
IASB Technical Update IFRS Regulators Forum - Vienna

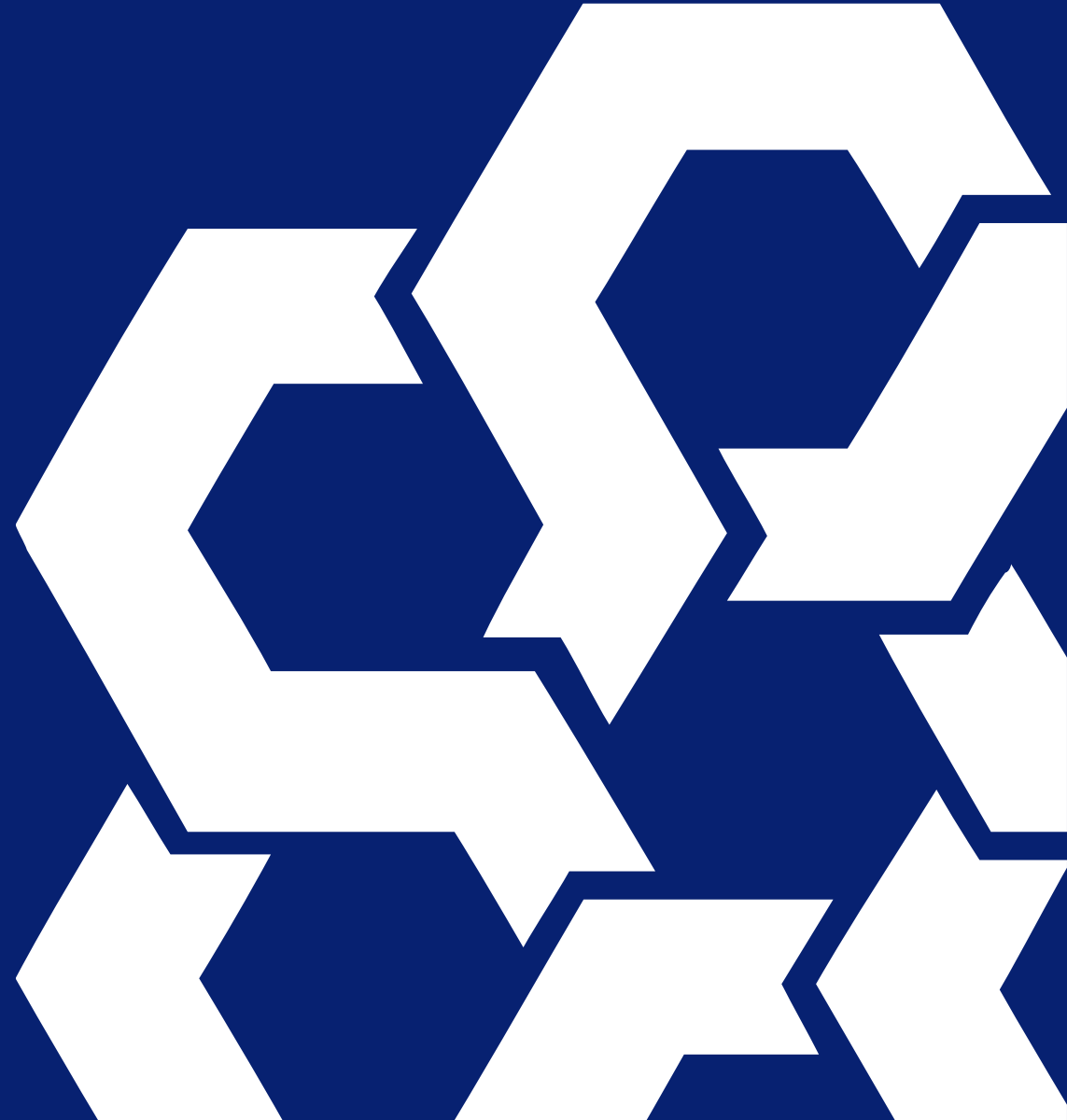
Tadeu Cendon

November 2022

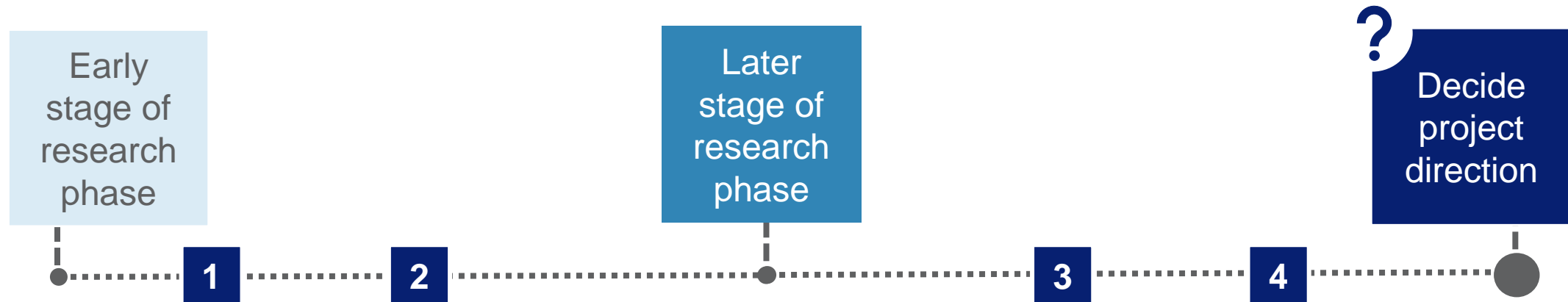
Overview

- Update on current work plan
- Post-implementation Review (emphasis on IFRS 9)
- New requirements
- Third Agenda Consultation

Update on current work plan



Overview: research projects



- 1** Equity Method
- 2** Extractive Activities
- 3** Business Combinations under Common Control
- 4** Goodwill and Impairment

Business Combinations under Common Control

Objective

- Develop reporting requirements to reduce diversity in practice and improve transparency

Project plan

- Specify which measurement method should be applied in which circumstances: **acquisition method** (IFRS 3) for combinations that affect investors outside the group and a **book-value method** to be specified in IFRS Accounting Standards in all other cases

