31 DECEMBER 2023 YEAR-END IFRS ACCOUNTING STANDARDS UPDATE

International Financial Reporting Bulletin

2024/01

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Background

The International Accounting Standards Board (IASB) issued several exposure drafts and amendments to existing IFRS® Accounting Standards during the year 2023. The amendments and proposed changes are of varying levels of complexity.

This IFR Bulletin summarises the activities in standard setting as they relate to entities that apply IFRS. It also includes summaries of standards that have been issued but are not yet effective. Entities must prepare for the implementation of these new standards and amendments and prepare disclosures of these future changes and known or reasonably estimable information about how the financial statements will be affected in the period of initial application (IAS 8.30).

Executive Summary

A number of amendments to IFRS are effective on 1 January 2023.

Additionally, several new IFRS Accounting Standards and amendments to existing standards are effective from 2024-2025.

The IASB is expected to issue two new IFRS Accounting Standards (IFRS 18 and IFRS 19) in the first half of 2024.

This IFR Bulletin also contains summaries of recent publications and resources issued by BDO, which may assist entities in preparing their financial statements in accordance with IFRS.

Information in this IFR Bulletin is current as of 31 December 2023. Although it is comprehensive, this summary is not exhaustive and does not include all standard setting activities of the IASB. For further information and guidance, please refer to BDO's Global IFRS Micro-site.

Standards and Amendments Mandatorily Effective from 1 January 2023

IFRS	Summary	More information
IFRS 17 *Insurance Contracts*	IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous (non-IFRS) accounting approaches to continue to be followed. IFRS 17 will result in significant changes for many insurers, requiring adjustments to existing systems and processes. The new standard takes the view that insurance contracts combine features of a financial instrument and a service contract, and that many generate cash flows that vary substantially over time. It therefore takes the approach of: • Combining current measurement of future cash flows with recognising profit over the period that services are provided under the contract • Presenting insurance service results (including insurance revenue) separately from insurance finance income or expenses, and • Requiring an entity to make an accounting policy choice for each portfolio whether to recognise all insurance finance income or expenses for the reporting period in profit or loss, or to recognise some in other comprehensive income. Subsequent to the issue of IFRS 17, amendments to the standard and deferral of effective dates have been made.	IFRS 17 At a Glance IFRB 2020/10 IASB Issues Amendments to IFRS 17, Insurance Contracts

IFRS	Summary	More information
Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2)	In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. As IFRS Practice Statements are non-mandatory guidance, no mandatory effective date has been specified for the amendments to IFRS Practice Statement 2.	IFRB 2021/07 IASB issues amendments to IAS 1, IAS 8 and IFRS Practice Statement 2
Definition of Accounting Estimates (Amendment to IAS 8)	In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.	IFRB 2021/07 IASB issues amendments to IAS 1, IAS 8 and IFRS Practice Statement 2
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption under IAS 12.15, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.	IFRB 2021/10 IASB issues amendments to IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)	In December 2021, the Organisation for Economic Co-operation and Development (OECD) published *Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS* (Pillar Two model rules). In March 2022, the OECD released commentary and illustrative examples that elaborate on the application and operation of the rules and clarify certain terms. Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two model rules. The stakeholders emphasised an urgent need for clarity given the imminent enactment of tax law to implement the rules in some jurisdictions. In response to stakeholder concerns, the IASB proposed amendments to IAS 12 Income Taxes. It issued Exposure Draft International Tax Reform—Pillar Two Model Rules (Proposed Amendments to IAS 12) on 9 January 2023. Given the urgent requirement for clarity, a shorter comment period of 60 days was provided. The IASB issued the final Amendments (the Amendments) International Tax Reform – Pillar Two Model Rules on 23 May 2023. The Amendments introduce a temporary exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two model rules. The Amendments also provide	IFRB 2023/04 IASB Issues Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules

IFRS	Summary	More information
	for additional disclosure requirements with respect to an entity's exposure to Pillar Two income taxes.	

