FINANCIAL REPORTING COUNCIL

MONTHLY UPDATES (July 2026)

What's new from the International Accounting Standards Board (IASB)

The topics discussed at the IASB's July 2026 meeting were on the following:

A. Research and standard-setting

1. Post-implementation Review of IFRS 16 Leases
2. Equity Method
3. Intangible Assets
4. Business Combinations—Disclosures, Goodwill and Impairment
5. Statement of Cash Flows and Related Matters
6. Post-implementation Review of IFRS 9—Hedge Accounting

B. Maintenance and consistent application

1. Maintenance and consistent application activities
2. Presentation of Taxes or Other Charges that Are Not Tax Expense or Tax Income Applying IAS 12 Income Taxes (IFRS 18)
3. Reverse factoring agenda decision—Updates to Committee's agenda decisions for IFRS 18

A. Research and standard-setting

1. Post-implementation Review of IFRS 16 Leases

The IASB met:

- to decide whether IFRS 16 *Leases* is overall working as intended;
- to finalise the decisions made in the Post-implementation Review of IFRS 16 *Leases*; and
- to decide whether sufficient work has been completed to conclude the Post-implementation Review and to prepare a project summary and feedback statement.

Overall assessment of IFRS 16 and finalising decisions in this PIR

The IASB concluded that the requirements in IFRS 16 are overall working as intended.

The IASB decided to confirm its previous tentative decisions in this Post-implementation Review:

(a) to add a research project to its project pipeline. The project will explore how to mitigate the higher-than-expected ongoing costs for lessees of applying the measurement requirements in IFRS 16 without a significant negative effect on the usefulness of lease-related financial information. The project will explore reducing costs relating to:

  (i) remeasurements of the lease liability (for example, by reducing the frequency of remeasurements of the lease liability and simplifying the requirements for the reassessment of the lease liability to reflect changes in variable lease payments that are linked to an index or a rate).
  (ii) discount rates (for example, by requiring or permitting lessees to use a simplified discount rate instead of an incremental borrowing rate and an unchanged discount rate for some remeasurements of the lease liability).

(b) to add a narrow-scope project to its project pipeline to clarify how a lessee applies the requirements in IFRS 16 and IFRS 9 *Financial Instruments* to account for a rent concession (in which the only change to the lease contract is the lessor's forgiveness of lease payments due from the lessee under that contract). The IASB will undertake this project together with the research project described in (a) as a single project to improve IFRS 16.

(c) to consider the priority of a project to explore the effects of applying the requirements in IFRS 16 and IFRS 10 *Consolidated Financial Statements* to account for the sale and leaseback of an asset in a single-asset entity (currently a matter in the maintenance-project pipeline) together with other corporate-wrapper matters in its next agenda consultation.

(d) to remove the matter Sale and Leaseback of an Asset in a Single-asset Entity from the maintenance-project pipeline.

(e) not to take action on other matters identified by stakeholders in response to Questions 2–6 in the Request for Information.

The IASB decided to confirm its previous tentative decision to explore (in its project on Statement of Cash Flows and Related Matters) requiring lessees to disclose the components of the total cash outflow for leases together with the line item in the statement of cash flows in which each component is presented.

Summary of the IASB's work undertaken and next steps

The IASB decided that sufficient work has been completed to conclude the Post-implementation Review and to prepare a project summary and feedback statement.

Next step

Subject to approval from the Due Process Oversight Committee, the IASB will publish a project summary and feedback statement on the Post-implementation Review in the fourth quarter of 2026.

2. Equity Method

The IASB met to continue redeliberating the proposals in the Exposure Draft *Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures (revised 202x)*.

Transactions with associates—Disclosure requirements

The IASB continued its discussions on disclosure requirements for gains or losses from transactions with associates.

The IASB tentatively decided:

(a) to require an entity to disclose its accounting policy choice for the recognition of gains or losses from transactions with associates.

(b) to require:
  (i) an investor that chooses to recognise gains or losses in full to disclose gains or losses from 'downstream' transactions; and
  (ii) an investor that chooses to restrict the recognition of gains or losses to disclose gains or losses from both 'downstream' and 'upstream' transactions.

(c) to expand the disclosure objective in paragraph 20 of IFRS 12 *Disclosure of Interests in Other Entities* that investors use in determining the types of transactions with associates for which gains or losses would be disclosed.

(d) to require investors to disclose the nature of transactions with associates and whether those transactions are included in the disclosure of gains and losses.

(e) to provide an exemption from disclosing gains and losses from transactions with associates only if:
  (i) the information disclosed can be attributed to an individual associate; and
  (ii) the transactions are part of the investor's ordinary activities.

(f) not to prescribe whether an investor discloses the reconciliation between the opening balance and closing balance of restricted gains and losses separately from or combined with the reconciliation between the opening and closing balance of the carrying amounts of investments in associates.

(g) not to change its tentative decision to require disclosure of the reconciliation of restricted gains and losses and the information to be disclosed in that reconciliation.

Transition requirements in IAS 28 (revised 202x)

The IASB considered stakeholder feedback on its proposals in the Exposure Draft relating to transition requirements.

