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# IASB Technical Update

Bogotá, Colombia  
October 2023

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## IASB members in Colombia



Andreas  
Barckow  
***Chair***



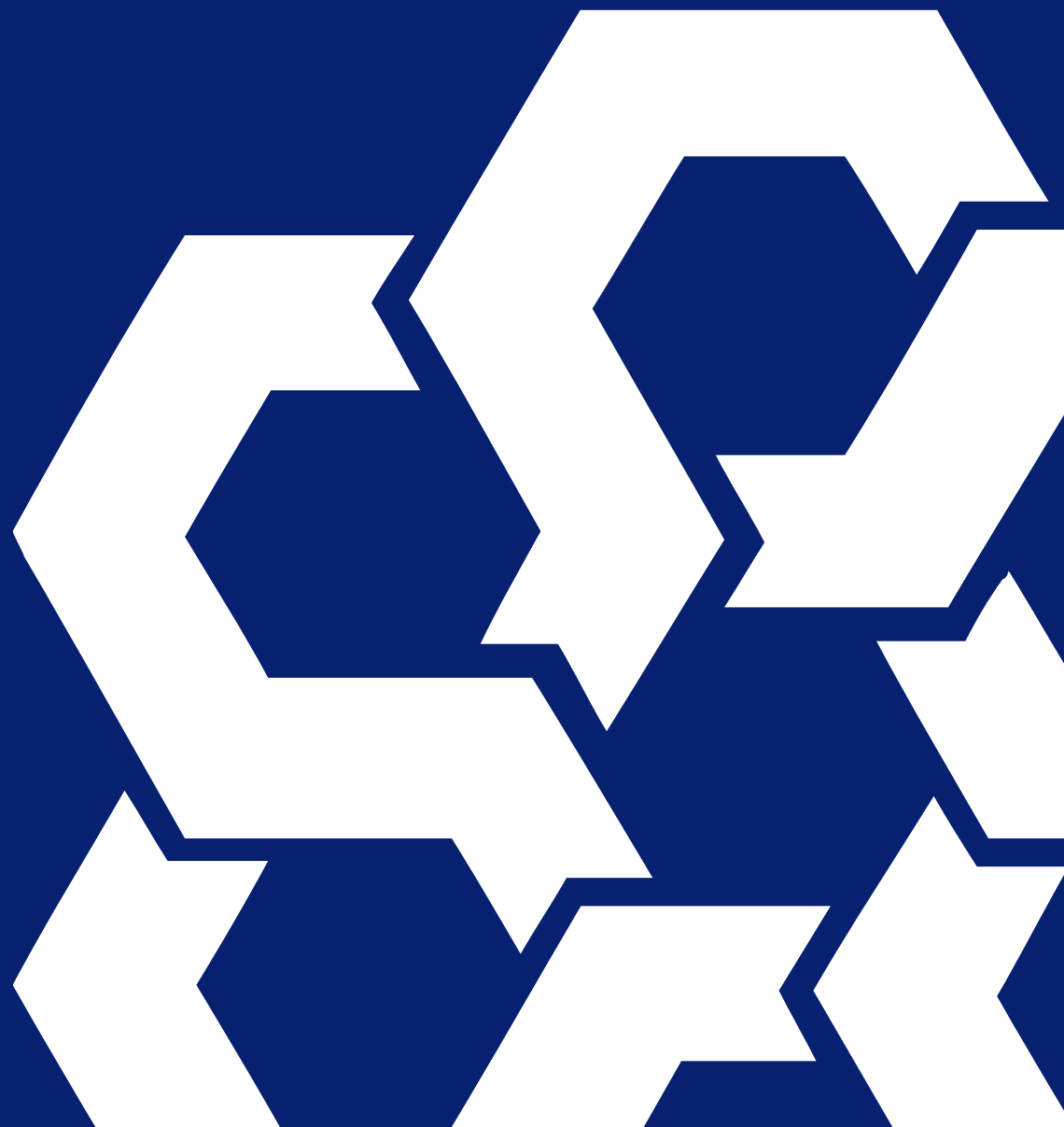
Linda  
Mezon-Hutter  
***Vice-Chair***








Tadeu  
Cendon  
***Member***

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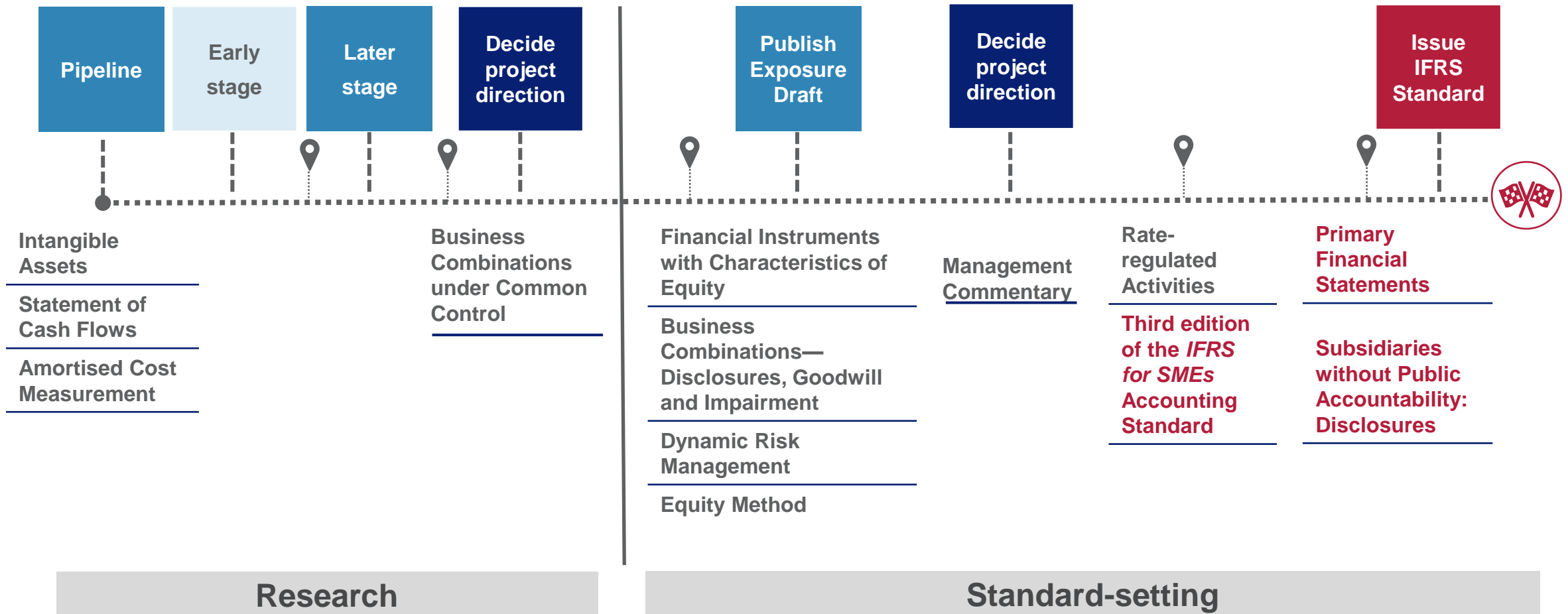
## Update on current IASB work plan



## IASB work plan: overview

Type of project		September 2023
Research projects		1
Post-implementation reviews		2
Standard-setting projects		9
Maintenance projects		5
Application questions (IFRS IC)		4
<b>Total</b>		<b>21</b>

