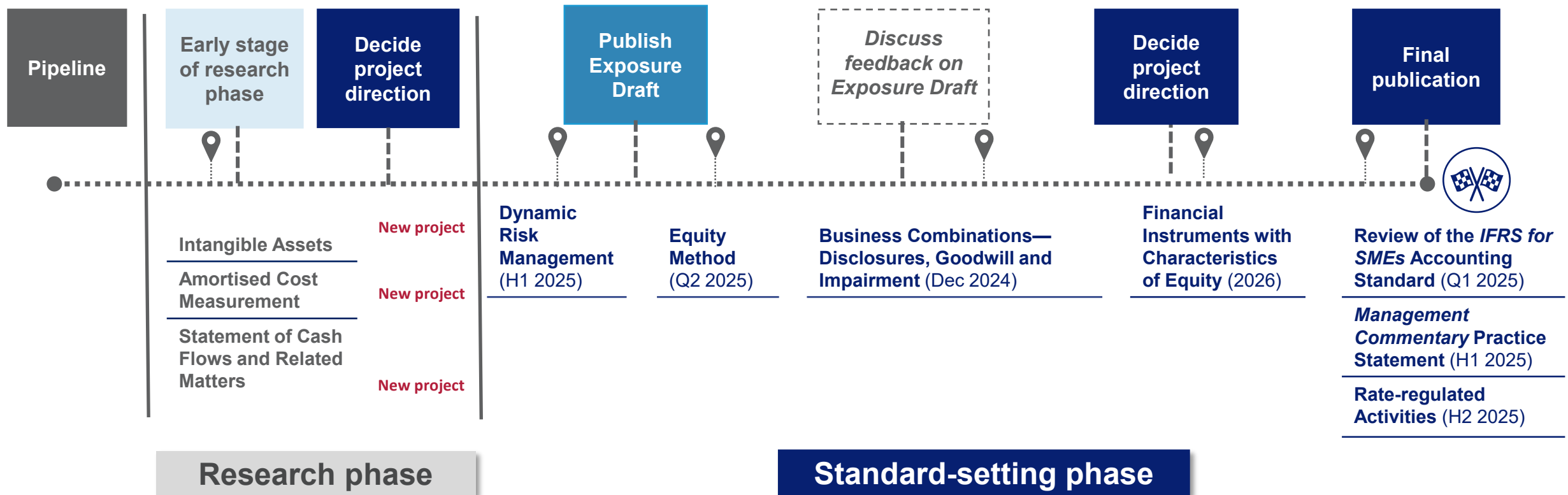
Q2 2025: Exposure Draft proposing amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* in relation to dynamic risk management

New Standards, Amendments and Other Publications

Expected (subject to the Board's approval)

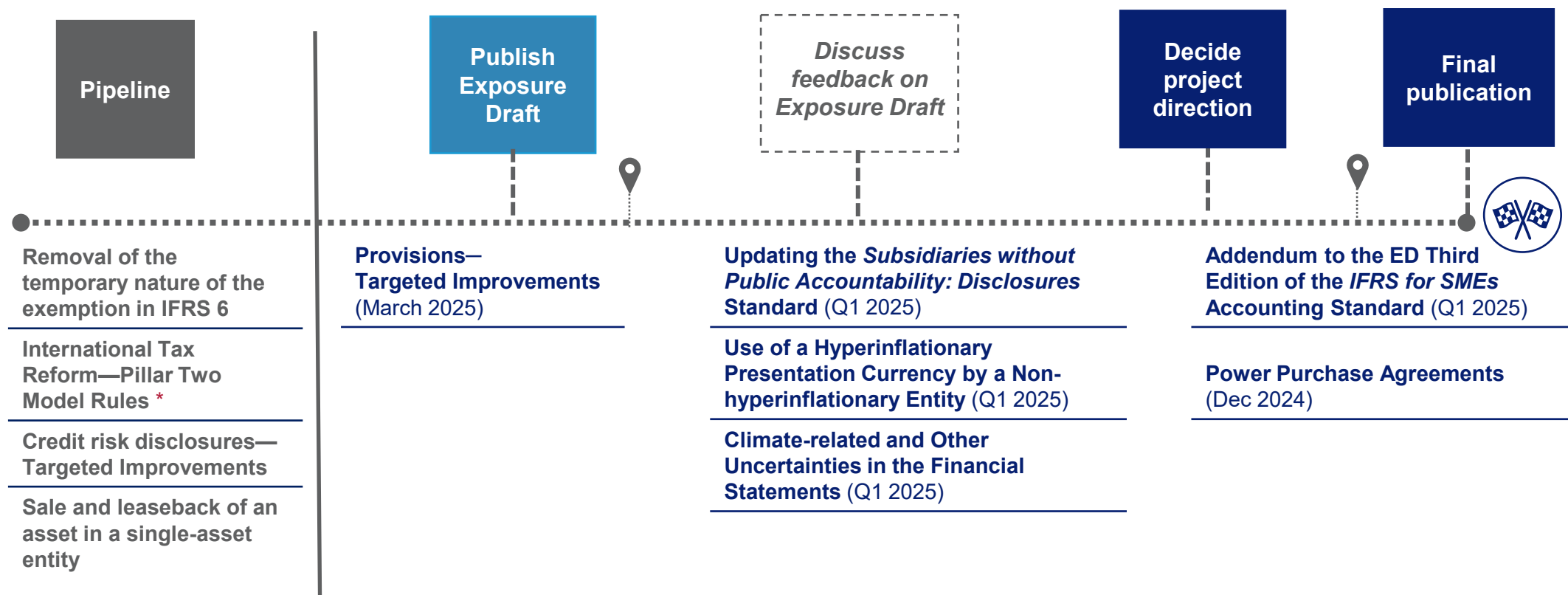
- ✓ **December 2024:** Contracts for Renewable Electricity—Amendments to IFRS 9 and IFRS 7
- ✓ **Q1 2025:** Third Edition of the *IFRS for SMEs* Accounting Standard, effective date on or after 1 January 2027
- ✓ **H1 2025:** Revised Practice Statement Management Commentary
- ✓ **H2 2025:** Accounting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

