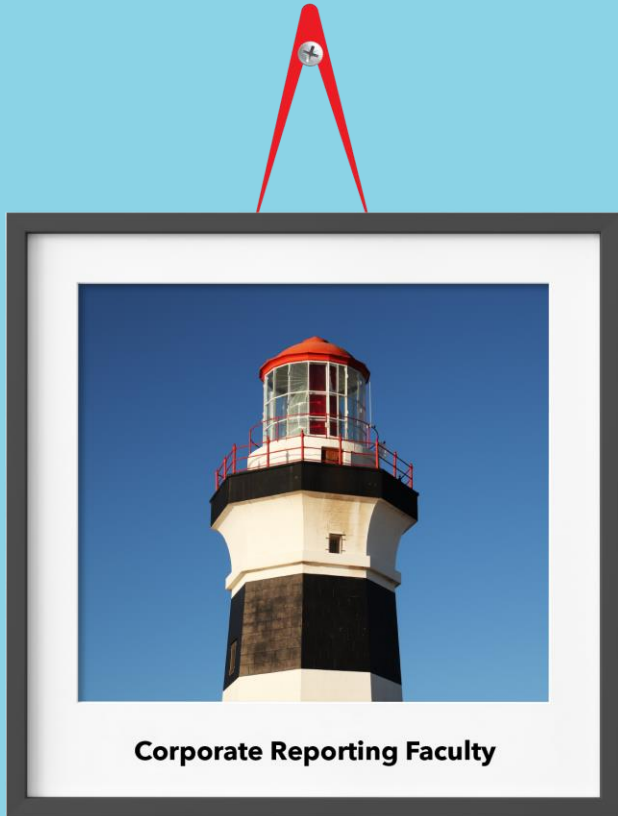




ICAEW KNOW-HOW
CORPORATE REPORTING FACULTY



IFRS Update 2024

5 JUNE 2024

**THIS WEBINAR WILL
COMMENCE SHORTLY**

Introduction



Georgina Chalk

Technical Manager, Corporate Reporting Faculty, ICAEW

Today's presenters

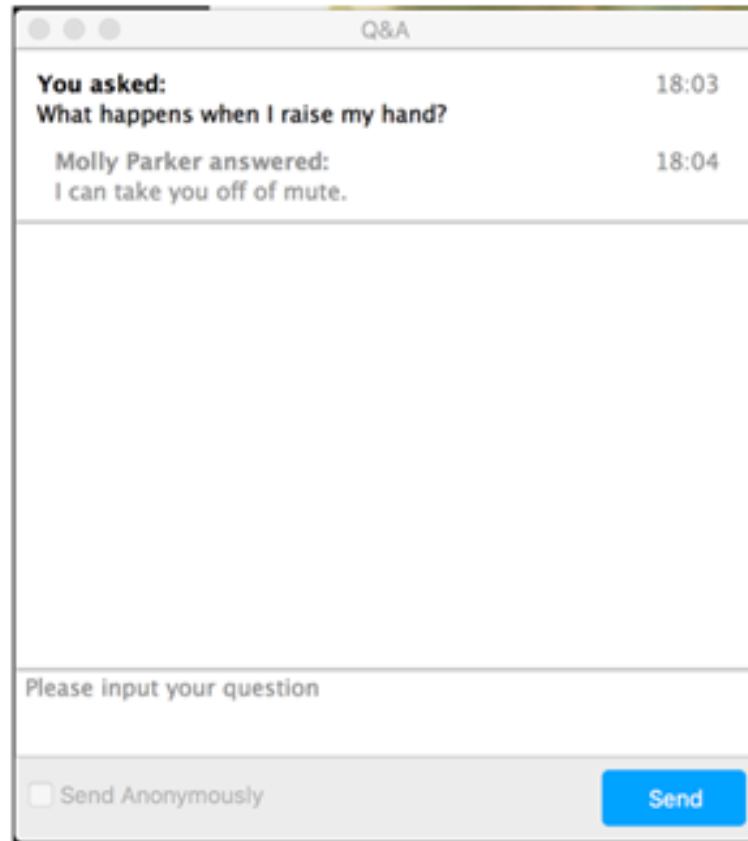


Gillian Dodsworth
Senior Manager
PwC



Emma Spencer
Senior Manager
KPMG

Ask a question and access resources



The screenshot shows a Q&A interface with the following elements:

