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Future Outlook: 2024 and beyond

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In April 2024, the International Accounting Standards Board (IASB) completed its work to improve the usefulness of information presented and disclosed in financial statements by issuing a new Standard, IFRS 18 *Presentation and Disclosure in Financial Statements*. This was followed by the issuance of another new Standard in May, IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, which is an optional Standard that permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures.

As we progress into the second half of 2024, the landscape of financial reporting is poised for further changes, prompting the question; what's next for the IASB?

The IASB has in its work plan a robust lineup of upcoming amendments, as well as consultations on its latest projects that will shape the financial reporting landscape. Here is a glimpse of what to expect for the remaining of 2024 and beyond.


Unpacking IASB Developments

Research Project

When developing new IFRS Accounting Standards or implementing major amendments to these Standards, the IASB begins with a research project. This initial step involves gathering evidence on the specific issue and assessing the feasibility of possible solutions. To determine which research projects to undertake, the IASB engages with stakeholders to prioritise their needs and concerns.

Post-implementation review

Post-implementation review (PIR) is one of the projects under the IASB's research project pipeline. The objective of a PIR is to assess whether the effects of applying new requirements of IFRS Accounting Standards on users of financial statements, preparers, auditors and regulators are as intended when the IASB developed those new requirements.



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For the upcoming months, the IASB is expected to finalise the findings from its PIR on IFRS 15 *Revenue from Contracts with Customers* and IFRS 9—*Impairment*. The IASB had initiated its PIR on these IFRS Accounting Standards in the latter half of 2022.

The IASB has already begun its work on IFRS 16 *Leases* for its next PIR and is expected to publish a Request for Information in the first half of 2025.

Standard-setting Project

After completing the research phase, the IASB may advance a project to standard-setting to develop or substantially amend an IFRS Accounting Standard.

Rate-regulated Activities

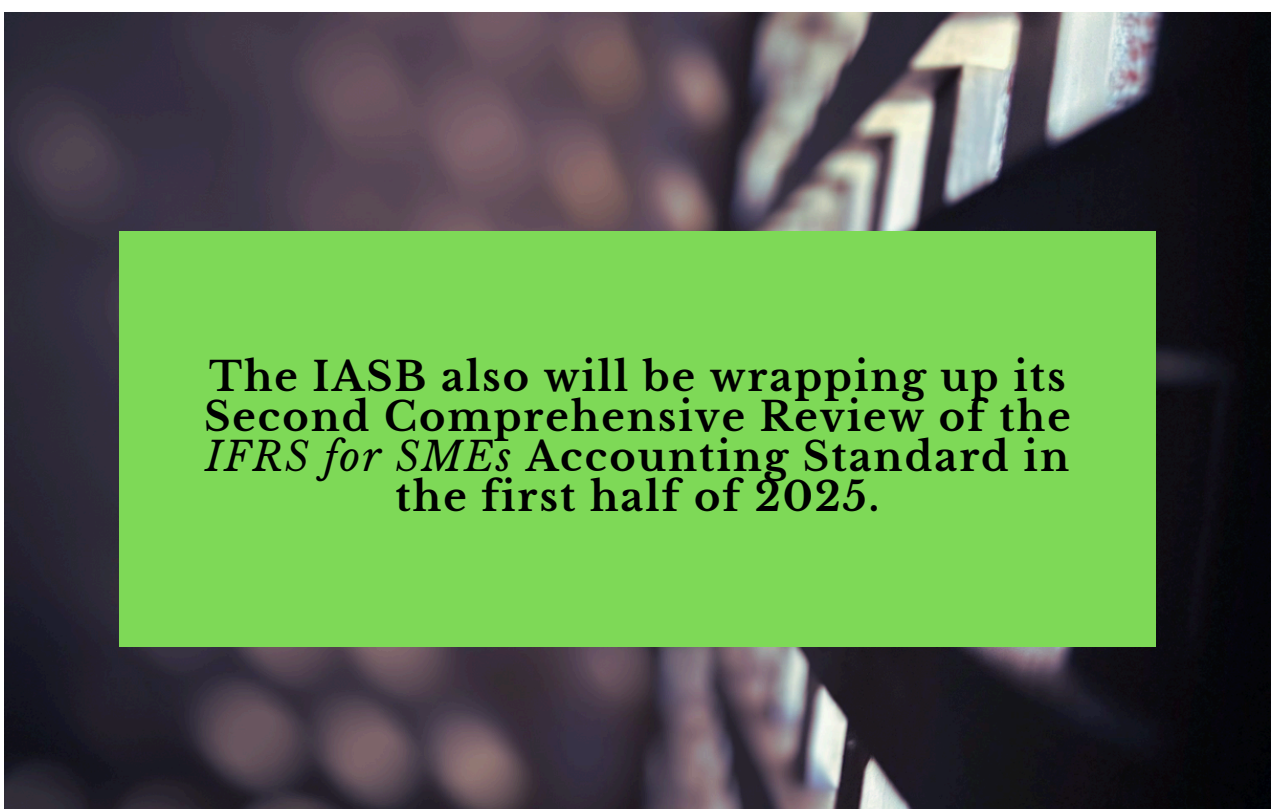
As part of its standard-setting project, the IASB is currently redeliberating the proposals outlined in the Exposure Draft on *Regulatory Assets and Regulatory Liabilities*. Published in January 2021, the Exposure Draft presents the IASB's proposed model for accounting for regulatory assets and liabilities. These proposals are planned to be finalised as a new IFRS Accounting Standard, replacing IFRS 14 *Regulatory Deferral Accounts* in 2025.