Standard-setting projects in different stages



On this slide the expected date for next milestone for each project is indicated in the brackets. To find out the details about next milestones, see the IFRS website.

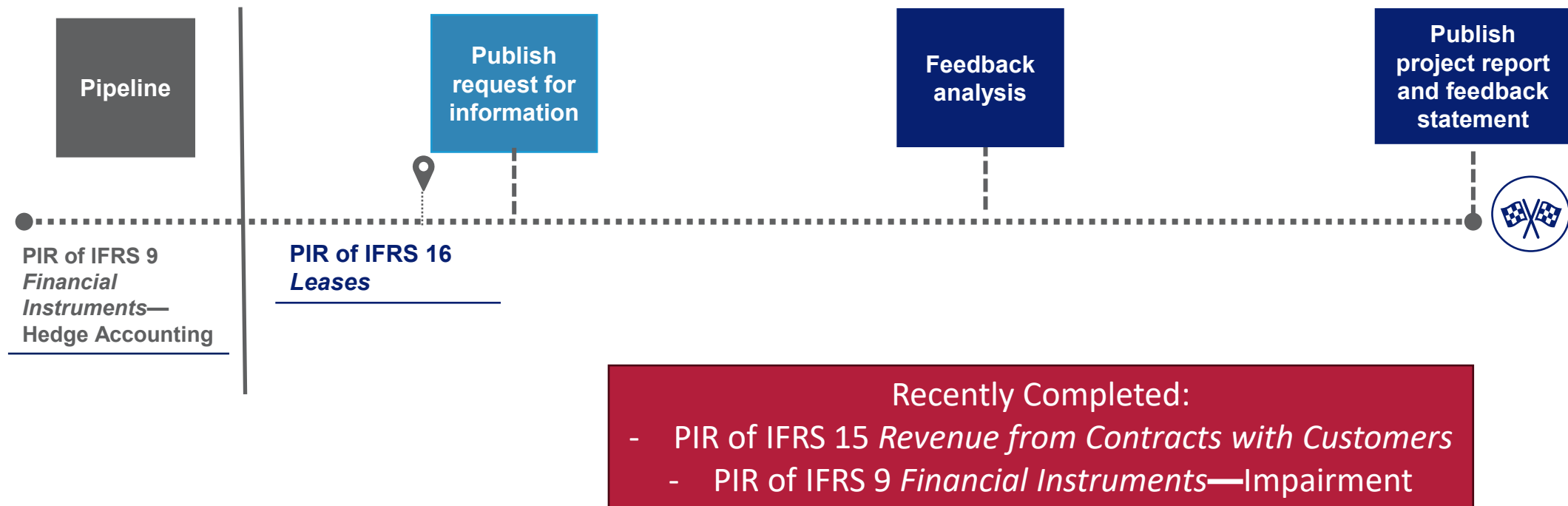
Maintenance projects in different stages



