IFRS Core Tools

IFRS Update of standards and interpretations in issue at 30 June 2021

Building a better working world

Contents

Introduction

Entities reporting under International Financial Reporting Standards (IFRS) continue to face a steady flow of new standards and interpretations. The resulting changes range from significant amendments of fundamental principles to some minor changes from the annual improvements process (AIP). They will affect different areas of accounting, such as recognition, measurement, presentation and disclosure.

Some of the changes have implications that go beyond matters of accounting, also potentially impacting the information systems of many entities. Furthermore, the changes may impact business decisions, such as the creation of joint arrangements or the structuring of particular transactions.

The challenge for preparers is to gain an understanding of what lies ahead.

Purpose of this publication

This publication provides an overview of the upcoming changes in standards and interpretations (pronouncements). It also provides an update on selected active projects. It does not attempt to provide an in-depth analysis or discussion of the topics. Rather, the objective is to highlight key aspects of these changes. Reference should be made to the text of the pronouncements before taking any decisions or actions.

This publication consists of three sections:

Section 1 provides a high-level overview of the key requirements of each pronouncement issued by the International Accounting Standards Board (IASB or the Board) and the IFRS Interpretations Committee (IFRS IC) as at 30 June 2021 that will be effective for the first-time for reporting periods ended at that date or thereafter. This overview provides a summary of the transitional requirements and a brief discussion of the potential impact that the changes may have on an entity's financial statements.

A table comparing mandatory application for different year ends is presented at the beginning of Section 1. In the table, the pronouncements are presented in order of their effective dates. Note that many pronouncements contain provisions that would allow entities to adopt in earlier periods.

When a standard or interpretation has been issued, but has yet to be applied by an entity, IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* requires the entity to disclose any known (or reasonably estimable) information relevant to understanding the possible impact that the new pronouncement will have on the financial statements, or indicate the reason for not doing so. The table at the beginning of Section 1 is helpful in identifying the pronouncements that fall within the scope of this disclosure requirement.

Section 2 provides a summary of the agenda decisions published in the *IFRIC Update*[1] since 1 April 2021. For agenda decisions published before 1 April 2021, please refer to previous editions of *IFRS Update*. In some agenda decisions, the IFRS IC refers to the existing pronouncements that provide adequate guidance. These agenda decisions provide a view on the application of the pronouncements and fall within 'other accounting literature and accepted industry practices' in paragraph 12 of IAS 8. IFRS standards are required to be applied reflecting the explanatory material contained in agenda decisions.

Section 3 summarises the key features of selected active projects of the IASB. The 'Key projects' addressed are those initiated with the objective of issuing new standards and those involving overarching considerations across a number of standards. 'Other projects' include proposed amendments with narrower applicability. Generally, only those projects that have reached the exposure draft stage are included, but, in selected cases, significant projects that have not yet reached the exposure draft stage are also highlighted.

[1] The *IFRIC Update* is available on the IASB's website at http://www.ifrs.org/news-and-events/updates/ifric-updates/

IFRS Core Tools

EY's *IFRS Core Tools*[2] provide the starting point for assessing the impact of changes to IFRS. Our *IFRS Core Tools* include a number of practical building blocks that can help the user to navigate the changing landscape of IFRS. In addition to *IFRS Update*, EY's *IFRS Core Tools* include the publications described below.

International GAAP® Disclosure Checklist

Our 2021 edition of *International GAAP® Disclosure Checklist* captures disclosure requirements applicable to periods ended 30 June 2021, and disclosures that are permitted to be adopted early. Our 2021 edition of *International GAAP® Disclosure Checklist for Interim Condensed Financial Statements* captures disclosure requirements applicable to interim reports of entities with a year-end of 31 December 2021, and disclosures that are permitted to be adopted early. These disclosure requirements are for all pronouncements issued as at 28 February 2021. This tool assists preparers to comply with the presentation and disclosure requirements of IFRS in their interim and year-end IFRS financial statements. Previous editions of this tool for earlier period-ends are available on EY's *IFRS Core Tools* webpage.

Good Group (International) Limited

Good Group (International) Limited is a set of illustrative financial statements, incorporating presentation and disclosure requirements that are in issue as at 30 June 2020 and effective for the year ended 31 December 2020. *Good Group (International) Limited – Illustrative interim condensed financial statements* for the period ended 30 June 2021, based on IFRS in issue at 28 February 2021, supplements *Good Group (International) Limited – Illustrative financial statements*. Among other things, these illustrative financial statements can assist in understanding the impact accounting changes may have on the financial statements.

Good Group (International) Limited is supplemented by illustrative financial statements that are aimed at specific sectors and circumstances. These include:

- Good Group (International) Limited – Alternative Format
- Good Group (International) Limited – Agriculture: Supplement to Illustrative Consolidated Financial Statements
- Good First-time Adopter (International) Limited
- Good Investment Fund Limited (Equity)
- Good Investment Fund Limited (Liability)
- Good Real Estate Group (International) Limited
- Good Mining (International) Limited
- Good Petroleum (International) Limited
- Good Bank (International) Limited
- Good Insurance (International) Limited
- Good Life Insurance (International) Limited
- Good General Insurance (International) Limited

Also available from EY:

Other EY publications

References to other EY publications that contain further details and discussion on these topics are included throughout the *IFRS Update*, all of which can be downloaded from our website.[2]

International GAAP® 2021[3]

Our *International GAAP® 2021* is a comprehensive guide to interpreting and implementing IFRS.[4] It includes pronouncements mentioned in this publication that were issued prior to September 2020, and it provides examples that illustrate how the requirements of those pronouncements are applied.

[2] EY's Core Tools are available on http://www.ey.com/en_gl/ifrs-technical-resources.

[3] International GAAP® is a registered trademark of Ernst & Young LLP (UK).

[4] https://www.wiley.com/en-gb/International+GAAP+2021-p-9781119772453.

Section 1: New pronouncements issued as at 30 June 2021

Table of mandatory application

			First time applied in annual periods ending on the last day of these months**											
New pronouncement	Page	Effective date*	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16	9	1 Apr 2021***	2022	2022	2022	2021	2021	2021	2021	2021	2021	2021	2021	2021
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	7	1 Jan 2021	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022	2021
Reference to the Conceptual Framework – Amendments to IFRS 3	10	1 Jan 2022	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	10	1 Jan 2022	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	11	1 Jan 2022	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2022
AIP IFRS 1 *First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*	15	1 Jan 2022	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2022
AIP IFRS 9 *Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*	15	1 Jan 2022	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2022
AIP IAS 41 *Agriculture – Taxation in fair value measurements*	15	1 Jan 2022	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2022
IFRS 17 *Insurance Contracts*	5	1 Jan 2023	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2023
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	12	1 Jan 2023	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2023
Definition of Accounting Estimates - Amendments to IAS 8	14	1 Jan 2023	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	13	1 Jan 2023	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	14	1 Jan 2023	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	11	Note 1												

*Effective for annual periods beginning on or after this date.

** Assuming that an entity has not early adopted the pronouncement according to specific provisions in the standard, interpretation or amendment.

*** Earlier application is permitted, including in financial statements not yet authorised for issue at 31 March 2021.

Note 1: In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

IFRS 17 *Insurance Contracts*

Effective for annual periods beginning on or after 1 January 2023

Background

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts*.