# Current projects are in different stages



## IFRS for SMEs - Scope of the review

Scope	<b>A</b> Requirements in full IFRS Accounting Standards issued: <ul style="list-style-type: none"><li>▪ since the first review; and</li><li>▪ before the first review that did not result in amendments to the Standard in 2015</li></ul>		
	<b>B</b> Other topics brought to the IASB’s attention relating to the Standard		

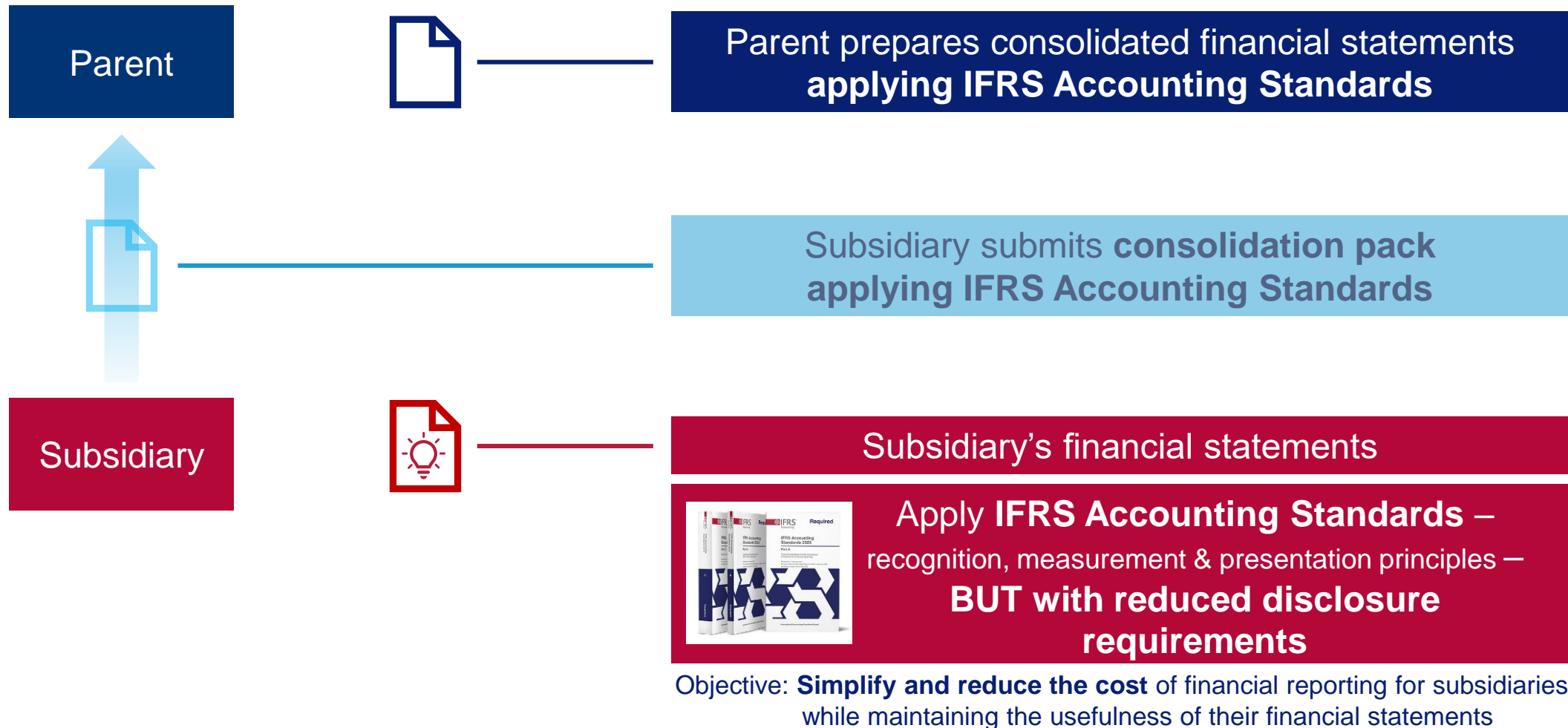
Alignment with IFRS Accounting Standard considered	The <i>Conceptual Framework</i>	IFRS 13 <i>Fair value measurement</i>	Minor amendments to IFRS Accounting Standards and IFRIC Interpretations
	IFRS 3 <i>Business Combinations</i>	IFRS 14 <i>Regulatory Deferral Accounts</i>	
	IFRS 9 <i>Financial Instruments</i>	IFRS 15 <i>Revenue from Contracts with Customers</i>	
	IFRS 10 <i>Consolidated Financial Statements</i>		
	IFRS 11 <i>Joint Arrangements</i>	IFRS 16 <i>Leases</i>	

