

A photograph of a lighthouse on a rocky island, with the ocean in the background. The lighthouse is white with a red roof and a green lantern room. The island is made of dark, jagged rocks. The ocean is a deep blue with white-capped waves.

# HKFRS/IFRS UPDATE 2025/01

FEBRUARY 2025

## 31 December 2024 Year-end HKFRS/IFRS Accounting Standards Update

The IASB has issued two new IFRS Accounting Standards and two amendments to existing IFRS Accounting Standards in 2024. Appended to this *HKFRS/IFRS Update* is a newsletter published by BDO Global (the Newsletter), which contains a summary of IFRS Accounting Standards and amendments that are mandatorily effective from 1 January 2024 onwards.

All corresponding new standards and amendments to HKFRS Accounting Standards have the same effective dates as those new IFRS Accounting Standards and amendments to IFRS Accounting Standards.

One amendment in the table "Standards and Amendments Mandatorily Effective from 1 January 2024" on pages 3-4 of the Appendix is IAS 1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current*. As a consequence of the corresponding amendments to HKAS 1, the HKICPA updated HK Interpretation 5 (Revised) *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* (HK Int 5) in October 2020 and December 2022 and revised Questions & Answers for HK Int 5 in December 2022. The HKICPA concluded that these amendments do not change the conclusions in HK Int 5 when they are applied as a package.

Included in the table "Standards and Amendments Mandatorily Effective from 1 January 2026" in the Newsletter is the amendments *Contracts Referencing Nature-dependent Electricity* (Amendments to IFRS 9 and IFRS 7). At the time when this *HKFRS/IFRS Update* is published, the HKICPA has not published the equivalent amendments to HKFRS Accounting Standards.

The Newsletter features a summary of the IFRS Interpretation Committee agenda decisions in 2024 on pages 15-18. Entities are required to apply the approach set out in the agenda decisions and the implementation of any necessary changes in the accounting should be on a timely basis before entities are able to assert compliance with HKFRS/IFRS Accounting Standards.

The Newsletter also summaries the IASB standard-setting projects, maintenance projects and research projects. The information is useful to keep you abreast of the current developments.

### BDO's support and assistance on HKFRS/IFRS Accounting Standards

For any support and assistance on HKFRS/IFRS Accounting Standards, please talk to your usual BDO contact or email [info@bdo.com.hk](mailto:info@bdo.com.hk)

Click [here](#) for more BDO publications on HKFRS/IFRS Accounting Standards.

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# APPENDIX

## 31 December 2024 Year-End IFRS Accounting Standards Update

International Financial Reporting Bulletin 2025/01  
January 2025



## CONTENTS

### 1 Background

### 2 Standards and Amendments Mandatorily Effective from 1 January 2024

### 3 Standards and Amendments Mandatorily Effective from 1 January 2025

### 4 Standards and Amendments Mandatorily Effective from 1 January 2026

### 5 Standards and Amendments Mandatorily Effective from 1 January 2027

### 6 IASB Activities

### 7 IFRS Interpretation Committee Activities

## BACKGROUND

The International Accounting Standards Board (IASB) issued several exposure drafts, amendments to existing IFRS® Accounting Standards and new IFRS Accounting Standards during 2024. The amendments, proposed changes and new IFRS Accounting Standards are of varying levels of complexity, with IFRS 18 likely to be the most significant for many entities.

This IFR Bulletin summarises the activities in standard setting as they relate to entities that apply IFRS Accounting Standards. 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).

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 2024. 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 and Corporate Reporting Micro-site](#).

## EXECUTIVE SUMMARY

A number of amendments to IFRS Accounting Standards became effective on 1 January 2024, including amendments to the classification requirements for loans.

Additionally, several new IFRS Accounting Standards and amendments to existing standards have been issued, including IFRS 18 (a new presentation standard, which replaces IAS 1), IFRS 19, an optional standard which permits certain entities to reduce the disclosures they are required to provide in financial statements, as well as several amendments to IFRS 9 relating to the derecognition criteria applicable to electronic payments, the classification of financial assets and the scope of IFRS 9 relating to contracts referencing nature-dependent electricity.

