
Islamic Finance Consultative Group meeting

Date **May 2024**

Topic **IFRS Interpretations Committee Update**

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The Committee's process

Committee receives an application question

Is there diversity in practice that could have widespread and material effects?

↓ YES

Is it necessary to change IFRS Accounting Standards?

↓ YES

Is the matter narrow enough to be resolved efficiently?

↓ YES

Narrow-scope standard-setting
(narrow-scope amendment or IFRIC Interpretation)

Discussed and approved by the IASB

NO →

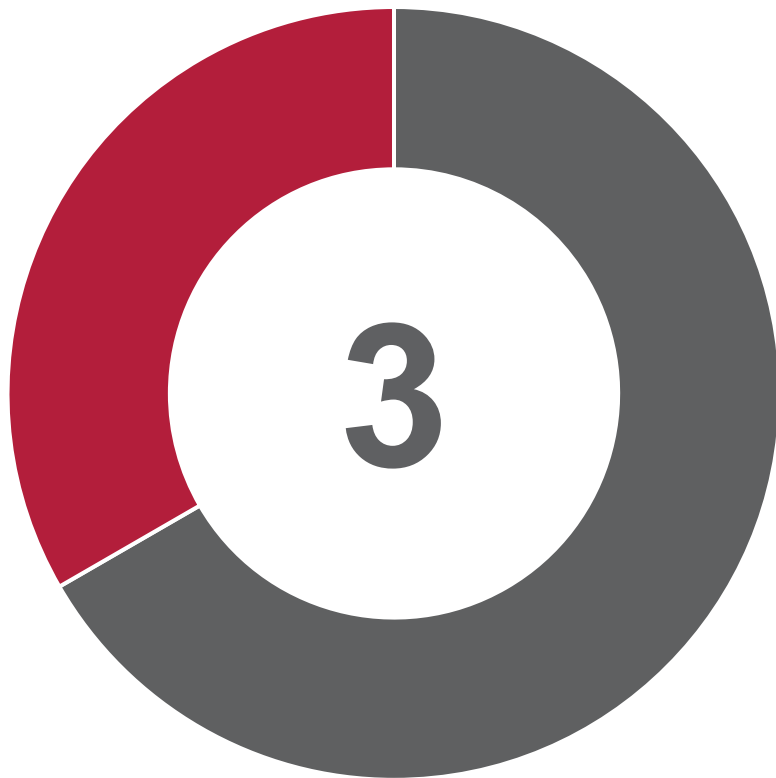
NO →

NO →

Agenda decision
(reports decision and often includes explanatory material)

Ratified by the IASB

Overview of the Committee's 2024 discussions



2 final agenda decisions (see slide 4)

- Climate-related Commitments (IAS 37)
- Payments Contingent on Continued Employment during Handover Periods (IFRS 3)

1 input on the IASB's project

- Post-implementation Review of IFRS 9—Impairment
-

Sample of recent agenda decisions

June 2024 (feedback on tentative agenda decision)

Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8)

January 2024

Merger between a Parent and Its Subsidiary in Separate Financial Statements (IAS 27)

September 2023

Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)

April 2024

Climate-related Commitments (IAS 37)

September 2023

Guarantee over a Derivative Contract (IFRS 9)

April 2023

Definition of a Lease—Substitution Rights (IFRS 16)

April 2024

Payments Contingent on Continued Employment during Handover Periods (IFRS 3)

September 2023

Homes and Home Loans Provided to Employees

October 2022

Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)

Agenda Decision on Climate-related Commitments

Query

- Entity has a commitment to reduce or offset its future greenhouse gas emissions
- Should the entity record a provision for the costs of fulfilling a commitment?

Committee's conclusions

Not necessarily. The entity records a provision only:

- if the commitment creates a constructive obligation; and
- if and when that constructive obligation becomes a present obligation



An obligation to **reduce** emissions never becomes a present obligation. The costs of reducing future emissions are costs of operating in the future.



An obligation to **offset** emissions becomes a present obligation only when the entity has emitted the gases it committed to offset.

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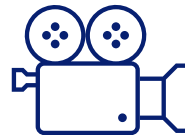
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