

# IASB Technical Update

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Joint CMAC-GPF meeting  
June 2022  
Agenda Paper 1

# Overview

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Introduction

Third Agenda Consultation

Redeliberations – Projects to be discussed at this meeting

Redeliberations – Other projects

Maintenance projects

Work of the IFRS Interpretations Committee

Appendix – Primary financial statements

A grayscale world map is the background for the slide. Overlaid on the map are several thick, light gray curved lines that sweep across the continents. Additionally, there are several dotted lines that form a grid-like pattern across the map, intersecting the curved lines.

# Introduction

# Introduction

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## Content

- This document sets IASB's technical projects, highlighting the next milestone
- Such projects include research, standard-setting and maintenance
- This document was prepared after the IASB meeting in May 2022

## Highlights

- In April 2022 the IASB published a Project Summary on its research project *Pension Benefits that Depend on Asset Returns*
- The IFRS Foundation Conference will take place on 23-24 June 2022 at the Leonardo Royal London Bridge Hotel (see slide 31)

# Forthcoming documents

Project	Next steps
Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12	Feedback Statement expected in June 2022
Third Agenda Consultation	Feedback Statement expected in July 2022
Lease Liability in a Sale and Leaseback	Narrow-scope amendment to IFRS 16 expected in Q3 2022
Second Review of the <i>IFRS for SMEs</i> Accounting Standard	Exposure Draft expected in Q3 2022

# Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12

## Objective

- Assess whether IFRS 10, IFRS 11 and IFRS 12 are working as intended

## Topics in the Request for Information

Consolidation

Joint arrangements

Disclosures

## IASB conclusions

- IFRS 10, IFRS 11 and IFRS 12 are working as intended
- No topics identified as part of the Review require immediate action or need to be added to the research pipeline

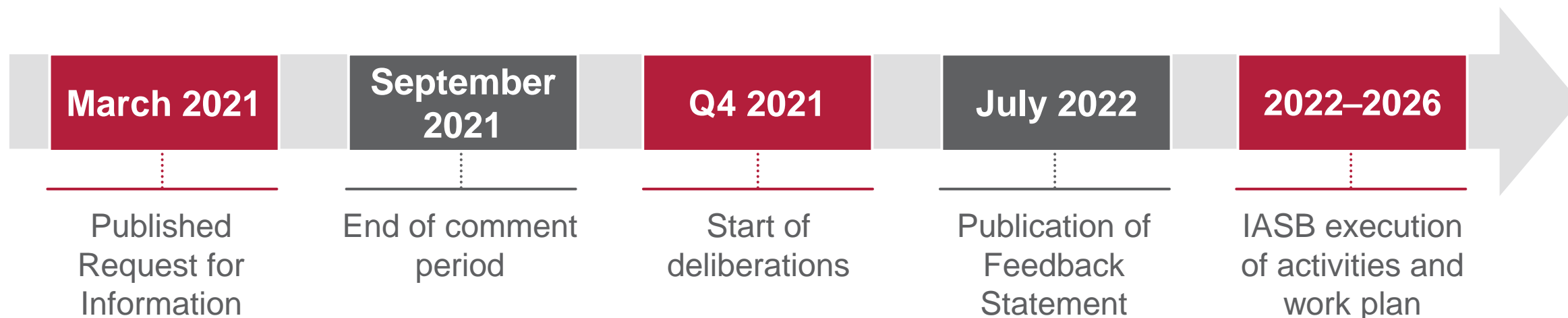
## Next milestone

Publish Project Report and Feedback Statement



# Third Agenda Consultation

# Third Agenda Consultation



Feedback will help the IASB determine its priorities and work plan from 2022 to 2026

## Objective of the consultation—to seek views on

- 1 the strategic direction and balance of the IASB’s activities
- 2 the criteria for assessing the priority of financial reporting issues that could be added to the IASB’s work plan
- 3 new financial reporting issues that could be given priority in the IASB’s work plan



# 1 Strategic direction and balance of the IASB's activities



After considering cross-cutting themes, such as implications of connectivity with the International Sustainability Standards Board (ISSB), and consistent with stakeholders' feedback, the IASB decided:

- to begin no new activities within the current scope of its work; and
- to leave its current level of focus on its main activities largely unchanged.

Activity	Current level of focus	IASB's decision
New Accounting Standards and major amendments	40%–45%	Slightly decrease
Maintenance and consistent application	15%–20%	Leave unchanged
The <i>IFRS for SMEs</i> Standard	5%	Leave unchanged
Digital financial reporting	5%	Slightly increase
Understandability and accessibility of Accounting Standards	5%	Slightly increase (indirect support of maintenance and consistent application)
Stakeholder engagement	20%–25%	Leave unchanged

## 2 Criteria for assessing priority of financial reporting issues that could be added to the IASB's work plan



The IASB decided:

- not to reprioritise projects on its current work plan, but to continue working on those projects.
- not to make any changes to the list of criteria but to proceed with the list as proposed in the Request for Information.