The IASB tentatively decided:

(a) to confirm its proposal in the Exposure Draft to require an investor to retrospectively apply a change in the accounting policy for recognising gains or losses from transactions with associates, subject to (b)–(c).

(b) to provide relief from retrospective application for cases in which retrospective application would involve undue cost or effort.

(c) to clarify that the requirement in (a) applies only to the unrecognised portion of a previously restricted gain or loss at the transition date.

(d) not to clarify that the retrospective application in (a) is subject to the 'impracticability exemption' in IAS 8 *Basis of Preparation of Financial Statements*.

The IASB tentatively decided to confirm its other proposals in the Exposure Draft related to:

(a) the transition requirements for contingent consideration, subject to clarifying that the requirement to recognise and measure contingent consideration at fair value at the transition date applies only to outstanding contingent consideration obligations at that date.

(b) the transition requirements for the impairment of an investment in an associate at the transition date, subject to clarifying that the investor is permitted to estimate the recoverable amount of the investment at the transition date.

(c) the prospective application of all the other requirements from the effective date of the amendments.

(d) the reliefs from:
   (i) restating any prior period presented in addition to the comparative period; and
   (ii) disclosing the effects of the proposed requirements on the current period or any unadjusted additional prior period (as required by paragraph 28(f) of IAS 8 and paragraph 178(f) of IFRS 19 *Subsidiaries without Public Accountability: Disclosures*).

The IASB also tentatively decided to add a transition requirement for an investor that has unrecognised losses at the transition date to recognise an adjustment to the opening balance of retained earnings at the transition date and a corresponding decrease in the carrying amount of the investment for the lower of:

(a) the amount of the unrecognised losses; or

(b) the amount of the increase to the carrying amount of the investment resulting from applying the transition requirements in paragraphs C4–C7 of Appendix C *Effective date and transition* of the Exposure Draft.

The IASB also tentatively decided to require an investor to apply the transition requirements for a change in the accounting policy for recognising gains or losses from transactions with associates to the related amendments in preparing its consolidated financial statements (IFRS 10 *Consolidated Financial Statements*) and separate financial statements (IAS 27 *Separate Financial Statements*).

Transition requirements for first-time adopters

The IASB discussed whether to introduce transition requirements for an entity's first financial statements prepared in accordance with IFRS Accounting Standards.

The IASB tentatively decided:

(a) to clarify that the exemption in paragraph C5 of IFRS 1 *First-time Adoption of International Financial Reporting Standards* for past acquisitions of investments in associates also applies on purchase of an additional ownership interest while retaining significant influence; and

(b) not to include in IFRS 1 any other transition requirements for the amendments to IAS 28.

3. Sweep issues

The IASB considered some sweep issues.

The IASB tentatively decided:

(a) not to add a requirement to recognise in full gains or losses from transfers of a business in the accounting policy choice for gains or losses from transactions with subsidiaries in separate financial statements.

(b) not to add requirements for the measurement of a retained interest when an investor loses control of a subsidiary that does not contain a business to an associate.

(c) not to add requirements on 'sidestream' transactions.

(d) to confirm the proposal to remove from IAS 28 the requirement to include a bargain purchase gain in the determination of an entity's share of an associate or joint venture's profit or loss.

(e) to withdraw:
  - (i) the Agenda Decision *IAS 28 Investments in Associates—Potential effect of IFRS 3 Business Combinations (as revised in 2008) and IAS 27 Consolidated and Separate Financial Statements (as amended in 2008) on equity method accounting* (July 2009);
  - (ii) the Agenda Decision *IAS 39—Impairment of an Equity Security* (June 2005); and
  - (iii) the Agenda Decision *IAS 39 Financial Instruments: Recognition and Measurement—Meaning of 'significant or prolonged'* (July 2009).

(f) to amend the Agenda Decision *Contributing property, plant and equipment to an associate (IAS 28 Investments in Associates and Joint Ventures)* (January 2018).

Next step

The IASB will discuss due process requirements for issuing the revised Standard.

4. Business Combinations—Disclosures, Goodwill and Impairment

The IASB met to continue deliberating proposals in the Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment.*

The IASB discussed an updated package of disclosures about the performance of a business combination

The IASB directed the staff to explore further the type of subsequent performance information that an entity would be required to disclose as part of the updated package.

Next step

The IASB will continue redeliberating the proposals in the Exposure Draft.

5. Statement of Cash Flows and Related Matters

The IASB met to discuss:

- improvements to disclosures about non-cash transactions from investing and financing activities (non-cash transactions); and
- planned work and areas of focus on the statement of cash flows for financial institutions.

Non-cash transactions

The IASB tentatively decided to propose in a future exposure draft:

(a) adding application guidance to clarify the non-cash transactions within the scope of paragraphs 43–44 of IAS 7 *Statement of Cash Flows*. Specifically, the guidance would:

(i) explain that to identify non-cash transactions, an entity identifies non-cash additions and disposals of assets, and non-cash issuances and redemptions of liabilities and equity items, for which cash flows would be classified as investing or financing activities.
(ii) include examples of non-cash changes in the items described in (i) that are within the scope of the disclosure requirements and examples that are outside that scope.

