
IASB Technical Update

Bogotá, Colombia
October 2023

IASB members in Colombia



Andreas
Barckow
Chair



Linda
Mezon-Hutter
Vice-Chair



Tadeu
Cendon
Member

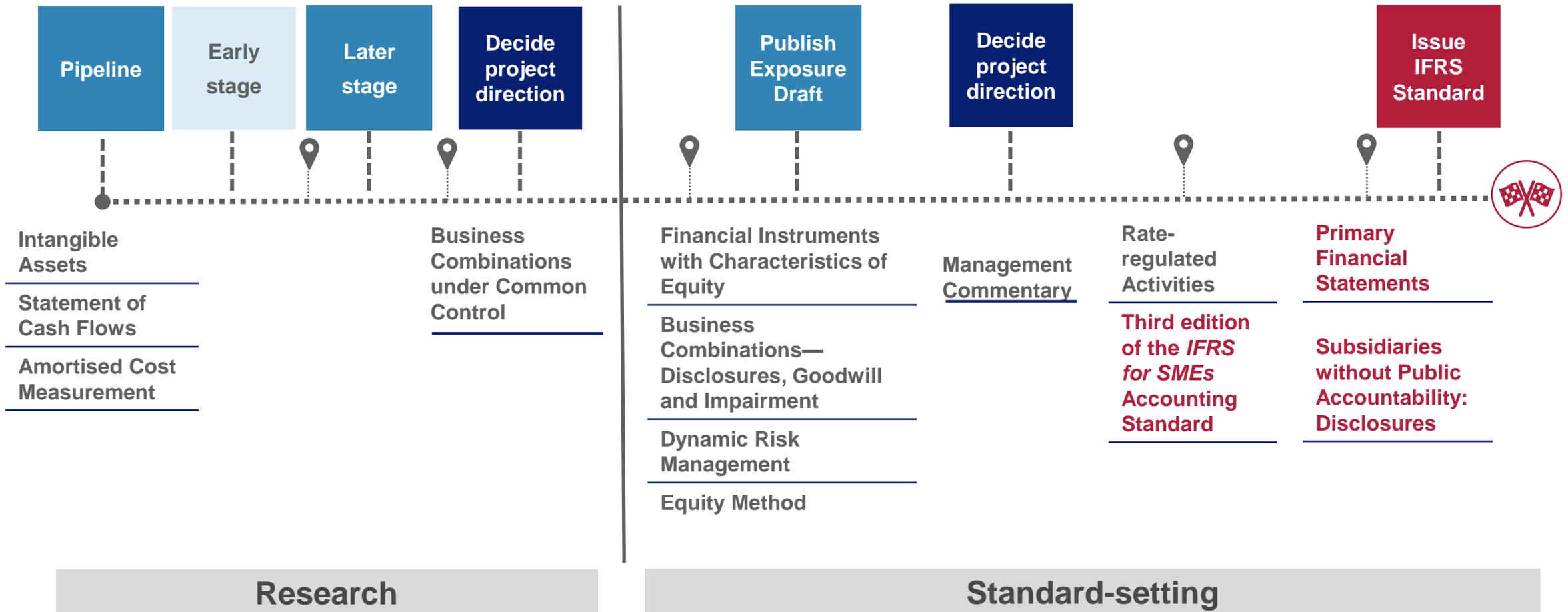
Update on current IASB work plan



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
Total	21

Current projects are in different stages



IFRS for SMEs - Scope of the review

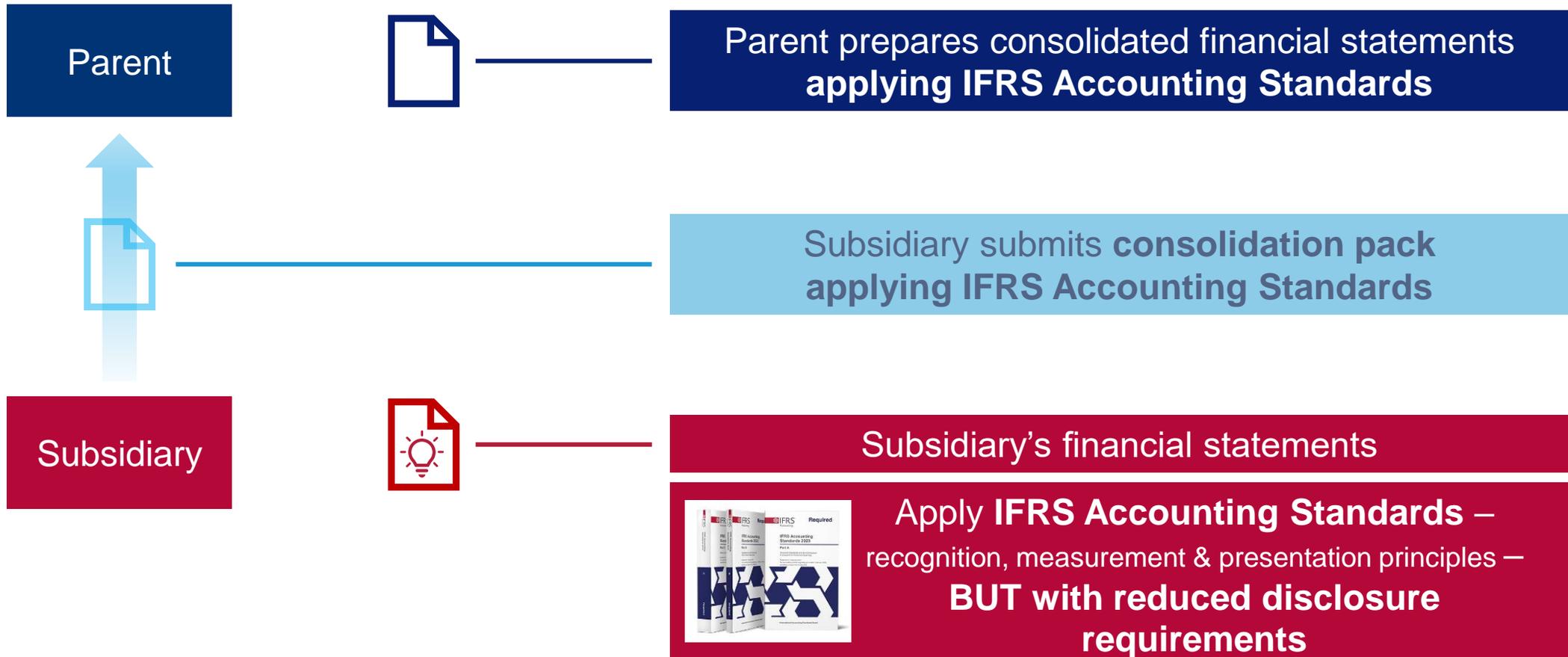
Scope	<p>A Requirements in full IFRS Accounting Standards issued:</p> <ul style="list-style-type: none"> ▪ since the first review; and ▪ before the first review that did not result in amendments to the Standard in 2015
	<p>B Other topics brought to the IASB’s attention relating to the Standard</p>

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

IFRS for SMEs - Some topics under discussion

Expected credit losses	
Scope	Financial assets measured at amortised cost that are not trade receivables or contract assets
Measurement	Measure expected credit losses of a financial asset in a way that aligned with the simplified approach in IFRS 9 (lifetime expected credit losses)
Leases	The IASB decided not to align the Standard with IFRS 16 Leases during this review
Intangible assets	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



Objective: **Simplify and reduce the cost** of financial reporting for subsidiaries while maintaining the usefulness of their financial statements