In June 2020, the IASB issued amendments to IFRS 17. These amendments included changing the effective date to 2023.

In September 2017, the Board established a Transition Resource Group (TRG) for IFRS 17 to analyse implementation-related questions. The TRG met four times and while no further meetings have been scheduled, the TRG submission process remains open for stakeholders to send in questions they believe meet the TRG submission criteria.

Scope

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

Key requirements

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss based on insurance contract services provided over the coverage period.
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining coverage period
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event occurs (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- A loss-recovery component of the asset for the remaining coverage of a group of reinsurance contracts held is determined and recorded in profit or loss when an entity recognises a recovery of a loss on initial recognition of an onerous group of underlying issued contracts as well as for subsequent measurement of the recovery of those losses
- Entities should present separately in the statement of financial position, the carrying amounts of portfolios of insurance contracts issued that are assets and those that are liabilities, with the same requirement applying to portfolios of reinsurance contracts held
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

Transition

IFRS 17 is effective for reporting periods starting on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 *Financial Instruments* on or before the date it first applies IFRS 17.

The Board decided on a retrospective approach for estimating the CSM on the transition date. However, if full retrospective application, as defined by IAS 8 for a group of insurance contracts, is impracticable, an entity is required to choose one of the following two alternatives:

- *Modified retrospective approach* - based on reasonable and supportable information available without undue cost and effort to the entity, certain modifications are applied to the extent full retrospective application is not possible, but still with the objective to achieve the closest possible outcome to retrospective application
- *Fair value approach* - the CSM is determined as the positive difference between the fair value determined in accordance with IFRS 13 *Fair Value Measurement* and the fulfilment cash flows (any negative difference would be recognised in retained earnings at the transition date)

Both the modified retrospective approach and the fair value approach provide transitional reliefs for determining the grouping of contracts. If an entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, it is required to apply the fair value approach.

Impact

IFRS 17, together with IFRS 9, will result in profound changes to the accounting in IFRS financial statements for insurance companies. This will have a significant impact on data, systems and processes used to produce information for financial reporting purposes. The new model is likely to have a significant impact on the profit and total equity of some insurance entities, resulting in increased volatility compared to today's models. Key performance indicators will also likely be affected.

Proposed amendment to IFRS 17

In June 2021, the IASB tentatively decided to propose a narrow scope amendment to IFRS 17 to permit a classification overlay for financial assets in the comparative period if certain conditions are met. This was in response to concerns regarding accounting mismatches that could arise between financial assets and insurance contracts in comparative information when IFRS 17 and IFRS 9 are first applied.

The IASB will begin the balloting process to publish an Exposure Draft (ED) with an intention to publish it by the end of July 2021. Once the ED is published, there will be a 60-day comment period.

Other EY publications

Insurance Accounting Alert (July 2021) EYG no. 005771-21Gbl

Applying IFRS 17: A closer look at the new Insurance Contracts Standard (June 2021) EYG No. 005427-21Gbl

IASB issues amendments to IFRS 17 (June 2020) EYG No. 004475-20Gbl

Good General Insurance (International) Limited (November 2020) EYG No. 007724-20Gbl

Fourth meeting of the IASB's IFRS 17 Transition Resource Group (April 2019) EYG No. 001926-19Gbl

Third technical discussion of the IASB's IFRS 17 Transition Resource Group (October 2018) EYG No. 011564-18Gbl

Second technical discussion of the IASB's IFRS 17 Transition Resource Group (May 2018) EYG No. 02735-183Gbl

First technical discussion of the IASB's IFRS 17 Transition Resource Group (February 2018) EYG No. 00865-183Gbl

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

Effective for annual periods beginning on or after 1 January 2021

Key requirements

In August 2020, the IASB published *Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred.

Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognised in profit or loss.

The practical expedient is also required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39 *Financial Instruments: Recognition and Measurement*) and for IFRS 16 *Leases*, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Permitted changes include redefining the hedged risk to reference an RFR and redefining the description of the hedging instruments and/or the hedged items to reflect the RFR. Entities are allowed until the end of the reporting period, during which a modification required by IBOR reform is made, to complete the changes.

Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 and IAS 39 to measure and recognise hedge ineffectiveness.

Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR. The cash flow hedge reserve is released to profit or loss in the same period or periods in which the hedged cash flows based on the RFR affect profit or loss.

For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero. This relief applies when the exception to the retrospective assessment ends.

The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued. As items within the hedged group transition at different times from IBORs to RFRs, they will be transferred to sub-groups of instruments that reference RFRs as the hedged risk.

As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform. The phase two reliefs cease to apply once all changes have been made to financial instruments and hedging relationships, as required by IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. The relief allows entities upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months.

Additional disclosures

IFRS 7 *Financial Instruments: Disclosures* includes the following:

- How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform
- Disaggregated by each significant IBOR benchmark, quantitative information about financial instruments that have yet to transition to RFRs
- If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes

Transition

The amendments are mandatory, with earlier application permitted. Hedging relationships must be reinstated if the hedging relationship was discontinued solely due to changes required by IBOR reform and it would not have been discontinued if the phase two amendments had been applied at that time. While application is retrospective, an entity is not required to restate prior periods.

Other EY publications

Applying IFRS: IBOR Reform (Updated May 2021)
EYG No. 004196-21Gbl

Good Bank (International) Limited (December 2020)
EYG No. 007985-20Gbl.

IFRS Developments Issue 174: IASB completes its IBOR reform programme (September 2020) EYG No. 006164-20Gbl

IFRS Developments Issue 152: IBOR reform: publication of the phase one amendments and commencement of phase two (September 2019) EYG No. 004361-19Gbl

EY has also published a series of videos on the accounting impacts of the IBOR reform which is available on www.ey.com/ifrs and the EY media platform on ey.mediaplatform.com:

- 'Global IFRS: Applying the IBOR reform amendments in practice, November 2020'
- 'Global IFRS video: IBOR reform – IASB publishes final phase two amendments, September 2020'

Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16

Effective for annual periods beginning on or after 1 April 2021

Key requirements

In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic.

As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

Transition

Lessees will apply the amendment retrospectively, recognising the cumulative effect of initially applying it as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which they first apply the amendment. In the reporting period in which a lessee first applies the 2021 amendment, the lessee will not be required to disclose the information required by paragraph 28(f) of IAS 8.

In accordance with paragraph 2 of IFRS 16, a lessee is required to apply the relief consistently to eligible contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient before or after the amendment.

Impact

The amendment to IFRS 16 will provide relief to lessees for accounting for rent concessions from lessors specifically arising from the covid-19 pandemic. While lessees that elect to apply the practical expedient do not need to assess whether a concession constitutes a modification, lessees still need to evaluate the appropriate accounting for each concession as the terms of the concession granted may vary.

Other EY publications

Applying IFRS: Accounting for covid-19 related rent concessions (Updated April 2021) EYG No. 003315-21Gbl

Applying IFRS: IFRS accounting considerations of the Coronavirus pandemic (Updated April 2021) EYG No. 03649-21Gbl

IFRS Developments Issue 189: IASB extends relief for COVID-19 related rent concessions (April 2021) EYG No. 002950-21Gbl

Reference to the Conceptual Framework – Amendments to IFRS 3

Effective for annual periods beginning on or after 1 January 2022

Key requirements

In May 2020, the IASB issued *Amendments to IFRS 3 Business Combinations - Reference to* the *Conceptual Framework*. The amendments are intended to replace a reference to a previous version of the IASB's *Conceptual Framework* (the 1989 *Framework*) with a reference to the current version issued in March 2018 (the *Conceptual Framework*) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the *Conceptual Framework*, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

Transition

The amendments must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the *Amendments to References to the Conceptual Framework in IFRS Standards* (March 2018).