- Header: Q&A
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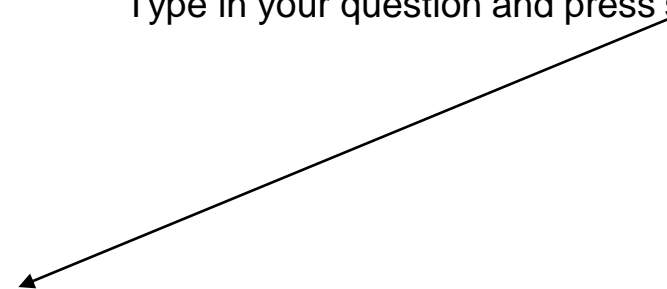
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Climate-related commitments - IFRIC Agenda Decision

On the horizon

FRC's Thematic Reviews

***New and amended standards
effective 2024***

IAS 1 amendments

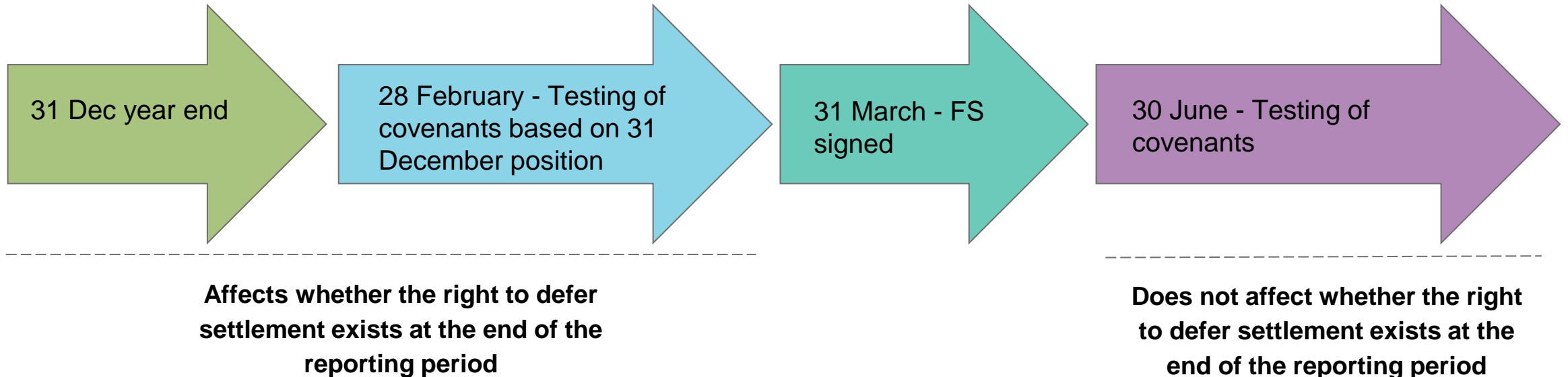
IAS 1 - classification of liabilities as current / non-current

- Right to defer settlement for at least 12 months must have substance and must exist at the end of the reporting period.
- At contract inception, terms that have no substance are disregarded
- Classification is unaffected by management intention or expectations, or if settlement has occurred after the reporting period.

IAS 1 amendments

IAS 1 - non-current liabilities with covenants

- Covenant compliance required on or before the reporting date => affect classification.
- Covenant compliance required after the reporting date => does not affect classification.



IFRS 16 amendment

IFRS 16 - lease liability in a sale and leaseback

- Subsequent measurement requirements for sale and leaseback transactions.
- No gain or loss recognised for the right of use retained.
- Difference between payments made for the lease and IFRS 16 lease payments are recognised in profit or loss

Seller / Lessee

Impacted

Buyer / Lessor

Not impacted

Supplier finance arrangements - new for 2024

Why

Investors wanted more information about SFAs to assess the impact on liabilities, cash flows and exposure to liquidity risk.

First year reliefs

- Comparative information
- Specified opening balances
- Interims

What are the changes?

New disclosures will provide information about:

1. The terms and conditions of SFAs.
2. The carrying amount of financial liabilities that are part of the SFAs and the line items in which those liabilities are presented.
3. The carrying amount of such financial liabilities in for which suppliers have already received payment from the finance providers.
4. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
5. Non-cash changes in the carrying amounts of financial liabilities that are part of SFAs.
6. Access to SFA facilities and concentration of liquidity risk with the finance providers.