Goodwill and Impairment

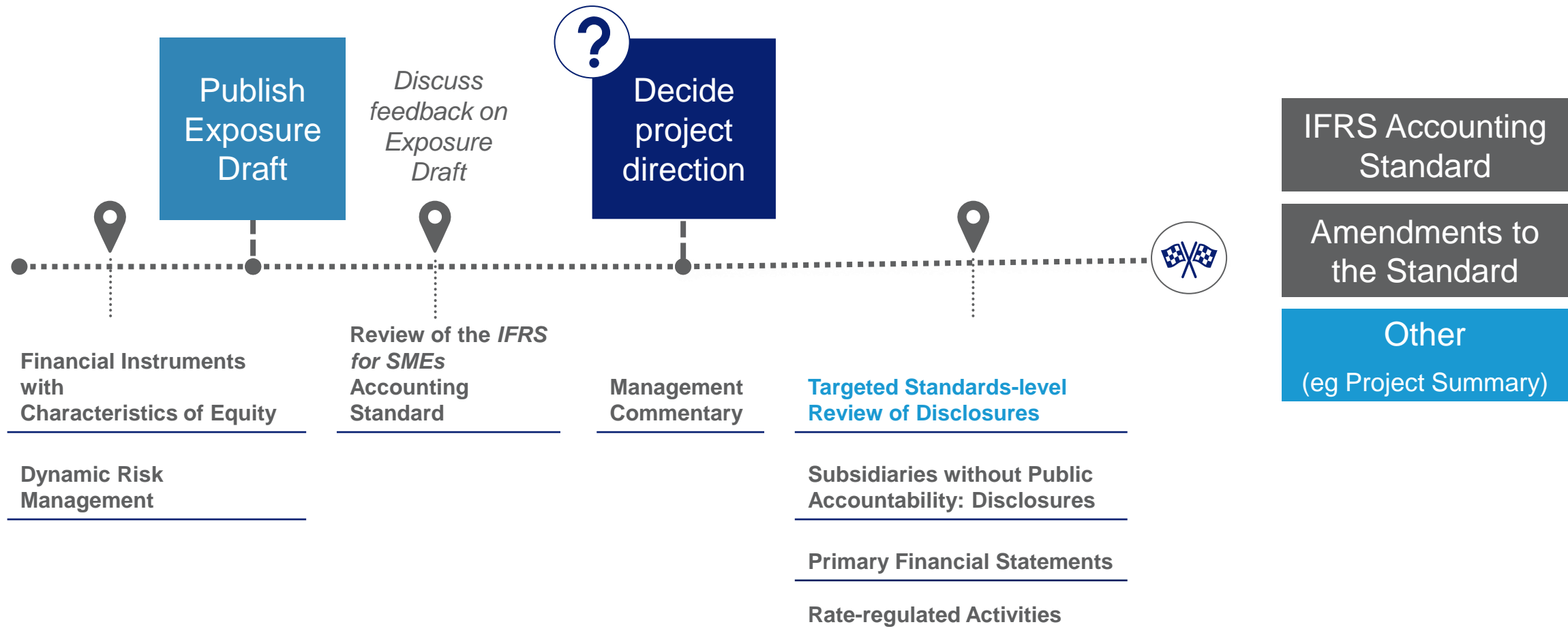
Objective

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

Areas of focus

- Add a package of disclosure requirements about business combinations (decision on some key aspects made in September 2022)
- Retain impairment-only model for goodwill (decision made last week)

Overview: standard-setting projects



Financial Instruments with Characteristics of Equity

Purpose

Improve the information provided about these financial instruments and address challenges with applying IAS 32

Approach

Explore clarifying IAS 32 classification principles to address practice issues, providing classification guidance and illustrative examples and improve presentation and disclosure

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

A DRM adjustment represents the extent the designated derivatives successfully mitigated the variability in both the fair value of and the net interest income from the risk mitigation intention (extent of current net open position that the company dynamically manages using derivatives) , and achieved the entity's target profile