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## IFRS for SMEs - Some topics under discussion

Expected credit losses	
<b>Scope</b>	Financial assets measured at amortised cost that are not trade receivables or contract assets
<b>Measurement</b>	Measure expected credit losses of a financial asset in a way that aligned with the simplified approach in IFRS 9 (lifetime expected credit losses)
<b>Leases</b>	The IASB decided not to align the Standard with IFRS 16 Leases during this review
<b>Intangible assets</b>	The IASB is seeking views on whether it should introduce an accounting policy option that allows recognition of intangible assets arising from development costs

## Subsidiaries without Public Accountability: Disclosures





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# Primary Financial Statements (PFS)

## Objective

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

### Main proposals



Require additional defined **subtotals** in the statement of profit or loss

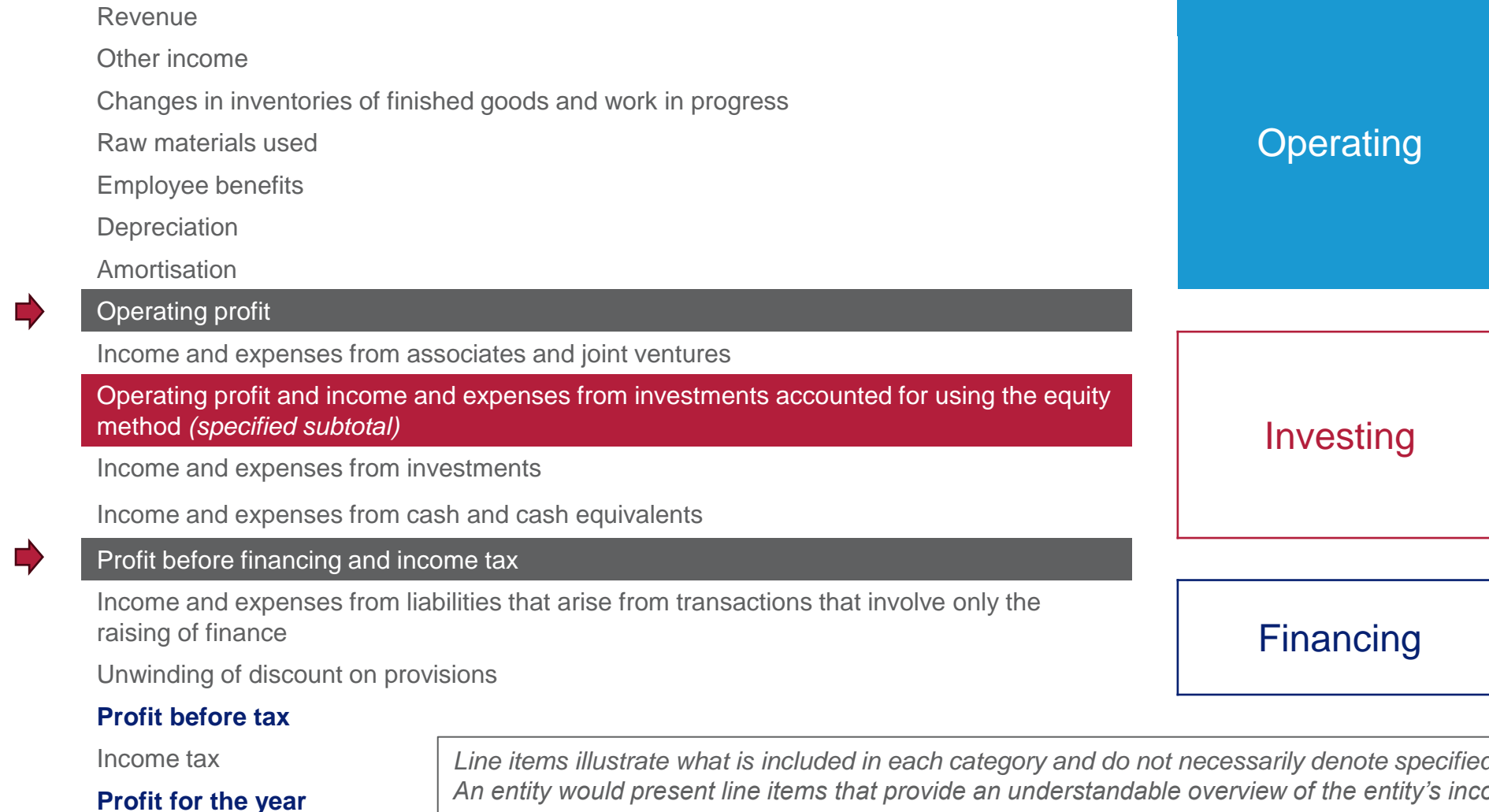


Require disclosures about **management performance measures**



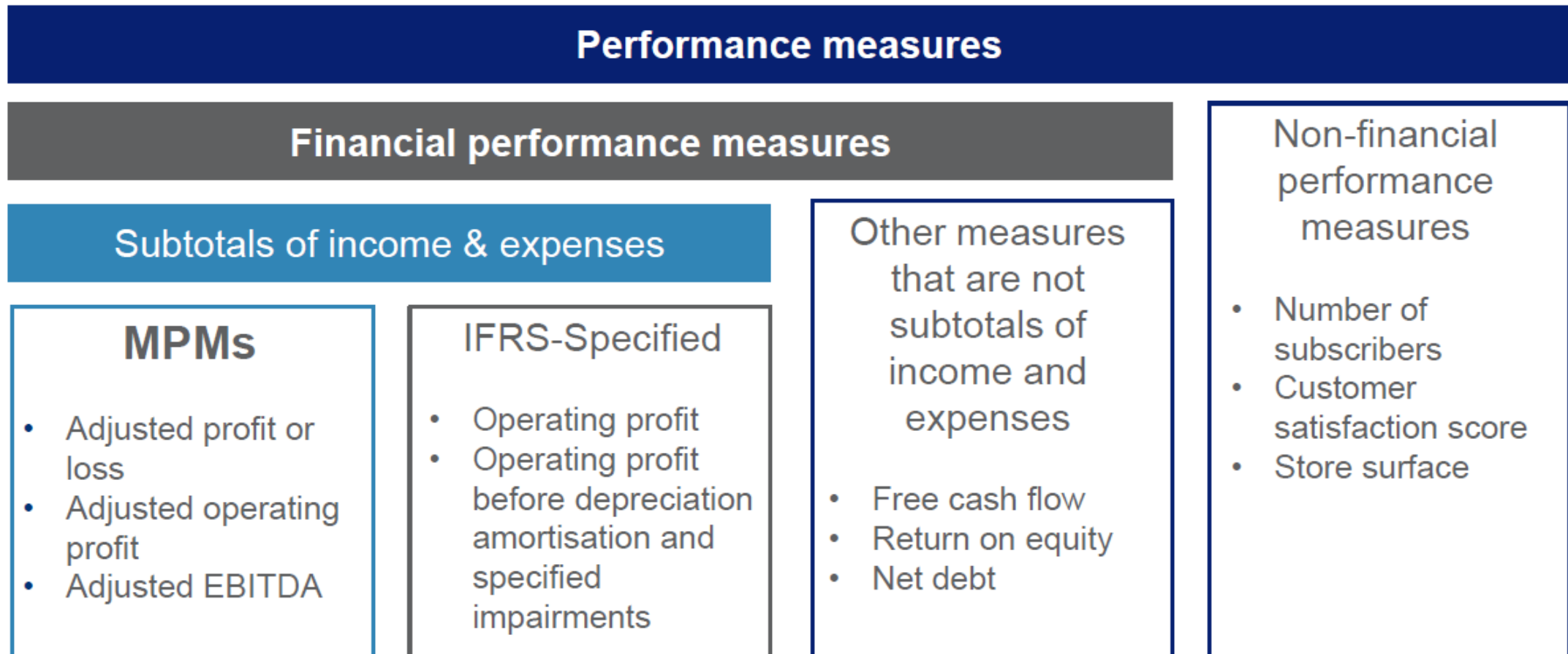
Strengthen requirements for **disaggregating** information

## PFS – Required subtotals in the statement of profit or loss



*Line items illustrate what is included in each category and do not necessarily denote specified line items. An entity would present line items that provide an understandable overview of the entity's income and expenses.*