Pillar 2 and IAS 12 amendment

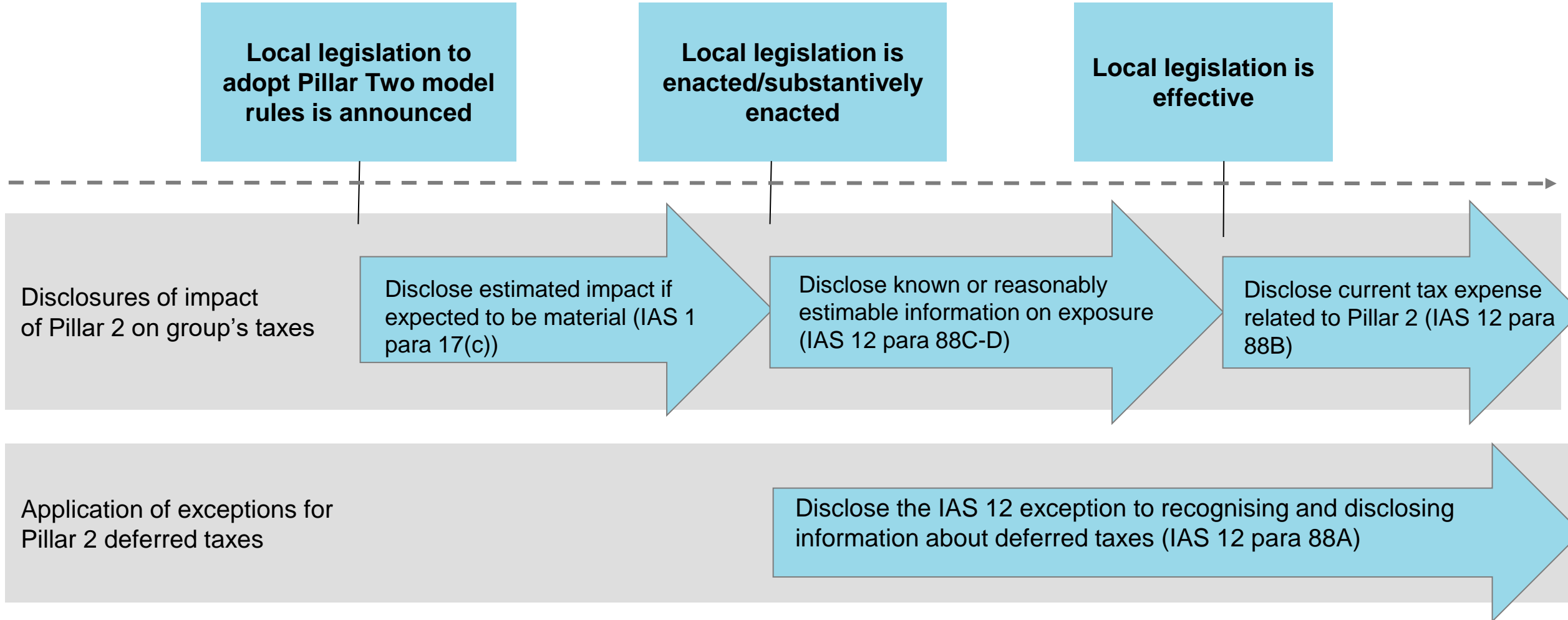
Reminders

- Pillar 2 establishes a global minimum effective tax rate (15%)
- Multinational enterprises that have consolidated revenue over €750m in at least two out of the last four years are in scope.
- Each jurisdiction determines if, when and how to enact Pillar 2.

IAS 12 amendment

- Temporary mandatory exception to IAS 12's requirements to account for deferred taxes arising from Pillar Two taxes.
- Additional disclosure requirements.