Primary Financial Statements

Objective

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

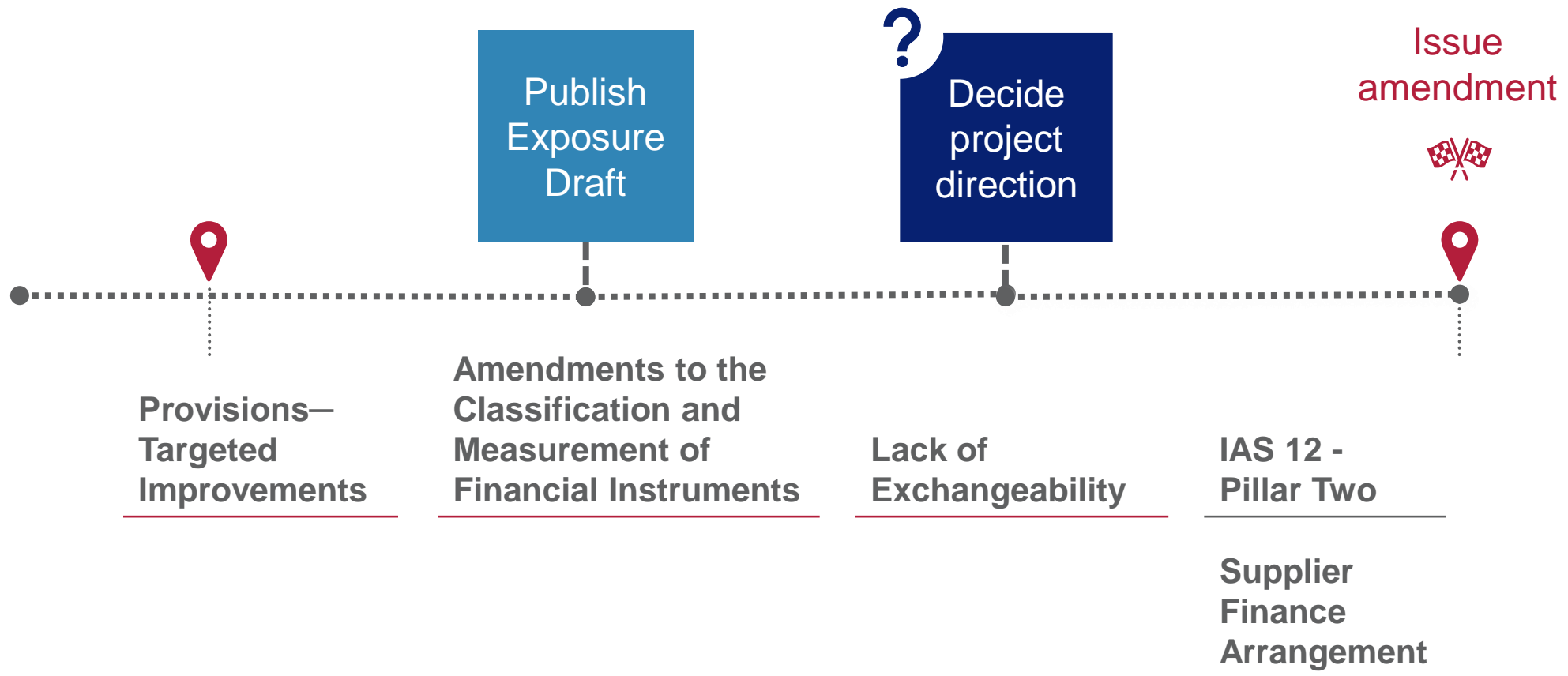
Proposals

- Require additional defined subtotals in statement of profit or loss
- Strengthen requirements for disaggregating information
- Require disclosures about management performance measures

Next milestone

- Issue IFRS Accounting Standard

Overview: maintenance projects



Supplier Finance Arrangements

Objective

- Provide information that enable investors to assess the effects of supplier finance arrangements on a company's liabilities and cash flows

