



# IFRS UPDATE

## MOORE IFRS NEWS

Issue 015 – December 2023

Moore IFRS News provides you with technical updates and tips in relation to IFRS financial Reporting arising in the second half of 2023.

## Moore IFRS Resources

### 31 December 2023 IFRS Resources

Our new and improved [Illustrated Financial Statements](#) for 31 December 2023 are now available. This includes all mandatory requirements applicable for years ended 31 December 2023 and can be used as reference for disclosures required under Full IFRS standards.

## IFRS Update

### IASB clarify requirements for when a currency is not exchangeable

The IASB has released [amendments](#) to IAS 21 *The Effects of Changes in Foreign Exchange Rates* to assist companies in providing more useful information when a currency cannot be exchanged into a foreign currency. The amendments cover both how to:

- identify whether a currency lacks exchangeability
- estimate the exchange rate when it does lack exchangeability

The new requirements will be effective for years beginning on or after 1 January 2025.

### Amendments made to IFRS for SMEs in relation to Pillar Two tax reforms

The IASB released [amendments to IFRS for SMEs](#) in relation to Pillar Two tax reforms, to provide SMEs with the same exemptions as those entities apply full IFRS, from recognising deferred taxes in relation to the Pillar two reforms and clarify that disclosures are required to explain the potential impact of the Pillar Two reforms.

The amendment is effective for years beginning on or after 1 January 2023.

## IASB release consultation on improved requirements for instruments that have both debt and equity features

The IASB has [proposed amendments](#) to IAS 32 *Financial Instruments: Presentation* (and related standards) on how an entity should determine if an instrument is debt or equity in nature. The IASB are proposing to:

- clarify the classification principles as debt and equity
- require additional disclosures to explain any complexities in classification
- Update the presentation of amounts of profit and comprehensive income that are attributable to ordinary shareholders separately from other equity holders.

The Exposure Draft is open for comment until 29 March 2024.

## IASB releases Compilation of Agenda Decision – Volume 9

The IASB has released its [ninth compilation of Agenda decisions](#) made by IFRIC containing all agenda decisions made between May 2023 and October 2023. These compilations can be a useful resource collating all the agenda decisions into single location for easy reference.

## IFRS Interpretations Committee explainer video

The IFRS foundation has release a [short video](#) that explains the role of the IFRS Interpretations Committee and the role it plays in the consistent application of IFRS accounting standards and the process of IFRIC agenda decisions.

## Webcast on forthcoming Accounting Standard for Subsidiaries

The IASB has finished deliberations on their project for a new Accounting Standard for Subsidiaries with parents who apply IFRS Accounting Standards. The Standard will require full recognition and measurement requirements of IFRS Accounting Standards, but with reduced disclosure requirements. The IASB has released a [Webcast](#) to introduce the new standard.

The final standard is expected to be released in the first half of 2024 and be effective from 1 January 2027.

## New translations of IFRS materials are now available

The IASB has announced that various materials including standards, agenda decisions, exposure drafts and post-implementation reviews have been translated into the following languages and are now available:

- Albanian
- Arabic
- Bosnian
- Finnish
- French
- Georgian
- Japanese
- Montenegrin
- Portuguese
- Spanish

The translated materials can be accessed in These two locations:

- [October translations](#)
- [November translations](#)

IASB [Education materials](#) relating to climate change in the financial statements have also been translated and are now available in:

- French
- Japanese
- Simplified Chinese

## IFRS Foundation Meetings

### IASB Meetings

The IASB have met four times this half:

- **July 2023**  
At the July meeting the IASB made the following key decisions:
  - Finalised deliberations on the Primary Financial Statements project, and it has moved to finalise drafting and issue the standard in the first half of 2024. The standard will be effective from 1 January 2027 and will replace IAS 1 *Presentation of Financial Statements*.
  - Finalised deliberations on the Disclosure initiative – Subsidiaries without Public Accountability and has moved to finalise drafting and issue the standard in the first half of 2024. The standard will allow eligible subsidiaries, where their parent complies with IFRS, to apply the recognition and measurement requirements of IFRS standards, but with a reduced level of disclosures. The standard will be effective from 1 January 2027 and will be available for early adoption.

The IASB also continued to deliberate on the following projects:

- Dynamic Risk Management
- Equity method

- Business Combinations, Disclosures, Goodwill and Impairment
- Extractive Activities
- Maintenance and consistent application projects
  - Application of own-use exemption to some physical power purchase agreements – exploring possible narrow scope amendments to IFRS 9
  - Provisions – targeted improvements

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

- ***Supplementary August 2023***

The IASB held a supplementary meeting on 23 August 2023 to deliberate narrow scope amendments to the IFRS for SMEs Standard consistent with the amendments to IAS 12 *Income Taxes for International Tax Reform – Pillar Two Model Rules*. The Board decided to make an amendment to the standard, out of their normal update cycle.

For further information refer to the [IASB Update](#).

- ***September 2023***

In September the IASB had both their normal meeting and a joint IASB and FASB (US Financial Accounting Standards Board) meeting.

