30 June 2024 Period-End IFRS Accounting Standards Update

International Financial Reporting Bulletin 2024/08

July 2024

CONTENTS

BACKGROUND

The International Accounting Standards Board (IASB) issued several exposure drafts, amendments to existing IFRS® Accounting Standards and new IFRS Accounting Standards during the first half of 2024. The amendments, proposed changes and new IFRS Accounting Standards are of varying levels of complexity, with IFRS 18 likely to be the most significant for many entities.

This IFR Bulletin summarises the activities in standard setting as they relate to entities that apply IFRS Accounting Standards. It also includes summaries of standards that have been issued but are not yet effective. Entities must prepare for the implementation of these new standards and amendments and prepare disclosures of these future changes and known or reasonably estimable information about how the financial statements will be affected in the period of initial application (IAS 8.30).

EXECUTIVE SUMMARY

A number of amendments to IFRS Accounting Standards became effective on 1 January 2024, including amendments to the classification requirements for loans.

Additionally, several new IFRS Accounting Standards and amendments to existing standards have been issued, including IFRS 18 (a new presentation standard, which replaces IAS 1) and IFRS 19, an optional standard which permits certain entities to reduce the disclosures they are required to provide in financial statements.

This IFR Bulletin also contains summaries of recent publications and resources issued by BDO, which may assist entities in preparing their financial statements in accordance with IFRS.

Information in this IFR Bulletin is current as of 30 June 2024. Although it is comprehensive, this summary is not exhaustive and does not include all standard setting activities of the IASB. For further information and guidance, please refer to BDO's Global IFRS and Corporate Reporting Micro-site.

Standards and Amendments Mandatorily Effective from 1 January 2024

IFRS ACCOUNTING STANDARD	SUMMARY	MORE INFORMATION
Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)	On 25 May 2023, the IASB issued *Supplier Finance Arrangements*, which amended IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* (the Amendments). These Amendments arose as a result of a submission received by the IFRS Interpretations Committee (the Committee) about the presentation requirements for liabilities and associated cash flows arising out of supply chain financing arrangements and related disclosures. In December 2020, the Committee published an Agenda Decision *Supply Chain Financing Arrangements—Reverse Factoring* that addressed this submission based on the requirements in IFRS Accounting Standards existing at that time. During this process, the feedback from stakeholders indicated limitations of the then existing requirements to address important information needs of users to understand the effects of supplier finance arrangements on an entity's financial statements and to compare one entity with another. In response to this feedback, the IASB undertook a narrow-scope standard setting, leading to the Amendments. The Amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The Amendments also provide guidance on characteristics of supplier finance arrangements.	IFRB 2023/05 IASB Issues Amendments to IAS 7 & IFRS 7 – *Supplier Finance Arrangements*
Lease Liability in a Sale and Leaseback (Amendment to IFRS 16)	The IFRS Interpretations Committee issued an agenda decision in June 2020 – *Sale and leaseback with Variable Payments*. This matter was referred to the IASB for standard setting for some aspects. The IASB issued the final amendments in September 2022. The Amendments provide a requirement for the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.	IFRB 2022/05 IASB Issues Amendments to IFRS 16 – *Lease Liability in a Sale and Leaseback*

IFRS ACCOUNTING STANDARD	SUMMARY	MORE INFORMATION
Classification of Liabilities as Current or Non-Current (Amendment to IAS 1)	The IASB issued amendments to IAS 1 - *Classification of Liabilities as Current or Non-current* in January 2020, which have been further amended partially by amendments Non-current Liabilities with Covenants issued in October 2022. The amendments require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period. As a result of the COVID-19 pandemic, the Board deferred the effective date of the amendments by one year to annual reporting periods beginning on or after 1 January 2024.	IFRS Accounting Standards In Practice – *Classification of Loans as Current or Non-Current* IFRB 2024/02 – Amendments to IAS 1 – Clarification of the Meaning of 'Settlement' in the Classification of Liabilities
Non-current Liabilities with Covenants (Amendment to IAS 1)	Subsequent to the release of amendments to IAS 1 *Classification of Liabilities as Current or Non-Current*, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.	IFRS Accounting Standards In Practice – *Classification of Loans as Current or Non-Current* IFRB 2024/02 – Amendments to IAS 1 – Clarification of the Meaning of 'Settlement' in the Classification of Liabilities