## Standards and Amendments Mandatorily Effective from 1 January 2024

IFRS ACCOUNTING STANDARD	SUMMARY	MORE INFORMATION
<p><i>Supplier Finance Arrangements</i> (Amendment to IAS 7 and IFRS 7)</p>	<p>On 25 May 2023, the IASB issued <i>Supplier Finance Arrangements</i>, which amended IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> (the Amendments).</p> <p>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 <i>Supply Chain Financing Arrangements—Reverse Factoring</i> that addressed this submission based on the requirements in IFRS Accounting Standards existing at that time.</p> <p>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.</p> <p>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.</p>	<p><a href="#">IFRB 2023/05 IASB Issues Amendments to IAS 7 &amp; IFRS 7 – Supplier Finance Arrangements</a></p>
<p><i>Lease Liability in a Sale and Leaseback</i> (Amendment to IFRS 16)</p>	<p>The IFRS Interpretations Committee issued an agenda decision in June 2020 – <i>Sale and leaseback with Variable Payments</i>. This matter was referred to the IASB for standard setting for some aspects. The IASB issued the final amendments in September 2022.</p> <p>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.</p>	<p><a href="#">IFRB 2022/05 IASB Issues Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback</a></p>
<p><i>Classification of Liabilities as Current or Non-Current</i> (Amendment to IAS 1)</p>	<p>The IASB issued amendments to IAS 1 - <i>Classification of Liabilities as Current or Non-current</i> in January 2020, which have been further amended partially by amendments <i>Non-current Liabilities with Covenants</i> issued in October 2022.</p> <p>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 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.</p>	<p><a href="#">IFRS Accounting Standards In Practice – Classification of Loans as Current or Non-Current</a></p> <p><a href="#">IFRB 2024/02 – Amendments to IAS 1 – Clarification of the Meaning of 'Settlement' in the Classification of Liabilities</a></p>

IFRS ACCOUNTING STANDARD	SUMMARY	MORE INFORMATION
	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.	
<i>Non-current Liabilities with Covenants</i> (Amendment to IAS 1)	<p>Subsequent to the release of amendments to IAS 1 <i>Classification of Liabilities as Current or Non-Current</i>, the IASB amended IAS 1 further in October 2022.</p> <p>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.</p> <p>The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.</p>	<p><a href="#">IFRS Accounting Standards In Practice – Classification of Loans as Current or Non-Current</a></p> <p><a href="#">IFRB 2024/02 – Amendments to IAS 1 – Clarification of the Meaning of 'Settlement' in the Classification of Liabilities</a></p>

## Standards and Amendments Mandatorily Effective from 1 January 2025

IFRS ACCOUNTING STANDARD	SUMMARY	MORE INFORMATION
<i>Lack of Exchangeability</i> (Amendment to IAS 21)	<p>On 15 August 2023, the IASB issued <i>Lack of Exchangeability</i> which amended IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> (the Amendments). The Amendments arose as a result of a submission received by the IFRS Interpretations 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.</p> <p>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.</p> <p>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.</p>	<p><a href="#">IFRB 2023/08 IASB Issues Amendments to IAS 21 – Lack of Exchangeability</a></p>



## Standards and Amendments Mandatorily Effective from 1 January 2026

IFRS ACCOUNTING STANDARD	SUMMARY	MORE INFORMATION
<p><i>Amendments to the Classification and Measurement of Financial Instruments</i> (Amendments to IFRS 9 and IFRS 7)</p>	<p>In response to matters that had been raised to the IFRS Interpretations Committee as well as matters that arose during the post-implementation review of classification and measurement requirements of IFRS 9 <i>Financial Instruments</i>, in May 2024, the IASB issued <i>Amendments to the Classification and Measurement of Financial Instruments</i>. The Amendments modify the following requirements in IFRS 9 and IFRS 7:</p> <p><b><u>Derecognition of financial liabilities</u></b></p> <ul style="list-style-type: none"> <li>► Derecognition of financial liabilities settled through electronic transfers.</li> </ul> <p><b><u>Classification of financial assets</u></b></p> <ul style="list-style-type: none"> <li>► Elements of interest in a basic lending arrangement (the solely payments of principle and interest assessment – 'SPPI test')</li> <li>► Contractual terms that change the timing or amount of contractual cash flows</li> <li>► Financial assets with non-recourse features</li> <li>► Investments in contractually linked instruments.</li> </ul> <p><b><u>Disclosures</u></b></p> <ul style="list-style-type: none"> <li>► Investments in equity instruments designated at fair value through other comprehensive income</li> <li>► Contractual terms that could change the timing or amount of contractual cash flows.</li> </ul> <p>The Amendments may significantly affect how entities account for the derecognition of financial liabilities and how financial assets are classified.</p> <p>The Amendments permit an entity to early adopt only the amendments related to the classification of financial assets and the related disclosures and apply the remaining amendments later. This would be particularly useful to entities that wish to apply the Amendments early for financial instruments with ESG (Environmental, Social and Governance)-linked or similar features.</p>	<p><a href="#">IFRB 2024/07 – IASB Issues Amendments to the Classification and Measurement of Financial Instruments</a></p>