The IASB made the following key decision at the September meeting:

- Finished deliberations on their Business Combinations – Disclosures, Goodwill and Impairment project and decide to progress to finalising an Exposure Draft. The project has reconsidered the disclosures required in a business combination as well as the accounting for goodwill and associated impairment requirements. The Board has already previously decided to propose retaining the impairment only model for Goodwill. The Exposure Draft is expected to be released in the first quarter of 2024 and have a 120-day comment period.
- To cease the Extractive Activities Project and to remove the temporary status of IFRS 6 *Exploration and Evaluation of Mineral Resources*. As a result of outreach the Board conclude that the requirements in IFRS 6 were sufficient and no further standard setting was required. A Project summary will be released to summarise these conclusions.

The IASB also continued to deliberate on the following projects:

- Rate regulated activities
- Equity method
- Business combinations under (common) control
- Second comprehensive review of IFRS for SMEs
- Maintenance and consistent application projects:
  - Climate-related Risks in Financial Statements (renamed Climate-related and Other Uncertainties in Financial Statements)

- Amendments to the classification and measurement of financial instruments

At the Joint IASB and FASB session they discussed:

- Power purchase agreements
- Rate-regulated activities
- International tax reform – Pillar Two model rules
- Equity Method
- Climate-related risks in financial statements
- Classification and measurement of financial instruments – ESG-linked financial instruments
- Business combinations – disclosures, goodwill and impairment
- Disaggregation and performance measures
- Each boards work plan.

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

- **October 2023**

At the October meeting the IASB approved 3 IFRS Interpretation Committee Agenda Decisions. Refer to Discussion of the Interpretation Committee meeting below for further details.

The IASB continued to deliberate on the following projects:

- Dynamic Risk Management
- Rate regulated activities
- Equity method
- Amendments to the classification and measurement of financial instruments
- Primary Financial Statements (sweep issues)
- Second Comprehensive Review of IFRS for SMEs
- Subsidiaries without public accountability (sweep issues)

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

- **November 2023**

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

- The project on business combinations under common control will be discontinued, based on the outreach they undertook the Board decided there was not sufficient demand to undertake standard setting work in this area.

The IASB continued to deliberate on the following projects:

- Equity method
- Primary financial statements (sweep issues)
- Post-implementation Review of IFRS 9 – Impairment
- Second comprehensive review of IFRS for SMEs
- Maintenance and consistent application projects:
  - Amendments to classification and measurement of financial instruments
  - Provisions – targeted improvements
  - Updating the Subsidiaries without Public Accountability: Disclosures Standard

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

## IFRS Interpretations Committee Meetings (IFRIC)

IFRIC met in September and discussed the following:

- Final Agenda decisions (which were approved by the IASB in their October meeting) on:
  - **Premiums Receivable from an Intermediary (IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments*)**  
IFRIC received a request about how an insurer applies the requirements of IFRS 17 and IFRS 9 to premiums receivable from an intermediary. IFRIC concluded that IFRS 17 is silent on when future cash flows within a boundary of an insurance contract are removed from the measurement of the insurance contract, and in the fact pattern provided the insurer could apply either IFRS 17 or IFRS 9. It was considered that no amendments were required to be made to the standards to further clarify this issue.
  - **Homes and Home Loans Provided to Employees**  
IFRIC were asked about the accounting treatment for two different scenarios where an organisation facilitates the purchase of a house for an employee. IFRIC concluded that the two fact patterns described were not widespread and that when they do arise are not material, therefore the committee concluded that no further work was required.
  - **Guarantee over a Derivative Contract (IFRS 9 *Financial Instruments*)**  
IFRIC was asked when an organisation provides a guarantee over a derivative between two third parties whether it accounts for that guarantee as a financial

guarantee or as a derivative. IFRIC concluded that the scenario was not widespread and did not have a material impact on those affected, therefore it was not added to the IFRIC agenda.

- A tentative Agenda decision on:
  - Payments Contingent on Continued Employment during Handover Periods  
IFRIC 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. IFRIC has not found any diversity in practice and do not believe the matter will have a widespread impact. Accordingly, they are proposing not to add it to the workplan.

For further information refer to the [IFRIC Update](#) or listen to the [IFRIC Quarter 2 Podcast](#).

## ISSB Meetings

The ISSB have met four times this half:

- **July 2023**  
The ISSB discussed one of its foundational tasks in its initial consultation on agenda priorities – Researching Targeted Enhancements to ISSB Standards – a Path forward. The Board directed staff to create educational material as to how preparers might apply some of the requirements in IFRS S2 *Climate-related Disclosures* to disclose potential nature and social aspects of climate change

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

- **September 2023**  
The ISSB discussed the international application of the SASB Standards and the comment letter they had received from their outreach.

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

- **October 2023**  
The ISSB discussed the following matters at its October meeting:
  - International applicability of the SASB Standards
  - Supporting the implementation of IFRS S1 and IFRS S2

The Board also received an update from the Global Sustainability Standards Board (GSSB) who are part of the Global Reporting Initiative (GRI) as part of the agreement to try and co-ordinate work programs.

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

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- **November 2023**

The ISSB discussed the following matters at its November meeting:

- IFRS Sustainability Disclosure Taxonomy
- ISSB Consultation on Agenda Priorities

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

## CONTACT US

Contact us for any questions or comments.

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