



IFRS UPDATE

MOORE IFRS NEWS

Issue 017 – July 2024

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

IFRS Update

IASB Issues IFRS18 *Presentation and Disclosure of Financial Statements*

The IASB has issued a **new standard** IFRS 18 *Presentation and Disclosure of Financial Statements* that will replace IAS 1 *Presentation of Financial Statements*. IFRS 18 will be effective from 1 January 2027. Whilst large sections of the standard are transferred from IAS 1 without change, key changes will be made to the Income statement. Predominately:

- Increased comparability of income statements through the use of defined categories of income and expenses including operating, investing and financing, including the requirement to present newly defined subtotals in the statement of profit or loss - operating profit and profit before financing and income taxes.
- Enhanced transparency of management defined performance measures (often known as alternative profit measures), through disclosure in a single note to the financial statements and reconciliation back the most directly comparable subtotal required by IFRS 18 or total or subtotal required by IFRS Accounting Standards.
- Guidance on the level of aggregation and disaggregation required in financial statements and whether such information should be provided in the primary financial statements or accompanying notes.

IFRS 18 makes consequential amendments to a number of other IFRS Accounting Standards, most notably IAS 7 *Statement of Cash Flows* where it updates the requirements for the presentation of dividends and interest paid and received.

To support the standards release, the IASB has provided a series of **webcasts** on each of the key changes, as well as provided **video introductions** to the new standard in the following languages:

- | | | |
|-----------|------------|--------------|
| • English | • French | • Portuguese |
| • Chinese | • Japanese | • Spanish |

For our initial thoughts on the new standard please refer to the **article** on our external website that may be shared with clients

IASB issues IFRS 19 *Subsidiaries without Public Accountability*

The IASB has issued a **new voluntary standard** for subsidiaries of parents who prepare consolidated financial statements in accordance with IFRS Accounting Standards, who do not have public accountability. This group of subsidiaries will be able to apply the recognition and measurement requirements of all existing IFRS standards but reduce their disclosure requirements, by providing the disclosure requirements of the new IFRS 19 *Subsidiaries without Public Accountability*. The standard is applicable from 1 January 2027 with early adoption available.

As this standard is voluntary and not required to claim compliance with IFRS standards, different jurisdictions may take different approaches with its adoption, or may elect not to adopt this standard. It is recommended that you inquire about your local jurisdictions intention.

IASB issues narrow scope amendments to classification and measurement of financial instruments

The IASB has issued **amendments** to IFRS 9 *Financial Instruments*. These minor amendments to the classification and measurement requirements arose from their post-implementation review of IFRS 9 and relate to areas where there was diversity in practice. In particular the amendments relate to clarifying:

- the classification of financial assets with environmental, social and governance and other similar features and when such assets can continue to be classified at amortised cost, rather than having to be at fair value through profit and loss.
- the date on which a financial asset or financial liability is derecognised when settlement is by means of electronic transfers.

The amendments are applicable from 1 January 2026, with early adoption available.

IASB completes its project on Business Combinations under Common Control

The IASB has completed its project on Business Combinations under Common Control and has issued a **project summary**. The Board decided not to progress with a standard setting project on this issue. It was considered that any improvements that might arise from undertaking this standard-setting work would likely be outweighed by the cost of undertaking the work.

IASB completes its Post Implementation Review of IFRS 9 *Financial Instruments – Impairment*.

The IASB has concluded its Post Implementation Review (PIR) of IFRS 9 -Impairment and issued a [project summary](#) and feedback statement. The Board decided that the impairment requirements in IFRS 9 are operating as they intended. However, they will explore whether requirements for modification, derecognition and write-off of financial instruments, and the consequential effects on recognition of expected credit losses as part of their project on Amortised Cost Measurement. A new project has also been added to their pipeline to investigate targeted improvements to credit risk disclosures.

IASB Proposes amendments for renewable energy contracts

The IASB has issued an [Exposure Draft](#) proposing amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* for narrow scope amendments relating to power purchase agreements for renewable energy. The distinct nature of renewable energy, that generation is dependent on nature creates unique issues for these types of contracts. Accordingly, the IASB is proposing to make changes regarding how the 'own use' exemption applies to these contracts and the ability to use these instruments as hedging instruments.

The Exposure Draft is open for comment until 7 August 2024. A [webcast](#) on the proposed amendments is also available.

IASB Releases 10th Compilation of Agenda Decisions

The IASB has issued the [10th Compilation](#) of the IFRS Interpretations Committee Agenda Decisions, including all finalised Agenda Decisions from November 2023 – April 2024. These compilations are useful reference for all Agenda Decisions.

ISSB Progress interoperability work with other Standard setters

The ISSB has continued to progress its work on interoperability of their suite of standards with other standard setters. This includes guidance published in conjunction with [EFRAG](#) regarding alignment between their standards, and how companies can practically comply with both sets of guidance. The ISSB also continues to work with the [GRI](#) to deliver full interoperability with their standards as well.

ISSB Educational Webcasts now available

The ISSB has made the following webinars available for viewing:

- [Current and anticipated financial effects](#)
- [Introduction of the ISSB Taxonomy](#)
- [The business case for early jurisdictional adoption](#)

New translations of IFRS materials are now available

The ISSB standards are now available in [Simplified Chinese](#).

IFRS Foundation Meetings

All IASB Updates are also available in [Spanish](#) and [Chinese](#).