Pillar 2 and IAS 12 amendments

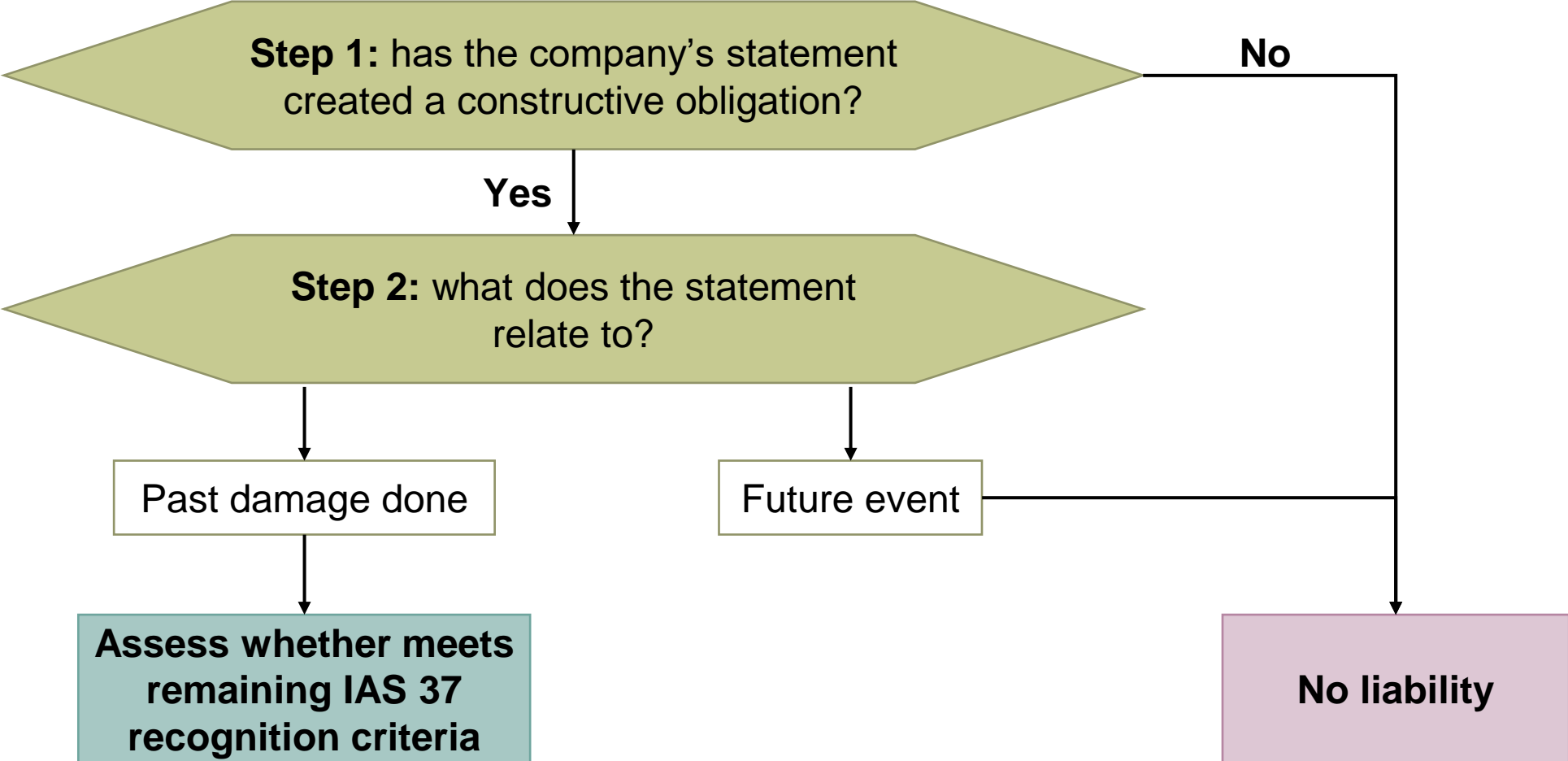




Climate-related commitments - IFRIC Agenda Decision

Climate-related Commitments (IAS 37 Provisions, Contingent Liabilities and Contingent Assets)

Final agenda decision published in April 2024





On the horizon

Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability

IASB effective date: for periods beginning on or after 1 January 2025 (earlier application permitted)

Expected to be formally endorsed by the UKEB in July 2024

- 1) Clarifies what it means for a currency to be “exchangeable”
- 2) Provides guidance on how a company estimates a spot rate when a currency lacks exchangeability.
- 3) New disclosure requirements for impacted entities.

Comparatives are not restated.

Amendment to IFRS 9: Amendments to the Classification and Measurement of Financial Instruments

IASB effective date: for periods beginning on or after 1 January 2026 (earlier application permitted)

! Not yet endorsed by the UKESB !

