

IFRS UPDATE



MOORE IFRS NEWS

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Moore IFRS News provides you with the technical updates and tips in financial reporting.

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- **Exposure Draft: Non-Current Liabilities with Covenants**

The International Accounting Standards Board (IASB) is seeking comments on the **Exposure Draft ED/2021/9 *Non-current Liabilities with Covenants***. The proposed amendments to IAS 1 *Presentation of Financial Statements* aim to improve the information companies provide about long-term debt with covenants.

IAS 1 requires a company to classify a liability as non-current only if the company has a right to defer settlement of the liability for at least 12 months after the reporting date. However, such a right is often subject to the company complying with covenants after the reporting date. For example, a company might have long-term debt that could become repayable within 12 months if the company fails to comply with covenants after the reporting date.

The proposed amendments would specify that, in such a situation, covenants would not affect the classification of a liability as current or non-current at the reporting date. Instead, a company would:

- present non-current liabilities that are subject to covenants on the statement of financial position separately from other non-current liabilities; and
- disclose information about the covenants in the notes to its financial statements, including their nature and whether the company would have complied with them based on its circumstances at the reporting date.

It is expected that these proposals will improve the information a company provides about non-current liabilities with covenants by enabling investors to assess whether such liabilities could become repayable within 12 months.

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The proposals also address feedback from stakeholders about the classification of debt as current or non-current when applying **requirements introduced in 2020** that are not yet in effect. Consequently, the IASB is also proposing to defer the effective date of those requirements to align with the proposed amendment.

The snapshot for an overview of this proposals can be found [here](#). The comment letter period is open until 21 March 2022.

- **IFRS FAQ webcast series on Exposure Draft Management Commentary**

A series of bite size webcasts on the Exposure Draft Management Commentary has been produced to address frequently asked questions about the IASB's proposals for a new framework for preparing management commentary. Topics cover:

- why the Board is developing the new framework now;
- why the proposed new framework focuses on value creation;
- how the proposed objectives-based approach is designed to help management tell their companies' unique stories;
- the concept of 'key matters' and its relation to materiality; and
- the terminology proposed to express concepts in plain language.

Watch the webcasts [here](#).

- **November 2021 IASB Update**

The Board met on 15 – 19 November 2021 and discussed:

Work plan overview:

- IASB work plan update

Research and standard-setting:

- Dynamic Risk Management
- Post-implementation Review of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities

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- Rate-regulated Activities
- Goodwill and Impairment
- Primary Financial Statements
- Second Comprehensive Review of the IFRS for SMEs Standard

Strategy and governance:

- Third agenda consultation

Read more [here](#).

• **October 2021 IASB Update**

The Board met on 25- 28 October 2021 and discussed:

Research and standard-setting:

- Pension Benefits that Depend on Asset Returns
- Post-implementation Review of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities
- Rate-regulated Activities
- Equity Method
- Goodwill and Impairment
- Primary Financial Statements
- Second Comprehensive Review of the IFRS for SMEs Standard

Maintenance and consistent application:

- Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17)
- Maintenance and consistent application
- Non-refundable Value Added Tax on Lease Payments (IFRS 16): Finalisation of agenda decision
- Accounting for Warrants that are Classified as Financial Liabilities on Initial Recognition (IAS 32): Finalisation of agenda decision
- Supplier Finance Arrangements: Sweep issue
- IFRIC Update

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Taxonomy:

- IFRS Taxonomy Update—Initial Application of IFRS 17 and IFRS 9—Comparative Information (Agenda Paper 25)

Read more [here](#).

- **October 2021 IASB Podcast**

In this podcast, Andreas Barckow and Sue Lloyd, Chair and Vice-Chair of IASB, talk about the IASB's recent discussions as well as some other highlights from the previous month.

Topics discussed include:

- an update on Goodwill and Impairment;
- the continuing redeliberations on the Primary Financial Statements project;
- an overview of feedback obtained on the Post-Implementation Review of IFRS 10, IFRS 11 and IFRS 12;
- stakeholder responses to Rate-regulated Activities;
- the current status on the Second Comprehensive Review of the *IFRS for SMEs* Standard;
- the decision made on Pension Benefits that Depend on Asset Returns;
- a summary of Equity Method;
- proposed narrow scope amendment to IFRS 17; and
- a ratification of tentative agenda decisions made by the Interpretations Committee;

Access the podcast [here](#).

- **Addendum to IFRIC Update September 2021**

Committee's agenda decisions:

- Non-refundable Value Added Tax on Lease Payments (IFRS 16 Leases)
- Accounting for Warrants that are Classified as Financial Liabilities on Initial Recognition (IAS 32 Financial Instruments: Presentation)

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Read more [here](#).

- **Webcasts on the Proposed IFRS Standard for Subsidiaries Without Public Accountability**

IASB has released a series of webcasts explaining the proposals set out in the Exposure Draft *Subsidiaries without Public Accountability: Disclosures*. This series explores the:

- objectives and scope of the project;
- proposed disclosure requirements; and
- structure and application of the draft Standard.

The [proposals](#) are now opened for comments until 31 January 2022.

Watch the webcasts [here](#).

- **IASB Research Forum 2021: Recordings and Presentations**

More than 80 academics, standard-setters and practitioners gathered in the recent virtual IASB Research Forum 2021 to debate and discuss the latest accounting research that informs the IASB's standard-setting activities. A wide range of topics such as financial instruments, extractive activities, disclosures about acquisitions, value relevance of accounting information, earnings per share and the IFRS for SMEs were discussed.

Access the audio recordings and slides from the presentations are [here](#).

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