Standards and Amendments Mandatorily Effective from 1 January 2025

IFRS ACCOUNTING STANDARD	SUMMARY	MORE INFORMATION
Lack of Exchangeability (Amendment to IAS 21)	On 15 August 2023, the IASB issued Lack of Exchangeability which amended IAS 21 *The Effects of Changes in Foreign Exchange Rates* (the Amendments). The Amendments arose as a result of a submission received by the IFRS Interpretations Committee about the determination of the exchange rate when there is a long-term lack of exchangeability. IAS 21, prior to the Amendments, did not include explicit requirements for the determination of the exchange rate when a currency is not exchangeable into another currency, which led to diversity in practice. The Committee recommended that the IASB develop narrow-scope amendments to IAS 21 to address this issue. After further deliberations, the IASB issued an exposure draft of the proposed amendments to IAS 21 in April 2021 and the final amendments were issued in August 2023. The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.	IFRB 2023/08 IASB Issues Amendments to IAS 21 – *Lack of Exchangeability*

Standards and Amendments Mandatorily Effective from 1 January 2026

IFRS ACCOUNTING STANDARD	SUMMARY	MORE INFORMATION
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	In response to matters that had been raised to the IFRS Interpretations Committee as well as matters that arose during the post-implementation review of classification and measurement requirements of IFRS 9 *Financial Instruments*, in May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments. The Amendments modify the following requirements in IFRS 9 and IFRS 7: **Derecognition of financial liabilities** ▶ Derecognition of financial liabilities settled through electronic transfers **Classification of financial assets** ▶ Elements of interest in a basic lending arrangement (the solely payments of principle and interest assessment – 'SPPI test') ▶ Contractual terms that change the timing or amount of contractual cash flows ▶ Financial assets with non-recourse features	IFRB 2024/07 – IASB Issues *Amendments to the Classification and Measurement of Financial Instruments*

IFRS ACCOUNTING STANDARD	SUMMARY	MORE INFORMATION
	Disclosures ▶ Investments in equity instruments designated at fair value through other comprehensive income ▶ Contractual terms that could change the timing or amount of contractual cash flows The Amendments may significantly affect how entities account for the derecognition of financial liabilities and how financial assets are classified. The Amendments permit an entity to early adopt only the amendments related to the classification of financial assets and the related disclosures and apply the remaining amendments later. This would be particularly useful to entities that wish to apply the Amendments early for financial instruments with ESG (Environmental, Social and Governance)-linked or similar features.	

Standards and Amendments Mandatorily Effective from 1 January 2027

IFRS ACCOUNTING STANDARD	SUMMARY	MORE INFORMATION
IFRS 18 Presentation and Disclosure in Financial Statements	IFRS 18 *Presentation and Disclosure in Financial Statements* replaces IAS 1 *Presentation of Financial Statements* and is mandatorily effective for annual reporting periods beginning on or after 1 January 2027. IFRS 18, which was published by the IASB on 9 April 2024, sets out significant new requirements for how financial statements are presented, with particular focus on: ▶ The statement of profit or loss, including requirements for mandatory sub-totals to be presented. IFRS 18 introduces requirements for items of income and expense to be classified into one of five categories in the statement of profit or loss. This classification results in certain sub-totals being presented, such as the sum of all items of income and expense in the operating category comprising the new mandatory 'operating profit or loss' sub-total. ▶ Aggregation and disaggregation of information, including the introduction of overall principles for how information should be aggregated and disaggregated in financial statements. ▶ Disclosures related to management-defined performance measures (MPMs), which are measures of financial performance based on a total or sub-total required by IFRS Accounting Standards with adjustments made (e.g. 'adjusted profit or loss'). Entities will be required to disclose MPMs in the financial statements with disclosures, including reconciliations of MPMs to the nearest total or sub-total calculated in accordance with IFRS Accounting Standards.	IFRB 2024/04 – IASB Publishes IFRS 18 *Presentation and Disclosure in Financial Statements*

<table>
<tr><th>IFRS ACCOUNTING STANDARD</th><th>SUMMARY</th><th>MORE INFORMATION</th></tr>
<tr><td></td><td>The aim of the IASB in publishing IFRS 18 is to improve comparability and transparency of companies' performance reporting. IFRS 18 has also resulted in narrow changes to the statement of cash flows.</td><td></td></tr>
<tr><td>IFRS 19 Subsidiaries without Public Accountability: Disclosures</td><td>On 9 May 2024, the International Accounting Standards Board (IASB) issued IFRS 19 Subsidiaries without Public Accountability: Disclosures.