### Overarching consideration

whether a potential project will meet investors' needs, while taking into account the costs of producing the information

- ① the importance of the matter to **investors**
- ② whether there is a **deficiency** in current reporting
- ③ the **type of companies** affected and jurisdictions where the matter is more prevalent
- ④ how **pervasive or acute** the matter is likely to be for companies
- ⑤ the potential project's **interaction with other projects**
- ⑥ the **complexity and feasibility** of the potential project and its solutions
- ⑦ the **capacity** of the IASB and its stakeholders to progress the potential project

# 3 Financial reporting issues to add to the IASB's work plan



The IASB decided:

- to add two projects to the research project pipeline;
- to add a project to the maintenance project pipeline to investigate whether narrow-scope standard-setting is needed in relation to climate-related risks; and
- to create a reserve list of two projects that could be added to the work plan only if additional capacity becomes available.

## Research pipeline projects

Intangible assets



Statement of cash flows and related matters



## Maintenance and consistent application project

Climate-related risks



## Reserve list

Operating segments



Pollutant pricing mechanisms

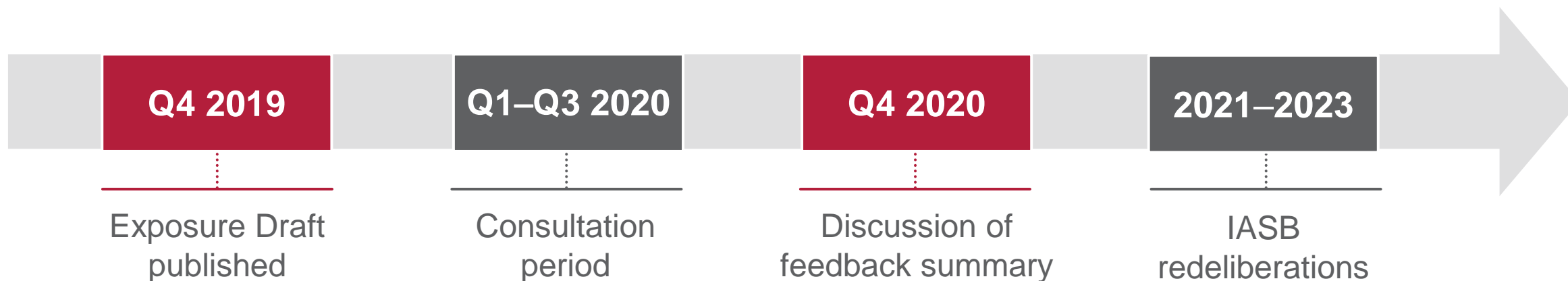




# Redeliberations

Projects to be discussed at the  
Joint CMAC-GPF meeting

# Primary Financial Statements



## Objective

- Improve communication in financial statements
- Focus on information included in the statement of profit or loss

## Main proposals

- 1 Require additional **defined subtotals** in statement of profit or loss
- 2 Require disclosures about **management performance measures**
- 3 Strengthen requirements for **disaggregating information**

# Primary Financial Statements

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## Objective

- Improve communication in financial statements
- Focus on information included in the statement of profit or loss

## Main proposals in Exposure Draft (Dec 2019)

- Require additional **defined subtotals** in statement of profit or loss
- Strengthen requirements for **disaggregating information**
- Require disclosures about **management performance measures**

## Next milestone

Issue IFRS Accounting Standard

# Primary Financial Statements

## Key factors considered in redeliberations planning

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### Project objective and focus

Improve how information is communicated in the financial statements, with a focus on the statement of profit or loss



### Linkages between topics

Decisions on one topic may affect approach on another topic



### Timeliness

Deliver high quality IFRS Accounting Standard in a timely manner



### Efficiency

Use staff and IASB time efficiently

# Primary Financial Statements - Project status by topic

Topic	Proposals redeliberated	Remaining to be discussed
Subtotals	Required subtotals; Classification in categories, general model; Associates and joint ventures; Some of the proposals for entities with specified main business activities	Remaining proposals for entities with specified main business activities; remaining issues for investing and financing categories
Management performance measures	Scope and definition; Disclosure of reconciliation, including tax and non-controlling interests; Single note and cross-referencing	Remaining aspects of disclosure of tax and non-controlling interests Use of columns, relationship with segments and other
Disaggregation and other issues	<p>Roles of primary financial statements and notes; General principles</p> <p>Direction for and aspects of definition of income and expenses with limited recurrence (unusual income and expenses); Presentation of operating expenses; Direction for disclosure of operating expenses</p> <p>Statement of cash flows</p>	Remaining aspects of definition of income and expenses with limited recurrence and related disclosures; Disclosure of operating expenses; Proposals relating to 'other' and other small issues left, including relating to the statement of cash flows