Impact

The amendments are intended to update a reference to the *Conceptual Framework* without significantly changing requirements of IFRS 3. The amendments will promote consistency in financial reporting and avoid potential confusion from having more than one version of the *Conceptual Framework* in use.

Other EY publications

IFRS Developments Issue 169: Amendments to IFRS 3 – Reference to the Conceptual Framework (May 2020) EYG No. 003151-20Gbl

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

Effective for annual periods beginning on or after 1 January 2022

Key requirements

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Transition

The amendment must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

There is no transition relief for first-time adopters.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

Effective for annual periods beginning on or after 1 January 2022

Key requirements

In May 2020, the IASB issued amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Transition

The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

Impact

The amendments are intended to provide clarity and help ensure consistent application of the standard. Entities that previously applied the incremental cost approach will see provisions increase to reflect the inclusion of costs related directly to contract activities, whilst entities that previously recognised contract loss provisions using the guidance from the former standard, IAS 11 *Construction Contracts*, will be required to exclude the allocation of indirect overheads from their provisions. Judgement will be required in determining which costs are 'directly related to contract activities', but we believe that guidance in IFRS 15 *Revenue from Contracts with Customers* will be relevant.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

Key requirements

The amendments address the conflict between IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

Transition

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

Impact

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

Effective for annual periods beginning on or after 1 January 2023

Key requirements

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 *Presentation of Financial Statements* to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

Right to defer settlement

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.

Existence at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

Management expectations

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

Meaning of the term 'settlement'

The Board added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

Settlement by way of an entity's own equity instruments is considered settlement for the purpose of classification of liabilities as current or non-current, with one exception.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current.

Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

Transition and impact

Many entities will find themselves already in compliance with the amendments. However, entities need to consider whether some of the amendments may impact their current practice. Entities need to carefully consider whether there are any aspects of the amendments that suggest that terms of their existing loan agreements should be renegotiated. In this context, it is important to highlight that the amendments must be applied retrospectively.

Proposed amendments

In June 2021, the Board tentatively decided to propose several amendments to the clarifications made in January 2020. In particular, the Board decided to propose that if a right to defer settlement for at least twelve months is subject to an entity complying with conditions after the reporting date, those conditions do not affect whether the right to defer settlement exists at the reporting date for the purpose of classifying a liability as current or non-current. Additional presentation and disclosure requirements would be applicable in such circumstances.

Furthermore, the Board tentatively decided to defer the effective date to 1 January 2024 (from 1 January 2023).

The Board intends to discuss transition requirements for the proposed amendments and due process steps at a future meeting.

Other EY publications

IFRS Developments Issue 159: Amendments to classification of liabilities as current or non-current (Updated July 2020)
EYG No. 000391-20Gbl

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

Effective for annual periods beginning on or after 1 January 2023

Key requirements

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies

And

- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

Replacement of the term 'significant' with 'material'

In the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board.

In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them.

Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

Disclosure of standardised information

Although standardised information is less useful to users than entity-specific accounting policy information, the Board agreed that, in some circumstances, standardised accounting policy information may be needed for users to understand other material information in the financial statements. In those situations, standardised accounting policy information is material, and should be disclosed.

The amendments to the PS also provide examples of situations when generic or standardised information summarising or duplicating the requirements of IFRS may be considered material accounting policy information.

Transition

Earlier application of the amendments to IAS 1 is permitted as long as this fact is disclosed.

Since the amendments to the PS provide non-mandatory guidance on the application of the definition of material to accounting policy information, the Board concluded that transition requirements and an effective date for these amendments were not necessary.

Impact

The amendments may impact the accounting policy disclosures of entities. Determining whether accounting policies are material or not requires use of judgement. Therefore, entities are encouraged to revisit their accounting policy information disclosures to ensure consistency with the amended standard.

Entities should carefully consider whether 'standardised information, or information that only duplicates or summarises the requirements of the IFRSs' is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance the usefulness of the financial statements.

Other EY publications

IFRS Developments Issue 187: The Disclosure Initiative - IASB amends the accounting policy requirements (February 2021) EYG No. 001327-21Gbl

Definition of Accounting Estimates - Amendments to IAS 8

Effective for annual periods beginning on or after 1 January 2023

Key requirements

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'.

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Changes in accounting estimates

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

Illustrative examples

The amendments include two illustrative examples to help stakeholders understand how to apply the new definition of accounting estimates.

Transition

The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

Impact

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on entities' financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

Other EY publications

IFRS Developments Issue 187: The IASB defines accounting estimates (February 2021) EYG No. 001259-21Gbl

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

Effective for annual periods beginning on or after 1 January 2023

Key requirements

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

Determining the tax base of assets and liabilities

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Changes to the initial recognition exception

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

Transition

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

Other EY publications

IFRS Developments Issue 191: IASB clarifies deferred tax accounting for leases and decommissioning obligations (May 2021) EYG No. 004619-21Gbl

Improvements to International Financial Reporting Standards

Key requirements

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS.

2018-2020 cycle (issued in May 2020)

The following is a summary of the amendments from the 2018-2020 annual improvements cycle:

IFRS 1 *First-time Adoption of International Financial Reporting Standards*	**Subsidiary as a first-time adopter** ▸ The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. ▸ An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.
IFRS 9 *Financial Instruments*	**Fees in the '10 per cent' test for derecognition of financial liabilities** ▸ The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39. ▸ An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. ▸ An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.
Illustrative Examples accompanying IFRS 16 *Leases*	**Lease incentives** ▸ The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.
IAS 41 *Agriculture*	**Taxation in fair value measurements** ▸ The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. ▸ An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

Section 2: Items not taken onto the IFRS Interpretations Committee's agenda in Q2 2021

Certain items deliberated by the IFRS IC are published within the 'Interpretations Committee agenda decisions' section of the IASB's *IFRIC Update*. Agenda decisions are issues that the IFRS IC decides not to add to its agenda and include the reasons for not doing so. For some of these items, the IFRS IC includes further information and explanatory material about how the standards should be applied. This guidance does not constitute an interpretation, but rather, provides additional information on the issues raised and the IFRS IC's views on how the standards and current interpretations are to be applied. Before an agenda decision is published, the Board is asked whether it objects to the agenda decision. If four or more Board members object, the agenda decision is not published and the Board decides how to proceed.

Whilst agenda decisions (including any explanatory material contained within them) do not add to or change requirements in IFRS standards, the explanatory material derives its authority from IFRS standards. Accordingly, an entity is required to apply IFRS standards, reflecting the explanatory material in an applicable agenda decision.