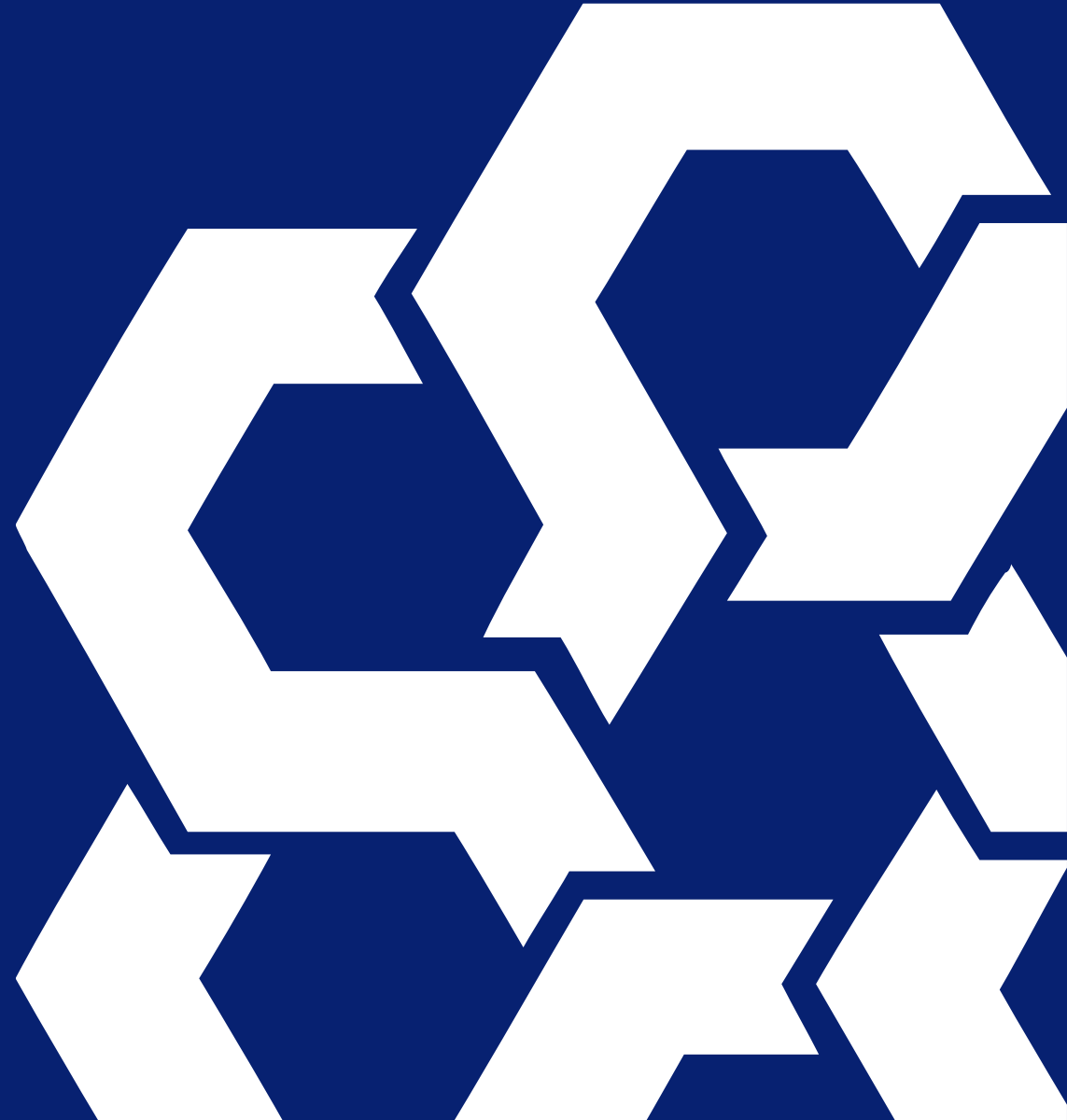
Proposals

- 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 and of non-cash changes in financing liabilities

Next milestone

- Publish the final standard

Post-implementation Review (PIR)



Post-implementation reviews

Recently completed

PIR of IFRS 10, IFRS 11 and IFRS 12

PIR of IFRS 9—Classification and Measurement

Ongoing

PIR of IFRS 9—Impairment

PIR of IFRS 15 *Revenue from Contracts with Customers*

PIR of IFRS 16 *Leases*

Forthcoming

PIR of IFRS 9—Hedge Accounting

PIR of IFRS 9—Classification and Measurement

Summary of the feedback

Legend  No significant issues  Some issues raised  Fundamental issues raised

- 1** IFRS 9 classification and measurement overall
- 2** Business model
- 3** Contractual cash flow characteristics (CCFC)
- 4** Equity instruments and other comprehensive income
- 5** Financial liabilities and own credit
- 6** Modifications to contractual cash flows
- 7** Amortised cost and effective interest method
- 8** Transition
- 9** Other matters

PIR of IFRS 9—Classification and Measurement

Overall feedback

- Generally positive feedback – IFRS 9 considered an improvement on IAS 39
- No fundamental issues with underlying principles, but some aspects to consider

Areas of focus

- SPPI and contractual cash flow characteristics¹
- Equities and OCI¹
- Amortised cost and EIR²

Next steps

- Publish the Feedback Statement on this PIR
- ¹Publish the Exposure Draft on some topics (next slides)
- ²Add a project to the research pipeline on modifications of financial assets and liabilities and applying the effective interest method