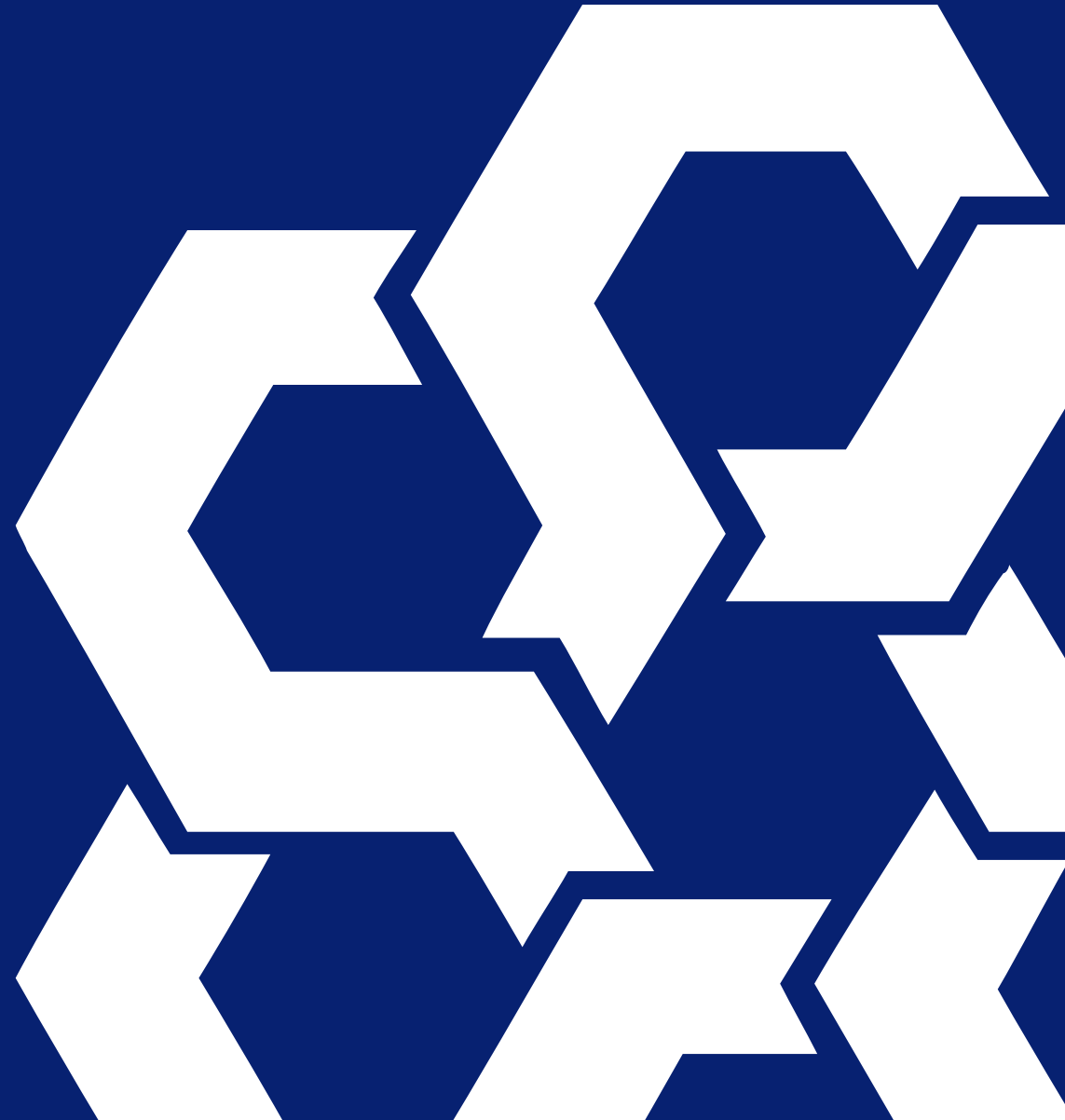
* To determine whether to remove or make permanent the temporary exception

On this slide the expected date for next milestone for each project is indicated in the brackets. To find out the details about next milestones, see the IFRS website.

Post-implementation reviews in different stages



Liaison between IASB and IAASB



IAASB / IASB liaison

- ❖ Recurring touchpoints:
 - Annual IASB technical updates at IAASB Board meetings
 - Liaison Working Group input and leadership meetings
 - Going concern
- ❖ Project or topic specific outreach in 2024:
 - Climate-related and other uncertainties in the financial statements
 - Audit implications of cross-referencing
 - Business Combinations – Disclosures, Goodwill and Impairment
 - Management Commentary
 - IFRS taxonomy
- ❖ Future outreach and liaison opportunities:
 - Intangible assets
 - Statement of cash flows
 - Provisions

Standard-setting projects



Business Combinations—Disclosures, Goodwill and Impairment

Project Objective

Improve information companies provide about their acquisitions at a reasonable cost

What's next

Discuss feedback on the [Exposure Draft](#)

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 the calculation of value in use

Financial Instruments with Characteristics of Equity

Project Objectives

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

What's next

- Analyse feedback and redeliberate proposals in the [Exposure Draft](#)
- Decide project direction

Approach

- Clarify IAS 32 classification principles
- Improve presentation and disclosure
- Provide application guidance and illustrative examples

Feedback

- General support for project direction and efforts made by the IASB
- Concerns relating to changes in classification outcomes for some instruments or potential for new diversity to develop
- Support from investors for presentation and disclosure proposals