## PFS – Management-defined Performance Measures (MPMs)



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## PFS – Definition of MPMs

Subtotals of income and expenses not specified by IFRS Accounting Standards

**Used in public communications  
outside financial statements**

**Communicate management's view  
of an aspect of an entity's  
financial performance**

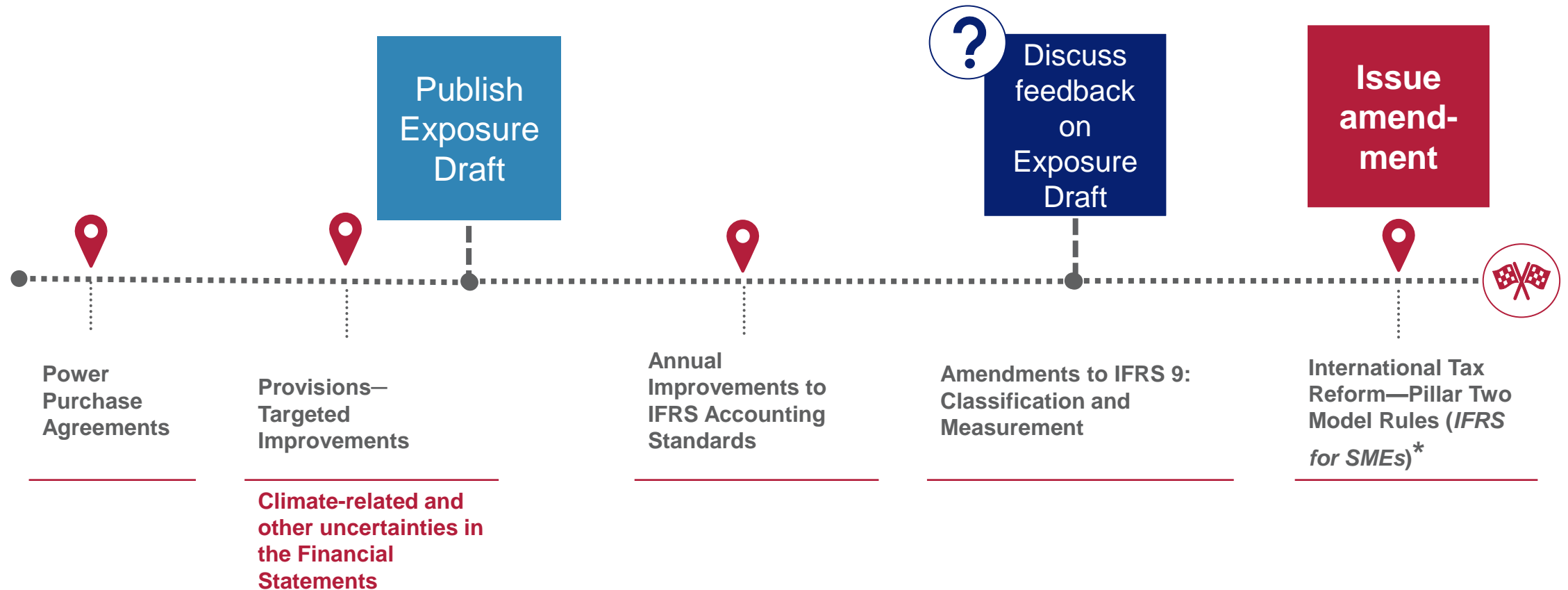
**Presumed that a subtotal used in public communications represents management's view of an aspect of an entity's financial performance.**

The presumption can be rebutted with reasonable and supportable information.

## PFS – (Dis-)Aggregation requirements

General requirements and specified line items	Roles of the primary financial statements (PFS) and the notes	Principles for aggregation and disaggregation
	Specified line items	Aggregating items and using meaningful labels
Specific requirements	Disclosure of amounts included in each function line item in statement of profit or loss for depreciation, amortisation, employee benefits, impairments and write-downs of inventory	Present operating expenses by nature and by function (mixed presentation permitted)

# Overview: maintenance projects



\* The final amendment was issued on 29 September 2023

# Climate-related and other uncertainties in the financial statements – origins of the project



- In the IASB's Third Agenda Consultation, respondents attributed **high-priority** to a project on climate-related risks in the financial statements
- Concerns that information about climate-related risks in financial statements is:
  - **insufficient**
  - **inconsistent** with information reported elsewhere by the company

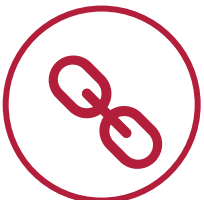
## Climate-related and other uncertainties in the financial statements



- Explore whether and how financial statements can better communicate information about climate-related and other uncertainties in the f/s



- **This project will not seek to:**
  - develop an Accounting Standard on climate-related risks;
  - broaden the objective of financial statements;
  - change the definitions of assets and liabilities; or
  - develop accounting requirements for pollutant pricing mechanisms.<sup>1</sup>



- Complementing the work of the [International Sustainability Standards Board \(IFRS S2\)](#), helping investors to connect information included in different parts of general purpose financial reports.

<sup>1</sup> *Pollutant Pricing Mechanisms* is on a reserve list of projects that may be added to the IASB's work plan if stakeholders and the IASB have sufficient capacity.