Standards and Amendments Mandatorily Effective from 1 January 2024

IFRS	Summary	More information
Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)	On 25 May 2023, the IASB issued *Supplier Finance Arrangements*, which amended IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* (the Amendments). These Amendments arose as a result of a submission received by the IFRS Interpretations Committee (the Committee) about the presentation requirements for liabilities and associated cash flows arising out of supply chain financing arrangements and related disclosures. In December 2020, the Committee published an Agenda Decision *Supply Chain Financing Arrangements—Reverse Factoring* that addressed this submission based on the requirements in IFRS Accounting Standards existing at that time. During this process, the feedback from stakeholders indicated limitations of the then existing requirements to address important information needs of users to understand the effects of supplier finance arrangements on an entity's financial statements and to compare one entity with another. In response to this feedback, the IASB undertook a narrow-scope standard setting, leading to the Amendments. The Amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The Amendments also provide guidance on characteristics of supplier finance arrangements.	IFRB 2023/05 IASB Issues Amendments to IAS 7 & IFRS 7 – Supplier Finance Arrangements
Lease Liability in a Sale and Leaseback (Amendment to IFRS 16)	The IFRS Interpretations Committee issued an agenda decision in June 2020 – *Sale and leaseback with Variable Payments*. This matter was referred to the IASB for standard setting for some aspects. The IASB issued the final amendments in September 2022. The Amendments provide a requirement for the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.	IFRB 2022/05 IASB Issues Amendments to IFRS 16 – *Lease Liability in a Sale and Leaseback*
Classification of Liabilities as Current or Non-Current (Amendment to IAS 1)	The IASB issued amendments to IAS 1 - Classification of Liabilities as Current or Non-current in January 2020, which have been further amended partially by amendments Non-current Liabilities with Covenants issued in October 2022. The amendments require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have	

IFRS	Summary	More information
	substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period. As a result of the COVID-19 pandemic, the Board deferred the effective date of the amendments by one year to annual reporting periods beginning on or after 1 January 2024.	IFRB 2020/01 IASB Issues Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current*
Amendment - Non-current Liabilities with Covenants (Amendment to IAS 1)	Subsequent to the release of amendments to IAS 1 *Classification of Liabilities as Current or Non-Current*, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current	IFRB 2022/07 IASB Issues Amendments to IAS 1 – *Non-Current Liabilities with Covenants* Note: BDO expects to publish a new IFRS Accounting Standards In Practice publication on these amendments in Q1 2024. The publication will be available here.

Standards and Amendments Mandatorily Effective from 1 January 2025

IFRS	Summary	More information
Lack of Exchangeability (Amendment to IAS 21)	On 15 August 2023, the IASB issued *Lack of Exchangeability* which amended IAS 21 *The Effects of Changes in Foreign Exchange Rates* (the Amendments). The Amendments arose as a result of a submission received by the IFRS Interpretations Committee (the Committee) about the determination of the exchange rate when there is a long-term lack of exchangeability. IAS 21, prior to the Amendments, did not include explicit requirements for the determination of the exchange rate when a currency is not exchangeable into another currency, which led to diversity in practice. The Committee recommended that the IASB develop narrow-scope amendments to IAS 21 to address this issue. After further deliberations, the IASB issued an exposure draft of the proposed amendments to IAS 21 in April 2021 and the final amendments were issued in August 2023. The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.	IFRB 2023/08 IASB Issues Amendments to IAS 21 – Lack of Exchangeability

IASB Activities

New IFRS Accounting Standards and Amendments Issued in 2023

The following is a list of new IFRS Accounting Standards and amendments issued to existing IFRS Accounting Standards during 2023. A description of each item is included in the earlier section, organised by the effective date of each IFRS and amendment.

IFRS Accounting Standards and amendments mandatorily effective for annual reporting periods beginning on or after 1 January 2024	More Information
Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)	IFRB 2023/05 IASB Issues Amendments to IAS 7 & IFRS 7 - Supplier Finance Arrangements
Lack of Exchangeability (Amendment to IAS 21)	IFRB 2023/08 IASB Issues Amendments to IAS 21 - Lack of Exchangeability
International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)	IFRB 2023/04 IASB Issues Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules

Standard-setting Projects

The following is a list and brief description of standard-setting projects ongoing in 2023, which may eventually lead to the publication of new IFRS Accounting Standards or significant amendments to existing IFRS Accounting Standards.