The table below summarises the topics that the IFRS IC decided not to take onto its agenda for the period from 1 April 2021 (since our previous edition of *IFRS Update*) to 30 June 2021. For agenda decisions published before 1 April 2021, please refer to previous editions of *IFRS Update*. All items considered by the IFRS IC during its meetings, as well as the full text of its conclusions, can be found in the *IFRIC Update* on the IASB's website.[5]

According to the IFRS IC, 'the process for publishing an agenda decision might often result in explanatory material that provides new information that was not otherwise available and could not otherwise reasonably have been expected to be obtained. Because of this, an entity might determine that it needs to change an accounting policy as a result of an agenda decision. The Board expects that an entity would be entitled to sufficient time to make that determination and implement any change (for example, an entity may need to obtain new information or adapt its systems to implement a change).'

Final date considered	Issue	Summary of reasons given for not adding the issue to the IFRS IC's agenda

March 2021	Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)	The IFRS IC received a request about how a customer accounts for costs of configuring or customising a supplier's application software in a Software as a Service (SaaS) arrangement. In the fact pattern described in the request:
		▸ A customer enters into a SaaS arrangement with a supplier. The contract conveys to the customer the right to receive access to the supplier's application software over the contract term. That right to receive access does not provide the customer with a software asset and, therefore, the access to the software is a service that the customer receives over the contract term.
		▸ The customer incurs costs of configuring or customising the supplier's application software to which the customer receives access. The request describes configuration and customisation, as follows:
		  ▸ Configuration involves the setting of various 'flags' or 'switches' within the application software, or defining values or parameters, to set up the software's existing code to function in a specified way.
		  ▸ Customisation involves modifying the software code in the application or writing additional code. Customisation generally changes, or creates additional, functionalities within the software.
		▸ The customer receives no other goods or services.
		In analysing the request, the IFRS IC considered:
		▸ Whether, applying IAS 38, the customer recognises an intangible asset in relation to configuration or customisation of the application software (Question I).
		▸ if an intangible asset is not recognised, how the customer accounts for the configuration or customisation costs (Question II).
		Does the customer recognise an intangible asset in relation to configuration or customisation of the application software (Question I)?

[5] The *IFRIC Update* is available at http://www.ifrs.org/news-and-events/updates/ifric-updates/

Final date considered	Issue	Summary of reasons given for not adding the issue to the IFRS IC's agenda
		Applying paragraph 18 of IAS 38, an entity recognises an item as an intangible asset when the entity demonstrates that the item meets both the definition of an intangible asset and the recognition criteria in paragraphs 21–23 of IAS 38. IAS 38 defines an intangible asset as 'an identifiable non-monetary asset without physical substance'. IAS 38 notes that an asset is a resource controlled by an entity and paragraph 13 specifies that an entity controls an asset if it has 'the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits'. In the fact pattern described in the request, the supplier controls the application software to which the customer has access. The assessment of whether configuration or customisation of that software results in an intangible asset for the customer depends on the nature and output of the configuration or customisation performed. The IFRS IC observed that, in the SaaS arrangement described in the request, the customer often would not recognise an intangible asset because it does not control the software being configured or customised and those configuration or customisation activities do not create a resource controlled by the customer that is separate from the software. In some circumstances, however, the arrangement may result in, for example, additional code from which the customer has the power to obtain the future economic benefits and to restrict others' access to those benefits. In that case, in determining whether to recognise the additional code as an intangible asset, the customer assesses whether the additional code is identifiable and meets the recognition criteria in IAS 38. **If an intangible asset is not recognised, how does the customer account for the configuration or customisation costs (Question II)?** If the customer does not recognise an intangible asset in relation to configuration or customisation of the application software, it applies paragraphs 68–70 of IAS 38 to account for those costs. The IFRS IC observed that: ▸ the customer recognises the costs as an expense when it receives the configuration or customisation services (paragraph 69). Paragraph 69A specifies that 'services are received when they are performed by a supplier in accordance with a contract to deliver them to the entity and not when the entity uses them to deliver another service'. In assessing when to recognise the costs as an expense, IAS 38 therefore requires the customer to determine when the supplier performs the configuration or customisation services in accordance with the contract to deliver those services. ▸ IAS 38 includes no requirements that deal with the identification of the services the customer receives in determining when the supplier performs those services in accordance with the contract to deliver them. Paragraphs 10–11 of IAS 8 require the customer to refer to, and consider the applicability of, the requirements in IFRS Standards that deal with similar and related issues. The IFRS IC observed that IFRS 15 includes requirements that suppliers apply in identifying the promised goods or services in a contract with a customer. For the fact pattern described in the request, those requirements in IFRS 15 deal with issues similar and related to those faced by the customer in determining when the supplier performs the configuration or customisation services in accordance with the contract to deliver those services. ▸ If the contract to deliver the configuration or customisation services to the customer is with the supplier of the application software (including cases in which the supplier subcontracts services to a third party), the customer applies paragraphs 69–69A of IAS 38 and determines when the supplier of the application software performs those services in accordance with the contract to deliver them, as follows:

Final date considered	Issue	Summary of reasons given for not adding the issue to the IFRS IC's agenda
		▸ If the services the customer receives are distinct, then the customer recognises the costs as an expense when the supplier configures or customises the application software. ▸ If the services the customer receives are not distinct (because those services are not separately identifiable from the customer's right to receive access to the supplier's application software), then the customer recognises the costs as an expense when the supplier provides access to the application software over the contract term. ▸ If the contract to deliver the configuration or customisation services to the customer is with a third-party supplier, the customer applies paragraphs 69–69A of IAS 38 and determines when the third-party supplier performs those services in accordance with the contract to deliver them. In applying these requirements, the customer recognises the costs as an expense when the third-party supplier configures or customises the application software. ▸ If the customer pays the supplier of the configuration or customisation services before receiving those services, it recognises the prepayment as an asset (paragraph 70 of IAS 38). Paragraphs 117–124 of IAS 1 *Presentation of Financial Statements* require the customer to disclose its accounting policy for configuration or customisation costs when that disclosure is relevant to an understanding of its financial statements. The IFRS IC concluded that the principles and requirements in IFRS standards provide an adequate basis for a customer to determine its accounting for configuration or customisation costs incurred in relation to the SaaS arrangement described in the request.
April 2021	Attributing Benefit to Periods of Service (IAS 19 *Employee Benefits*)	The IFRS IC received a request about the periods of service to which an entity attributes benefit for a particular defined benefit plan. Under the terms of the plan: ▸ Employees are entitled to a lump sum benefit payment when they reach a specified retirement age provided they are employed by the entity when they reach that retirement age; and ▸ The amount of the retirement benefit to which an employee is entitled depends on the length of employee service with the entity before the retirement age and is capped at a specified number of consecutive years of service. To illustrate the fact pattern described in the request, assume an entity sponsors a defined benefit plan for its employees. Under the terms of the plan: ▸ Employees are entitled to a retirement benefit only when they reach the retirement age of 62, provided they are employed by the entity when they reach that retirement age; ▸ The amount of the retirement benefit is calculated as one month of final salary for each year of service with the entity before the retirement age; ▸ The retirement benefit is capped at 16 years of service (that is, the maximum retirement benefit to which an employee is entitled is 16 months of final salary); and ▸ The retirement benefit is calculated using only the number of consecutive years of employee service with the entity immediately before the retirement age. Paragraphs 70–74 of IAS 19 require an entity to attribute benefit to periods of service under the plan's benefit formula from the date when employee service first leads to benefits under the plan until the date when further employee