Amendments to the Classification and Measurement of Financial Instruments

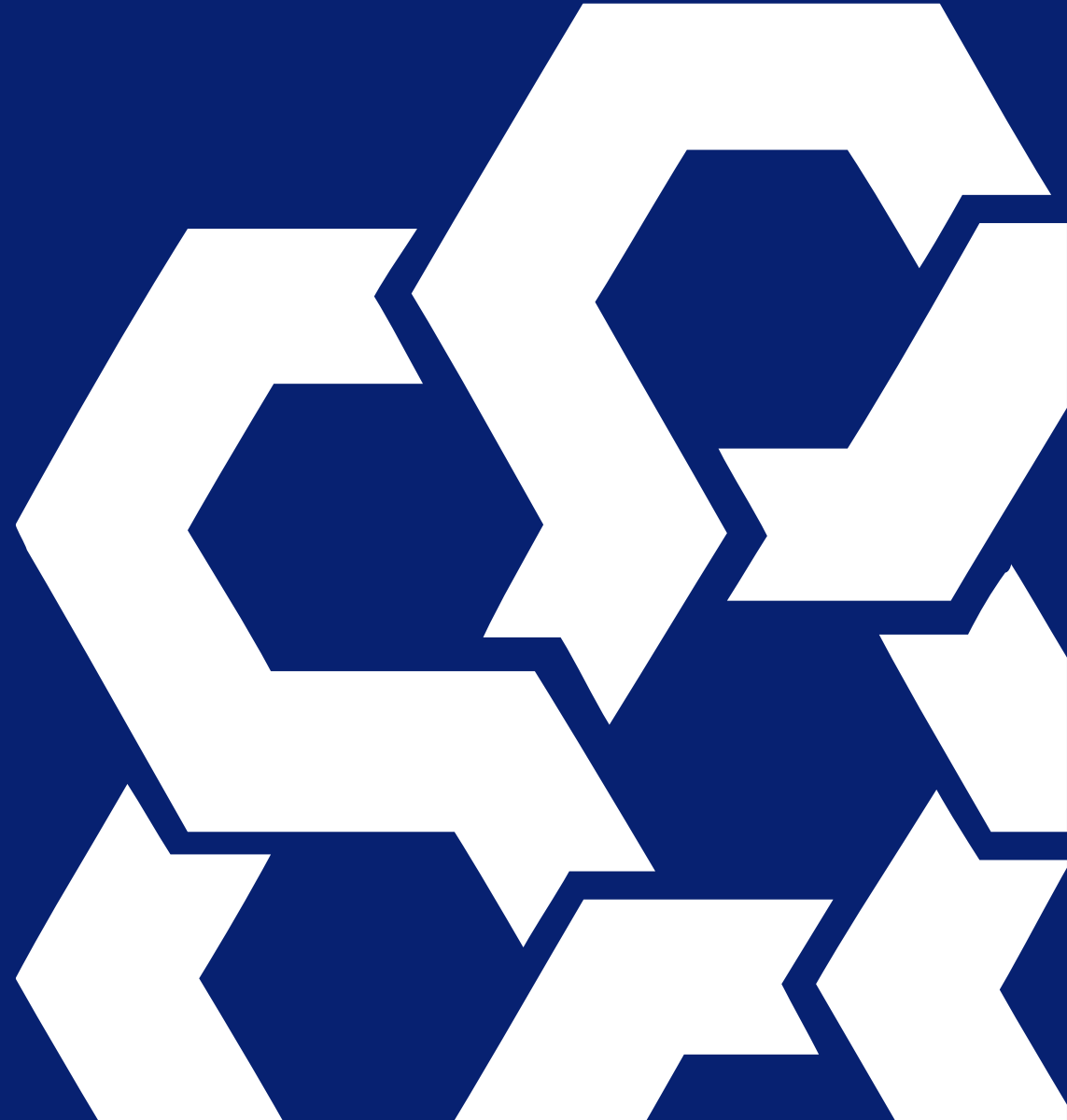
Objective

- Narrow-scope amendments in response to the post-implementation review of the classification and measurement requirements of IFRS 9 and disclosure requirements of IFRS 7

Areas of focus

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

New requirements



New Requirements - What is required when?