Project	Summary	More Information
Business Combinations - Disclosures, Goodwill and Impairment	The IASB is redeliberating feedback on the Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment*. In December 2022, after considering the feedback, the IASB decided to add this project to its standard-setting programme. In September 2023 the IASB decided to publish an Exposure Draft containing proposed amendments to: • IFRS 3 Business Combinations—in particular, to improve the information companies disclose about the performance of business combinations; and • IAS 36 Impairment of Assets—in particular, amendments to the impairment test of cash-generating units containing goodwill. The IASB is now working towards publishing an exposure draft. The IASB has also tentatively decided to not pursue the introduction of an amortisation model for goodwill, retaining the 'impairment	IASB project page BDO comment letter on Discussion Paper

Project	Summary	More Information
	only' approach, which is consistent with decisions made by the US standard setter, the FASB.	
Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures	In July 2021, the IASB published the Exposure Draft *Subsidiaries without Public Accountability: Disclosures*. The Exposure Draft sets out the IASB's proposals for a new IFRS Accounting Standard that would permit eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements in their financial statements. In July 2023, following completion of redeliberations of the proposals in the Exposure Draft, the IASB confirmed it was satisfied that applicable due process requirements have been complied with and sufficient consultation and analysis were undertaken to begin the process for balloting the Standard. The IASB expects to publish the new Standard (expected to be numbered IFRS 19) in the first half of 2024.	IASB project page IFRB 2021/12 IASB publishes Exposure Draft - *Subsidiaries without Public Accountability: Disclosures* BDO comment letter on Exposure Draft
Dynamic Risk Management	The IASB developed and refined 'core areas' that are central to an accounting model (core model) that might enable investors to understand the effect of a company's dynamic risk management. The model's development reflects information gathered at meeting with banks that use dynamic risk management for repricing risk due to changes in interest rate. The project was added to the standard-setting programme in May 2022, and the IASB is now working towards publishing an exposure draft.	IASB project page
Equity Method	A number of queries on equity accounting and its interaction with the accounting for other ways of holding interests in other entities have been raised with the Interpretations Committee. The IASB thinks that it will be able to consider this topic most effectively and efficiently after it has assessed feedback from the forthcoming Post-implementation Review of IFRS 11 Joint Arrangements. The project objective is to develop answers to application questions about the equity method, as set out in IAS 28 Investments in Associates and Joint Ventures, using the principles derived from IAS 28 where possible. The IASB has concluded discussions and will discuss whether it has satisfied the required due process steps to publish an exposure draft of amendments to IAS 28.	IASB project page
Financial Instruments with Characteristics of Equity	The IASB published the Exposure Draft *Financial Instruments with Characteristics of Equity*. The IASB has proposed amendments to address the existing challenges in companies' financial reporting on financial instruments with characteristics of equity.	IASB project page

Project	Summary	More Information
	The proposals in the Exposure Draft would amend IAS 32 *Financial Instruments: Presentation*, IFRS 7 *Financial Instruments: Disclosures*, and IAS 1 *Presentation of Financial Statements*. The proposals include: • Clarification of the underlying classification principles of IAS 32 to help companies distinguish between financial liabilities and equity; • disclosures to further explain complexities around instruments that have both financial liability and equity characteristics; and • presentation requirements for amounts—including profit and total comprehensive income—attributable to ordinary shareholders separately from amounts attributable to other holders of equity instruments. The exposure draft is open for comment until 29 March 2024.	
Management Commentary	Management commentary is a narrative report that complements financial statements and is required in many jurisdictions by regulators. Alternative terms include management discussion and analysis ('MD&A'), strategic report, annual report, etc. In May 2021, the IASB published the Exposure Draft *Management Commentary*, which sets out the Board's proposals for a comprehensive new framework for preparing management commentary. The proposed framework sets out disclosure objectives for information about the company's business model, strategy, resources and relationships, risks, external environment and financial performance and position. The proposed framework would replace IFRS Practice Statement 1 *Management Commentary*. In March and April 2022, the IASB discussed feedback on the Exposure Draft *Management Commentary*, published in May 2021. The Exposure Draft sets out the IASB's proposals for a comprehensive overhaul of IFRS Practice Statement 1 *Management Commentary*. In December 2022, the ISSB decided to seek feedback in the request for information on its Agenda Consultation regarding a potential joint project with the IASB on connectivity in reporting, building on the IASB's Management Commentary project and the Integrated Reporting Framework. In May 2023, the International Sustainability Standards Board (ISSB) published the Request for Information *Consultation on Agenda Priorities* to seek feedback on its priorities for its next two-year work plan, including a potential project on integration in reporting and whether that project should be undertaken jointly with the IASB and build on concepts from the Exposure Draft Management Commentary. The Request for Information closed for comment on 1 September 2023.	IASB project page BDO comment letter on Exposure Draft BDO comment letter on ISSB Request for Information