IFRS ACCOUNTING STANDARD	SUMMARY	MORE INFORMATION
Annual Improvements to IFRS Accounting Standards	<p>Annual improvements are limited to changes that either clarify the wording in an IFRS Accounting Standard, or correct relatively minor unintended consequences, oversights or conflicts between requirements of the Accounting Standards. The proposed improvements are packaged together in one document. This cycle of annual improvements addresses the following:</p> <ul style="list-style-type: none"> <li>▶ Hedge Accounting by a First-time Adopter (Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>)</li> <li>▶ Disclosure of Deferred Difference between Fair Value and Transaction Price (Amendments to Guidance on implementing IFRS 7)</li> <li>▶ Gain or Loss on Derecognition (Amendments to IFRS 7)</li> <li>▶ Introduction and Credit Risk Disclosures (Amendments to Guidance on implementing IFRS 7)</li> <li>▶ Derecognition of Lease Liabilities (Amendments to IFRS 9)</li> <li>▶ Transaction Price (Amendments to IFRS 9)</li> <li>▶ Determination of a 'De Facto Agent' (Amendments to IFRS 10)</li> <li>▶ Cost Method (Amendments to IAS 7).</li> </ul> <p>The final amendments were issued in July 2024.</p>	<p><a href="#">IASB project page</a></p>
Contracts Referencing Nature-dependent Electricity (previously Power Purchase Agreements) (Amendments to IFRS 9 and IFRS 7)	<p>On 18 December 2024 the IASB issued amendments to improve the reporting by companies of the financial effects of nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs).</p> <p>Nature-dependent electricity contracts assist companies to secure their electricity supply from wind and solar power sources. Since the amount of electricity generated under these contracts may vary based on uncontrollable factors related to weather conditions, current accounting requirements may not adequately capture how these contracts affect a company's performance. In response, the IASB has made targeted amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> to improve the disclosure of these contracts in the financial statements. The amendments include:</p> <ul style="list-style-type: none"> <li>▶ Clarifying the application of the 'own-use' requirements;</li> <li>▶ Permitting hedge accounting if these contracts are used as hedging instruments; and</li> <li>▶ Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.</li> </ul> <p>These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application of the amendments is permitted. However, for certain jurisdictions the amendments must be endorsed prior to application.</p>	<p><a href="#">IASB project page</a></p> <p><a href="#">BDO web article</a></p> <p>BDO will publish an IFR Bulletin on the amendments in Q1 2025, which will be available in the <a href="#">IFR Bulletin section</a> of the Global IFRS and Corporate Reporting Micro-site</p>