(b) adding a disclosure objective that would require an entity to disclose information about non-cash transactions that enables investors to understand changes in the entity's net assets and its ability to generate future cash flows.

(c) requiring an entity to disclose information about non-cash transactions in a single note.

(d) adding requirements to paragraphs 43–44 of IAS 7 for an entity to disclose:

(i) a list of non-cash transactions and applicable cross-references that identify the location of any related information in other notes.

(ii) the transaction amount—that is, the consideration attributed to the transaction in accordance with IFRS Accounting Standards. The entity would also be required to disclose information about the related investing, financing and operating activities from which the transaction arises. Operating activities would only be included in the scope of these proposed requirements if involved in a transaction that involves both operating and investing or financing.

(iii) the effect of non-cash transactions on assets, liabilities and equity alongside the amounts of similar cash transactions. The entity would be required to add these amounts to show their combined effect on its activities in the statement of cash flows.

(e) requiring an entity to provide the information described in (d) in a structured format, like a table.

(f) requiring an entity to explain the nature of the information available in the related notes identified in cross-references disclosed as described in (d)(i) if the transaction amounts are not separately identifiable in those notes.

Next step

The IASB will continue to consider how to improve financial reporting for each of the topics in the project plan.

6. Post-implementation Review of IFRS 9—Hedge Accounting

The IASB met:

- to discuss feedback gathered in the first phase of the Post-implementation Review of IFRS 9 *Financial Instruments*—Hedge Accounting;
- to discuss a review of academic literature relevant to the Post-implementation Review; and
- to decide what questions should be included in a request for information for public consultation.

Feedback analysis and review of academic literature

The IASB tentatively decided to include separate questions in the request for information about the hedge accounting requirements in IFRS 9 and related disclosure requirements in IFRS 7 *Financial Instruments: Disclosures* to assess whether:

(a) those requirements are meeting their objectives;

(b) the benefits to users of the information arising from applying those requirements are as expected; and

(c) the costs of applying those requirements, and auditing and enforcing their application, are as expected.

Next steps

The IASB expects to approve the publication of the request for information and set a comment period. The IASB plans to publish the request for information in September 2026.

B. Maintenance and consistent application

1. Maintenance and consistent application activities

The IASB met to discuss:

- the project Presentation of Taxes or Other Charges that Are Not Tax Expense or Tax Income Applying IAS 12 *Income Taxes* (IFRS 18 *Presentation and Disclosure in Financial Statements*); and
- the question of whether to withdraw the Agenda Decision *Supply Chain Financing Arrangements—Reverse Factoring* (December 2020).

The IASB also received an update about the June 2026 meeting of the IFRS Interpretations Committee (Committee).

2. Presentation of Taxes or Other Charges that Are Not Tax Expense or Tax Income Applying IAS 12 Income Taxes (IFRS 18)

The IASB further discussed alternative approaches for amending IFRS 18 to require an entity to classify specific tax charges in the income taxes category of the statement of profit or loss.

The IASB tentatively decided to propose amending IFRS 18:

(a) to require an entity to classify, in the income taxes category of the statement of profit or loss, tax charges imposed by a government as a direct substitute for income taxes; and

(b) to require the classification described in (a) only if legislation specifies that an entity pays either an income tax or a specified tax charge.

The IASB tentatively decided:

(a) to require an entity that classifies tax charges other than income taxes in the income taxes category:

  (i) to disaggregate, in the statement of profit or loss, those other tax charges from income taxes;
  (ii) to disclose the nature and amount of those other tax charges and the bases for their calculation; and
  (iii) to label the subtotal for profit before financing and income taxes (see paragraph 69 of IFRS 18) or the subtotal for profit before income taxes (see paragraph 118 of IFRS 18) in a way that would faithfully represent the amounts included in the subtotals (in accordance with paragraph 43 of IFRS 18);

(b) with respect to management-defined performance measures:

  (i) to require an entity to disclose the effect of other tax charges classified in the income taxes category for each item disclosed in the reconciliation required by paragraph 123(c) of IFRS 18; and

(ii) to allow an entity to use any reasonable method to determine the effect of the other tax charges for the reconciling items (similar to requirements in paragraph B141 of IFRS 18); and

(c) to amend paragraphs B63–B64 of IFRS 18 to also refer to assets arising from tax charges other than income taxes that an entity classifies in the income taxes category.

The IASB tentatively decided not to amend the requirements in IFRS 18 relating to income tax recognised in other comprehensive income.

Next step

The IASB will discuss the remaining aspects of the proposed amendments.

3. Reverse factoring agenda decision—Updates to Committee's agenda decisions for IFRS 18

The IASB discussed feedback from targeted outreach aimed at identifying any specific accounting matters that might arise from withdrawing the Agenda Decision *Supply Chain Financing Arrangements—Reverse Factoring* as recommended by the Committee in its November 2025 meeting.

The IASB decided to withdraw the agenda decision.

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