Equity Method

Project Objectives

- Reduce diversity in practice by answering application questions
- Improve understandability of IAS 28 *Investments in Associates and Joint Ventures*

Proposals

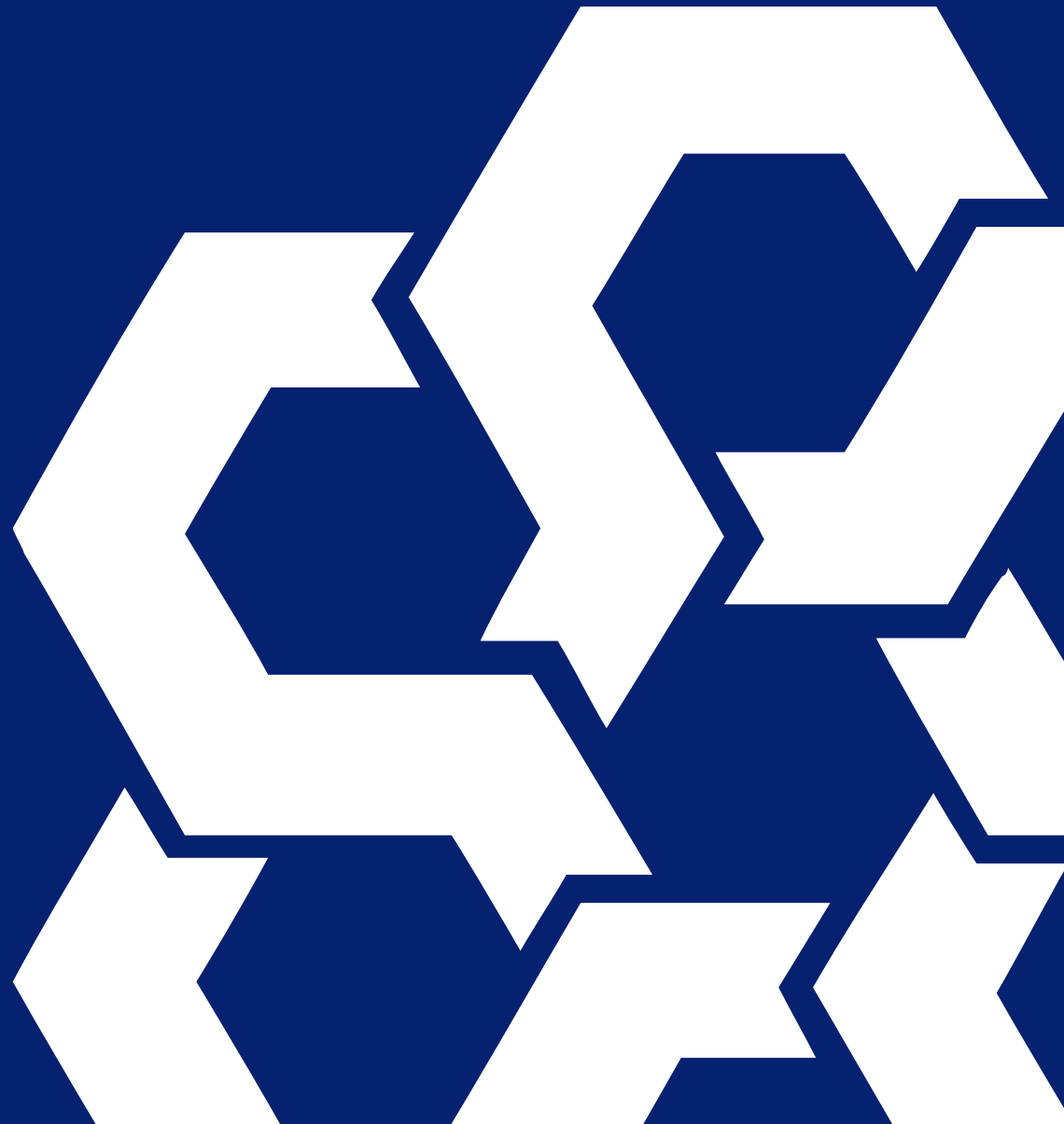
- Add to and clarify how to apply the equity method of accounting
- Introduce new disclosure requirements to enhance the information companies provide about associates and joint ventures

What's next



Comment period for the Exposure Draft *Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures (revised 202x)* open until **20 January 2025**

Research projects



Reminder: Topics the IASB decided to add to its work plan



The IASB decided:

- to add two projects to the research project pipeline;
- to add a project to the maintenance project pipeline to investigate whether narrow-scope standard-setting is needed in relation to climate-related risks; and
- to create a reserve list of two projects that could be added to the work plan only if additional capacity becomes available.