## Standards and Amendments Mandatorily Effective from 1 January 2027

IFRS ACCOUNTING STANDARD	SUMMARY	MORE INFORMATION
<p><i>IFRS 18 Presentation and Disclosure in Financial Statements</i></p>	<p>IFRS 18 <i>Presentation and Disclosure in Financial Statements</i> replaces IAS 1 <i>Presentation of Financial Statements</i> and is mandatorily effective for annual reporting periods beginning on or after 1 January 2027.</p> <p>IFRS 18, which was published by the IASB on 9 April 2024, sets out significant new requirements for how financial statements are presented, with particular focus on:</p> <ul style="list-style-type: none"> <li>▶ The statement of profit or loss, including requirements for mandatory sub-totals to be presented. IFRS 18 introduces requirements for items of income and expense to be classified into one of five categories in the statement of profit or loss. This classification results in certain sub-totals being presented, such as the sum of all items of income and expense in the operating category comprising the new mandatory 'operating profit or loss' sub-total.</li> <li>▶ Aggregation and disaggregation of information, including the introduction of overall principles for how information should be aggregated and disaggregated in financial statements.</li> <li>▶ Disclosures related to management-defined performance measures (MPMs), which are measures of financial performance based on a total or sub-total required by IFRS Accounting Standards with adjustments made (e.g. 'adjusted profit or loss'). Entities will be required to disclose MPMs in the financial statements with disclosures, including reconciliations of MPMs to the nearest total or sub-total calculated in accordance with IFRS Accounting Standards.</li> </ul> <p>The aim of the IASB in publishing IFRS 18 is to improve comparability and transparency of companies' performance reporting. IFRS 18 has also resulted in narrow changes to the statement of cash flows.</p>	<p><a href="#">IFRS Accounting Standards in Practice – IFRS 18 Presentation and Disclosure in Financial Statements</a></p> <p><a href="#">IFRB 2024/04 – IASB Publishes IFRS 18 Presentation and Disclosure in Financial Statements</a></p>





IFRS ACCOUNTING STANDARD	SUMMARY	MORE INFORMATION
<p><i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i></p>	<p>On 9 May 2024, the International Accounting Standards Board (IASB) issued IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>.</p> <p>Stakeholders have asked the IASB to permit a subsidiary reporting to a parent applying IFRS Accounting Standards in its consolidated financial statements to apply IFRS Accounting Standards with reduced disclosure requirements in its own financial statements. Considering this feedback, the IASB added a project to its research pipeline to provide reduced disclosure requirements for subsidiaries without public accountability. The project has culminated in the issuance of IFRS 19, which permits eligible subsidiaries to apply reduced disclosure requirements while applying the recognition, measurement and presentation requirements in IFRS Accounting Standards.</p> <p>For example, under IFRS 19, an entity that has transactions within the scope of IFRS 2 Share-based Payment would not apply the disclosure requirements in IFRS 2.44-52, which are extensive. Instead, an entity would disclose only the information contained in paragraphs 31-34 of IFRS 19, which include a description of share-based payment arrangements, the number and weighted average exercise prices of share options, how an entity measures the fair value of equity-settled share-based payment transactions and other general information about transactions in the scope of IFRS 2.</p> <p>As an indication of the scope of the reduction in disclosure requirements, IFRS 2 currently contains 991 words in its disclosure requirements, whereas IFRS 19 contains only 250 words relating to IFRS 2 disclosures.</p> <p>The eligibility criteria for an entity to apply IFRS 19 are:</p> <ul style="list-style-type: none"> <li>▶ The entity is a subsidiary (as defined in Appendix A of IFRS 10 <i>Consolidated Financial Statements</i>);</li> <li>▶ The entity does not have public accountability; and</li> <li>▶ The entity has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.</li> </ul> <p>An entity has public accountability if:</p> <ul style="list-style-type: none"> <li>▶ Its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market; or</li> <li>▶ It holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses outsiders as one of its primary businesses.</li> </ul>	<p><a href="#">IFRB 2024/06 – IASB issues IFRS 19 Subsidiaries without Public Accountability: Disclosures</a></p>

## IASB Activities

### New IFRS Accounting Standards and Amendments Issued in 2024

The following is a list of new IFRS Accounting Standards and amendments issued to existing IFRS Accounting Standards during 2024. 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	MANDATORY EFFECTIVE DATE	MORE INFORMATION
<i>Amendments to the Classification and Measurement of Financial Instruments</i> (Amendments to IFRS 9 and IFRS 7)	Annual reporting periods beginning on or after 1 January 2026	<a href="#">IFRB 2024/07 – IASB Issues Amendments to the Classification and Measurement of Financial Instruments</a>
<i>Contracts Referencing Nature-dependent Electricity</i> (Amendments to IFRS 9 and IFRS 7)	Annual reporting periods beginning on or after 1 January 2026	IFR Bulletin to be issued in January 2025
<i>IFRS 18 Presentation and Disclosure in Financial Statements</i>	Annual reporting periods beginning on or after 1 January 2027	<a href="#">IFRS Accounting Standards in Practice – IFRS 18 Presentation and Disclosure in Financial Statements</a>  <a href="#">IFRB 2024/04 – IASB Publishes IFRS 18 Presentation and Disclosure in Financial Statements</a>
<i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>	Annual reporting periods beginning on or after 1 January 2027	<a href="#">IFRB 2024/06 – IASB issues IFRS 19 Subsidiaries without Public Accountability: Disclosures</a>

### Standard-setting Projects

The following is a list and brief description of standard-setting projects ongoing in 2024, which may eventually lead to the publication of new IFRS Accounting Standards or significant amendments to existing IFRS Accounting Standards. The projects are presented in alphabetical order as it is uncertain as to when the projects may be completed.