Final date considered	Issue	Summary of reasons given for not adding the issue to the IFRS IC's agenda
		service will lead to no material amount of further benefits under the plan. Paragraph 71 requires an entity to attribute benefit to periods in which the obligation to provide post-employment benefits arises. That paragraph also specifies that the obligation arises as employees render services in return for post-employment benefits an entity expects to pay in future reporting periods. Paragraph 72 specifies that employee service before the vesting date gives rise to a constructive obligation because, at the end of each successive reporting period, the amount of future service an employee will have to render before becoming entitled to the benefit is reduced. For the defined benefit plan illustrated in this agenda decision: ▸ If an employee joins the entity before the age of 46 (that is, there are more than 16 years before the employee's retirement age), any service the employee renders before the age of 46 does not lead to benefits under the plan. Employee service before the age of 46 affects neither the timing nor the amount of the retirement benefit. Accordingly, the entity's obligation to provide the retirement benefit arises for employee service rendered only from the age of 46. ▸ If an employee joins the entity on or after the age of 46, any service the employee renders leads to benefits under the plan. Employee service rendered from the date of employment affects the amount of the retirement benefit. Accordingly, the entity's obligation to provide the retirement benefit arises from the date the employee first renders service. Paragraph 73 of IAS 19 specifies that an entity's obligation increases until the date when further service by the employee will lead to no material amount of further benefits under the plan. The IFRS IC observed that: ▸ Each year of service between the age of 46 and the age of 62 leads to further benefits because service rendered in each of those years reduces the amount of future service an employee will have to render before becoming entitled to the retirement benefit. ▸ An employee will receive no material amount of further benefits from the age of 62, regardless of the age at which the employee joins the entity. The entity, therefore, attributes retirement benefit only until the age of 62. Consequently, for the defined benefit plan illustrated in this agenda decision, the IFRS IC concluded that the entity attributes retirement benefit to each year in which an employee renders service from the age of 46 to the age of 62 (or, if employment commences on or after the age of 46, from the date the employee first renders service to the age of 62). The IFRS IC's conclusion aligns with the outcome set out in the first part of Example 2 illustrating paragraph 73 (that is, for employees who join before the age of 35), which is part of IAS 19. The IFRS IC concluded that the principles and requirements in IFRS standards provide an adequate basis for an entity to determine the periods to which retirement benefit is attributed in the fact pattern described in the request.
April 2021	Hedging Variability in Cash Flows due to Real Interest Rates (IFRS 9 *Financial Instruments*)	The IFRS IC received a request about applying the hedge accounting requirements in IFRS 9 when the risk management objective is to 'fix' the cash flows in real terms. The request asked whether a hedge of the variability in cash flows arising from changes in the real interest rate, rather than the nominal interest rate, could be accounted for as a cash flow hedge. More specifically, the request describes a fact pattern in which an entity with a floating rate instrument referenced to an interest rate benchmark, such as LIBOR, enters into an inflation swap (which swaps the variable interest cash flows of the floating rate instrument for variable cash flows based on an inflation index). The request asked whether the entity can designate the swap in a cash flow hedging relationship to hedge changes in

Final date considered	Issue	Summary of reasons given for not adding the issue to the IFRS IC's agenda
		the variable interest payments for changes in the real interest rate. **Hedge accounting requirements in IFRS 9** Paragraph 6.1.1 of IFRS 9 states that the objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income). Paragraph 6.4.1 of IFRS 9 sets out the qualifying criteria for hedge accounting. One type of hedging relationship described in paragraph 6.5.2 of IFRS 9 is a cash flow hedge in which an entity hedges the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability and could affect profit or loss. Paragraph 6.3.7 of IFRS 9 specifies that an entity may designate an item in its entirety, or a component of an item, as a hedged item. A risk component may be designated as the hedged item if, based on an assessment within the context of the particular market structure, the risk component is separately identifiable and reliably measurable. With respect to inflation risk, paragraph B6.3.13 of IFRS 9 states 'there is a rebuttable presumption that unless inflation risk is contractually specified, it is not separately identifiable and reliably measurable and hence cannot be designated as a risk component of a financial instrument'. Paragraph B6.3.14 of IFRS 9 states that an entity cannot simply impute the terms and conditions of an inflation hedging instrument by projecting its term and conditions onto a nominal interest rate debt instrument. This is because, when developing IFRS 9, the Board specifically considered inflation risk and put in place restrictions to address its concern that entities might impute the terms and conditions of a hedging instrument onto the hedged item 'without proper application of the criteria for designating risk components' as a hedged item (paragraph BC6.193 of IFRS 9). To appropriately account for hedge (in)effectiveness, paragraph B6.5.5 of IFRS 9 requires an entity to measure the (present) value of the hedged item independently of the measurement of the value of the hedging instrument. Given that the request asked whether the real interest rate component could be designated as a risk component in a cash flow hedge, the IFRS IC's analysis focused on whether a non-contractually specified real interest rate risk component is separately identifiable and reliably measurable in the context of the proposed cash flow hedging relationship described in the request. **Can a non-contractually specified real interest rate risk component be designated as the hedged item in the proposed cash flow hedging relationship?** When considering the qualifying criteria in paragraph 6.4.1 of IFRS 9, the IFRS IC observed that for cash flow hedge accounting to be applied in the fact pattern described in the request, it would be necessary to determine: ▸ Whether that risk component is separately identifiable and reliably measurable as required by paragraph 6.3.7 of IFRS 9; and ▸ As a result, that the entity has exposure to variability in cash flows that is attributable to the real interest rate risk component of the floating rate instrument as required by paragraph 6.5.2(b) of IFRS 9. The IFRS IC noted that, to designate a risk component in a hedging relationship, the risk component must be separately identifiable and reliably measurable within the context of each individual hedging relationship. The IFRS IC also noted that it is the market structure — in which a floating rate instrument is issued and in which hedging activity will take place — that needs to support the eligibility of a real interest rate risk component as a non-contractually specified risk component as required by paragraph 6.3.7 of IFRS 9. For the market structure to support the eligibility of that risk component in the proposed cash flow hedging