Research pipeline projects

started

Intangible assets



Statement of cash flows and related matters



Maintenance and consistent application project

Climate-related risks

started



Reserve list

Operating segments



Pollutant pricing mechanisms



Intangible Assets

Project Objectives

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

Potential topics to explore

- ☒ Scope of IAS 38 *Intangible Assets*
- ☒ Definition of an intangible asset
- ☒ Recognition of an intangible asset
- ☒ Measurement of an intangible asset
- ☒ Presentation and disclosure of intangible items

Possible project approaches



All-in-one



Early evaluation



Phased



Next milestone: Review initial research in Q1 2025

Statement of Cash Flows and Related Matters

Project Objective

Review IAS 7 *Statements of Cash Flows* in response to the Third Agenda Consultation

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
- ☒ Requirements for the statement of cash flows for financial institutions
- ☒ Presentation or disclosure requirements for additional information about the non-cash effects of some transactions

Possible project approaches



Comprehensive review of IAS 7

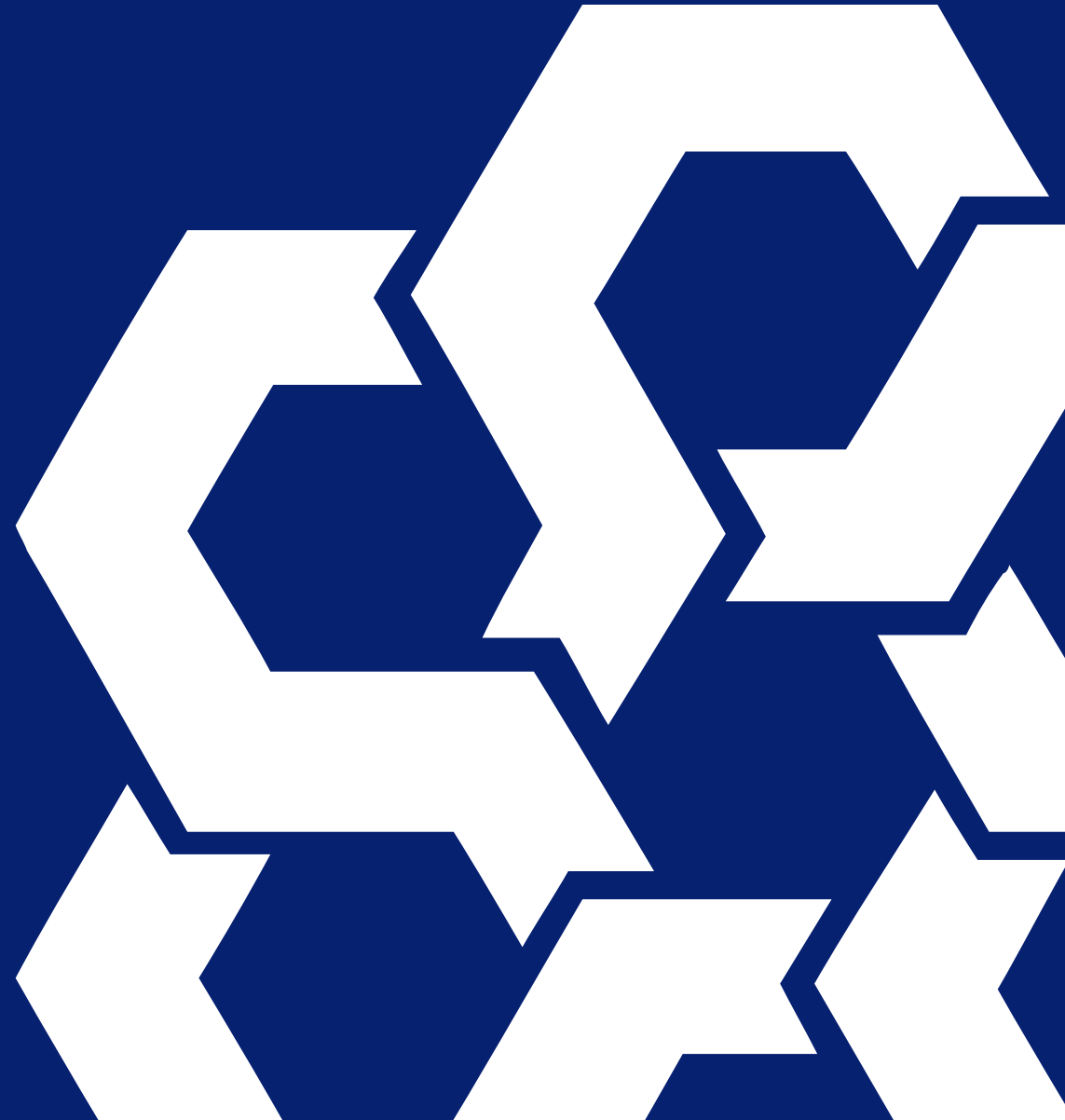


Targeted improvements



Next milestone: Review initial research in Q1 2025

Maintenance projects



Power Purchase Agreements

Project Objective

Better reflect the effects of contracts referencing nature-dependent electricity in entities' financial statements

Project scope and approach

The proposed amendments:

- apply to contracts referencing nature-dependent electricity with specified characteristics;
- include application guidance for a purchaser of electricity when applying the own-use requirements of paragraph 2.4 of IFRS 9;
- permit the designation of the hedged item as a variable nominal amount of a forecast transaction; and
- introduce new disclosure requirements for both contracts to buy or sell and financial instruments referencing electricity.