# Goodwill and Impairment

## Objective

- Improve information companies provide about their acquisitions at a reasonable cost

## Preliminary views (2020 Discussion Paper)

- Disclose management's objectives for acquisitions and subsequently disclose the performance against those objectives
- Targeted improvements to existing standards
- Retain impairment-only model for goodwill
- Simplify impairment test
- Do not change recognition of intangibles separately from goodwill

## Project update

- This information conceptually can be required in financial statements (IASB's tentative decision)
- Investigation of practical concerns with stakeholders using staff examples (in progress)
- Analysis of specific aspects of the feedback on the subsequent accounting for goodwill (in progress)
- Feedback discussed in May 2021

## Next milestone

Decide project direction

# Post-implementation Review of IFRS 9— Classification and Measurement

## Objective

- Assess whether the classification and measurement requirements in IFRS 9 are working as intended

## Discussion plan for the Feedback on the Request for Information

April/May 2022	Q2/Q3 2022				
Contractual cash flow characteristics (including ESG, contractually linked instruments)	Business model assessment	Equity instruments and OCI	Modifications to contractual cash flows	Amortised cost and effective interest method	Other matters

## Next milestone

Discuss Request for Information Feedback



# Redeliberations

Other projects

# Business Combinations under Common Control

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## Objective

- Develop reporting requirements to reduce diversity in practice and improve transparency

## Preliminary views in Discussion Paper (Nov 2020)

- Specify which measurement method should be applied in which circumstances
- Use the **acquisition method** set out in IFRS 3 for combinations that affect investors outside the group
- Use a **book-value method** to be specified in IFRS Accounting Standards in all other cases

## Next steps

- In March 2022 the IASB tentatively decided not to expand the project's scope
- Deliberations will focus on selecting the measurement method(s) to apply
- How to apply the measurement method(s) and other topics to be deliberated subsequently

# Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures

## Objective

- To permit eligible subsidiaries to apply the disclosure requirements in the draft Standard and the recognition, measurement and presentation requirements in IFRS Accounting Standards

## Feedback on Exposure Draft

- Support for:
  - the **objective and finalisation** of the draft Standard
  - the **approach** to developing the disclosure requirements in the draft Standard
  - the **structure of the draft Standard** with some suggestions on the use of **footnotes**
- Many suggestions for a **wider scope** to allow more companies to apply the draft Standard
- Many comments on the **proposed disclosure requirements** in the draft Standard

## Next milestone

Decide project direction

# Disclosure Initiative—Targeted Standards-level Review of Disclosures

## Objective

- Improve the IASB’s approach to developing disclosure requirements in a way that enables companies to enhance their judgement and provide more decision-useful information for investors

## Main proposals in Exposure Draft (Mar 2021)

- New approach for the IASB to use when developing and drafting disclosure requirements in IFRS Accounting Standards (proposed Guidance)
- Replace disclosure requirements in IFRS 13 *Fair Value Measurement* and IAS 19 *Employee Benefits* with a new set of disclosure requirements developed applying the proposed Guidance
- Focus compliance on detailed disclosure objectives rather than prescriptive requirements, thus requiring companies to apply judgement

## Next milestone

Discuss comment letter feedback

# Dynamic Risk Management

## Objective

- Develop an accounting model that will better reflect a company's dynamic risk management process in the financial statements. The process involves understanding and managing the amount, timing and uncertainty caused by interest rate risks

## Overview of the DRM model

- Companies dynamically manage the **current net open risk position**—that is, the net of eligible assets and liabilities, including core demand deposits
- The **risk mitigation intention** is the extent of current net open position that the company dynamically manages using derivatives
- When designated derivatives are successful in mitigating the repricing risk due to changes in interest rates and achieving the entity's **target profile**, changes in the fair value of such derivatives are recognised in OCI and reclassified to the statement of profit or loss over time

## Next steps

Continue the redeliberation of key issues identified in the meetings with preparers

# Equity Method

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## Objective

- Assess whether application questions with the equity method as set out in IAS 28 *Investments in Associates and Joint Ventures* can be addressed in consolidated and individual financial statements by identifying and explaining the principles of IAS 28