Final date considered	Issue	Summary of reasons given for not adding the issue to the IFRS IC's agenda
		relationship, the real interest rate must represent an identifiable pricing element in setting the floating benchmark interest rate, thereby creating separately identifiable and reliably measurable cash flow variability in the floating rate instrument. Although the rebuttable presumption in paragraph B6.3.13 of IFRS 9 applies to both fair value hedges and cash flow hedges, the example in paragraph B6.3.14 of IFRS 9 illustrates a rebuttal of the presumption in a fair value hedge. The IFRS IC therefore concluded that, because nominal rates generally do not change as a direct result of changes in real interest rates, the existence in the relevant debt market of a term structure of zero-coupon real interest rates does not, in itself, overcome the rebuttable presumption in paragraph B6.3.13 of IFRS 9 in the proposed cash flow hedging relationship. The IFRS IC noted that cash flows as defined by paragraph 6 of IAS 7 *Statement of Cash Flows* are, by nature, denominated in nominal terms. The IFRS IC also noted that the interest rate for floating rate financial instruments is defined in nominal terms for a given currency. Therefore, to meet the requirements in IFRS 9 for a cash flow hedge designation, the variability in the cash flows of the floating rate instrument attributable to the designated risk component needs to be assessed in nominal terms. A nominal interest rate (such as LIBOR) may be influenced by expected inflation and the real interest rate in the long term. However, nominal interest rates do not change as a direct result of changes in inflation or the real interest rate (that is, they are not identifiable pricing elements in setting nominal rates). The IFRS IC, therefore, concluded that there is no exposure to variability in cash flows that is attributable to changes in the real interest rate in the proposed cash flow hedging relationship and, thus, the requirements in paragraph 6.3.7 and paragraph 6.5.2(b) of IFRS 9 are not met. Consequently, the real interest rate risk component in the proposed cash flow hedging relationship does not meet the requirements in IFRS 9 to be designated as an eligible hedged item as required by paragraph 6.4.1 of IFRS 9. The IFRS IC concluded that the requirements in IFRS 9 provide an adequate basis for an entity to determine whether a hedge of the variability in cash flows arising from changes in the real interest rate, rather than the nominal interest rate, could be accounted for as a cash flow hedge.
June 2021	Preparation of Financial Statements when an Entity is No Longer a Going Concern (IAS 10 *Events after the Reporting Period*)	The IFRS IC received a request about the accounting applied by an entity that is no longer a going concern (as described in paragraph 25 of IAS 1 *Presentation of Financial Statements*). The request asked whether such an entity: ▸ Can prepare financial statements for prior periods on a going concern basis if it was a going concern in those periods and has not previously prepared financial statements for those periods (Question I) and ▸ Restates comparative information to reflect the basis of accounting used in preparing the current period's financial statements if it had previously issued financial statements for the comparative period on a going concern basis (Question II) **Question I** Paragraph 25 of IAS 1 requires an entity to prepare financial statements on a going concern basis 'unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so'. Paragraph 14 of IAS 10 states that 'an entity shall not prepare its financial statements on a going concern basis if management determines after the reporting period either that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so'.

Final date considered	Issue	Summary of reasons given for not adding the issue to the IFRS IC's agenda
		Applying paragraph 25 of IAS 1 and paragraph 14 of IAS 10, an entity that is no longer a going concern cannot prepare financial statements (including those for prior periods that have not yet been authorised for issue) on a going concern basis. The IFRS IC, therefore, concluded that the principles and requirements in IFRS standards provide an adequate basis for an entity that is no longer a going concern to determine whether it prepares its financial statements on a going concern basis. **Question II** Based on its research, the IFRS IC observed no diversity in the application of IFRS standards with respect to Question II Therefore, the IFRS IC has not obtained evidence that the matter has widespread effect.
June 2021	Costs Necessary to Sell Inventories (IAS 2 *Inventories*)	The IFRS IC received a request about the costs an entity includes as the 'estimated costs necessary to make the sale' when determining the net realisable value of inventories. In particular, the request asked whether an entity includes all costs necessary to make the sale or only those that are incremental to the sale. Paragraph 6 of IAS 2 defines net realisable value as 'the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale'. Paragraphs 28–33 of IAS 2 include further requirements about how an entity estimates the net realisable value of inventories. Those paragraphs do not identify which specific costs are 'necessary to make the sale' of inventories. However, paragraph 28 of IAS 2 describes the objective of writing inventories down to their net realisable value — that objective is to avoid inventories being carried 'in excess of amounts expected to be realised from their sale'. The IFRS IC observed that, when determining the net realisable value of inventories, IAS 2 requires an entity to estimate the costs necessary to make the sale. This requirement does not allow an entity to limit such costs to only those that are incremental, thereby potentially excluding costs the entity must incur to sell its inventories but that are not incremental to a particular sale. Including only incremental costs could fail to achieve the objective set out in paragraph 28 of IAS 2. The IFRS IC concluded that, when determining the net realisable value of inventories, an entity estimates the costs necessary to make the sale in the ordinary course of business. An entity uses its judgement to determine which costs are necessary to make the sale considering its specific facts and circumstances, including the nature of the inventories. The IFRS IC concluded that the principles and requirements in IFRS standards provide an adequate basis for an entity to determine whether the estimated costs necessary to make the sale are limited to incremental costs when determining the net realisable value of inventories.

Section 3: Active IASB projects

The ability to stay current on the IASB's standard-setting activities is critical in a sea of change. The following pages summarise key features of selected active projects of the IASB, along with potential implications of the proposed standards. The 'Key projects' are those initiated with the objective of issuing new standards or that involve overarching considerations across a number of standards. 'Other projects' include proposed amendments with narrower applicability. Generally, only those projects that have reached the exposure draft stage are included, but in selected cases, projects that have not yet reached the exposure draft stage are also commented on.

Key projects

Better communication in financial reporting

Key developments to date

Background

The IASB is undertaking a broad-based initiative to explore how disclosures in IFRS financial reporting can be improved. The Board has identified implementation and research projects that will support better communication.

Disclosure initiative

In December 2014 and January 2016, amendments to IAS 1 and IAS 7 *Statement of Cash Flows*, respectively, were issued. Furthermore, the IASB released IFRS Practice Statement 2 *Making Materiality Judgement* (the PS) in September 2017 and the *Definition of Material* (Amendments to IAS 1 and IAS 8) in October 2018. In February 2021, the IASB issued amendments to IAS 1 and the PS relating to disclosure of accounting policies.

In addition, the Disclosure Initiative comprises the following projects:

Principles of disclosure

The objective of this project is to identify and better understand disclosure issues and either develop a set of new disclosure principles, or clarify the existing principles.

The IASB published a Discussion Paper (DP) in March 2017 which focused on the general disclosure requirements in IAS 1 and the concepts that were being developed in the *Conceptual Framework for Financial Reporting*.

After considering the feedback received on the DP, the IASB decided that improving the way disclosure requirements are developed and drafted in the standards is the most effective way to address the disclosure problem. Therefore, the Board decided to prioritise a standard-level review of certain standards (see below).

The Board has also decided to address research findings relating to accounting policy disclosures (see page 13 above), the effect of technology on financial reporting (as part of a broader project) and the use of performance measures in financial statements as part of the primary financial statements project (see below). The remaining topics in the DP will not be pursued for the time being.

Targeted standards-level review of disclosures

The IASB has added a separate project to develop guidance to help improve the way the Board drafts disclosure requirements in IFRS standards and perform a targeted standards-level review of disclosure requirements. The draft guidance developed by the Board relates to IAS 19 *Employee Benefits* and IFRS 13. The Board published an exposure draft in March 2021. The Exposure Draft is open for comment until 21 October 2021.

Subsidiaries that are SMEs

In January 2020, the Board decided to move the Subsidiaries that are SMEs project from the research programme to the standard-setting programme. The Board is developing a reduced disclosure IFRS standard that would apply on a voluntary basis to subsidiaries that do not have public accountability. The Board plans to publish an exposure draft in July 2021.

Primary financial statements

The project aims to improve the structure and content of the primary financial statements, with a focus on the statement(s) of financial performance. The project also includes requirements for management performance measures. The Board published an exposure draft in December 2019 and the comment letter period ended on 30 September 2020. Currently, the Board is redeliberating the proposals in light of the comment letters received.

Management commentary

The Board is working on a project to update IFRS Practice Statement 1 *Management Commentary*. As part of this project, the Board is considering how broader financial reporting could complement and support IFRS financial statements. The Board published an exposure draft in May 2021. The exposure draft is open for comment until 23 November 2021.

