



IFRS UPDATE

MOORE IFRS NEWS

Issue 016 – April 2024

Moore IFRS News provides you with technical updates and tips in relation to IFRS financial Reporting arising in the first quarter of 2024.

IFRS Update

IASB releases Exposure Draft on Business combinations and impairment testing

The IASB has **proposed amendments** to the requirements of IFRS 3 *Business Combinations* and IAS 36 *Impairment of Assets*, aiming to enhance the information users have available to them regarding acquisitions. The ED is proposing that entities should be required to disclose:

- information regarding the objectives and performance targets of their most important acquisitions, including whether the targets are met.
- the synergies expected to arise from all material acquisitions.

The IASB is also proposing targeted improvements to IAS 36 for the impairment test regarding operations that have had goodwill allocated to it.

The comment period closes on 15 July 2024.

For further information, a **snapshot** of the ED is available, along with a **short video**.

ISSB enhances international applicability of SASB Standards

Late December 2023, the ISSB published **amendments** to the SASB Standards to enhance their international applicability (the SASB standards were written for the United States of America). The amendments should assist preparers using the standards regardless of what jurisdiction they are based in, or the Financial Reporting Framework that they apply.

IASB provides a summary of its completed project on extractive activities

The IASB concluded its **project on extractive activities** in the September 2023 meeting. At that meeting it concluded that no further work was required, and that IFRS 6 *Exploration for and Evaluation of Mineral Resources* was sufficient. The summary provides a snapshot of the IASB meeting discussions and does not form part of the IFRS Accounting standards.

Webcast on upcoming standard IFRS 18 now available

The IASB is set to release IFRS 18 *Presentation and Disclosure in Financial Statements* in April 2024. IFRS 8 will replace IAS 1 *Presentation of Financial Statements* and will predominately impact the structure of the statement of profit or loss. Ahead of the standard's release, a **webcast** has been provide that provides a high level overview of the standard.

IFRS 18 will be effective for years beginning on or after 1 January 2027. Further details will be provided next quarter once the standard has been issued.

New translations of IFRS materials are now available

The IASB has announced that various **translated materials** including standards, agenda decisions, exposure drafts and post-implementation reviews are now available in the following languages (different languages have different materials available):

- Azeri
- Bosnian
- Brazilian Portuguese
- French
- Hebrew
- Macedonian
- Russian
- Spanish
- Ukrainian

The ISSB standards are now also available in

- **Japanese**
- **Korean**
- **French**

IFRS Foundation Meetings

IASB Meetings

The IASB have met Three times this quarter:

- **December 2023**
At the December meeting the IASB made the following key decisions:
 - The Post implementation review (PIR) of IFRS 16 *Leases* will commence in the second quarter of 2024
 - The PIR of IFRS 9 *Financial Instruments* (hedging requirements) will commence after the work on power purchase agreements has been completed.

The IASB also continued to deliberate on the following projects:

- Rate-regulated activities
- Management commentary
- Second comprehensive review of IFRS for SMEs Accounting Standard
- Disclosure initiative – Subsidiaries without public accountability: Disclosures
- Maintenance and consistent application projects
 - Application of own-use exemption to some physical power purchase agreements – exploring possible narrow scope amendments to IFRS 9
 - Use of a hyperinflationary presentation currency by a non-hyperinflationary entity – considering a narrow scope amendment to IAS 21 on advice from IFRIC
 - Provisions – targeted improvements
 - Climate-related and other uncertainties in the financial statements
 - Amendments to IFRS for SMEs to align with full IFRS in relation to the supplier financing arrangements and lack of exchangeability. An exposure draft is expected to be issued in the first half of 2024.

For further information refer to the [IASB Update](#) or listen to the [IASB December Podcast](#).