PROJECT	SUMMARY	MORE INFORMATION
Business Combinations – Disclosures, Goodwill and Impairment	<p>In March 2024, the IASB issued an Exposure Draft proposing amendments to IFRS 3 <i>Business Combinations</i> and IAS 36 <i>Impairment of Assets</i>.</p> <p>In the post-implementation review of IFRS 3, stakeholders had raised concerns about the lack of availability of sufficient and timely information about acquisitions and post-acquisition performance. They also expressed concerns about the effectiveness and complexity of the impairment test for operations to which goodwill has been allocated and the delayed recognition of impairment losses on goodwill due to shielding of goodwill from impairment.</p> <p>The IASB undertook a project <i>Business Combinations – Disclosures, Goodwill and Impairment</i> to explore ways to address stakeholder concerns. As a culmination of the project, the IASB has now issued an Exposure Draft <i>Business Combinations – Disclosures, Goodwill and Impairment</i> proposing amendments to IFRS 3 and IAS 36. The Exposure</p>	<p><a href="#">IFRB 2024/03 IASB Publishes Exposure Draft – Business Combinations – Disclosures, Goodwill and Impairment</a></p> <p><a href="#">IASB project page</a></p> <p><a href="#">BDO comment letter on exposure draft</a></p>



PROJECT	SUMMARY	MORE INFORMATION
	<p>Draft Business Combinations – Disclosures, Goodwill and Impairment proposing amendments to IFRS 3 and IAS 36. The Exposure Draft proposes to introduce additional disclosure requirements in IFRS 3 that will require entities to provide information about the strategic rationale, expected synergies and the actual performance of acquisitions in reporting periods after the acquisition. The Exposure Draft also proposes certain amendments to IAS 36 <i>Impairment of Assets</i> to make targeted improvements to the impairment test, with an objective to reduce shielding of goodwill from impairments being recognised and to simplify the impairment test.</p> <p>The exposure draft comment period closed 15 July 2024. The IASB is expected to discuss feedback on the exposure draft in January 2025.</p>	
Dynamic Risk Management	<p>This project is expected to eventually result in amendments to the hedge accounting requirements of IFRS 9. This project is sometimes referred to as 'macro hedging', as it relates to the hedging of risks on a portfolio basis.</p> <p>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.</p> <p>An exposure draft is expected in the second quarter of 2025.</p>	<a href="#">IASB project page</a>
Equity Method	<p>On 19 September 2024 the IASB published the Exposure Draft Equity Method of Accounting – IAS 28 <i>Investments in Associates and Joint Ventures (revised 202x)</i>. The exposure draft proposes:</p> <ul style="list-style-type: none"> <li>► Amendments to IAS 28 to address questions about how to apply the equity method of accounting; and</li> <li>► Improvements to the disclosure requirements in IFRS 12 <i>Disclosure of Interests in Other Entities</i> and IAS 27 <i>Separate Financial Statements</i>.</li> </ul> <p>The IASB is also proposing to re-order the requirements in IAS 28 to be more logical and consistent as part of its work to improve the understandability of IFRS Accounting Standards.</p> <p>The exposure draft is open for comment until 20 January 2025.</p>	<p><a href="#">IFRB 2024/10 IASB issues Exposure Draft Equity Method of Accounting</a></p> <p><a href="#">IASB project page</a></p>