## Decisions and next steps

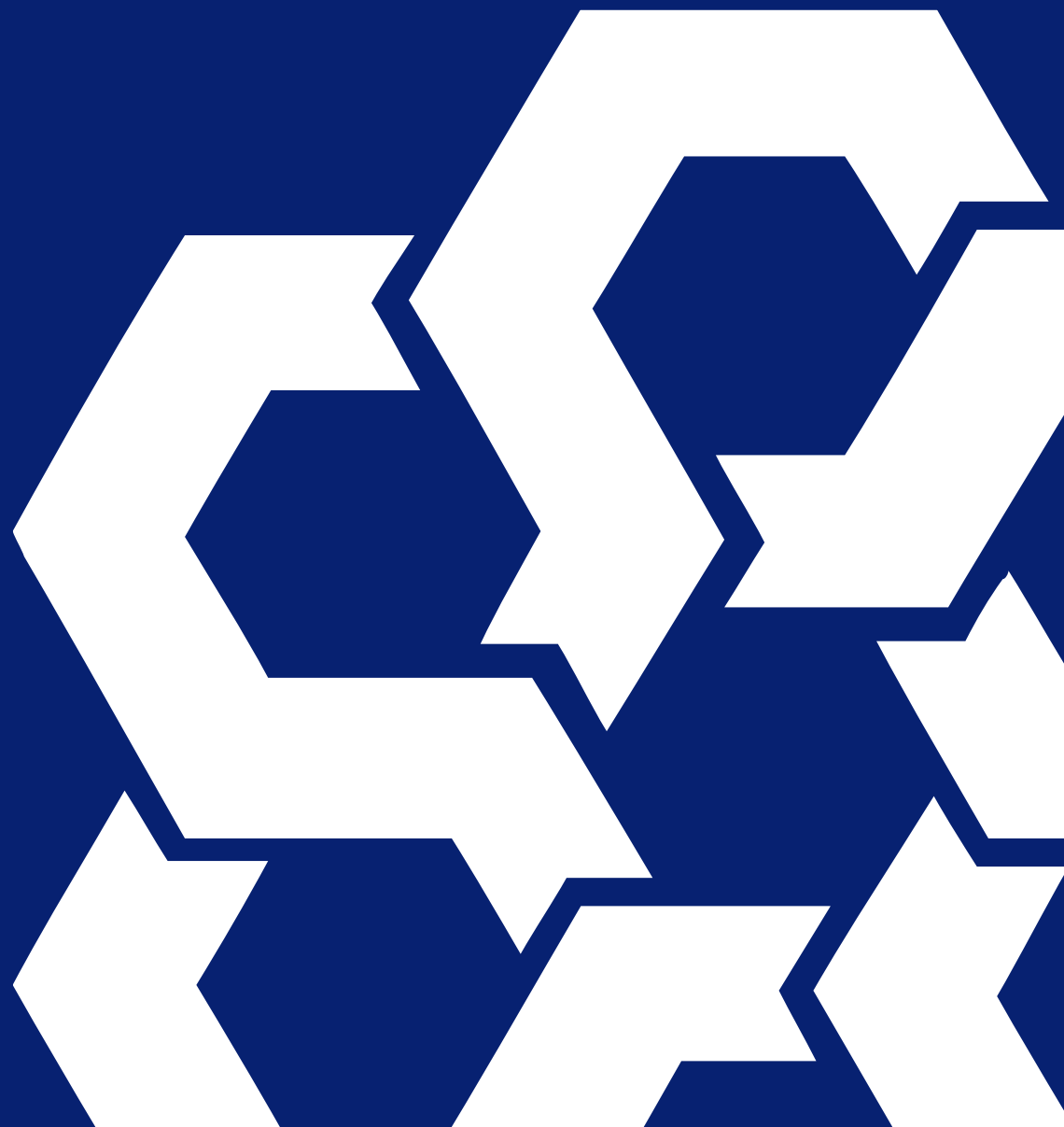
Educational material	Standard-setting	Interpretations Committee
<p>Explore development of <b>examples</b> to help improve application of IFRS Accounting Standards</p> <p><b>Translate</b> and make more <b>visible</b> existing educational material (see slide 12)</p>	<p>Explore <b>possible targeted amendments</b> to improve disclosures about estimates in financial statements</p> <ul style="list-style-type: none"> <li>• estimates requires significant judgment</li> <li>• IASB to assess whether standard-setting is feasible and helpful</li> <li>• any amendments about uncertainties generally—not specific to climate<sup>1</sup></li> </ul> <p><b>Other ongoing IASB projects</b> may also help address concerns about accounting for climate-related matters</p>	<p>Discuss:</p> <ul style="list-style-type: none"> <li>• recognition of <b>liabilities</b> for climate-related commitments</li> <li>• measurement of certain non-financial assets when testing for <b>impairment</b></li> </ul>

IASB will continue to **monitor developments**

<sup>1</sup> Project objective has therefore been generalised to cover other uncertainties in addition to climate.

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# Consultations



# Consultations

## Open for comments

Request for information on PIR  
of IFRS 15—*Revenue from  
Contracts with Customers*