IFRS taxonomy

The Better Communication in Financial Reporting initiative will also consider the IFRS taxonomy. The Taxonomy enables tagging of electronic financial information and allows computers to identify, read and extract the information. This facilitates analysis and comparison. Users may create tailored reports to meet their information needs.

Impact

Several of the measures being considered by the Board are behavioural in nature, and, thus, the impact may not be easily predicted. However, the different projects have the potential to provide clarifications and guidance that will help entities prepare more tailored and effective primary financial statements and disclosures.

Other EY publications

Applying IFRS: Alternative Performance Measures (October 2018) EYG No. 011765-18Gbl

Applying IFRS: Enhancing communication effectiveness (February 2017) EYG No. 000662-173Gbl

IFRS Developments Issue 192: IASB proposes a new framework for management commentary (June 2021) EYG No. 004815-21Gbl

IFRS Developments Issue 188: Disclosure Requirements in IFRS Standards – A Pilot Approach (April 2021) EYG No. 002697-21Gbl

IFRS Developments Issue 187: The Disclosure Initiative - IASB amends the accounting policy requirements (February 2021) EYG No. 001327-21Gbl

IFRS Developments Issue 161: Financing and investing entities: proposed changes to primary financial statements (February 2020) EYG No. 000962-20Gbl

IFRS Developments Issue 158: The IASB proposes major changes to primary financial statements (December 2019) EYG No. 005876-19Gbl

IFRS Developments Issue 138: IASB issues amendments to the definition of material (November 2018) EYG No. 011935-18Gbl

Other projects

The IASB has a number of projects on its work plan to amend existing standards and interpretations for specific matters. The following is a brief summary of selected projects. Refer to the IASB's website for its work plan, which includes the current status of all projects.

Other projects	Status/next steps

Financial Instruments – Accounting for Dynamic Risk Management
▸ The objective of this project is to address the specific accounting for risk management strategies relating to open portfolios rather than individual contracts. The hedge accounting requirements in IAS 39 and IFRS 9 do not provide specific solutions to the issues associated with macro hedging.
▸ The IASB intends to develop the accounting model for dynamic risk management (DRM) using cash flow hedge mechanics as a starting point in the following two phases:
  ▸ The first phase will focus on developing the 'core areas' that are central to the model that are comprised of: (i) target profile (liability side); (ii) asset profile; (iii) DRM derivative instruments; and (iv) performance assessment and recycling, to shape the fundamentals of the DRM accounting model.
  ▸ The second phase will address non-core areas that are extensions of concepts developed during the first phase.
▸ The IASB has tentatively decided that key aspects of the core DRM model are:
  ▸ The model applies to the asset profile and target profile that meet the qualifying criteria on a portfolio (or percentage of portfolio) basis, consistently with the entity's risk management policies and procedures
  ▸ Core demand deposits could be included in the target profile, with certain conditions. Highly probable forecast transactions could also be eligible for inclusion in the asset profile and target profile (e.g., refinancing)
  ▸ Designation and formal documentation will be required
  ▸ Changes to designated portfolios resulting in updates to the asset profile or target profile should not represent a designation or a de-designation event, but, instead, a continuation of the existing relationship
  ▸ Entities should measure imperfect alignment on an on-going basis. Imperfect alignment may result in volatility in profit or loss
  ▸ Application of the DRM accounting model should be optional.
	▸ The stakeholder consultation on the core elements of the model commenced in October 2020.
	▸ The Board met to hear feedback on the core model and to discuss next steps in April and May 2021.
	▸ As of May 2021, the IASB staff are investigating key concerns, namely the interaction between risk limits and the target profile, designation of a proportion of pre-payable assets and recognition of changes in fair value of derivatives in other comprehensive income, to determine whether they can be resolved. The Board will consider the staff's proposals and decide on the project duration at future meetings.

Other projects	Status/next steps
Availability of a Refund (Amendments to IFRIC 14) ▸ The proposed amendments to IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* address whether the powers of other parties (e.g., trustees) affect an entity's right to a refund of a surplus in a defined benefit plan.	▸ An ED was issued in June 2015. ▸ In September 2017, the Board tentatively decided to perform further work to assess whether it can establish a more principles-based approach in IFRIC 14 for an entity to assess the availability of a refund of a surplus. ▸ In February 2020, the Board was updated on the work performed on the proposed amendments to IFRIC 14. The Board decided not to finalise the proposed amendments and will consider the project's direction at a future meeting.

Financial Instruments with Characteristics of Equity
▸ The objective of the project is to improve the information that entities provide in their financial statements about financial instruments they have issued by:
  ▸ Investigating challenges with the classification of financial instruments applying IAS 32 *Financial Instruments: Presentation*
  And
  ▸ Considering how to address those challenges through clearer principles for classification and enhanced requirements for presentation and disclosure
▸ The IASB published the Discussion Paper *Financial Instruments with Characteristics of Equity* in June 2018.
▸ In September 2019, taking into account the feedback received on the Discussion Paper, the Board tentatively decided to explore making clarifying amendments to IAS 32 to address common accounting challenges that arise in practice when applying IAS 32.
▸ In October 2019, the Board discussed the project plan for the Financial Instruments with Characteristics of Equity project. In particular, the Board discussed the practice issues that it could address in the scope of the project and an indicative project timeline outlining the expected commencement of Board deliberations on each issue.
▸ The Board is seeking to limit changes to classification outcomes to those in which sufficient evidence exists that such a change would provide more useful information to users of financial statements. In addition, the Board intends to further develop some of the presentation and disclosure proposals explored in the Discussion Paper.
	▸ In April 2020, the Board continued their discussions on how to clarify the principles for classifying financial instruments settled in an entity's own equity instruments. The Board tentatively decided that for a derivative on own equity to meet the fixed-for-fixed condition, the number of functional currency units to be exchanged with each underlying equity instrument must be fixed or only vary with:
	  ▸ Allowable preservation adjustments
	  Or
	  ▸ Allowable passage of time adjustments
	▸ The Board met in April and May 2021 to discuss the addition of disclosure requirements to IFRS 7. The Board tentatively decided to require disclosure of:
	  ▸ The nature and priority of claims against an entity that arise from financial instruments; and
	  ▸ The terms and conditions for priority on liquidation for particular financial instruments
	▸ The finalised requirements will be incorporated into IFRS 7.

Other projects	Status/next steps
Lease liability in a sale and leaseback ▸ The IASB intends to amend IFRS 16 to specify the method a seller-lessee uses in initially measuring the right-of-use asset and liability arising in a sale and leaseback transaction and how the seller-lessee subsequently measures that liability. ▸ The proposed amendment applies to sale and leaseback transactions in which, applying paragraph 99 of IFRS 16, the transfer of the asset satisfies the requirements to be accounted for as a sale of the asset.	▸ The Board issued an exposure draft of the proposed amendment in November 2020 which was open for comment until 29 March 2021. ▸ In May 2021, the Board considered the feedback received on the exposure draft. The Board will consider the project's direction in Q4 2021.
Lack of Exchangeability (Amendments to IAS 21) ▸ The IASB intends to amend IAS 21 *The Effects of Changes in Foreign Exchange Rates* to address the spot exchange rate an entity uses when a currency lacks exchangeability. ▸ The proposed amendments would (a) define exchangeability and thus a lack of exchangeability; and (b) specify how an entity determines the spot exchange rate when a currency lacks exchangeability.	▸ The exposure draft was issued in April 2021 and is open for comment until 1 September 2021.