Expected publication date of the Final
Amendments to IFRS 9 and IFRS 7:
December 2024

Climate-related and Other Uncertainties in the Financial Statements

Project Objective

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

Working together

Throughout its work on this project, the IASB **collaborated** with ISSB members and technical staff

Main actions to improve reporting



Improve the application of IFRS Accounting Standards [developing illustrative examples]



Raise awareness of the requirements



Strengthen connections



Discuss feedback on Exposure Draft in **Q1 2025**

Provisions—Targeted Improvements

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

1. Recognition: amend and clarify requirements for a ‘present obligation’—applying revised *Conceptual Framework*

Disentangle and separately explain three conditions:

1. OBLIGATION condition
2. TRANSFER condition
3. PAST-EVENT condition

2. Measurement: specify discount rate more precisely—whether to include or exclude own credit risk

Require use of a rate that reflects the time value of money with no adjustment for own credit risk

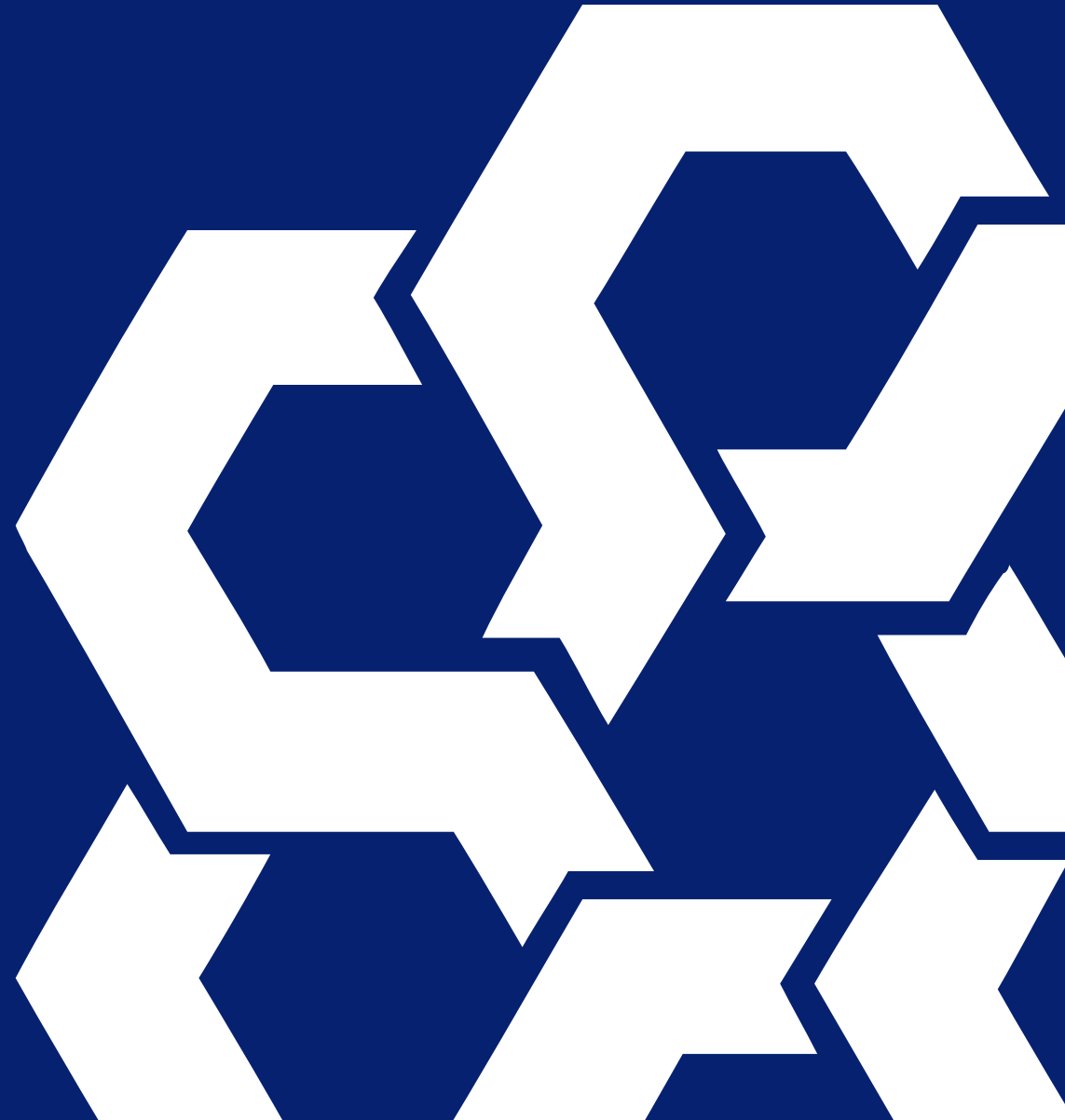
3. Measurement: specify the costs to include in measuring a provision