## Project plan

- Identify application questions in the equity method and decide which of these problems to address
- Address application questions by identifying and explaining the principles that underlie IAS 28

## Next milestone

Decide project direction



# Extractive Activities

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## Objective

- Provide more useful information about exploration and evaluation expenditure and activities accounted for applying IFRS 6 *Exploration for and Evaluation of Mineral Resources* by improving the transparency and comparability of this information

## Project scope

- Explore developing requirements or guidance to improve a company's disclosures about its exploration and evaluation expenditure and activities
- Explore removing the temporary status of IFRS 6

## Next steps

Decide project direction

# Financial Instruments with Characteristics of Equity

## Purpose

- Improve the information that companies provide in their financial statements about financial instruments that they have issued
- Address challenges with applying IAS 32 *Financial Instruments: Presentation*

## Approach

- Explore clarifying IAS 32 classification principles (rather than rewriting IAS 32) to address practice issues (eg classification of financial instruments settled in the issuer's own equity instruments)
- Provide classification guidance and illustrative examples
- Improve presentation and disclosure

## Next milestone

Publish Exposure Draft

# Management Commentary

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## Objective

- Overhaul IFRS Practice Statement 1 to provide a **comprehensive framework** on management commentary—building on innovations in narrative reporting and focusing on capital market needs

## Feedback on Exposure Draft

- Strong **investor support** for the project, as it addresses common shortcomings in reporting practice
- Support for **focus on investors' information needs**, but some calls for a broader focus
- Support for proposed **objectives-based approach**, disclosure objectives and areas of content
- Calls to **work together with the ISSB** with suggestions to pause the project to enable that connectivity
- Some suggestions for further integration with **other reporting frameworks** (eg <IR> Framework<sup>1</sup>)

## Next milestone

Consider project direction

<sup>1</sup> International Integrated Reporting Council (IIRC, now Value Reporting Foundation)'s International Integrated Reporting Framework

# Rate-regulated Activities

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## Objective

- Provide information about the effects of regulatory income, regulatory expense, regulatory assets and regulatory liabilities on companies' financial performance and financial position

## Main proposals in Exposure Draft (Jan 2021)

- Require recognition of **regulatory assets**, **regulatory liabilities**, **regulatory income** and **regulatory expense**
- Reflect **compensation** for goods or services supplied as part of a company's reported financial performance for the period in which it supplies those goods or services
- Measure regulatory assets and regulatory liabilities using a **cash-flow-based** measurement technique

## Next milestone

Issue IFRS Accounting Standard

# Second Review of the *IFRS for SMEs Accounting Standard*

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## Objective

- Update the *IFRS for SMEs Accounting Standard* for requirements in IFRS Accounting Standards that are in the scope of this comprehensive review

## Approach

- Apply alignment approach to decide how to update the *IFRS for SMEs Accounting Standard*
- The alignment approach uses the principles of relevance to SMEs, simplicity and faithful representation, including the assessment of costs and benefits, to identify possible amendments

## Next milestone

Publish Exposure Draft

A grayscale world map is centered in the background. Overlaid on the map are several thick, light gray curved lines that sweep across the frame from the bottom left towards the top right. A network of thin, dotted white lines is also visible, connecting various points across the map, suggesting a global network or data flow.

# Maintenance projects

# Lack of Exchangeability

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## Objective

- Improve usefulness of information provided by requiring a consistent approach to determining whether a currency is exchangeable into another currency and the exchange rate to use when it is not

## Proposed amendments to IAS 21

- Specify when exchangeability between two currencies is lacking and **how to make** that assessment
- **Estimate the spot exchange rate** when exchangeability is lacking
- **Disclose** how the lack of exchangeability affects, or is expected to affect, the company's financial performance, financial position, and cash flows

## Next milestone

Decide project direction

# Lease Liability in a Sale and Leaseback

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## Objective

- Improve the measurement requirements for sale and leaseback transactions —particularly those with variable payments

## Proposed amendments to IFRS 16

- Specify **subsequent measurement requirements** for the lease liability in a sale and leaseback transaction
- Require retrospective application of the amendments applying IAS 8
- Effective on 1 January 2024, with earlier application permitted

## Next milestone

Issue amendment to IFRS 16



# Non-current Liabilities with Covenants

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## Objective

- Improve the information about liabilities with covenants provided through classification (as current or non-current), presentation and disclosure in financial statements

## Proposed amendments to IAS 1

- Specify that covenants with which a company must comply **after the reporting period** do not affect classification of a liability as current or non-current at the end of the reporting period
- Add **presentation and disclosure requirements** for non-current liabilities subject to covenants
- Clarify situations in which a company **does not have a right to defer settlement**