IASB Meetings

The IASB have met three times this quarter:

- **April 2024**

At the April meeting the IASB made the following key decisions:

- Finalised deliberations on Updates to IFRS 19. IFRS 19 was initially drafted based on standards issued up to 28 February 2021. At this meeting they finalised amendments for reduced disclosures relating to any standard setting activity that has occurred since that date. These amendments will be effective 1 January 2027 consistent with the original IFRS 19.
- Commenced a [comprehensive review](#) of accounting for intangible assets under IAS 38 *Intangible Assets*.

The IASB also continued to deliberate on the following projects:

- Post-implementation review of IFRS 15 *Revenue from Contracts with Customers*
- Rate-regulated activities
- Post-implementation review of IFRS 9 *Financial Instruments* – Impairment
- Second comprehensive review of IFRS for SMEs Accounting Standard

- Maintenance and consistent application projects
 - Climate-related and other uncertainties in the Financial Statements
 - Provisions – Targeted improvements .
 - Review of the IFRIC Update from March 2024, and approval of IFRIC Agenda Decisions *Climate related commitments (IAS 37)* and *Payments Contingent on Continued Employment during Handover Periods (IFRS 3)*. Refer to previous newsletter for a summary of these agenda decisions.

For further information refer to the [IASB Update](#) or listen to the [IASB April 2024 Podcast](#).

• **May 2024**

At the May meeting the IASB made the following key decisions:

- Finalised its consideration of the Post-implementation review of IFRS 9 -Impairment and concluded that no immediate amendments were required to the standard as a result of that review.

The IASB also continued to deliberate on the following projects:

- Financial Instruments with Characteristics of Equity
- Post-implementation review of IFRS 15
- Second comprehensive review of IFRS for SMEs Accounting Standard
- Rate regulated activities
- Updates to the IFRS Accounting Taxonomy for contracts for renewable energy

For further information refer to the [IASB Update](#) or listen to the [IASB April 2024 Podcast](#).

• **June 2024**

The June Board meeting consisted of both a normal board meeting and a joint-session with the US Financial Accounting Standards Board (FASB).

At the June meeting IASB made the following key decisions:

- The Board finalised its deliberations on the targeted improvements to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. These targeted improvements relate to
 - When an entity recognises provisions for obligations it could avoid through its future actions
 - Whether rates used to discount provisions reflect non-performance risk; and
 - Which costs to include in the measure of a provision

The IASB staff have been directed to commence balloting the exposure draft which is expected to be issued in Q4 2024.

- The Board finalised its deliberations on [amendments](#) to IFRS Practice Statement 1 *Management Commentary* to respond to investor demands for better information about business abilities to generate cash flows and create value in the long term. The updated IFRS Practice Statement is expected to be issued in the first half of 2025.

The IASB also continued to discuss the following projects:

- Dynamic Risk Management
- Post-implementation review of IFRS 16 *Leases*
- Pollutant Pricing Mechanisms
- Equity Method

At the Joint IASB and FASB meeting the two boards discussed their post implementation reviews of the revenue standards and leases standards.:

For further information refer to the [IASB Update](#) or listen to the [IASB June 2024 Podcast](#).

IFRS Interpretations Committee Meetings (IFRIC)

• June 2024

IFRIC met in June and discussed the following:

Final Agenda decision for approval by IASB at a future meeting on:

- *Disclosure of Revenue and Expenses for Reportable Segments (IFRS 8 Operating Segments)*
IFRIC were asked whether entities were required to disclose specified amounts included in the measure of segment profit or loss for each reportable segment as required by IFRS 8 if those amounts are not separately reviewed by the Chief Operating Decision Maker (CODM) and how entities determine if such amounts are 'material items of income and expense'. IFRIC has concluded that the specified amounts should be disclosed if they are included in the measure of profit or loss reviewed by the CODM even if they are not separately reported, or when those amounts are provided to the CODM, even if they are not included in the measure of segment profit or loss. IFRIC also confirmed that entities should use the normal concepts of materiality in IAS 1 to determine whether the specified amounts are material and should be disclosed.

A tentative Agenda decision on:

- *Classification of Cash Flows related to Variation Margin Calls on 'Collateralised-to-Market' Contracts (IAS 7 Statement of Cash flows)*
Whilst IFRIC considered this issued, they considered that it was not widespread in practice, and considered that no further action was required.

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 2 2024 Podcast](#).

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ISSB Meetings

The ISSB have met three times this quarter.

- **April 2024**

The ISSB discussed their agenda priorities and tentatively decided to add the following research projects to their work plan.

- Risks and opportunities associated with biodiversity, ecosystems and ecosystem services
- Risks and opportunities associated with human capital

The ISSB decided not to add the following research projects to its work plan

- risks and opportunities associated with human rights
- Integrated reporting

For further information refer to the [ISSB Update](#) or listen to the [ISSB April 2024 Podcast](#).

May 2024

The ISSB discussed the following issues:

- Its approach to industry groupings in its industry-based materials such as the SASB standards
- Update on the March 2024 meeting of the Transition Implementation Group on IFRS S1 and IFRS S2

For further information refer to the [ISSB Update](#) or listen to the [ISSB May 2024 Podcast](#).

- **June 2024**

The ISSB discussed its approach to enhancing SASB standards but did not make any decisions.

For further information refer to the [ISSB Update](#) or listen to the [ISSB June 2024 Podcast](#).

CONTACT US

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

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