Comments due  
27 Oct 2023

Exposure Draft proposing  
Annual Improvements to IFRS  
Accounting Standards

Comments due  
11 Dec 2023

## Just finalised



Request for information  
on PIR of IFRS 9—  
*Impairment*

Comments  
closed on  
Sep 2023

## Forthcoming

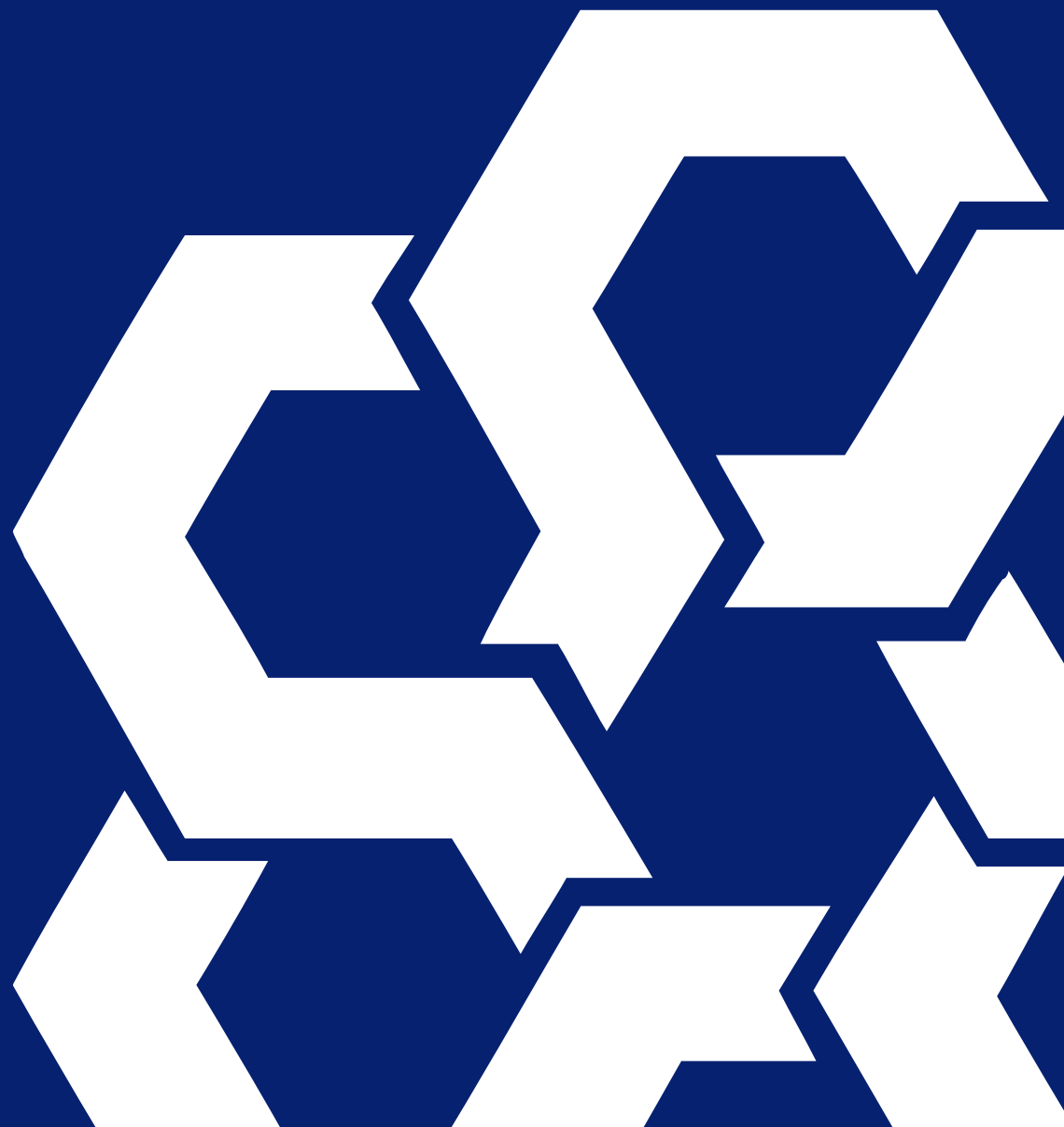


### Expected in Q4 2023:

- Exposure draft proposing amendments to IAS 32 *Financial Instruments with Characteristics of Equity*

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# Supporting consistent application of IFRS Accounting Standards



## Why we support consistent application

### We...

help stakeholders obtain a **common understanding** of the requirements—ie what they are aiming for



### In order to...

support **consistent application** of IFRS Accounting Standards



### Because it...

protects IFRS Accounting Standards as a single set of **global Standards** for the benefit of users of financial statements