Project	Summary	More Information
Primary Financial Statements	In December 2019, the IASB published an Exposure Draft, *General Presentation and Disclosures*. This Exposure Draft proposes replacing IAS 1 with a new standard, which would incorporate many aspects of IAS 1 without substantial changes, while introducing significant changes to certain requirements. These include the classification of items of income and expense into categories in the statement of comprehensive income, the requirement to disclose management performance measures ('MPMs') in the financial statements with reconciliations to figures in the financial statements as well as other changes. The IASB has completed redeliberations of the proposals in the Exposure Draft. The IASB expects to publish the new IFRS Accounting Standard (expected to be numbered IFRS 18) in H1 2024 after completing the balloting process. The objective of the new IFRS Accounting Standard is to improve how information is communicated in the financial statements, with a focus on information in the statement of profit or loss.	IASB project page BDO comment letter on Exposure Draft IFRB 2023/09 Primary Financial Statements - Briefing on the Replacement to IAS 1
Rate-Regulated Activities	The IASB is exploring a project to develop an accounting model that will require rate-regulated companies to provide information about their incremental rights to add amounts and incremental obligations to deduct amounts, in determining the future rates to be charged to customers as a result of goods or services already supplies. An example of such operations includes many public utilities. In January 2021, the IASB published the Exposure Draft *Regulatory Assets and Regulatory Liabilities*, which proposes the requirement to recognise regulatory assets and regulatory liabilities in the balance sheet, and related regulatory income and regulatory expense in the income statement. The IASB is redeliberating proposals in the Exposure Draft *Regulatory Assets and Regulatory Liabilities*. If issued as a new IFRS Accounting Standard, the proposals would replace IFRS 14 *Regulatory Deferral Accounts*. The IASB continued to discussed feedback on the Exposure Draft in December 2023.	IASB project page IFRB 2021/04 IASB publishes Exposure Draft – *Regulatory Assets and Regulatory Liabilities* BDO comment letter on Exposure Draft
Second Comprehensive Review of the *IFRS for SMEs* Standard	The *IFRS for SMEs* have not been amended since 2015, with changes made at that time being effective for annual periods beginning on or after 1 January 2017. Since then, significant new IFRS Accounting Standards have become effective (e.g. IFRS 9, 15, 16, etc.) for full IFRS, which has increased the recognition and measurement differences between full IFRS and the IFRS for SMEs. As part of the second comprehensive review of the *IFRS for SMEs* Standard, the IASB published a Request for Information to seek views on whether and how to align the *IFRS for SMEs* Standard with full IFRS Accounting Standards.	IASB project page BDO comment letter on Exposure Draft

Project	Summary	More Information
	In September 2022, the IASB published the Exposure Draft Third edition of the IFRS for SMEs Accounting Standard as part of its second comprehensive review of the Standard. The Exposure Draft proposes amendments to the IFRS for SMEs Accounting Standard to reflect improvements that have been made in full IFRS Accounting Standards (in the scope of the second comprehensive review) while keeping the Standard simple.	

Maintenance Projects

The following is a list and brief description of maintenance projects ongoing in 2023, which are generally targeted or narrow-scope amendments to existing IFRS Accounting Standards. The IASB has many maintenance projects ongoing and this is only a summary of some of the most significant projects. A complete list may be accessed here.

Project	Summary	More Information
Amendments to the Classification and Measurement of Financial Instruments	In May 2022, the IASB decided to add a maintenance project to its work plan to make narrow-scope amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* in response to the post-implementation review of the classification and measurement requirements. In November 2023 the IASB discussed its proposals relating to: • derecognition of financial liabilities through electronic transfer; and • equity instruments and other comprehensive income. The IASB tentatively decided to finalise the proposed amendments subject to certain items. The final amendments are expected Q2 2024.	IASB project page
Climate-related and Other Uncertainties in the Financial Statements	The International Accounting Standards Board (IASB) is exploring targeted actions to improve application of the requirements in IFRS Accounting Standards related to reporting on the effects of climate-related and other uncertainties in the financial statements. The IASB met on 13 December 2023 to discuss the status of and next steps for the project.	IASB project page
Power Purchase Agreements	The IASB tentatively decided to further explore narrow-scope standard setting for power purchase agreements following further research and outreach with a wide range of stakeholders. Potential narrow-scope amendments to be further explored include amending the requirements in IFRS 9 *Financial Instruments* with respect to the ‘own-use’ and hedge accounting requirements. An exposure draft is expected Q2 2024.	IASB project page

