The topics discussed at the IASB’s January 2024 with respect to IASB meetings were on the following:

A. Research and standard-setting

1. Second Comprehensive Review of the IFRS for SMEs Accounting Standard
2. Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures

B. Maintenance and consistent application

1. Maintenance and consistent application
3. Amendments to the Classification and Measurement of Financial Instruments
4. Updating the Subsidiaries without Public Accountability: Disclosures Standard
A. Research and standard-setting

1. Second Comprehensive Review of the IFRS for SMEs Accounting Standard

The IASB met to redeliberate the proposals in the Exposure Draft *Third edition of the IFRS for SMEs Accounting Standard*.

Reconciliation for liabilities arising from financing activities

The IASB tentatively decided to finalise the proposal in the Exposure Draft to require SMEs to disclose a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Agriculture: Bearer plants

The IASB tentatively decided to finalise the proposals for bearer plants in the Exposure Draft. However, the IASB tentatively decided to clarify that Section 34 *Specialised Activities* of the *IFRS for SMEs Accounting Standard* does not apply to bearer plants that can be measured separately, on initial recognition and on an ongoing basis, from the produce on them without undue cost or effort.

Impairment of financial assets

The IASB tentatively decided that, for a small population of SMEs with significant exposure to credit risk:

a. the relevance principle of the IASB’s alignment approach is satisfied.

b. the population be defined as SMEs that provide financing to customers as one of their primary businesses.

c. the population be required to apply an expected credit loss model.

Given these three tentative decisions, the IASB also tentatively decided:

a. to require SMEs that do not provide financing to customers as one of their primary businesses to continue to use the incurred loss model to measure the impairment of their financial assets.

b. to require SMEs that provide financing to customers as one of their primary businesses to apply an expected credit loss model, aligned with the simplified approach in IFRS 9 *Financial Instruments*, to measure the impairment of their financial assets.

Section 20 Leases and IFRS 16 Leases

The IASB tentatively decided to consider aligning the *IFRS for SMEs Accounting Standard* with IFRS 16 *Leases* at the next comprehensive review of the *IFRS for SMEs Accounting Standard*. 
Next steps

The IASB will consider the possible implications of requiring SMEs that provide financing to customers as one of their primary businesses to use an expected credit loss model. The IASB will also continue to redeliberate the proposals in the Exposure Draft.

2. Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures

The IASB met to discuss some of the disclosure requirements proposed in the Exposure Draft Subsidiaries without Public Accountability: Disclosures. The IASB tentatively decided:

a. to withdraw the proposed requirements in paragraph 106(d) of the Exposure Draft;
b. to modify the proposed requirements in paragraphs 96, 100(e), 106(f), 147(c) and 191 of the Exposure Draft to align their language with that used in the disclosure requirements in the IFRS Accounting Standards of which these proposed requirements are reduced versions; and
c. to add a disclosure requirement based on paragraph 58 of IFRS 16 Leases.

Next step

The IASB will discuss any further sweep issues that arise in the drafting process.
B. Maintenance and consistent application

1. Maintenance and consistent application

The IASB met:

- to consider an agenda decision discussed at the November 2023 meeting of the IFRS Interpretations Committee (Committee); and
- to receive an update on that meeting.


Next step

The Agenda Decision will be published in January 2024 in an addendum to IFRIC Update November 2023.

3. Amendments to the Classification and Measurement of Financial Instruments

The IASB met to discuss the feedback on the Exposure Draft Amendments to the Classification and Measurement of Financial Instruments, which proposed amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures.

The IASB discussed its proposals relating to:

- general requirements for assessing the contractual cash flow characteristics of a financial asset; and
- requirements for classifying and measuring financial assets with non-recourse features and contractually linked instruments.

General requirements

The IASB tentatively decided to finalise the proposed amendments in the Exposure Draft, subject to revisions, namely:

a. clarifying, in relation to paragraph B4.1.8A of the Exposure Draft, that the amount of compensation that an entity receives may indicate that the entity is being compensated for something other than basic lending risks or costs;

b. instead of requiring that a contingent event should be specific to the debtor, as set out in paragraph B4.1.10A of the Exposure Draft, specifying that, if the nature of a contingent event is not directly related to a change in basic lending risks or costs, a financial asset has contractual cash flows that are solely payments of principal and interest if:
   i. irrespective of the probability of the contingent event occurring, the contractual cash flows before and after any contingent event(s), when considered in isolation, are solely payments of principal and interest; and
   ii. the contractual cash flows arising from a contingent event are not significantly different from the cash flows on a similar financial asset without
such a contingent event and do not represent an investment in particular assets or cash flows; and
c. updating the analyses of the proposed examples in the Exposure Draft to illustrate the application of the changed requirements.

Financial assets with non-recourse features and contractually linked instruments

The IASB tentatively decided to finalise the proposed amendments in the Exposure Draft, subject to:

a. requiring, in relation to paragraph B4.1.20A of the Exposure Draft, that the junior debt instrument is held by the debtor (the sponsoring entity) throughout the life of the transaction; and
b. minor drafting suggestions to clarify the proposed amendments.

Next step

The IASB will continue discussing the feedback on the Exposure Draft.

4. Updating the Subsidiaries without Public Accountability: Disclosures Standard

The IASB met to discuss which disclosure requirements to propose in the ‘catch-up’ exposure draft it expects to publish after issuing the prospective IFRS Accounting Standard Subsidiaries without Public Accountability: Disclosures.

The IASB tentatively decided to propose including disclosure requirements from:

a. paragraphs 44G–44H of IAS 7 Statement of Cash Flows, relating to Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
b. paragraphs 88A–88D of IAS 12 Income Taxes, relating to International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12); and
c. paragraph 57B of IAS 21 The Effects of Changes in Foreign Exchange Rates and paragraphs A19–A20 of Appendix A to IAS 21, relating to Lack of Exchangeability (Amendments to IAS 21).

Next step

The IASB will continue to discuss the ‘catch-up’ exposure draft in February 2024.

For further information: http://www.ifrs.org

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