## Next milestone

Discuss Exposure Draft Feedback

# Provisions—Targeted Improvements to IAS 37

## Objective

- Develop proposals for three targeted amendments to *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*

## Targeted amendments

- **Align requirements** for identifying liabilities with *Conceptual Framework*
- Clarify which **costs** to include in measure of a provision
- Specify whether **discount rates** used should reflect company's own credit risk

## Next steps

Staff will prepare a project plan for consideration by the IASB

# Supplier Finance Arrangements

## Objective

- Provide information that enable investors to assess the effects of supplier finance arrangements on a company's liabilities and cash flows

## Proposed amendments to IAS 7 and IFRS 7

- **Describe** the characteristics of an arrangement for which a company would be required to provide the proposed disclosure
- Add **qualitative and quantitative disclosure** requirements for supplier finance arrangements to meet the disclosure objective
- **Highlight** the required disclosure of liquidity risk and risk management and of non-cash changes in financing liabilities arising from supplier finance arrangements

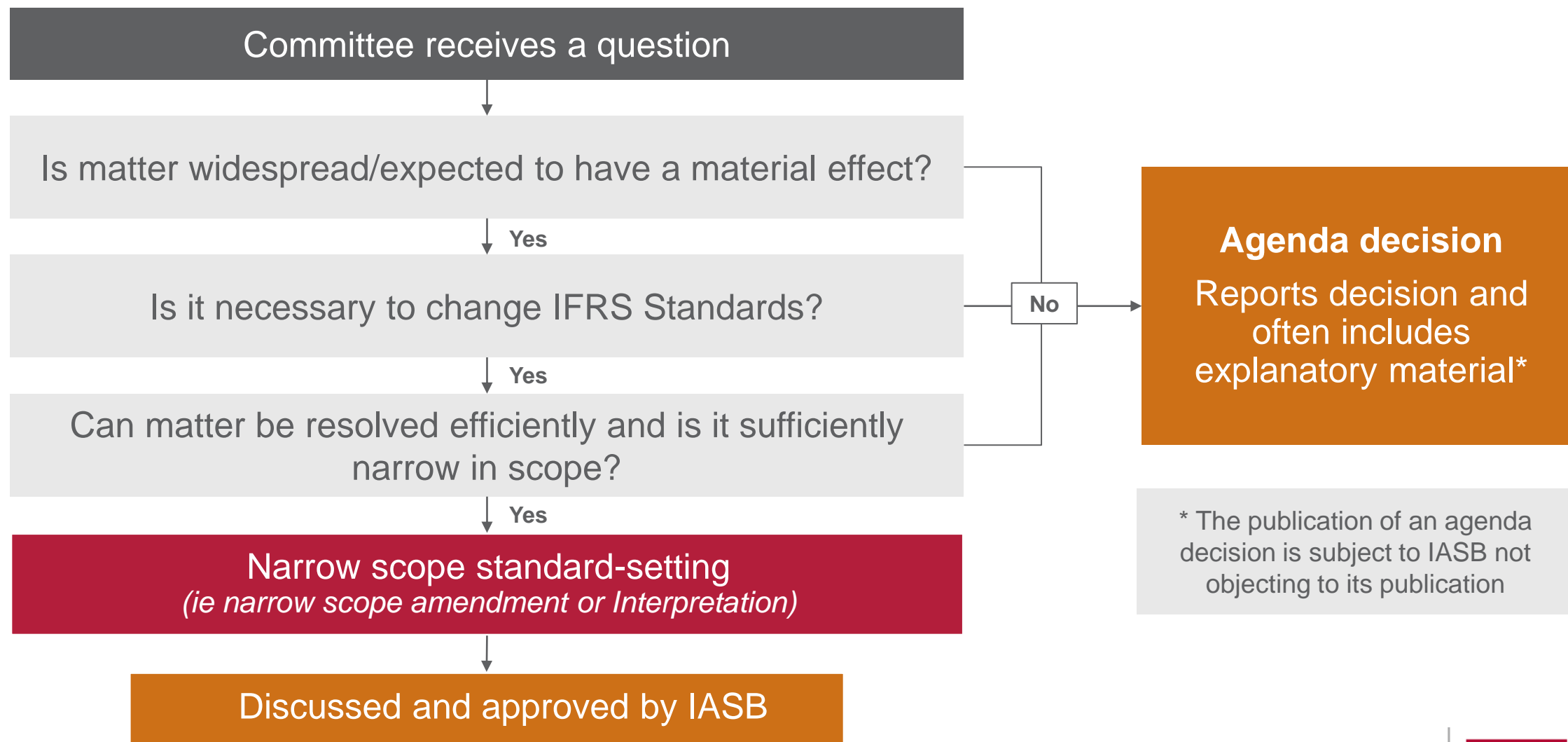
## Next milestone

Discuss Exposure Draft Feedback



# Work of the IFRS Interpretations Committee

# The Interpretations Committee's process



# Committee's work: Overview of 2021 and 2022 activities

## Overview of 2021 activities



**12** addressed by Committee through agenda decisions (most including explanatory material)

**2** work in progress

**2** addressed through a narrow-scope amendment

Six Committee meetings held in 2021

## Overview of 2022 activities



**8** addressed by Committee through agenda decisions (most including explanatory material)

Three Committee meetings held in 2022 to date

# Sample of recent agenda decisions

Supply Chain Financing Arrangements—Reverse Factoring

Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38)

Costs Necessary to Sell Inventories (IAS 2)

Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7)

Principal versus Agent: Software Reseller (IFRS 15)

Cash Received via Electronic Transfer as Settlement for a Financial Asset (IFRS 9)\*