● **January 2023**

At the January meeting the IASB continued to deliberate on the following projects:

- PIR of IFRS 15 *Revenue from contracts with customers*
- Second comprehensive review of IFRS for SMEs Accounting Standard
- Disclosure initiative – Subsidiaries without public accountability: Disclosures
- Maintenance and consistent application projects
 - Application of own-use exemption to some physical power purchase agreements – exploring possible narrow scope amendments to IFRS 9
 - Amendments to the classification and measurement of financial instruments
 - Updating the Subsidiaries without public accountability: Disclosures standard, for amendments made to full IFRS since the original ED was issued.
 - IFRS Accounting Taxonomy update
 - Review of the IFRIC Update from November 2023, and approval of IFRIC Agenda Decision: Merger between a Parent and its Subsidiary in Separate Financial Statements (See summary of IFRIC meeting below for further details)

The IASB also held a joint session with the ISSB to discuss feedback on the ISSB Consultation Agenda Priorities as the feedback indicated a significant overlap, including

a potential project on integration of financial and sustainability reporting, along with unsolicited feedback on the need for connectivity between the two boards.

For further information refer to the [IASB Update](#) or listen to the [IASB January Podcast](#) and the [January joint IASB and ISSB Podcast](#).

- **February 2024**

In February the IASB made the following key decisions:

- The Board concluded their analysis of the annual improvements and expects to publish the amendments in the third quarter of 2024, with application for periods beginning on or after 1 January 2026. The amendments cover:
 - Hedge accounting by a first-time adopter (amendments to IFRS 1)
 - Gain or loss on derecognition (amendments to IFRS 7)
 - Introduction and credit risk disclosures (amendments to IFRS 7 guidance)
 - Disclosure of deferred difference between fair value and transaction price (amendments to IFRS 7 guidance)
 - Derecognition of lease liabilities (amendments to IFRS 9)
 - Transaction price (amendments to IFRS 9)
 - Determination of De facto Agent (amendments to IFRS 10)
 - Cost method (amendments to IAS 7)
- The Board concluded their work on *amendments to the classification and measurement of financial instruments* relating to what can be considered simply payments of principal and interest, when there are modifications to those cash flows for contingent items, including sustainability linked financing. They have commenced the balloting process, with the application date to be periods beginning on or after 1 January 2026.

The IASB also continued to discuss the following projects:

- PIR of IFRS 15 – on the questions discussed at the meeting it was tentatively concluded that the standard was working as intended and no further work was required. The only potential low priority project that may arise from the review, was around the concept of principal v agent considerations and specifically, how to assess control over services and intangible assets.
- Rate-regulated activities
- Equity method
- PIR of IFRS 9 (Impairment)
- Second comprehensive review of the IFRS for SMEs Accounting Standard
- Maintenance and consistent application
 - Use of hyperinflationary presentation currency by a non-hyperinflationary entity

- Amendments to the classification and measurement of financial instruments

For further information refer to the [IASB Update](#) or listen to the [IASB February Podcast](#).

- **March 2024**

In March the IASB made the following key decisions:

- The Board concluded their work on the equity method project, which looks at application questions about how the equity method requirements in IAS 28 *Investments in Associates and Joint Ventures* work in practice. It does not seek to change the fundamental principles of how equity accounting works. They have commenced the balloting process to draft the Exposure Draft, which is expected to be released in the second half of 2024.
- The Board concluded their discussions on accounting for Power Purchase Agreements and have commenced drafting of an Exposure Draft for limited amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*. These amendments relate to the use of Power purchase agreements from renewable energy sources where the energy cannot be consumed as it is generated (i.e. because the factory is not operating at night when the wind is still blowing and generating electricity) and associated issues to the classification and hedge accounting of such contracts. The Exposure Draft is expected to be issued in May 2024.
- The Board concluded their discussions on the use of Hyperinflationary Presentation Currency by a non-hyperinflationary Entity and have commenced drafting the Exposure Draft. The Exposure Draft will make minor amendments to IAS 21 *The Effects of Foreign Exchange Rates* and IAS 29 *Financial Reporting in Hyperinflationary Economies* as this scenario had not previously been considered by these standards. The Exposure Draft is expected to be issued in the third quarter of 2024.