Business Combinations: Disclosures, Goodwill and Impairment
▸ Based on the feedback received during the Post-implementation Review of IFRS 3, the Board decided to begin a research project to explore possible improvements to IFRS 3 and IAS 36 *Impairment of Assets*.
▸ In March 2020, the IASB published the Discussion Paper (DP) *Business Combinations: Disclosures, Goodwill and Impairment*. The Board's preliminary views are that it:
  ▸ Should develop proposals to enhance the disclosure objectives and requirements in IFRS 3 to improve the information provided to investors about an acquisition and its subsequent performance
  ▸ Cannot design a different impairment test for cash-generating units containing goodwill that is significantly more effective than the impairment test in IAS 36 at recognising impairment losses on goodwill on a timely basis and at a reasonable cost
  ▸ Should not reintroduce amortisation of goodwill
  ▸ Should develop a proposal to help investors better understand entities' financial positions by requiring them to present on their balance sheets the amount of total equity excluding goodwill
  ▸ Should develop proposals intended to reduce the cost and complexity of performing the impairment test by:
	▸ The DP was issued in March 2020 and was open for comment until 31 December 2020. In June 2021, the Board tentatively decided to leave the scope unchanged and make no changes to the project's scope. The Board will continue its redeliberations at a future meeting.

Other projects	Status/next steps
▸ Providing entities with relief from having to perform an annual quantitative impairment test for cash-generating units containing goodwill if there is no indication that an impairment may have occurred ▸ Extending the same relief to entities for intangible assets with indefinite useful lives and intangible assets not yet available for use ▸ Should develop proposals intended to reduce cost and complexity, and to provide more useful and understandable information by simplifying the requirements for estimating value in use by: ▸ Removing the restriction on including cash flows from a future uncommitted restructuring or from improving or enhancing an asset's performance ▸ Permitting the use of post-tax cash flows and post-tax discount rates ▸ Should not change the range of identifiable intangible assets recognised separately from goodwill in an acquisition	
Business Combinations under Common Control ▸ In November 2020, the IASB published the Discussion Paper (DP) *Business Combinations under Common Control*. The DP identifies two methods of accounting for business combinations under common control (BCUCC) by a receiving entity. The key proposals are: ▸ That the acquisition method should, in principle, be applied to those BCUCC that affect non-controlling shareholders of the receiving entity and that a single book-value method should be applied to all other BCUCC, subject to the following: ▸ The optional exemption from the acquisition method: a receiving entity should be permitted to use a book-value method if it has informed all of its non-controlling shareholders that it proposes to use this method, and they have not objected. ▸ The exception from the acquisition method: a receiving entity should be required to use a book-value method if all of its non-controlling shareholders are the entity's related parties as defined in IAS 24 *Related Party Disclosures*. ▸ The acquisition method should be applied according to IFRS 3 but considering that the consideration may not be at arm's length and may lead to a distribution of or contribution to equity. ▸ A book-value method, measuring the assets and liabilities received using the transferred entity's book values, should be applied to all BCUCC that do not affect non-controlling shareholders. When applying the book-value method, the receiving entity should measure consideration paid in assets at the	▸ The DP was issued in November 2020 and is open for comment until 1 September 2021.

Other projects	Status/next steps
receiving entity's book values of those assets at the combination date or if by assuming liabilities at the amount determined at the combination date using the IFRS Standards applicable for initial recognition of a liability of that type.	

Regulatory Assets and Regulatory Liabilities
▸ In January 2021, the IASB published the Exposure Draft (ED) *Regulatory Assets and Regulatory Liabilities*. The ED sets out proposals for the recognition, measurement, presentation and disclosure of regulatory assets, regulatory liabilities, regulatory income and regulatory expense. The key proposals are:
  ▸ Regulatory assets and regulatory liabilities exist due to a regulatory agreement that determines the regulated rate in such a way that some, or all, of the total allowed compensation for goods or services supplied in one period is charged to customers in a different period.
  ▸ An entity recognises its regulatory assets and regulatory liabilities existing at the end of the reporting period and its regulatory income and expense arising during the reporting period.
  ▸ If it is uncertain whether a regulatory asset or regulatory liability exists, an entity will recognise that regulatory asset or regulatory liability if it is 'more likely than not' that it exists.
  ▸ An entity measures regulatory assets and regulatory liabilities at historical cost using estimates of future cash flows by applying a cash-flow-based measurement technique.
  ▸ In predicting uncertainty, an entity can use either the 'most likely amount' and 'expected value' methods.
All regulatory income or regulatory expense should be presented as a separate line item immediately below revenue.
	▸ The ED was issued in January 2021 and is open for comment until 30 July 2021.

Initial Application of IFRS 17 and IFRS 9—Comparative Information (Proposed amendment to IFRS 17) ▸ IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023. ▸ Many insurance companies will only apply IFRS 9 *Financial Instruments* at the same time they apply IFRS 17. However, the two standards have different requirements for the comparative information that will be presented on initial application. IFRS 17 requires entities to present one restated comparative period. IFRS 9 permits but does not require restatement of comparative periods and prohibits entities from applying IFRS 9 to financial assets derecognised in the comparative period. ▸ Recently, the IASB received information about the significance of one-time classification differences that may arise for some entities due to these differences.	▸ The exposure draft will have a 60-day comment period and is expected to be published in July 2021. ▸ In order to provide the intended relief for entities transitioning to IFRS 17, the Board aims to finalise the proposed narrow scope amendment to IFRS 17 by the end of 2021.

Other projects	Status/next steps
▸ In June 2021, the Board tentatively decided to propose a narrow-scope amendment to IFRS 17. The amendment would permit an entity to apply a classification overlay in the comparative periods presented on initial application of IFRS 17 and IFRS 9. The optional classification overlay would: ▸ Apply to financial assets that are related to insurance contract liabilities and to which IFRS 9 has not been applied in the comparative periods ▸ Allow an entity to classify these financial assets in the comparative periods based on a reasonable expectation of how these assets would be classified on initial application of IFRS 9 ▸ Apply to comparative periods that have been restated for IFRS 17 (i.e., from the transition date to the date of initial application of IFRS 17) ▸ Apply on an instrument-by-instrument basis ▸ The proposed amendment would not change the transition requirements in IFRS 9.	

The table below sets out the estimated timeline for the remaining projects on the IASB's agenda as at the end of June 2021.

IASB projects	Next milestone	Expected date
Research projects		
Extractive Activities	Decide Project Direction	July 2021
Pension Benefits that Depend on Asset Returns	Review Research	Q4 2021
Post-implementation Review of IFRS 9 Classification and Measurement	Request for Information	September 2021
Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12	Request for Information Feedback	July 2021
Equity Method	Decide Project Direction	
Standard-setting and related projects		
Second Comprehensive Review of the IFRS for SMEs Standard	Exposure Draft	
Maintenance projects		
Provisions – Targeted Improvements	Decide Project Direction	
Supplier Finance Arrangements	Exposure Draft	Q4 2021

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ED None

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