Negative Low Emission Vehicle Credits (IAS 37)\*

Special Purpose Acquisition Companies (SPAC): Accounting for Warrants at Acquisition\*

Transfer of Insurance Coverage under a Group of Annuity Contracts (IFRS 17)\*

\*) Tentative agenda decision



# IFRS Foundation Conference



- **Hybrid event** where delegates can attend in-person or virtually
- Unique opportunity to get a comprehensive update on the latest developments at the IFRS Foundation and to network with regulators and companies using IFRS Standards in their reporting and others
- The [International Accounting Standards Board](#) will bring you up-to-date on its priorities and ongoing work plan
- This year's conference will also provide opportunities for you to meet and engage with members and technical staff of the [International Sustainability Standards Board](#)
- Find out more: [IFRS - IFRS Foundation Conference 2022](#)





# Appendix – Primary Financial Statements

ED proposals and redeliberations by topic

# Topics

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Subtotals and categories (slides 39-42)

Management performance measures (slides 43-44)

Disaggregation and other topics (slides 45-48)

# ED proposal for subtotals in the statement of profit or loss

Revenue

Other income

Changes in inventories of finished goods and work in progress

Raw materials used

Employee benefits

Depreciation

Amortisation

Professional fees and other expenses

**Operating profit**

Share of profit or loss of integral associates and joint ventures

**Operating profit and income and expenses from integral associates and joint ventures**

Share of profit or loss of non-integral associates and joint ventures

Dividend income

**Profit before financing and income tax**

Expenses from financing activities

Unwinding of discount on pension liabilities and provisions

**Profit before tax**

Income tax

**Profit for the year**

Operating

Integral associates  
and joint ventures

Investing

Financing

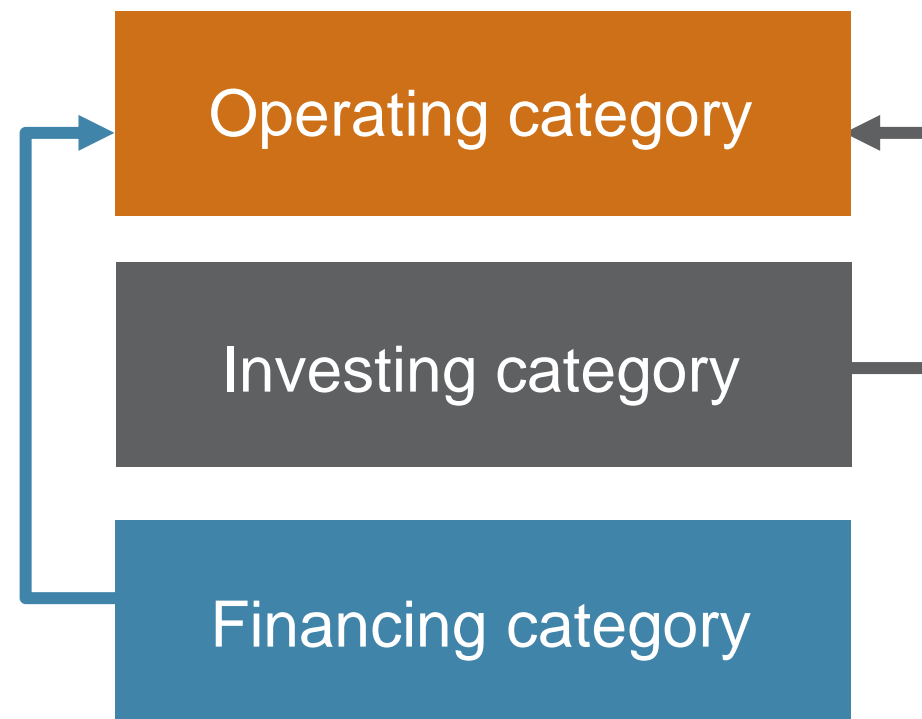
# Application of ED proposals to financial entities

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Operating profit is intended to include income and expenses from companies' main business activities.