- 1) Guidance on classification of financial assets, including those with contingent features
- 2) Timing of recognition and derecognition of financial assets and liabilities
- 3) Disclosure amendments

IFRS 18 Presentation and Disclosure in Financial Statements

IASB effective date – for periods beginning on or after 1 January 2027 (earlier application permitted)

! Not yet endorsed by the UKEB !

- Carries forward most aspects of IAS 1
- No overall impact on net profit
- Two new defined subtotals in the income statement —operating profit and profit before financing and income taxes

Example IFRS 18 income statement – general model

Operating

Revenue

Cost of sales

Gross profit

Operating expenses (*analysed by nature, function or both as appropriate*)

Operating profit

Investing

Share of profit or loss of equity-accounted investees

Income from other investments

Interest income from cash and cash equivalents

Profit before financing and income tax

Financing

Interest expense on borrowings and lease liabilities

Interest expense on pension liabilities and provisions

Profit before income taxes

Income tax expense

Profit

IFRS 18 Presentation and Disclosure in Financial Statements

IASB effective date – for periods beginning on or after 1 January 2027 (earlier application permitted)

! Not yet endorsed by the UKEB !

- Additional disclosures on certain management-defined performance measures (MPMs)
- Enhanced guidance on the grouping of information

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IASB effective date – for periods beginning on or after 1 January 2027 (earlier application permitted)

! Not yet endorsed by the UKEB !

- Voluntary standard for eligible subsidiaries
- Reduced disclosure framework
- Interaction with FRS 101 expected to be considered



FRC Thematic Reviews

FRC Thematic Reviews

Fair value measurement

Climate-related metrics and targets

IFRS 17 interim disclosures in first year of application

Large private companies reporting

Cash flow statements

Cash flow statements

- Still top 3 area where the FRC identifies issues
- Continue to identify issues from basic consistency checks

Key issues

- Classification

Cash flow statements – non-financial institutions

Investing

- Cash advance and loans given to other parties
- Repayment of such advances or loans receivables

Financing

- Cash proceeds from borrowing from other parties
- Repayment of such financing liabilities

Cash flow statements

Cash flow statements

- Still top 3 area where the FRC identifies issues
- Continue to identify issues from basic consistency checks