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

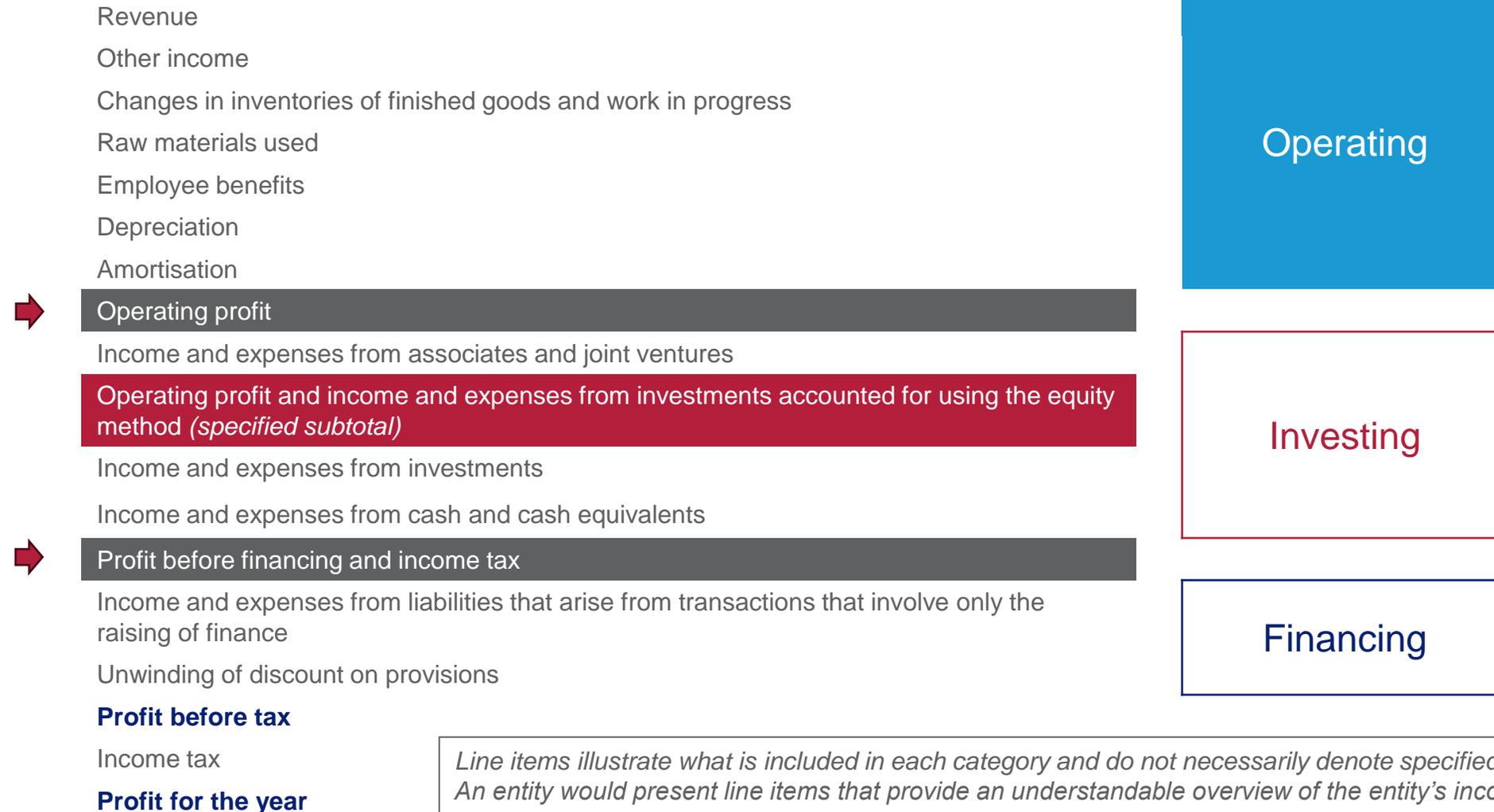


Require disclosures about **management performance measures**



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)

Performance measures

Financial performance measures

Subtotals of income & expenses

MPMs

- Adjusted profit or loss
- Adjusted operating profit
- Adjusted EBITDA

IFRS-Specified

- Operating profit
- Operating profit before depreciation amortisation and specified impairments