The IASB also continued to discuss the following projects:

- PIR of IFRS 15 – on the questions discussed at the meeting it was tentatively concluded that the standard was working as intended and no further work was required.
- Rate-regulated activities
- Climate-related and other uncertainties in the Financial Statements
- Management commentary
- PIR of IFRS 9 (Impairment)
- Second comprehensive review of the IFRS for SMEs Accounting Standard
- Updates to the Subsidiaries without Public Accountability: Disclosures Standard
- Power Purchase Agreements

For further information refer to the [IASB Update](#) or listen to the [IASB March Podcast](#).

IFRS Interpretations Committee Meetings (IFRIC)

- **November 2023**

IFRIC met in November and discussed the following:

Final Agenda decision (which were approved by the IASB in their January meeting) on:

- *Merger between a Parent and Its Subsidiary in Separate Financial Statements (IAS 27 Separate Financial Statements)*
IFRIC was asked how a parent entity accounts for a merger with its own subsidiary in its separate financial statements. IFRIC found that there was little diversity in practice and parent entities generally did not apply the acquisition method of IFRS 3 *Business combinations* in accounting for such arrangements in their standalone financial statements. Accordingly, as it was not expected to have a widespread effect, it was not added to the IFRIC Agenda.

A tentative Agenda decision on:

- *Climate-related commitments (IAS 37 Provisions, Contingent Liabilities and Contingent Assets)*
IFRIC received a request about whether an entity should recognise a provision as a result of emissions reductions commitments that it has made in a public forum. The tentative agenda decision discusses whether the entity has a constructive obligation as well as whether it results from past events (only after the emissions that it is proposing to abate have occurred) and concludes that there is sufficient guidance in IAS 37 to determine whether a provision needed to be recognised.
- *Disclosure of Revenue and Expenses for Reportable Segments (IFRS 8 Operating Segments)*

IFRIC also discussed a couple of the IASBs ongoing maintenance projects and provided feedback to the IASB.

For further information refer to the [IFRIC Update](#) or listen to the [IFRIC Quarter 4 2023 Podcast](#).

- **March 2024**

IFRIC met in March 2024 and finalised two agenda decisions which have been sent to the IASB for approval which is likely to occur at the April 2024 IASB meeting These final agenda decisions were on

- Climate related commitments (*IAS 37 Provisions, Contingent Liabilities and Contingent Assets*) – see discussion above for tentative agenda decision
- Payments contingent on Continued Employment during Handover Periods (*IFRS 3 Business combinations*) – refer to previous newsletter for tentative agenda decision (September 2023 IFRIC meeting)

- IFRIC also discussed IASBs PIR of IFRS 9 (Impairment) and provided feedback to the IASB.

For further information refer to the [IFRIC Update](#) or listen to the [IFRIC Quarter 1 2024 Podcast](#).

ISSB Meetings

The ISSB have met twice this quarter in addition to the joint meeting is with the IASB (see above):

- **November 2023**

The ISSB discussed the IFRS sustainability disclosure taxonomy and its consultation on agenda priorities.

For further information refer to the [ISSB Update](#) or listen to the [ISSB November Podcast](#).

- **December 2023**

The ISSB ratified the amendments to the SASB Standards to allow for international applicability.

The Board also discussed the following issues:

- IFRS Sustainability Disclosure Taxonomy
- ISSB Consultation on agenda priorities

For further information refer to the [ISSB Update](#) or listen to the [ISSB December Podcast](#).

- **February 2024**

The ISSB discussed feedback on its consultation on agenda priorities and implementation materials to support the implementation of IFRS S1 and S2 relating to the concept of materiality.

For further information refer to the [ISSB Update](#) or listen to the [ISSB February Podcast](#).

- **March 2024**

The ISSB continued to discuss feedback on its consultation on agenda priorities and tentatively decided on their focus for 2024-2025 workplan.

For further information refer to the [ISSB Update](#) or listen to the [ISSB March Podcast](#).

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CONTACT US

We value your feedback on using these network resources. Contact us for any questions, comments, or ideas.

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