1. Incremental cost of settling the obligation
2. Allocation of other costs that relate directly to settling obligations of that type

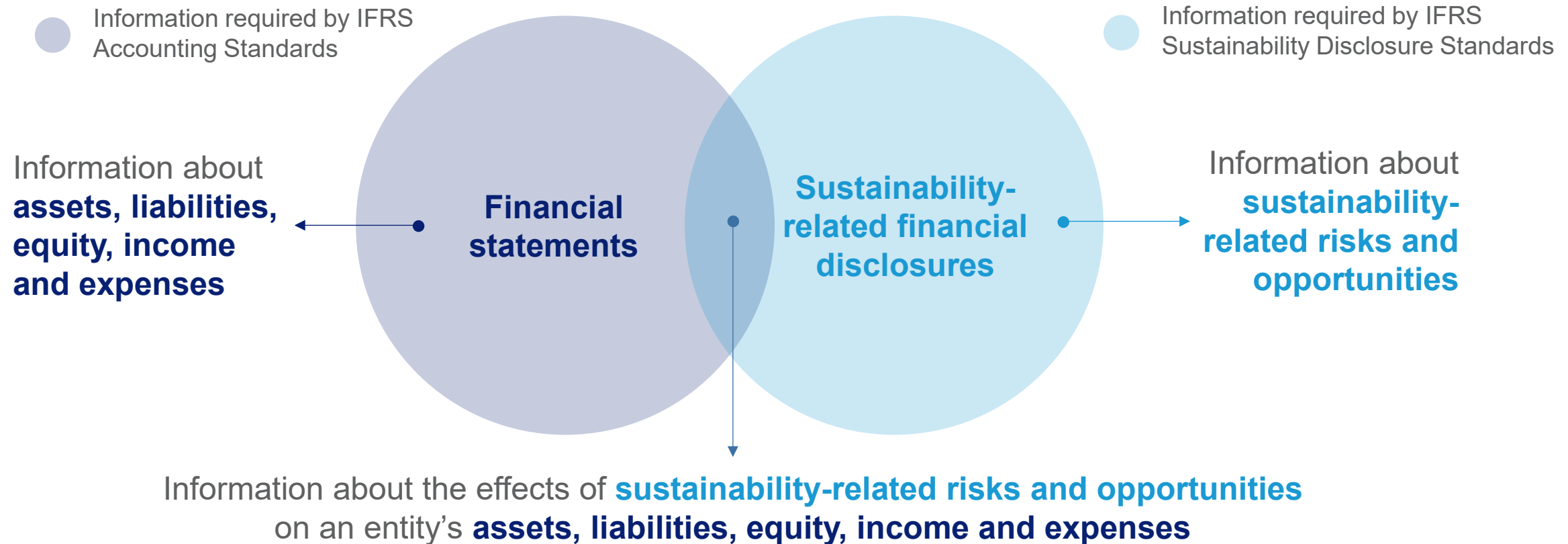


Comment period for the Exposure Draft Provisions—Targeted Improvements open until **12 March 2025**