Stakeholders have asked the IASB to permit a subsidiary reporting to a parent applying IFRS Accounting Standards in its consolidated financial statements to apply IFRS Accounting Standards with reduced disclosure requirements in its own financial statements. Considering this feedback, the IASB added a project to its research pipeline to provide reduced disclosure requirements for subsidiaries without public accountability. The project has culminated in the issuance of IFRS 19, which permits eligible subsidiaries to apply reduced disclosure requirements while applying the recognition, measurement and presentation requirements in IFRS Accounting Standards.

For example, under IFRS 19, an entity that has transactions within the scope of IFRS 2 Share-based Payment would not apply the disclosure requirements in IFRS 2.44-52, which are extensive. Instead, an entity would disclose only the information contained in paragraphs 31-34 of IFRS 19, which include a description of share-based payment arrangements, the number and weighted average exercise prices of share options, how an entity measures the fair value of equity-settled share-based payment transactions and other general information about transactions in the scope of IFRS 2.

As an indication of the scope of the reduction in disclosure requirements, IFRS 2 currently contains 991 words in its disclosure requirements, whereas IFRS 19 contains only 250 words relating to IFRS 2 disclosures.

The eligibility criteria for an entity to apply IFRS 19 are:
▶ The entity is a subsidiary (as defined in Appendix A of IFRS 10 Consolidated Financial Statements);
▶ The entity does not have public accountability; and
▶ The entity has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

An entity has public accountability if:
▶ Its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market;
▶ It holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.</td><td>IFRB 2024/06 – IASB issues IFRS 19 Subsidiaries without Public Accountability: Disclosures</td></tr>
</table>

IASB Activities

New IFRS Accounting Standards and Amendments Issued in 2024

The following is a list of new IFRS Accounting Standards and amendments issued to existing IFRS Accounting Standards during 2024. A description of each item is included in the earlier section, organised by the effective date of each IFRS and amendment.

IFRS ACCOUNTING STANDARDS AND AMENDMENTS	MANDATORY EFFECTIVE DATE	MORE INFORMATION
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	Annual reporting periods beginning on or after 1 January 2026	IFRB 2024/07 – IASB Issues *Amendments to the Classification and Measurement of Financial Instrumentss*
IFRS 18 Presentation and Disclosure in Financial Statements	Annual reporting periods beginning on or after 1 January 2027	IFRB 2024/04 – IASB Publishes IFRS 18 *Presentation and Disclosure in Financial Statements*
IFRS 19 Subsidiaries without Public Accountability: Disclosures	Annual reporting periods beginning on or after 1 January 2027	IFRB 2024/06 – IASB issues IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Standard-setting Projects

The following is a list and brief description of standard-setting projects ongoing in 2024, which may eventually lead to the publication of new IFRS Accounting Standards or significant amendments to existing IFRS Accounting Standards. The projects are presented in alphabetical order as it is uncertain as to when the projects may be completed.

PROJECT	SUMMARY	MORE INFORMATION
Business Combinations – Disclosures, Goodwill and Impairment	In March 2024, the IASB issued an Exposure Draft proposing amendments to IFRS 3 *Business Combinations* and IAS 36 *Impairment of Assets*. In the post-implementation review of IFRS 3, stakeholders had raised concerns about the lack of availability of sufficient and timely information about acquisitions and post-acquisition performance. They also expressed concerns about the effectiveness and complexity of the impairment test for operations to which goodwill has been allocated and the delayed recognition of impairment losses on goodwill due to shielding of goodwill from impairment. The IASB undertook a project *Business Combinations – Disclosures, Goodwill and Impairment* to explore ways to address stakeholder concerns. As a culmination of the project, the IASB has now issued an Exposure Draft Business Combinations – Disclosures, Goodwill and Impairment proposing amendments to IFRS 3 and IAS 36.	IFRB 2024/03 IASB Publishes Exposure Draft – *Business Combinations – Disclosures, Goodwill and Impairment*

