

# IFRS UPDATE

## MOORE IFRS NEWS

Issue 013 – April 2023

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

## IFRS Update

### ISSB confirms application date of new standards and moves to finalise standards

At the 16 February ISSB Meeting, the ISSB **confirmed that the application date** for the proposed new standards

- IFRS S1 *General Sustainability-related Disclosures*
- IFRS S2 *Climate-related Disclosures*

will be 1 January 2024. The Board has also finalised deliberations and is moving to the final drafting and balloting of the standards, which are expected to be issued at the end of Q2 2023.

### IASB proposes narrow-scope amendments to classification and measurement requirements for financial instruments

The IASB is **proposing two amendments** to IFRS 9 *Financial Instruments* as a result of their Post-Implementation Review of the standard. The proposed amendments relate to

- Clarifying the classification of financial assets with environmental, social and corporate governance (ESG) and similar features
- Settlement of liabilities through electronic payment systems

The IASB has created a **Snapshot** of the proposals and they are open for comment until 19 July 2023.

### IASB and ISSB article on Connectivity – What it is and what does it deliver?

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The IASB and ISSB have issued a [joint article](#) on the benefits of the connectivity between the work that both Boards undertake and the additional benefits that exist to the two boards working side-by-side to provide information that informs decision making. It explains how their standard will work together and the enhanced benefits that can bring.

## **IASB publishes article on major decisions in the Business Combinations – Disclosures, Goodwill, and Impairment project**

The IASB has released an [‘In brief’ publication](#) that summarises the IASB’s decisions around

- How companies could disclose better information about mergers and acquisitions (business combinations) ) on management’s objectives, metrics and targets and progress in subsequent periods for strategically important business combinations; and
- The retention of the impairment of goodwill model, rather than the reintroduction of an amortisation model

A [Japanese translation](#) of the article is also available.

## **IASB releases two new webcasts on Developments in the Dynamic Risk Management Projects**

The IASB Technical Staff have released two new [webcasts](#) on the developments and tentative decisions made by the IASB in relation to the Dynamic Risk Management Project

- Current net open risk positions (CNOP)
- IASB’s redeliberation on the performance assessment

## **IASB releases translated versions of various documents in multiple languages**

The IASB have released [new translations](#) of a number of new documents, although some will be only available to users with paid IFRS Foundation subscriptions. These include translation of various documents in Albanian, Arabic, Simplified Chinese, French, Hebrew, Japanese, Kyrgyz, Romanian, Spanish and Uzbek.

## IFRS Foundation Meetings

### IASB Meetings

The IASB have met four times this quarter:

- **January 2023**

The IASB continued to deliberate on a number of projects including:

- equity method accounting,
- Business combinations – Disclosures, Goodwill, and Impairment
- Primary Financial Statements
- Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures
- Supplier Finance Arrangements: Transition, effective date and due process
- IFRS Accounting Taxonomy Update

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

- **February 2023**

The IASB made the following key decisions at the February meeting:

- *Supplier Finance Arrangements*  
The Board finalised their deliberation on proposed amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* to require additional disclosures around an entity's supplier finance arrangements. The final amendments are expected to be issued in the second quarter of 2023
- *Lack of Exchangeability*  
The Board finalised their deliberation on proposed amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* relating to entities having to determine whether a currency is exchangeable into another currency and the exchange rate to use when it is not. The final amendments are expected to be issued in the second quarter of 2023.

The IASB also continued to deliberate on the following projects:

- Dynamic Risk Management
- Financial Instruments with Characteristics of Equity
- Rate-regulated Activities
- Business Combinations – Disclosures, Goodwill, and Impairment
- Post-implementation Review of IFRS 9 – Impairment
- Various potential annual improvements.

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

- **March 2023**

The IASB commenced a new project at the March meeting :

- *Climate-related Risks in the Financial Statements*  
This is a narrow scope project, driven by the interaction with the work of the ISSB, will explore how and whether financial statements can better communicate information about climate-related risks.

The IASB also continued to deliberate on the following projects:

- Post-implementation Review of IFRS 15 *Revenue from Contracts with Customers*
- Equity Method
- Business Combinations – Disclosures, Goodwill, and Impairment
- Primary Financial Statements
- Disclosure Initiatives – Subsidiaries without Public Accountability: Disclosures

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

- **Supplementary April 2023**

The IASB held a supplementary meeting on the 11 April to finalise their deliberations on their amendments to IAS 12 *Income taxes for International Tax Reform – Pillar Two Model Rules*. These amendments seek to clarify the accounting for deferred taxes arising from the OECD Pillar 2 tax reforms. The final amendments are expected to be issued in the second half of May 2023.

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

- **April 2023**

The next IASB meeting will be held 25-27 April. At that meeting the IASB will discuss:

- Dynamic Risk Management
- Financial Instruments with Characteristics of Equity
- Rate-regulated Activities
- Maintenance and consistent application
- Equity Method
- Provisions – Targeted Improvements
- Business Combinations under Common Control
- Post-implementation Review of IFRS 9 – Impairment
- Subsidiaries without Public Accountability: Disclosures

## IFRS Interpretations Committee Meetings (IFRIC)

IFRIC met in March and finalised on IFRIC decision for IASB Consideration

- *Definition of a Lease – Substitution Rights*  
IFRIC have considered a fact pattern regarding the provision of batteries (for vehicles) for 10 years. At inception of the contract it is expected that the supplier would only economically benefit from substituting a battery that has been used for at least three years. IFRIC noted that because it is not economically viable to substitute the battery for the first three years of the contract, the suppliers' substitution right is not substantive through the whole term and accordingly the arrangement would still be considered a lease under IFRS 16. The IASB are expected to ratify this Agenda Decision at the April meeting.
- IFRIC also discussed the following tentative agenda decisions:
  - Guarantee over a Derivative Contract (IFRS 9)
  - Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)
  - Homes and Home Loans Provided to Employees
- IFRIC recommended the following items to the IASB for annual improvements:
  - Lessee accounting for lease payments forgiven (IFRS 9 and IFRS 16)
  - Disclosures of deferred difference between fair value and transaction price – Guidance on implementing IFRS 7

For further information refer to the [IFRIC Update](#) or listen to the [IFRIC Quarter 1 Podcast](#).

## ISSB Meetings

The ISSB have met three times this quarter:

- **February 2023**  
At the February meeting the ISSB finalised the deliberations on IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. They concluded that the effective date of the standards will be 1 January 2024 and finalised the transitional relief that will be permitted under the standards. The final standards are expected to be issued late in the second quarter of 2023.

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

- **March 2023**  
The ISSB continued to deliberate on a number of projects including:
  - International applicability of the SASB Standards

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- ISSB Consultation on Agenda Priorities

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

- **Supplementary April 2023**

The ISSB held a supplementary meeting on the 4 April to make an additional transitional relief to IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*. The additional transitional relief will allow an entity to only provide climate-related disclosures in the first year it adopts IFRS S1 and IFRS S2. In the second year of application entities will still be required to apply the requirements in IFRS S1 to report on other sustainability matters as well.

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

- **April 2023**

At the April ISSB meeting, the ISSB decided to ratify the issuance of two documents which are now expected to be released in May.

- An Exposure Draft on *Methodology for Enhancing the International Applicability of the SASB Standards and SASB Standards Taxonomy Updates*. This will have a 90-day comment period.
- A Request for comment on the ISSB's agenda priorities. This will have a 120 day comment period and will allow stakeholders input into the ISSB's next 2-year work plan.

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

## CONTACT US

We value your feedback on using these network resources. Contact us for any questions, comments, or ideas.

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