Other measures that are not subtotals of income and expenses

- Free cash flow
- Return on equity
- Net debt

Non-financial performance measures

- Number of subscribers
- Customer satisfaction score
- Store surface

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**

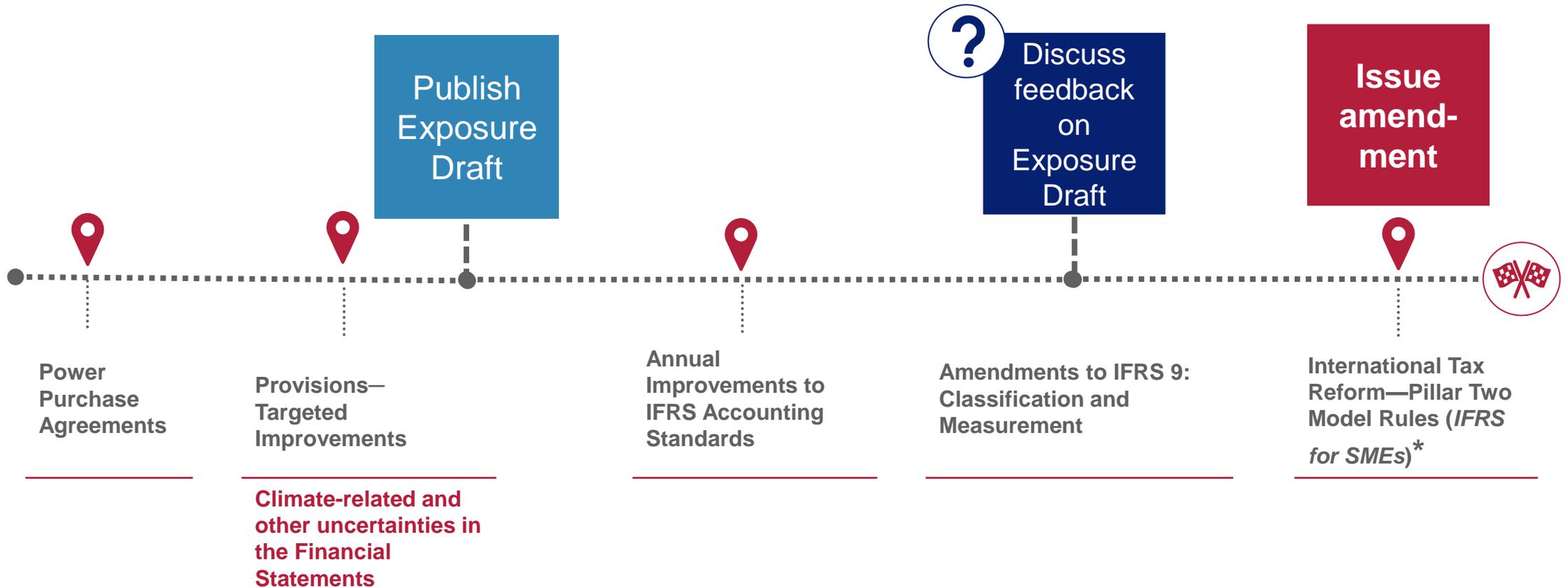
Presumed that a subtotal used in public communications represents management's view of an aspect of an entity's financial performance.

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.¹



- 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.

¹ *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 examples to help improve application of IFRS Accounting Standards</p> <hr/> <p>Translate and make more visible existing educational material (see slide 12)</p>	<p>Explore possible targeted amendments to improve disclosures about estimates in financial statements</p> <ul style="list-style-type: none"> • estimates requires significant judgment • IASB to assess whether standard-setting is feasible and helpful • any amendments about uncertainties generally—not specific to climate¹ <p>Other ongoing IASB projects may also help address concerns about accounting for climate-related matters</p>	<p>Discuss:</p> <ul style="list-style-type: none"> • recognition of liabilities for climate-related commitments • measurement of certain non-financial assets when testing for impairment

IASB will continue to monitor developments

¹ Project objective has therefore been generalised to cover other uncertainties in addition to climate.