PROJECT	SUMMARY	MORE INFORMATION
	The Exposure Draft proposes to introduce additional disclosure requirements in IFRS 3 that will require entities to provide information about the strategic rationale, expected synergies and the actual performance of acquisitions in reporting periods after the acquisition. The Exposure Draft also proposes certain amendments to IAS 36 *Impairment of Assets* to make targeted improvements to the impairment test, with an objective to reduce shielding of goodwill from impairments being recognised and to simplify the impairment test. The exposure draft is open for comments until 15 July 2024.	
Dynamic Risk Management	This project is expected to eventually result in amendments to the hedge accounting requirements of IFRS 9. This project is sometimes referred to as 'macro hedging', as it relates to the hedging of risks on a portfolio basis. The IASB developed and refined 'core areas' that are central to an accounting model (core model) that might enable investors to understand the effect of a company's dynamic risk management. The model's development reflects information gathered at meeting with banks that use dynamic risk management for repricing risk due to changes in interest rate. An exposure draft is expected in the first half of 2025.	IASB project page
Equity Method	A number of queries on equity method accounting and its interaction with the accounting for other ways of holding interests in other entities have been raised in the past. This project is expected to propose a large number of narrow scope amendments to IFRS Accounting Standards to clarify how the equity method is applied in practice. In March 2024, the IASB decided it had complied with the applicable due process requirements and undertaken sufficient consultation and analysis to begin the process for balloting the exposure draft of proposed amendments to IAS 28. An exposure draft is expected in September 2024.	IASB project page

<table>
<tr><th>PROJECT</th><th>SUMMARY</th><th>MORE INFORMATION</th></tr>
<tr><td>Financial Instruments with Characteristics of Equity</td><td>The IASB published the Exposure Draft Financial Instruments with Characteristics of Equity in November 2023. The IASB has proposed amendments to address the existing challenges in companies' financial reporting on financial instruments with characteristics of equity.

The proposals in the Exposure Draft would amend IAS 32 Financial Instruments: Presentation, IFRS 7 Financial Instruments: Disclosures, and IAS 1 Presentation of Financial Statements.

The proposals include:
▶ Clarification of the underlying classification principles of IAS 32 to help companies distinguish between financial liabilities and equity;
▶ Disclosures to further explain complexities around instruments that have both financial liability and equity characteristics; and
▶ Presentation requirements for amounts — including profit and total comprehensive income — attributable to ordinary shareholders separately from amounts attributable to other holders of equity instruments.

The exposure draft comment period has closed and the IASB is considering the responses received. The IASB is expected to decide the project direction in July 2024.</td><td>IASB project page

BDO comment letter on Exposure Draft</td></tr>
<tr><td>Management Commentary</td><td>Management commentary is a narrative report that complements financial statements and is required in many jurisdictions by regulators. Alternative terms include management discussion and analysis ('MD&A'), strategic report, annual report, etc. In May 2021, the IASB published the Exposure Draft Management Commentary, which sets out the Board's proposals for a comprehensive new framework for preparing management commentary. The proposed framework sets out disclosure objectives for information about the company's business model, strategy, resources and relationships, risks, external environment and financial performance and position. The proposed framework would replace IFRS Practice Statement 1 Management Commentary.

In May 2023, the International Sustainability Standards Board (ISSB) published the Request for Information Consultation on Agenda Priorities to seek feedback on its priorities for its next two-year work plan, including a potential project on integration in reporting and whether that project should be undertaken jointly with the IASB and build on concepts from the Exposure Draft Management Commentary. The Request for Information closed for comment on 1 September 2023.

The IASB has decided to finalise the project by making targeted refinements to the proposals in the exposure draft.

The revised practice statement is expected to be published in the first half of 2025.</td><td>IASB project page