Project	Summary	More Information
Provisions – Targeted Improvements	The IASB is considering developing proposals to clarify in IAS 37: • when an entity recognises provisions for obligations it could avoid through its future actions; • whether rates used to discount provisions reflect non-performance risk; and • which costs to include in the measure of a provision. An exposure draft is expected H2 2024.	IASB project page
Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity (IAS 21)	The IASB added this project to its maintenance workplan to respond to an accounting matter—the use of a hyperinflationary presentation currency by an entity whose functional currency is not hyperinflationary—submitted to the IFRS Interpretations Committee. The IASB will propose amending IAS 21 to require an entity to translate all amounts (assets, liabilities, equity items, income and expenses, including comparative amounts) to a hyperinflationary presentation currency at the closing rate at the date of the most recent statement of financial position if that entity: • Has a non-hyperinflationary functional currency and presents financial statements in a hyperinflationary presentation currency; or • Translates the results and financial position of a foreign operation that uses a non-hyperinflationary functional currency into a hyperinflationary presentation currency. An exposure draft is expected H2 2024.	IASB project page

Research Projects

The following is a list and brief description of research projects ongoing in 2023, which are projects in the early stage before the IASB develops a new IFRS Accounting Standard or an amendment. It is during the research stage that many significant and fundamental decisions are made about standard setting. The IASB has many research projects ongoing, and this is only a summary of some of the most significant projects. A complete list may be accessed here.

Project	Summary	More Information
Business Combinations under Common Control	IFRS 3 does not currently specify how an entity accounts for a business combination under common control ('BCUCC'), for example, an entity obtaining control of a company which has the same parent. In November 2020, the IASB issued a discussion paper exploring potential approaches that might be proposed in order to reduce diversity in practice and improve transparency. The comment period for the discussion paper ended on 1 September 2021.	IASB project page BDO comment letter on Discussion Paper

Project	Summary	More Information
	In November 2023 the IASB decided to discontinue the project. The IFRS Foundation staff will prepare a project summary.	
Post-implementation Review of IFRS 9 - Impairment	The IASB decided to begin the post-implementation review of the IFRS 9 *Financial Instruments* impairment requirements in the second half of 2022. In July 2022, the IASB discussed the project plan for the first phase of the PIR (identifying matters to be examined). In May 2023, the IASB published the Request for Information Post-Implementation Review of IFRS 9 *Financial Instruments*—Impairment to seek stakeholders' views on the impairment requirements in IFRS 9 and the related disclosures. The comment period closed on 27 September 2023. In November 2023, the IASB started its discussions of the feedback on the Request for Information and discussed the plan for the next phase of the project.	IASB project page BDO comment letter on post-implementation review
Post-implementation Review of IFRS 15 *Revenue from Contracts with Customers*	The IASB decided to begin the post-implementation review of IFRS 15 in the second half of 2022. The Committee discussed the PIR and provided their views on the implementation and ongoing application of IFRS 15, and suggested matters that the IASB should consider in the PIR. In June 2023, the IASB published the Request for Information to seek stakeholders' views on the requirements in IFRS 15. The comment period closed on 27 October 2023.	IASB project page BDO comment letter on post-implementation review

IFRS Interpretation Committee Activities

The IFRS Interpretations Committee ('the Committee') publishes agenda decisions after it determines there is sufficient guidance within existing IFRS requirements to determine the appropriate accounting treatment. The Committee may also issue IFRIC® Interpretations, the most recent of which is IFRIC 23 Uncertainty over Income Tax Treatments, which became effective for annual periods beginning on or after 1 January 2019.

IFRIC agenda decisions typically contain an explanation of how the requirements of IFRS Accounting Standards are applied to a particular fact pattern. Consequently, agenda decisions set out the required approach to be followed, not an optional one, and regulators and enforcers worldwide take this view.

In August 2020, the IFRS Foundation's Due Process Handbook was amended. As part of those amendments, it is noted explicitly that although agenda decisions cannot add or change requirements in IFRS Accounting Standards, they explain how the applicable principles and requirements in IFRS Accounting Standards apply to the transaction or fact pattern that is described in the agenda decision. Because this explanation is derived from the principles and requirements in IFRS Accounting Standards, it follows that in order to assert compliance with IFRS Accounting Standards entities are required to apply the approach set out in agenda decisions.