Key issues

- Consistency with other information in the accounts

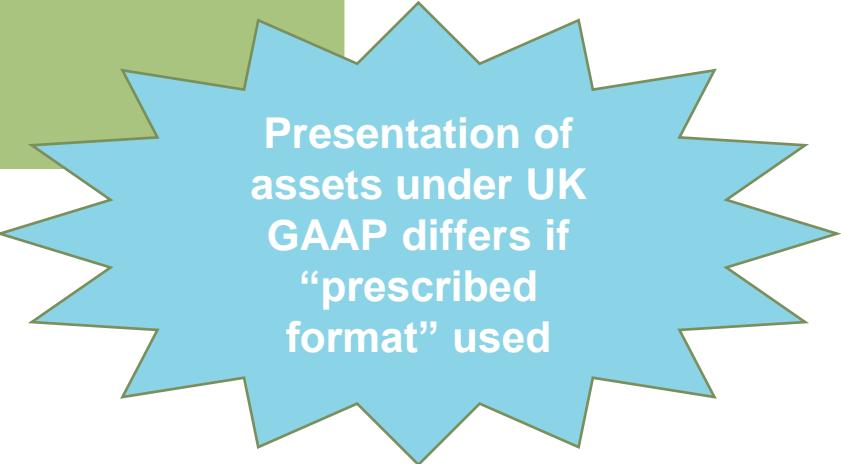
Balance sheet presentation

Intercompany creditors

- If repayable on demand, classified as current

Intercompany debtors

- Classification depends on expectation of when repayment will be sought



Presentation of assets under UK GAAP differs if “prescribed format” used

Interesting issues from FRC reviews

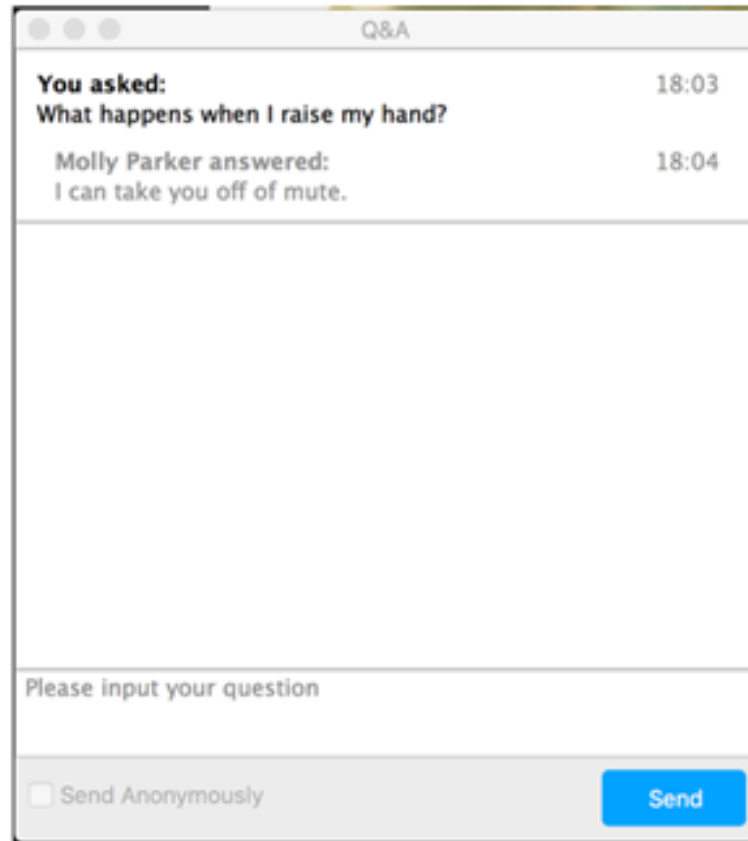
Cash flow statements

- Classification
- Consistency with other information in the accounts

Balance sheet presentation

- Apply appropriate definition

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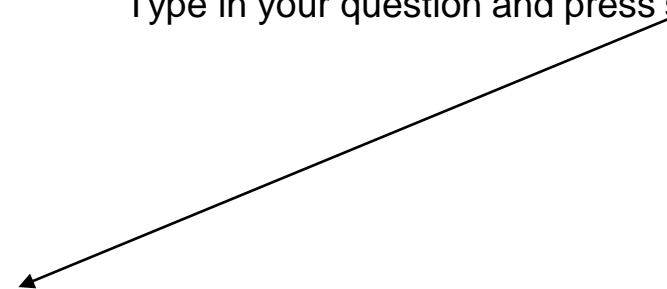
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ICAEW resources

- [IFRS Factsheets](#) – 2024 Factsheet coming soon
- [IFRS accounting standards tracker](#)
- [By All Accounts IFRS 18 article](#)
- Webinars and events
 - icaew.com/crfevents for upcoming events
 - icaew.com/crfwebinars for webinar recordings
- ICAEW CPD courses:
 - [IFRS refresher](#)
 - [2024: IFRS update](#)



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Resources

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Factsheets and other online guidance



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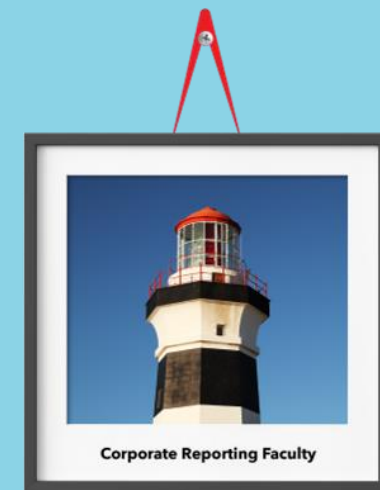
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Questions



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Thank you for attending



- Please take the time to fill out our short survey.



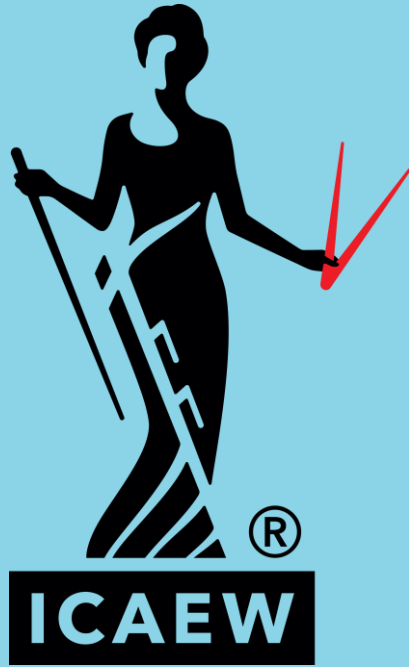
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