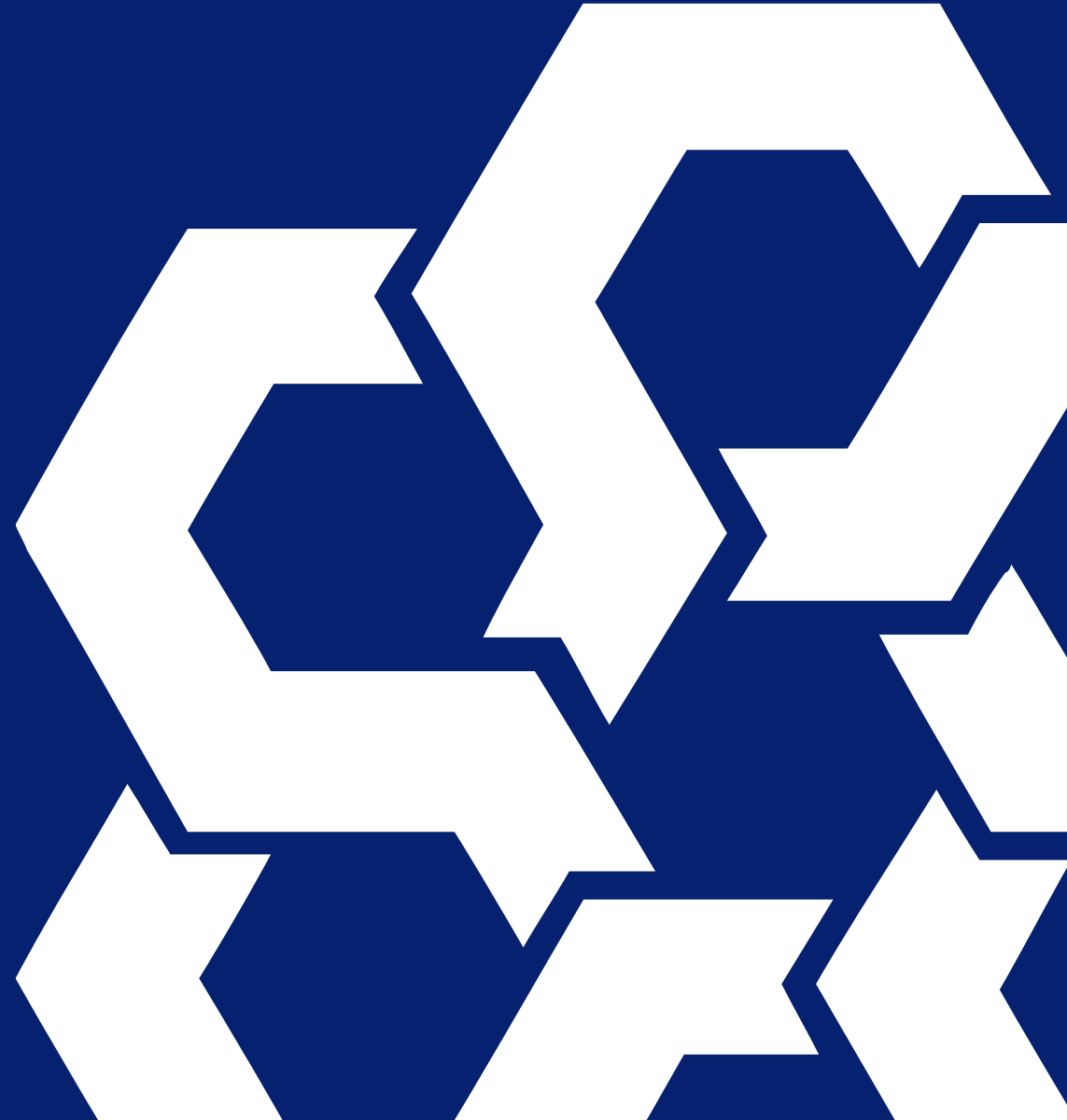
1 January 2023

- IFRS 17 *Insurance Contracts*
- *Definition of Accounting Estimates*
- *Disclosure of Accounting Policies*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to IAS 12)

1 January 2024

- *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1)
- *Lease Liability in a Sale and Leaseback* (Amendments to IFRS 16)
- *Non-current Liabilities with Covenants* (Amendments to IAS 1)

Third Agenda Consultation



Research project pipeline



Intangible Assets—this project will aim to review IAS 38 *Intangible Assets* comprehensively.



Statement of Cash Flows and Related Matters—as part of the research phase on such a project, the IASB will consider whether the project should aim to review IAS 7 *Statement of Cash Flows* comprehensively or make more targeted improvements

Maintenance project pipeline



Climate-related Risks in the Financial Statements—this project will consider whether and, if so, what narrow-scope actions might be needed in relation to accounting for climate-related risks in the financial statements.

Reserve list (if additional capacity becomes available)



Operating Segments



Pollutant Pricing Mechanisms

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