The amendments also clarified how agenda decisions should be implemented by entities. Firstly, because the explanatory material in an agenda decision might change an entity's understanding of how the principles and requirements in IFRS Accounting Standards are required to be applied, it may be determined that an agenda decision results in a change in accounting policy for that entity (subject to the question of whether the previous accounting approach was clearly an error). Section 8.6 of the Due Process Handbook also states that it is expected that an entity would be entitled to sufficient time to make the determination of the effect that an agenda decision has and to implement any necessary changes in its accounting. Therefore, while agenda decisions do not have effective dates or transitional provisions, an entity would not be required to implement an agenda decision before it has had sufficient time to assess its impact and implement the appropriate changes to systems and processes. While the question of what constitutes 'sufficient time' is a matter of judgement, the Due Process Handbook is clear that an entity would be expected to implement any changes on a timely basis. We would expect that entities would implement any changes in their next annual or interim financial statements other than in circumstances, for example, when an agenda decision is published only a few weeks before a reporting date and where a significant amount of work is required to implement the required changes. If an agenda decision is not being implemented in the next annual or interim financial statements, disclosures need to be made about the existence of the agenda decision and the reason(s) why it is not being implemented immediately.

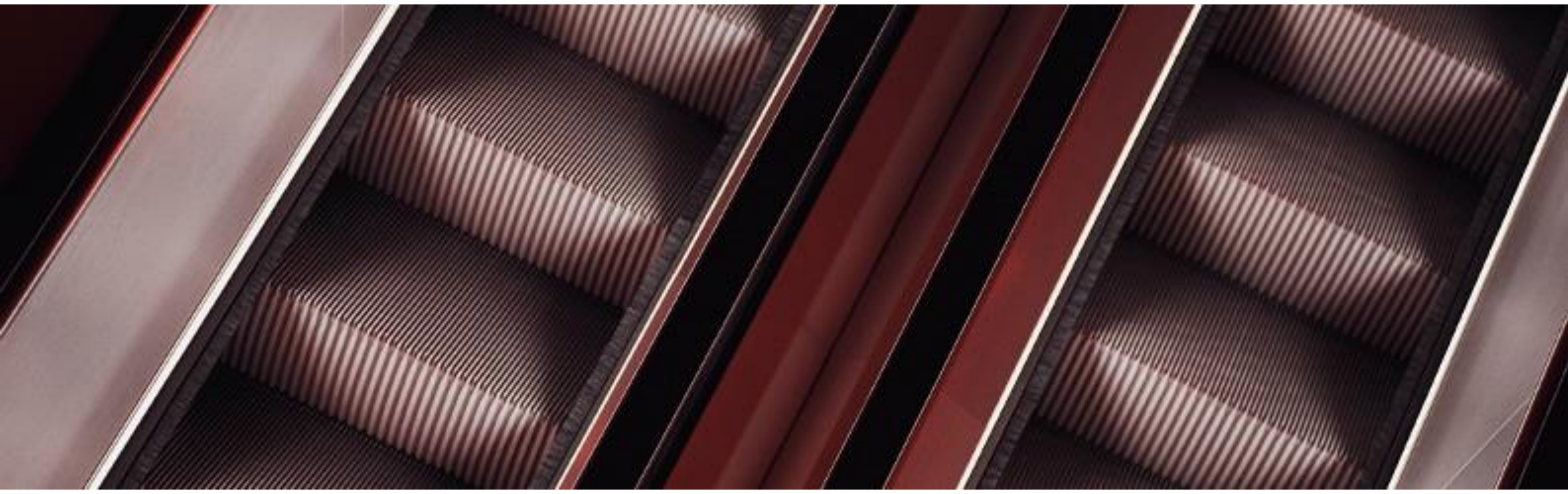
The amendments made to the Due Process Handbook in August 2020 also require that, in addition to the approval of the Committee, agenda decisions must also receive approval by the IASB to be published. If four or more Board members object, an agenda decision is not published and the Board decides how to proceed. All of the agenda decisions below have been approved by the IFRS Interpretations Committee and there were no objections from IASB Board members to the agenda decision that was considered in 2022 in accordance with the revised Due Process Handbook. Consequently, they have all been published and are applicable for the purpose of financial statements prepared in accordance with IFRS Accounting Standards.