BDO comment letter on Exposure Draft

BDO comment letter on ISSB Request for Information</td></tr>
</table>

PROJECT	SUMMARY	MORE INFORMATION
Rate-Regulated Activities	The IASB is exploring a project to develop an accounting model that will require rate-regulated companies to provide information about their incremental rights to add amounts and incremental obligations to deduct amounts, in determining the future rates to be charged to customers as a result of goods or services already supplies. An example of such operations includes many public utilities. In January 2021, the IASB published the Exposure Draft *Regulatory Assets and Regulatory Liabilities*, which proposes the requirement to recognise regulatory assets and regulatory liabilities in the balance sheet, and related regulatory income and regulatory expense in the income statement. The IASB is redeliberating proposals in the Exposure Draft *Regulatory Assets and Regulatory Liabilities*. If issued as a new IFRS Accounting Standard, the proposals would replace IFRS 14 *Regulatory Deferral Accounts*. The IASB continued to discuss feedback on the exposure draft throughout 2024. A final IFRS Accounting Standards is expected in the second half of 2025.	IASB project page IFRB 2021/04 IASB publishes Exposure Draft – *Regulatory Assets and Regulatory Liabilities*
Second Comprehensive Review of the *IFRS for SMEs* Standard	The *IFRS for SMEs* have not been amended since 2015, with changes made at that time being effective for annual periods beginning on or after 1 January 2017. Since then, significant new IFRS Accounting Standards have become effective (e.g. IFRS 9, 15, 16, etc.) for full IFRS, which has increased the recognition and measurement differences between full IFRS and the IFRS for SMEs. As part of the second comprehensive review of the *IFRS for SMEs* Standard, the IASB published a Request for Information to seek views on whether and how to align the *IFRS for SMEs* Standard with full IFRS Accounting Standards. In September 2022, the IASB published the Exposure Draft *Third edition of the IFRS for SMEs* Accounting Standard as part of its second comprehensive review of the Standard. The Exposure Draft proposes amendments to the IFRS for SMEs Accounting Standard to reflect improvements that have been made in full IFRS Accounting Standards (in the scope of the second comprehensive review) while keeping the Standard simple. The IASB continued to discussed feedback on the exposure draft throughout 2024. A final revision to the *IFRS for SMEs* standard is expected in the first half of 2025.	IASB project page BDO comment letter on Exposure Draft

Maintenance Projects

The following is a list and brief description of maintenance projects ongoing in 2024, which are generally targeted or narrow-scope amendments to existing IFRS Accounting Standards. The IASB has many maintenance projects ongoing and this is only a summary of some of the most significant projects. A complete list may be accessed here.

PROJECT	SUMMARY	MORE INFORMATION
Annual Improvements to IFRS Accounting Standards	Annual improvements are limited to changes that either clarify the wording in an IFRS Accounting Standard, or correct relatively minor unintended consequences, oversights or conflicts between requirements of the Accounting Standards. The proposed improvements are packaged together in one document. This cycle of annual improvements address the following: ▶ Cost Method (Amendments to IAS 7) ▶ Derecognition of Lease Liabilities (Amendments to IFRS 9) ▶ Determination of a 'De Facto Agent' (Amendments to IFRS 10) ▶ Disclosure of Deferred Difference between Fair Value and Transaction Price (Amendments to Guidance on implementing IFRS 7) ▶ Gain or Loss on Derecognition (Amendments to IFRS 7) ▶ Hedge Accounting by a First-time Adopter (Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*) ▶ Introduction and Credit Risk Disclosures (Amendments to Guidance on implementing IFRS 7) ▶ Transaction Price (Amendments to IFRS 9). Final amendments are expected to be published in July 2024.	IASB project page BDO comment letter on Exposure Draft
Climate-related and Other Uncertainties in the Financial Statements	The International Accounting Standards Board (IASB) is exploring targeted actions to improve application of the requirements in IFRS Accounting Standards related to reporting on the effects of climate-related and other uncertainties in the financial statements. The IASB has tentatively decided: ▶ to provide examples to illustrate how an entity applies IFRS Accounting Standards to report the effects of climate-related and other uncertainties in its financial statements; ▶ to include the examples as illustrative examples that would accompany IFRS Accounting Standards; and ▶ to publish an exposure draft to obtain feedback from stakeholders about the examples. An exposure draft is expected to be published in July 2024.	IASB project page