PROJECT	SUMMARY	MORE INFORMATION
Financial Instruments with Characteristics of Equity	<p>The IASB published the Exposure Draft <i>Financial Instruments with Characteristics of Equity</i> in November 2023. The IASB has proposed amendments to address the existing challenges in companies' financial reporting on financial instruments with characteristics of equity.</p> <p>The proposals in the Exposure Draft would amend IAS 32 <i>Financial Instruments: Presentation</i>, IFRS 7 <i>Financial Instruments: Disclosures</i>, and IAS 1 <i>Presentation of Financial Statements</i>.</p> <p>The proposals include:</p> <ul style="list-style-type: none"> <li>► Clarification of the underlying classification principles of IAS 32 to help companies distinguish between financial liabilities and equity;</li> <li>► disclosures to further explain complexities around instruments that have both financial liability and equity characteristics; and</li> <li>► presentation requirements for amounts—including profit and total comprehensive income—attributable to ordinary shareholders separately from amounts attributable to other holders of equity instruments.</li> </ul> <p>The exposure draft comment period has closed and the IASB is considering the responses received. The final amendments are expected to be issued in 2026.</p>	<p><a href="#">IASB project page</a></p> <p><a href="#">BDO comment letter on exposure draft</a></p>
Management Commentary	<p>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&amp;A'), strategic report, annual report, etc. In May 2021, the IASB published the Exposure Draft <i>Management Commentary</i>, 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 <i>Management Commentary</i>.</p> <p>In May 2023, the International Sustainability Standards Board (ISSB) published the Request for Information <i>Consultation on Agenda Priorities</i> 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.</p> <p>The IASB has decided to finalise the project by making targeted refinements to the proposals in the exposure draft.</p> <p>The revised practice statement is expected to be published in the second quarter of 2025.</p>	<p><a href="#">IASB project page</a></p> <p><a href="#">BDO comment letter on Exposure Draft</a></p> <p><a href="#">BDO comment letter on ISSB Request for Information</a></p>



PROJECT	SUMMARY	MORE INFORMATION
Rate-Regulated Activities	<p>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 <i>Regulatory Assets and Regulatory Liabilities</i>, 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.</p> <p>The IASB is redeliberating proposals in the Exposure Draft <i>Regulatory Assets and Regulatory Liabilities</i>. If issued as a new IFRS Accounting Standard, the proposals would replace IFRS 14 <i>Regulatory Deferral Accounts</i>. The IASB continued to discuss feedback on the exposure draft throughout 2024.</p> <p>A final IFRS Accounting Standards is expected in the second half of 2025.</p>	<p><a href="#">IASB project page</a></p> <p><a href="#">IFRB 2021/04 IASB publishes Exposure Draft – <i>Regulatory Assets and Regulatory Liabilities</i></a></p> <p><a href="#">BDO comment letter on Exposure Draft</a></p>
Second Comprehensive Review of the <i>IFRS for SMEs</i> Accounting Standard	<p>The <i>IFRS for SMEs</i> 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 <i>IFRS for SMEs</i>. As part of the second comprehensive review of the <i>IFRS for SMEs</i> Standard, the IASB published a Request for Information to seek views on whether and how to align the <i>IFRS for SMEs</i> Standard with full IFRS Accounting Standards.</p> <p>In September 2022, the IASB published the Exposure Draft <i>Third edition of the IFRS for SMEs Accounting Standard</i> as part of its second comprehensive review of the Standard. The Exposure Draft proposes amendments to the <i>IFRS for SMEs</i> 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.</p> <p>The IASB continued to discussed feedback on the exposure draft throughout 2024.</p> <p>A final revision to the <i>IFRS for SMEs</i> accounting standard is expected in February 2025.</p>	<p><a href="#">IASB project page</a></p> <p><a href="#">BDO comment letter on exposure draft</a></p>