### What's the challenge?

Helpful

Responsive



Not undermine principle-based nature

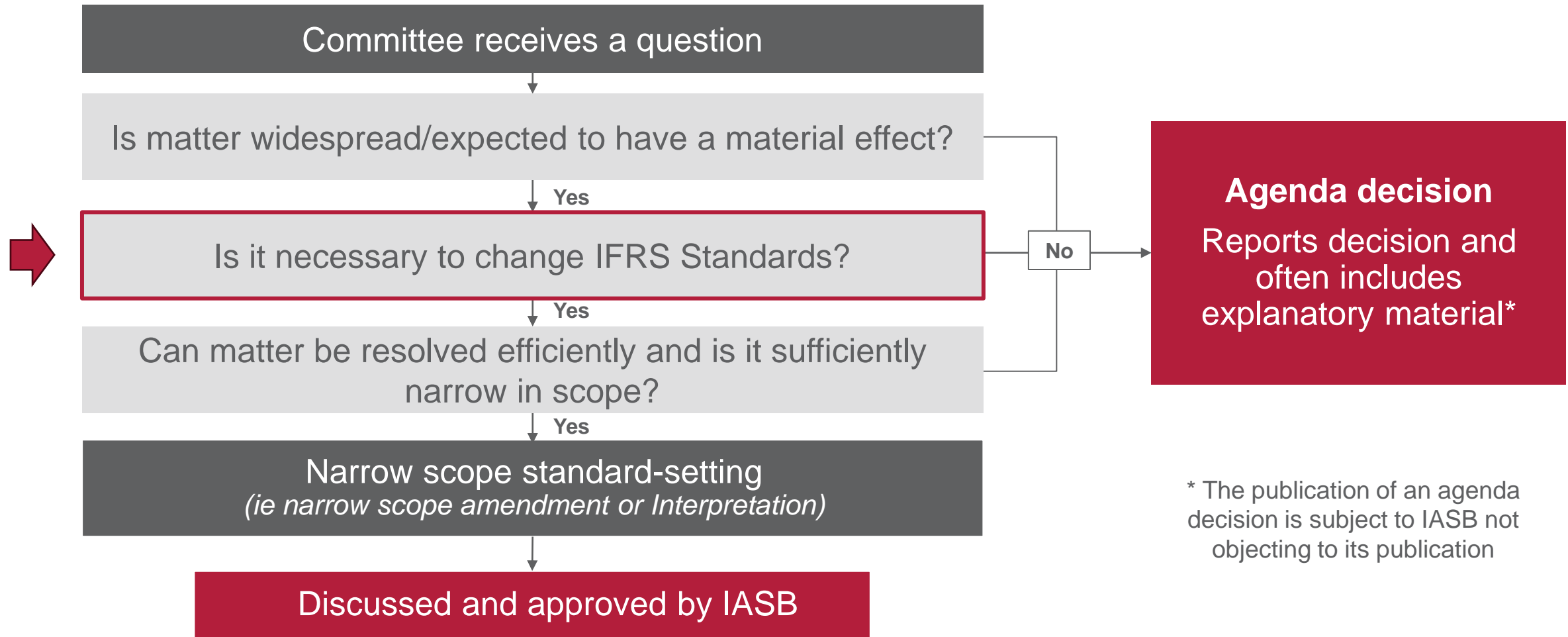
Not unduly disrupt practice

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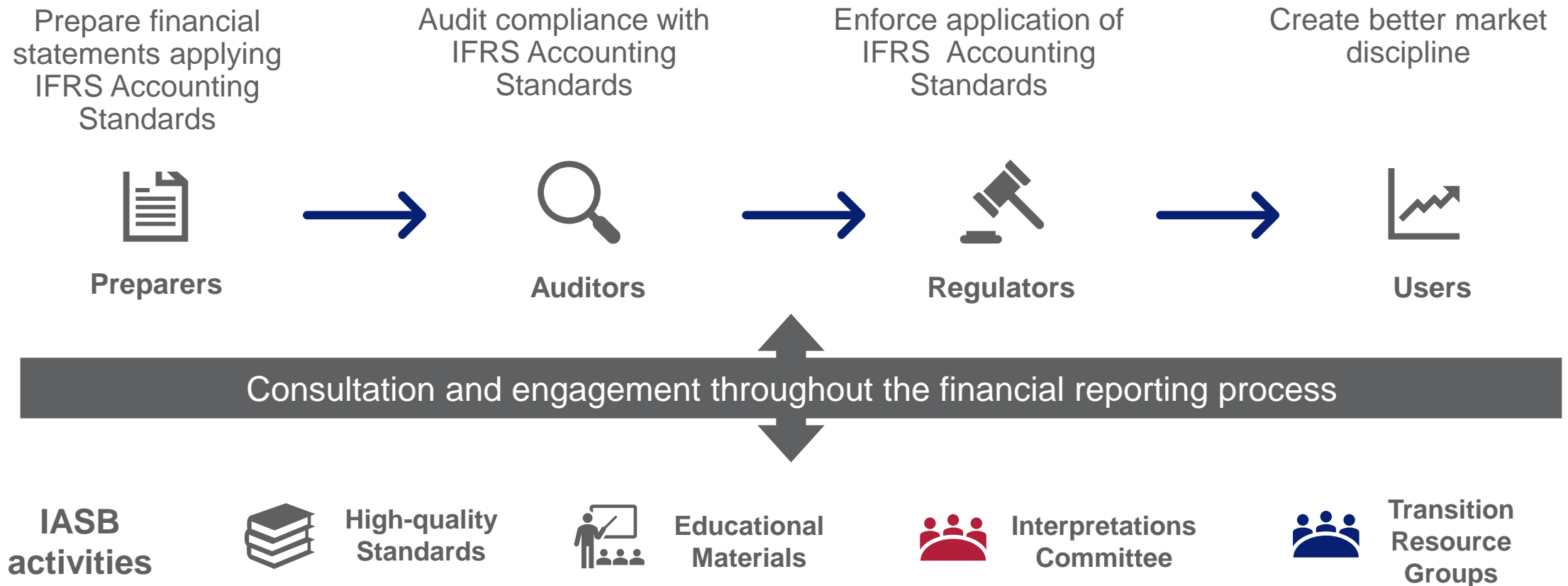
## How we support consistent application

1	Interpretations Committee	Agenda decisions
2	IASB	Narrow-scope or minor amendments to IFRS Accounting Standards
3	Staff and individual IASB members	Educational materials
		Working with other organisations (eg regulators and NSS)

## The Interpretations Committee's process



# Our role versus the role of others





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# Connectivity between the ISSB and the IASB

# Why is connectivity between the IASB and ISSB important?

## Connectivity in **PROCESS**

*Examples:*

- *Information sharing*
- *Joint IASB-ISSB meetings*



supports

## Connectivity in **PRODUCT**

*Examples:*

- *Shared concepts (eg materiality)*
- *Complementary requirements (eg intangibles)*



supports

**Better general purpose financial reporting**  
**Better information for better decisions**

# IFRS Standards within the broader reporting landscape



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