The Board proposes requirements for some companies, such as banks, to classify income and expenses in the operating category that would otherwise be classified in the investing or financing categories.



# Redeliberations on subtotals and categories

What is confirmed from the ED?	What has changed?	Remaining topics to be discussed
<ul style="list-style-type: none"><li>• Requirement for operating profit or loss subtotal and profit before financing and income tax subtotal</li><li>• Definition of operating profit as a default category, includes, but is not limited to main business activities and includes volatile and unusual items</li><li>• Income and expenses to be excluded from operating: investing, financing, income tax and discontinued operations</li><li>• Classify in the investing category income and expenses from assets that generate returns individually and largely independently of other resources held by an entity, retain application guidance and label 'investing category'</li></ul>	<ul style="list-style-type: none"><li>• Classification of income and expenses from cash and cash equivalents changed from financing to investing category</li><li>• Change in classification within the financing category to 'all income and expenses from liabilities that arise from transactions that involve only raising finance' and 'specified income and expenses from other liabilities'</li><li>• Default category for gains and losses from derivatives &amp; hedging instruments changed from investing to operating category</li><li>• Undue cost or effort relief for FX classification</li><li>• Distinction between integral and non-integral associates and joint ventures removed as well as related subtotal</li><li>• Add application guidance for some income and expenses in investing category, include objective in the Basis for Conclusions, and remove definition of 'income and expenses from investments'</li><li>• Income and expenses from associates and joint ventures classified in investing category</li></ul>	<ul style="list-style-type: none"><li>• Incremental expenses in investing category</li><li>• Other issues related to the financing category</li></ul>

# Redeliberations on entities with specified main business activities

What is confirmed from the ED?	What has changed?	Remaining topics to be discussed
<ul style="list-style-type: none"><li>• Requirement for an entity to assess whether it invests in the course of main business activities or provides financing to customers as a main business activity</li></ul>	<ul style="list-style-type: none"><li>• Requirement to assess at the reporting entity level</li><li>• Changes in the outcome of the assessment are applied prospectively with disclosure that there has been a change in the outcome of the assessment and information about the effect of the change</li><li>• Investing in the course of main business activities or providing financing to customers as a main business activity is a matter of fact and not an assertion. An entity will need to apply judgement and the assessment should be based on observable evidence to the extent possible</li></ul>	<ul style="list-style-type: none"><li>• Issues specific to the investing and financing categories</li><li>• Consequences of the redeliberations on the investing and financing categories</li><li>• Consequences of the redeliberations on classification of income and expenses from associates and joint ventures accounted for using the equity method</li><li>• Classification of interest and dividends in the statement of cash flows</li></ul>

# ED proposals for management performance measures

## Definition



Subtotals of income and expenses that:

- are used in public communications outside financial statements
- complement totals or subtotals specified by IFRS Accounting Standards
- communicate management's view of an aspect of an entity's financial performance

Other financial performance measures such as free cash flow, or non-financial performance measures such as number of subscribers, would not be included.

## Disclosures

Amount &  
narrative  
description

Including:

- reconciliation between the MPM and the most directly comparable total or subtotal specified by IFRS Accounting Standards; and
- income tax effects and effects on non-controlling interests (NCI)

# Redeliberations on management performance measures

What is confirmed from the ED?	What has changed?	Remaining topics to be discussed
<ul style="list-style-type: none"><li>• Requirement for disclosure of MPMs in financial statements</li><li>• Scope of MPMs would not be beyond the income and expense subtotals</li><li>• Reference to management's view of an aspect of an entity's performance in the definition of MPMs</li><li>• Requirement for an entity to disclose why an MPM communicates management's view of performance</li><li>• Requirement to disclose a reconciliation</li><li>• Requirement to disclose in single note</li><li>• Requirement to disclose income tax effect and effect on non-controlling interests</li></ul>	<ul style="list-style-type: none"><li>• Subtotal of income and expense used in the numerator or denominator of a ratio is MPM</li><li>• Remove the reference to 'complementing'</li><li>• Introduce a rebuttable presumption that a subtotal used in public communications represents management's view of an aspect of the entity's financial performance, and add application guidance on rebuttal</li><li>• Add application guidance, and refer to general requirement for faithful representation, removing specific requirement</li><li>• Application guidance for disclosure of why an MPM communicates management's view of performance</li><li>• Disclose, for each reconciling item, amount(s) related to each line item in the statement(s) of financial performance</li><li>• Revise requirement specifying how to calculate the income tax effect</li></ul>	<ul style="list-style-type: none"><li>• Disclosure requirements including remaining aspects of disclosure of tax and non-controlling interests</li><li>• Disclosures relating to changes in MPMs</li><li>• Timing of public communications</li><li>• Interaction with other requirements including segments</li><li>• Other proposals including use of columns</li></ul>