Connections between the ISSB and the IASB

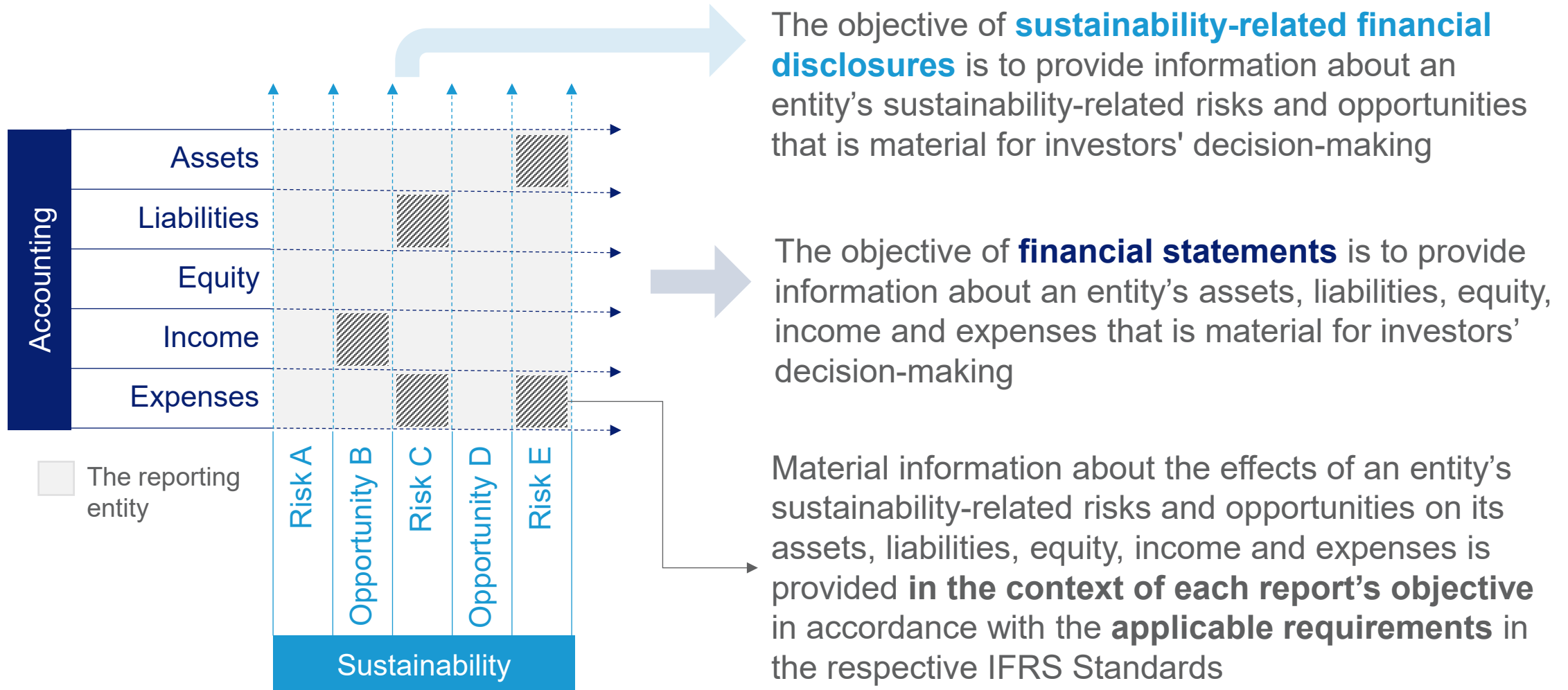


Complementary objectives



Note: The diagram is not intended to represent relative proportions of reported information.

Complementary perspectives on the reporting entity



Digital Financial Reporting



Digital financial reporting vision

Decision-useful, high-quality, globally comparable and accessible digital financial reports

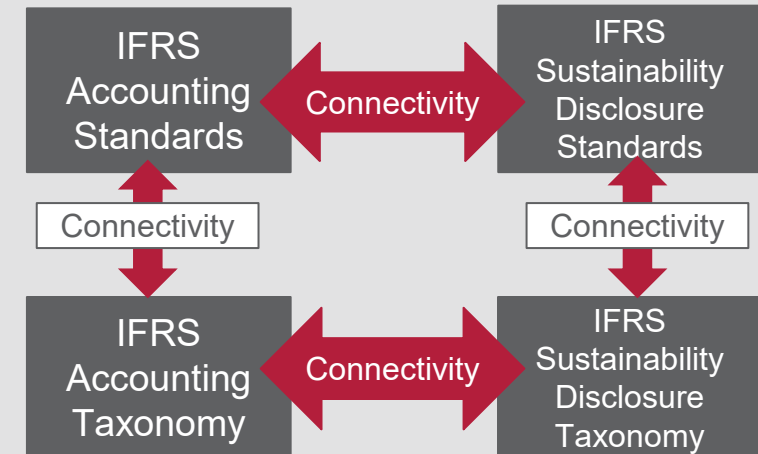
How we get there

Global adoption of
IFRS Standards

Global adoption of IFRS
Digital Taxonomies

Assurance requirements
and enforcer reviews









Digital accessibility of all
information included in
financial reports



Achieving this vision will require a coordinated effort by multiple players in the financial reporting and digital ecosystems

IASB's priority digital financial reporting activities

Priority activities that the IASB will undertake through to 2026, include:

IFRS Standards	IFRS digital taxonomies	Digital ecosystem partners
 Considering digital representation when drafting IFRS Accounting Standards	 Updating the IFRS Accounting Taxonomy for changes to IFRS Accounting Standards and common practice	 Developing regulator guides / capacity building materials to support optimal adoption of taxonomies
 Considering the implications for IFRS Accounting Standards from increasing digital consumption of GPFR	 Exploring enhancements to the IFRS Accounting Taxonomy to represent relationships/context digitally, improve navigability and enhance data validation	 Engaging with digital ecosystem stakeholders to gain momentum towards the digital vision and to identify challenges or roadblocks
	 Horizon scanning for technological disrupters that affect the need for digital taxonomies	 Encouraging public statements of support from international policy-makers

** Many of the IASB's priority DFR activities will be connected to the ISSB's DFR activities*

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