

IASB update

June 2024

IASB recent activity

1. IFRSs 18 & 19 –see later slides

2. Electronic payments and IFRS 9 amendment – May 2024

- Can an entity derecognise cash in its year-end balance sheet on the basis that it initiated an electronic payment, but it is not settled by year end? Same for receipts (but *mutatis mutandis*)?
- IFRS 9 amendment allows recognition before settlement date in certain scenarios. Effective 1-1-26.

3. Climate-related commitments – Accounting for net zero (IFRIC)

- Should entities recognise a provision when they make public statements about reducing emissions or offsetting emissions?
- The usual constructive obligation tests apply. Even if met, does not necessarily lead to a provision.

IASB recent activity (2)

4. Other forthcoming requirements

- Effective 1-1-24: reminder IAS 1 amendments re covenants and current vs non-current classification.
- Effective 1-1-26: financial assets with ESG-linked features. Eg, lower rate for borrower/ project meeting ESG criteria – does it meet SPPI? IFRS 9 amended with slight relaxation.

5. Selected developments in progress

- Annual improvements expected July 2024 – various small running “fixes”
- EDs due later in 2024 including: equity method, climate-related uncertainties, provisions.

IFRS 18 Presentation and Disclosure in Financial Statements (IAS 1 replacement)

1. A more structured income statement
 - New subtotals including 'operating profit'
 - Income and expenses categories – operating, investing and financing
 - Main business activities drive the category classifications
2. Disclose certain 'non-GAAP' measures
 - management performance measures (MPMs) will be within the financial statements
 - meaning that they will now be subject to audit – e.g. 'adjusted' EBITDA
3. Improve how entities group information
 - New disclosures for items labelled as 'other'
 - Enhanced guidance on how to group information within the financial statements

IFRS 19 Subsidiaries without Public Accountability: Disclosures

Simplifying financial reporting for eligible subsidiary entities.

Application to the UK:

- IFRS 19 is not yet available for use by UK companies.
- In the UK there is already a different reduced disclosure framework in Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). There are limited measurement differences between FRS 101 and IFRS Accounting Standards ('IFRS') that arise from the fact that FRS 101 makes specified changes to UK-adopted International Accounting Standards. It is not yet clear how the Financial Reporting Council ('FRC') will amend FRS 101 to address IFRS 19.