## Maintenance Projects

The following is a list and brief description of maintenance projects ongoing in 2024, 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
Climate-related and Other Uncertainties in the Financial Statements	<p>In July 2024 the IASB published the Exposure Draft <i>Climate-related and Other Uncertainties in the Financial Statements</i>. The Exposure Draft proposes eight examples illustrating how an entity applies the requirements in IFRS Accounting Standards to report the effects of climate-related and other uncertainties in its financial statements.</p> <p>The exposure draft is comment period closed 28 November 2024.</p>	<a href="#">IASB project page</a>
Provisions – Targeted Improvements	<p>On 12 November 2024 the IASB published the Exposure Draft <i>Provisions – Targeted Improvements</i>. The exposure draft proposes three changes to the requirements of IAS 37:</p> <ul style="list-style-type: none"> <li>▶ when an entity recognises provisions for obligations it could avoid through its future actions;</li> <li>▶ whether rates used to discount provisions reflect non-performance risk; and</li> <li>▶ which costs to include in the measure of a provision.</li> </ul> <p>The amendments are expected to replace IFRIC 21 Levies with new application requirements that demonstrate how the revised recognition requirements apply to levies.</p> <p>The exposure draft is open for comment until 12 March 2025.</p>	<a href="#">IASB project page</a>
Translation to a Hyperinflationary Presentation Currency (IAS 21)	<p>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.</p> <p>On 25 July 2024 the IASB published the Exposure Draft <i>Translation to a Hyperinflationary Presentation Currency</i>. The exposure draft proposes to amend 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.</p>	<a href="#">IASB project page</a>
Updating IFRS 19 Subsidiaries without Public Accountability: Disclosures	<p>In July 2024 the IASB published the Exposure Draft <i>Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>. The exposure draft:</p> <ul style="list-style-type: none"> <li>▶ Proposes to reduce disclosure requirements to only include disclosure requirements reflecting principles for reducing disclosure requirements. The exposure draft covers disclosure requirements issued between 28 February 2021 and 1 May 2024, which were not addressed by the first version of IFRS 19 published in May 2024.</li> </ul>	<a href="#">IASB project page</a>



PROJECT	SUMMARY	MORE INFORMATION
	<ul style="list-style-type: none"> <li>Asks stakeholders whether the IASB should reduce the disclosure requirements from the prospective IFRS Accounting Standard <i>Regulatory Assets and Regulatory Liabilities</i>.</li> </ul>	

## Research Projects

The following is a list and brief description of research projects ongoing in 2024, 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
Amortised Cost Measurement	<p>The IASB plans to make targeted improvements to the IFRS 9 <i>Financial Instruments</i> to clarify the underlying principles of the amortised cost measurement requirements and add accompanying application guidance.</p> <p>The IASB is expected to review research in February 2025.</p>	<a href="#">IASB project page</a>
Intangible assets	<p>The IASB launched a comprehensive review of the accounting requirements for intangible assets in April 2024.</p> <p>The project will assess whether the requirements of IAS 38 <i>Intangible Assets</i> remain relevant and continue to fairly reflect current business models or whether the IASB should improve the requirements.</p> <p>During the IASB's Third Agenda Consultation, stakeholders identified this as a high priority project. In its meeting held in April 2024, the IASB started the project and discussed the initial work it will do on the project.</p> <p>The initial research and planning phase aims to define the scope of issues to be explored in the project and explore the best approach to plan and organise the work.</p> <p>The IASB is expected to review research in February 2025.</p>	<a href="#">IASB project page</a>
Post-implementation Review of IFRS 15 <i>Revenue from Contracts with Customers</i>	<p>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. The IASB discussed the feedback received throughout 2024. On 30 September 2024, the IASB published the Project Summary and Feedback Statement where the IASB concluded that the requirements of IFRS 15 are working as intended.</p> <p>However, the IASB did identify the following matters for further consideration:</p> <ul style="list-style-type: none"> <li>reporting consideration payable to a customer;</li> <li>assessing control over services and intangible assets</li> </ul>	<p><a href="#">IASB project page</a></p> <p><a href="#">BDO comment letter on post-implementation review</a></p>

PROJECT	SUMMARY	MORE INFORMATION
	<p>assessing control over services and intangible assets to determine whether an entity acts as a principal or an agent; and</p> <p>► applying IFRS 15 with other IFRS Accounting Standards—specifically with IFRS 10 <i>Consolidated Financial Statements</i>, IFRS 11 <i>Joint Arrangements</i> and IFRIC 12 <i>Service Concession Arrangements</i>.</p> <p>The IASB plans to gather further evidence on how an entity assesses whether the transfer of an asset is a sale and leaseback transaction in the Post-implementation Review of IFRS 16 <i>Leases</i>.</p> <p>The IASB decided to take no further action on the other matters identified in the Post-implementation Review of IFRS 15.</p>	
Post-implementation Review of IFRS 16 <i>Leases</i>	<p>The IASB began the post-implementation review of IFRS 16 in June 2024.</p> <p>The IASB is conducting outreach with consultative groups and other stakeholders to help inform a request for information and expects to publish that request for information in the second quarter of 2025.</p>	<a href="#">IASB project page</a>

## 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.

The Committee has issued the following agenda decisions in 2024:

AGENDA DECISION	SUMMARY	MORE INFORMATION
<p>Merger between a Parent and Its Subsidiary in Separate Financial Statements (<i>IAS 27 Separate Financial Statements</i>)</p>	<p>The Committee received a request about how a parent entity that prepares separate financial statements applying IAS 27 accounts for a merger with its subsidiary in its separate financial statements.</p> <p>Evidence gathered by the Committee indicates little, if any, diversity in determining whether to apply the acquisition method (and related requirements) in IFRS 3 to the merger transaction described in the request. In accounting for the merger transaction described in the request in their separate financial statements, parent entities generally do not apply the acquisition method (and related requirements) in IFRS 3.</p> <p>Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.</p>	<p><a href="#">Agenda decision</a></p>
<p>Payments Contingent on Continued Employment during Handover Periods (<i>IFRS 3 Business Combinations</i>)</p>	<p>The Committee received a request about how an entity accounts for payments to the sellers of a business it has acquired if those payments are contingent on the sellers' continued employment during a post-acquisition handover period.</p> <p>Evidence gathered by the Committee indicated no significant diversity in the accounting for payments contingent upon continued employment in fact patterns such as that described in the request. In these fact patterns, entities apply the accounting described in the Agenda Decision <a href="#">Continuing employment (IFRS 3 Business Combinations)</a>, published in January 2013, and account for the payments as compensation for post-combination services rather than as additional consideration for the acquisition, unless the service condition is not substantive.</p> <p>Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.</p>	<p><a href="#">Agenda decision</a></p>



AGENDA DECISION	SUMMARY	MORE INFORMATION
<p>Climate-related Commitments (IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>)</p>	<p>The Committee received a request asking it to clarify:</p> <ul style="list-style-type: none"> <li>a. whether an entity's commitment to reduce or offset its greenhouse gas emissions creates a constructive obligation for the entity;</li> <li>b. whether a constructive obligation created by such a commitment meets the criteria in IAS 37 for recognising a provision; and</li> <li>c. if a provision is recognised, whether the corresponding amount is recognised as an expense or as an asset when the provision is recognised.</li> </ul> <p>The full text of the agenda decision (including the fact pattern on which the question was based) is available at the link to the right.</p> <p>The Committee concluded that the entity does not recognise a provision because even if a constructive obligation does exist at the reporting date, it is not a present obligation as a result of past events, until the entity has emitted the greenhouse gases it has committed to offset.</p>	<p><a href="#">Agenda decision</a></p>
<p>Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8 <i>Operating Segments</i>)</p>	<p>The Committee received a request about how an entity applies the requirements in paragraph 23 of IFRS 8 to disclose for each reportable segment specified amounts related to segment profit or loss.</p> <p>The Committee observed that there are two main aspects to the questions:</p> <ul style="list-style-type: none"> <li>► The requirements of paragraph 23 of IFRS 8 to disclose, for each reportable segment, specified amounts included in segment profit or loss reviewed by the CODM; and</li> <li>► The meaning of 'material items of income and expense' in the context of paragraph 97 of IAS 1 as referenced in paragraph 23(f) of IFRS 8.</li> </ul> <p>The Committee observed that, when applying IFRS 8.23(f), an entity:</p> <ul style="list-style-type: none"> <li>► Applies IAS 1.7 and assesses whether information is material;</li> <li>► Applies IAS 1.30-31 in considering how to aggregate information;</li> <li>► Considers the nature or magnitude of information; and</li> <li>► Considers circumstances including, but not limited to, those in IAS 1.98.</li> </ul> <p>The Committee further observed that IFRS 8.23(f) does not require disclosure by reportable segment of each item of income and expense presented in its statement of profit or loss or disclosed in the notes. In determining information to disclose for each reportable segment, judgement is required and consideration of the core principle of IFRS 8—which requires an entity to disclose information to enable users of its financial statements to evaluate the nature and financial</p>	<p><a href="#">Agenda decision</a></p>

AGENDA DECISION	SUMMARY	MORE INFORMATION
	<p>effects of the business activities in which it engages and the economic environments in which it operates.</p> <p>The Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity to apply the disclosure requirements in paragraph 23 of IFRS 8. Consequently, the Committee decided not to add a standard-setting project to the work plan.</p>	





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