Agenda Decision	Summary	More Information

Definition of a Lease – Substitution Rights (IFRS 16 *Leases*)	The Committee received a request about how to assess whether a contract contains a lease. The request asked about:
	• the level at which to evaluate whether a contract contains a lease—by considering each asset separately or all assets together—when the contract is for the use of more than one similar asset; and
	• how to assess whether a contract contains a lease applying IFRS 16 when the supplier has particular substitution rights—ie the supplier:
	    o has the practical ability to substitute alternative assets throughout the period of use; but
	    o would not benefit economically from the exercise of its right to substitute the asset throughout the period of use.
	The Committee concluded that, in the fact pattern described in the request, each battery is an identified asset. To assess whether the contract contains a lease, the customer would then apply the requirements in paragraphs B21–B30 of IFRS 16 to assess whether, throughout the period of use, it has the right to obtain substantially all the economic benefits from use, and direct the use, of each battery. If the customer concludes that the contract
		BDO IFRS FAQs: IFRIC Agenda Decision

Agenda Decision	Summary	More Information
	contains a lease, it would apply the requirements in paragraphs 18–21 of IFRS 16 to determine the lease term. The Committee concluded that the principles and requirements in IFRS 16 provide an adequate basis for an entity to evaluate the level at which to assess whether the contract contains a lease and whether there is an identified asset in the fact pattern described in the request. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
Premiums Receivable from an Intermediary (IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments*)	The Committee received requests about how an entity that issues insurance contracts (insurer) applies the requirements in IFRS 17 and IFRS 9 to premiums receivable from an intermediary. The requests asked whether, in the submitted fact pattern, the premiums receivable from the intermediary are future cash flows within the boundary of an insurance contract and included in the measurement of the group of insurance contracts applying IFRS 17 or are a separate financial asset applying IFRS 9. In the light of its analysis, the Committee considered whether to add a standard-setting project on when cash flows are removed from the measurement of a group of insurance contracts to the work plan. The Committee noted that any such project would involve assessing whether changes to the Accounting Standards would have unintended consequences. This assessment may take considerable time and effort to complete because it would involve, among other steps, analysing a broad range of contracts (not only those set out in the fact pattern described in the requests). The Committee observed that the application of either View 1 or View 2 when accounting for premiums paid by a policyholder and receivable from an intermediary would provide users of financial statements with useful information based on the requirements in IFRS 17 or IFRS 9. Consequently, the Committee concluded that a project would not be sufficiently narrow in scope that the IASB or the Committee could address it in an efficient manner. The Committee therefore decided not to add a standard-setting project to the work plan.	BDO IFRS FAQs: IFRIC Agenda Decision IFRIC Update September 2023
Homes and Home Loans Provided to Employees	The Committee received a request about how an entity accounts for employee home ownership plans and employee home loans of the types described in two fact patterns. Fact pattern 1: employee home ownership plans An entity provides its employee with a house that the entity constructed and owns. Fact pattern 2: employee home loans	IFRIC Update September 2023

Agenda Decision	Summary	More Information
	An entity provides its employee with a loan to buy a house, which the employee chooses and purchases and the entity does not own. Evidence gathered by the Committee indicated that the matters described in the request are not widespread. On the basis of that evidence, the Committee concluded that the matters described in the request do not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
Guarantee over a Derivative Contract (IFRS 9 Financial Instruments)	The Committee received a request about whether, in applying IFRS 9, an entity accounts for a guarantee written over a derivative contract as a financial guarantee contract or as a derivative. The request described a guarantee written over a derivative contract between two third parties. Such a guarantee would reimburse the holder of the guarantee for the actual loss incurred—up to the close-out amount—in the event of default by the other party. The close-out amount is determined based on a valuation of the remaining contractual cash flows of the derivative immediately prior to default. Evidence gathered by the Committee indicated that the matter described in the request is not widespread, and that when the matter does arise, the amounts involved are not material. On the basis of that evidence, the Committee concluded that the matter described in the request does not have widespread effect and it does not have (nor is it expected to have) a material effect on those affected. Consequently, the Committee decided not to add a standard-setting project to the work plan.	IFRIC Update September 2023



FOR MORE INFORMATION:

[BDO's IFRS Policy Committee]

[BDO's IFRS Country Leaders]

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