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*

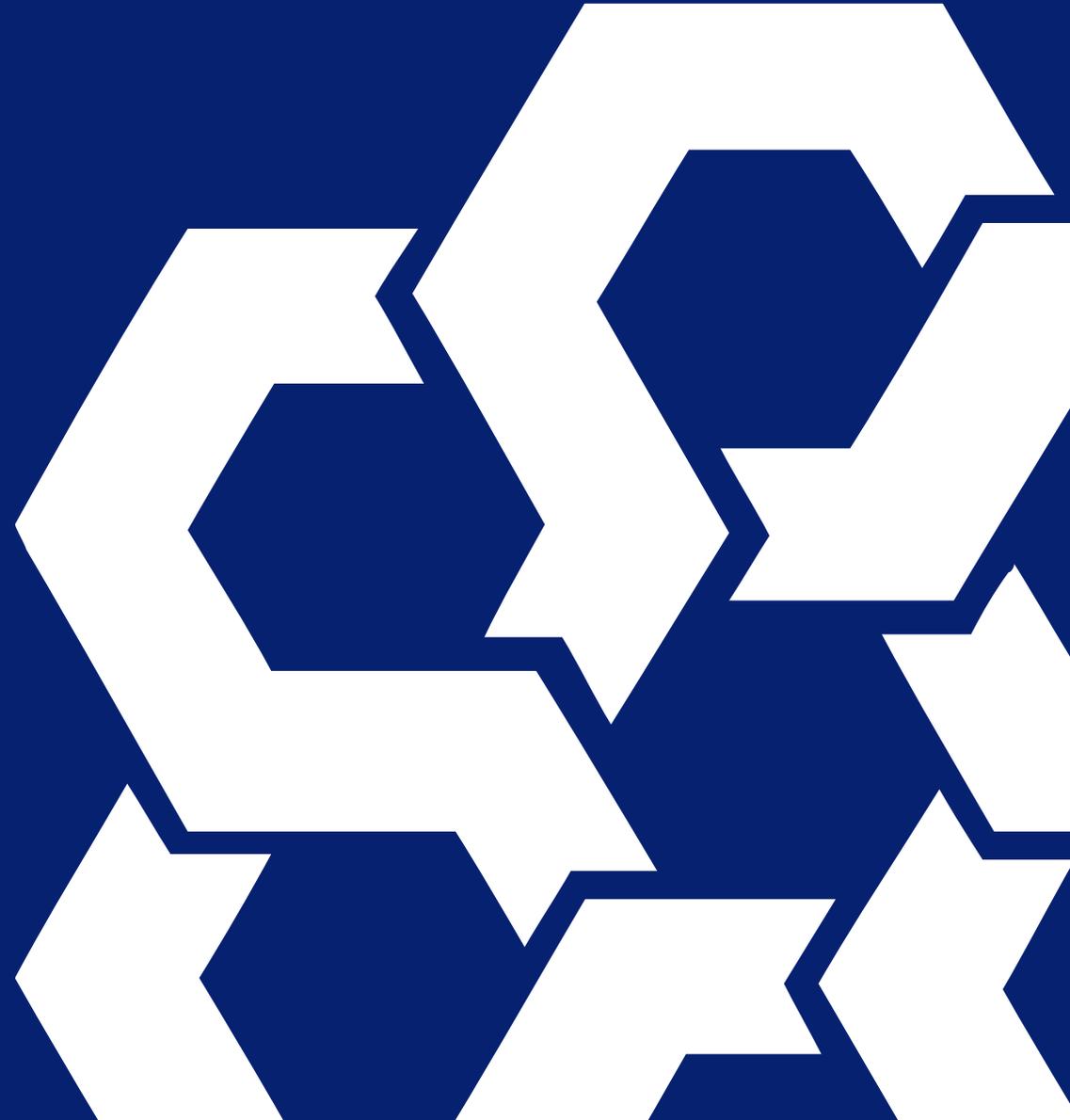
Comments closed on
Sep 2023

Forthcoming

Expected in Q4 2023:

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

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

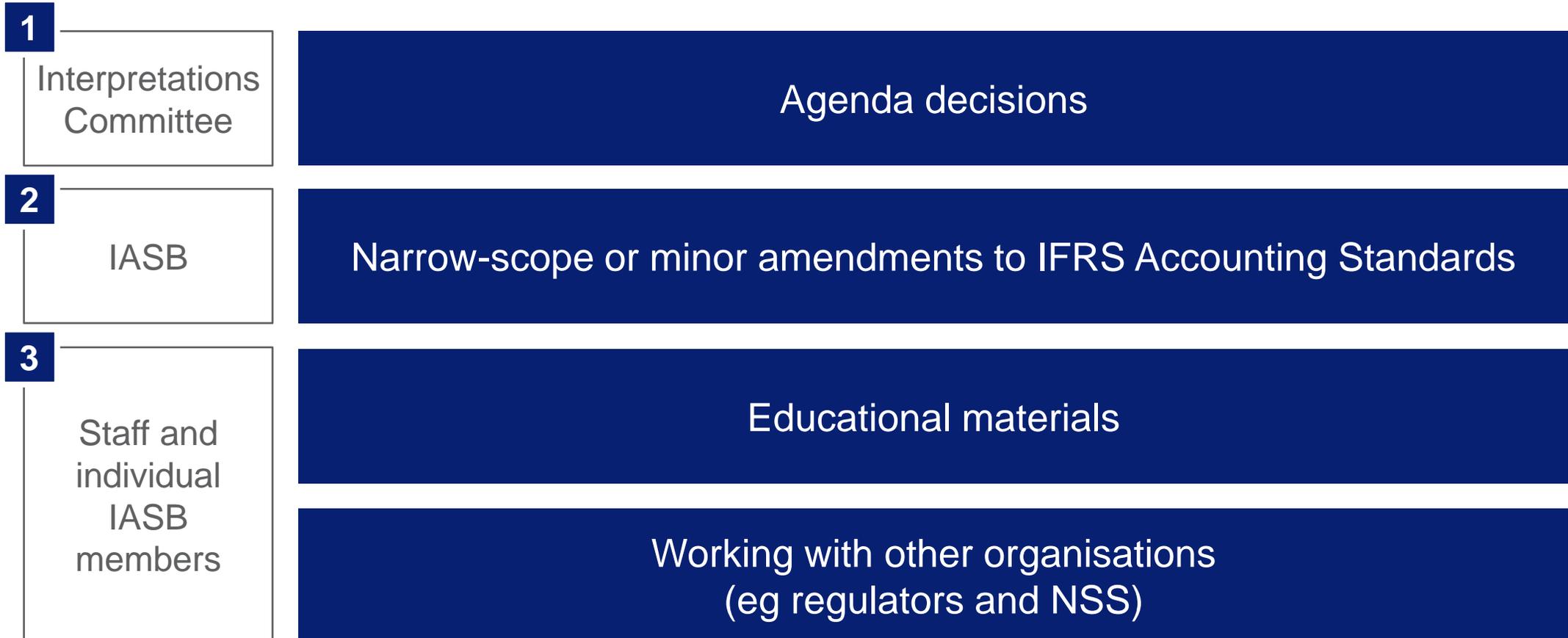
Responsive



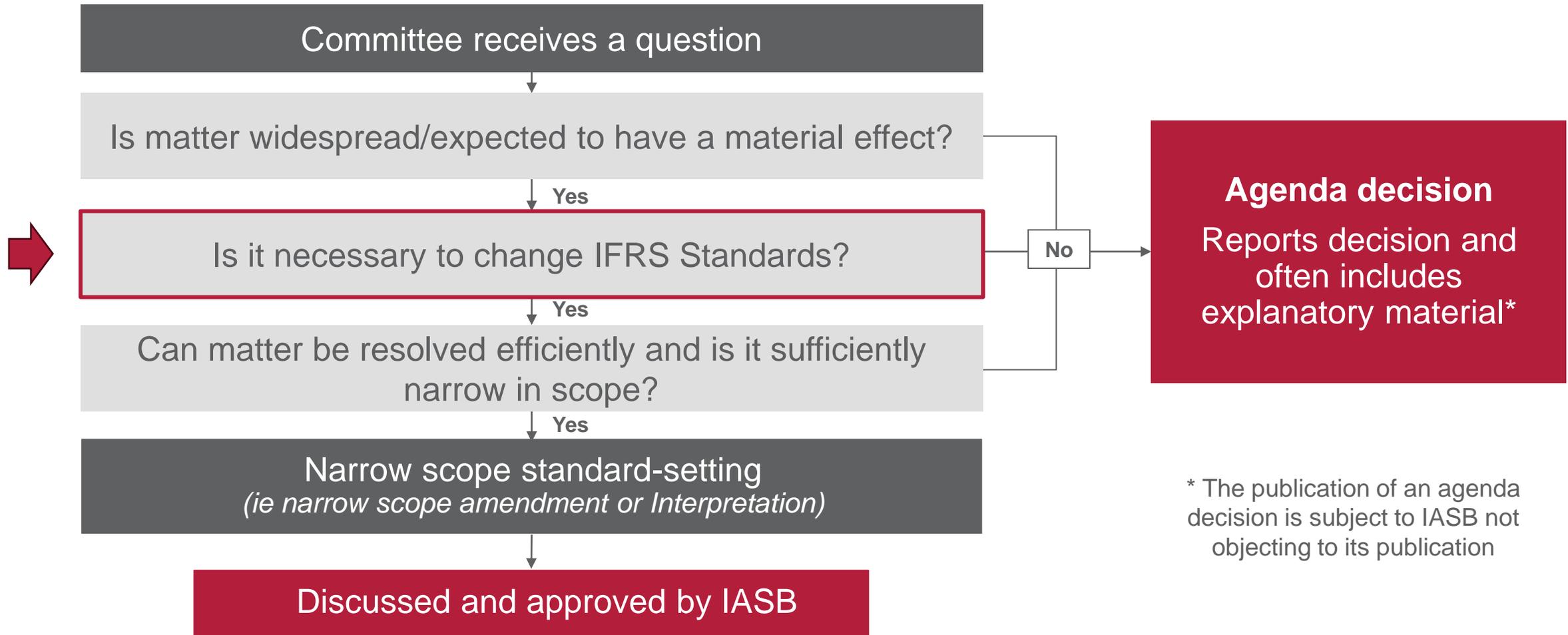
Not undermine principle-based nature

Not unduly disrupt practice

How we support consistent application



The Interpretations Committee's process



Our role versus the role of others



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



Follow us online

 [ifrs.org](https://www.ifrs.org)

 [@IFRSFoundation](https://twitter.com/IFRSFoundation)

 [IFRS Foundation](https://www.youtube.com/IFRSFoundation)

 [International Accounting
Standards Board](https://www.linkedin.com/company/ifrs-foundation)