PROJECT	SUMMARY	MORE INFORMATION
Power Purchase Agreements	In June 2023 the IFRS Interpretations Committee (the Committee) discussed a request about applying the 'own-use' exception in paragraph 2.4 of IFRS 9 to physical delivery contracts to purchase energy (often referred to as power purchase agreements or PPAs). IFRS 9 states that contracts that can be settled net and are held for an entity's expected purchase, sale or usage requirements are accounted for as executory contracts and not as derivatives. The Committee recommended the IASB consider undertaking a narrow-scope standard-setting project that focuses on how to apply those requirements to physical PPAs in which the underlying non-financial item: ▶ cannot be stored economically; and ▶ is required to either be consumed or sold within a short time as determined by the market structure in which the item is bought and sold. The IASB issued an exposure draft on 8 May 2024. The ED proposes amendments to IFRS 9 and IFRS 7 to address stakeholder concerns about how IFRS Accounting Standards apply to certain contracts for renewable electricity. The exposure draft proposes to: ▶ clarify how the own use exemption in IFRS 9 applies to contracts for renewable electricity; ▶ permit certain contracts to be accounted for in a qualifying hedge accounting relationship, removing volatility from profit or loss; and ▶ introduce new disclosure requirements about these types of contracts. The comment period for the exposure draft closes on 7 August 2024.	IASB project page BDO web article
Provisions – Targeted Improvements	The IASB is considering developing proposals to clarify in IAS 37: ▶ 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 amendments are expected to replace IFRIC 21 Levies with new application requirements that demonstrate how the revised recognition requirements apply to levies. An exposure draft is expected in Q4 2024.	IASB project page

PROJECT	SUMMARY	MORE INFORMATION
Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity (IAS 21)	The IASB added this project to its maintenance workplan to respond to an accounting matter—the use of a hyperinflationary presentation currency by an entity whose functional currency is not hyperinflationary—submitted to the IFRS Interpretations Committee. The IASB will propose amending IAS 21 to require an entity to translate all amounts (assets, liabilities, equity items, income and expenses, including comparative amounts) to a hyperinflationary presentation currency at the closing rate at the date of the most recent statement of financial position if that entity: ▶ Has a non-hyperinflationary functional currency and presents financial statements in a hyperinflationary presentation currency; or ▶ Translates the results and financial position of a foreign operation that uses a non-hyperinflationary functional currency into a hyperinflationary presentation currency. An exposure draft is expected in July 2024.	IASB project page

Research Projects

The following is a list and brief description of research projects ongoing in 2024, which are projects in the early stage before the IASB develops a new IFRS Accounting Standard or an amendment. It is during the research stage that many significant and fundamental decisions are made about standard setting. The IASB has many research projects ongoing, and this is only a summary of some of the most significant projects. A complete list may be accessed here.

PROJECT	SUMMARY	MORE INFORMATION
Intangible assets	The IASB launched a comprehensive review of the accounting requirements for intangible assets in April 2024. The project will assess whether the requirements of IAS 38 *Intangible Assets* remain relevant and continue to fairly reflect current business models or whether the IASB should improve the requirements. During the IASB's Third Agenda Consultation, stakeholders identified this as a high priority project. In its meeting held in April 2024, the IASB started the project and discussed the initial work it will do on the project. The initial research and planning phase aims to define the scope of issues to be explored in the project and explore the best approach to plan and organise the work. The IASB is expected to review research in Q4 2024.	IASB project page

PROJECT	SUMMARY	MORE INFORMATION
Post-implementation Review of IFRS 15 *Revenue from Contracts with Customers*	The IASB decided to begin the post-implementation review of IFRS 15 in the second half of 2022. The Committee discussed the PIR and provided their views on the implementation and ongoing application of IFRS 15, and suggested matters that the IASB should consider in the PIR. In June 2023, the IASB published the Request for Information to seek stakeholders' views on the requirements in IFRS 15. The comment period closed on 27 October 2023. The IASB has discussed the feedback received throughout 2024. The IASB is expected to publish a feedback statement in September 2024.	IASB project page BDO comment letter on post-implementation review
Post-implementation Review of IFRS 16 *Leases*	The IASB began the post-implementation review of IFRS 16 in June 2024. The IASB is conducting outreach with consultative groups and other stakeholders to help inform a request for information and expects to publish that request for information in the first half of 2025.	IASB project page

IFRS Interpretation Committee Activities

The IFRS Interpretations Committee ('the Committee') publishes agenda decisions after it determines there is sufficient guidance within existing IFRS requirements to determine the appropriate accounting treatment. The Committee may also issue IFRIC® Interpretations, the most recent of which is IFRIC 23 Uncertainty over Income Tax Treatments, which became effective for annual periods beginning on or after 1 January 2019.

IFRIC agenda decisions typically contain an explanation of how the requirements of IFRS Accounting Standards are applied to a particular fact pattern. Consequently, agenda decisions set out the required approach to be followed, not an optional one, and regulators and enforcers worldwide take this view.