# ED proposals on disaggregation

## Roles of the primary financial statements and the notes

- Roles of the primary financial statements and the notes clearly described
- Use the description to determine whether information should be included in the primary financial statements or in the notes

## Principle for aggregation and disaggregation

- Principles for aggregation and disaggregation of information
- Guidance to apply the principles

## Required line items

- New required line items, including goodwill and separate line items for integral and non-integral associates and joint ventures

## Analysis of operating expenses

- Use method for analysis of operating expenses (by nature or by function) that provides the **most useful information** (not a free choice)
- Disclose analysis of **total** operating expenses by **nature** in the notes if analysis by function is presented in the statement of profit or loss

# ED proposals on unusual income and expenses

## Definition



Income and expenses have limited predictive value when it is reasonable to expect that income or expenses that are similar in type and amount will not arise for several future annual reporting periods.

Income and expenses from the recurring remeasurement of items measured at a current value would not normally be classified as unusual.

## Disclosures

Amount &  
narrative  
description

Amount disaggregated by:

- line items presented in statement of profit or loss; and
- line items disclosed in analysis of operating expenses by nature, if the entity analyses expenses by function in the statement of profit or loss

# Redeliberations on disaggregation

## What is confirmed from the ED?

- Roles of primary financial statements and notes
- Principles of disaggregation – with refinements
- Not reinstate para 29 of IAS 1 requiring to separately present dissimilar items unless immaterial
- Nature and function primary characteristics for presentation of operating expenses
- Present goodwill separately from intangible assets
- Present required line items in each affected category in statement of profit or loss

## What has changed?

- Include a reference to understandability in the description of the role of financial statements
- Emphasise that single dissimilar characteristic can be enough to disaggregate if it is material
- State the purpose of disaggregation more clearly and strengthen the application of disaggregation
- Provide additional guidance to apply the principles, both in the primary financial statements and the notes
- Removed the proposed prohibition on a mixed presentation approach for operating expenses
- Remove 'limited predictive value' and change definition of unusual items. Change label to 'income and expenses with limited recurrence'
- Revise the general principle for the presentation of line items and add application guidance

## Remaining topics to be discussed

- Remaining aspects of the definition of unusual income and expenses and related disclosures\*
- Requirements for disclosure of operating expenses by nature in the notes when an entity reports operating expenses by function in the statement of profit or loss
- Requirements for selecting method of presentation of operating expenses
- Specified and additional subtotals
- Proposals relating to 'other' items

# Redeliberations on other topics

What is confirmed from the ED?	What has changed?	Remaining topics to be discussed
<ul style="list-style-type: none"><li>• Requirement of operating profit or loss subtotal as the starting point for the indirect method of reporting cash flows from operating activities</li><li>• Interest and dividends paid classified as financing activities, and dividends received classified as investing activities in the statement of cash flows</li></ul>	<ul style="list-style-type: none"><li>• Amend the specified subtotal 'operating profit or loss before depreciation and amortisation' to exclude impairments of assets within the scope of IAS 36</li><li>• Label the amended specified subtotal as 'operating profit or loss before depreciation, amortisation, and specified impairments'</li><li>• Not explicitly to prohibit 'EBITDA' as a label for an 'operating profit or loss before depreciation, amortisation and specified impairments' subtotal, but to explain in the Basis for Conclusions that such a label would rarely be a faithful representation for the subtotal</li></ul>	<ul style="list-style-type: none"><li>• Classification of interest received in the statement of cash flows</li><li>• Proposals for labelling of items of other comprehensive income</li><li>• Requirements carried over from IAS 1 <i>Presentation of Financial Statements</i></li><li>• Amendments to other IFRS Accounting Standards; IFRS 12 <i>Disclosure of Interests in Other Entities</i>, IAS 33 <i>Earnings Per Share</i> and IAS 34 <i>Interim Financial Reporting</i></li><li>• Transition provisions and effective date</li></ul>

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International Accounting Standards Board



International Sustainability Standards Board