In August 2020, the IFRS Foundation's Due Process Handbook was amended. As part of those amendments, it is noted explicitly that although agenda decisions cannot add or change requirements in IFRS Accounting Standards, they explain how the applicable principles and requirements in IFRS Accounting Standards apply to the transaction or fact pattern that is described in the agenda decision. Because this explanation is derived from the principles and requirements in IFRS Accounting Standards, it follows that in order to assert compliance with IFRS Accounting Standards entities are required to apply the approach set out in agenda decisions.

The amendments also clarified how agenda decisions should be implemented by entities. Firstly, because the explanatory material in an agenda decision might change an entity's understanding of how the principles and requirements in IFRS Accounting Standards are required to be applied, it may be determined that an agenda decision results in a change in accounting policy for that entity (subject to the question of whether the previous accounting approach was clearly an error). Section 8.6 of the Due Process Handbook also states that it is expected that an entity would be entitled to sufficient time to make the determination of the effect that an agenda decision has and to implement any necessary changes in its accounting. Therefore, while agenda decisions do not have effective dates or transitional provisions, an entity would not be required to implement an agenda decision before it has had sufficient time to assess its impact and implement the appropriate changes to systems and processes. While the question of what constitutes 'sufficient time' is a matter of judgement, the Due Process Handbook is clear that an entity would be expected to implement any changes on a timely basis. We would expect that entities would implement any changes in their next annual or interim financial statements other than in circumstances, for example, when an agenda decision is published only a few weeks before a reporting date and where a significant amount of work is required to implement the required changes. If an agenda decision is not being implemented in the next annual or interim financial statements, disclosures need to be made about the existence of the agenda decision and the reason(s) why it is not being implemented immediately.

The amendments made to the Due Process Handbook in August 2020 also require that, in addition to the approval of the Committee, agenda decisions must also receive approval by the IASB to be published. If four or more Board members object, an agenda decision is not published and the Board decides how to proceed. All of the agenda decisions below have been approved by the IFRS Interpretations Committee and there were no objections from IASB Board members to the agenda decision that was considered in 2022 in accordance with the revised Due Process Handbook. Consequently, they have all been published and are applicable for the purpose of financial statements prepared in accordance with IFRS Accounting Standards.

The Committee has issued the following agenda decisions in the first half of 2024:

PROJECT	SUMMARY	MORE INFORMATION
Merger between a Parent and Its Subsidiary in Separate Financial Statements (IAS 27 Separate Financial Statements)	The Committee received a request about how a parent entity that prepares separate financial statements applying IAS 27 accounts for a merger with its subsidiary in its separate financial statements. Evidence gathered by the Committee indicates little, if any, diversity in determining whether to apply the acquisition method (and related requirements) in IFRS 3 to the merger transaction described in the request. In accounting for the merger transaction described in the request in their separate financial statements, parent entities generally do not apply the acquisition method (and related requirements) in IFRS 3. Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.	Agenda decision
Payments Contingent on Continued Employment during Handover Periods (IFRS 3 *Business Combinations*)	The Committee received a request about how an entity accounts for payments to the sellers of a business it has acquired if those payments are contingent on the sellers' continued employment during a post-acquisition handover period. Evidence gathered by the Committee indicated no significant diversity in the accounting for payments contingent upon continued employment in fact patterns such as that described in the request. In these fact patterns, entities apply the accounting described in the Agenda Decision *Continuing employment (IFRS 3 Business Combinations)*, published in January 2013, and account for the payments as compensation for post-combination services rather than as additional consideration for the acquisition, unless the service condition is not substantive. Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.	Agenda decision

PROJECT	SUMMARY	MORE INFORMATION
Climate-related Commitments (IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*)	The Committee received a request asking it to clarify: ▶ whether an entity's commitment to reduce or offset its greenhouse gas emissions creates a constructive obligation for the entity; ▶ whether a constructive obligation created by such a commitment meets the criteria in IAS 37 for recognising a provision; and ▶ if a provision is recognised, whether the corresponding amount is recognised as an expense or as an asset when the provision is recognised. The full text of the agenda decision (including the fact pattern on which the question was based) is available at the link. The Committee concluded that the entity does not recognise a provision because even if a constructive obligation does exist at the reporting date, it is not a present obligation as a result of past events, until the entity has emitted the greenhouse gases it has committed to offset.	Agenda decision

www.bdo.global

FOR MORE INFORMATION:

BDO's IFRS Policy Committee

BDO's IFRS Country Leaders