Second Comprehensive Review of the *IFRS for SMEs* Accounting Standard

Additionally, the IASB also will be wrapping up its Second Comprehensive Review of the *IFRS for SMEs* Accounting Standard in the first half of 2025. The first review of the *IFRS for SMEs* Accounting Standard initiated in 2012, led to amendments of the *IFRS for SMEs* Accounting Standard in 2015. The second review then began in 2019 to assess whether, and how the *IFRS for SMEs* should be updated to take account of IFRS Accounting Standard and amendments not currently incorporated into the *IFRS for SMEs* Accounting Standard. Consequently in 2022, the IASB published proposals to update the *IFRS for SMEs* Accounting Standard—to reflect improvements that have been made in full IFRS Accounting Standards, while keeping the Standard simple for small and medium-sized entities.

At its October 2023 meeting, the IASB decided to include amendments related to supplier finance arrangements and lack of exchangeability, which were not part of the Exposure Draft issued in 2022. To ensure public feedback on these amendments before finalising its *Third edition of the IFRS for SMEs Accounting Standard*, the IASB decided to issue an addendum to the original exposure draft for public comment.

These ongoing reviews and updates reflect the IASB's commitment to ensuring that the *IFRS for SMEs* Accounting Standard remains relevant and practical, providing small and medium-sized entities with a robust framework for financial reporting that evolves with changing standards and business environments.



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Management Commentary

IFRS Practice Statement 1 *Management Commentary* provides a broad, non-binding framework for the presentation of management commentary that relates to financial statements that have been prepared in accordance with IFRS Accounting Standards. Research by the IASB has shown that since its issuance in 2010, changes in investors' information needs have evolved, highlighting gaps in practical application.

To address evolving information needs of investors and creditors, alongside developments in narrative reporting, the IASB proposed a new comprehensive framework in its Exposure Draft on *Management Commentary* in May 2021. This framework aims to consolidate essential information in management commentary, facilitating assessments of a company's long-term prospects. It encompasses details about the company's intangible resources and relationships, as well as sustainability matters affecting the company. This framework will supersede the current IFRS Practice Statement 1 *Management Commentary*.

The IASB is currently making targeted refinements to the proposals and is expected to publish the final revised IFRS Practice Statements in 2025.

Equity Method

Arising from its 2015 Agenda Consultation, the IASB decided to create a research pipeline for future projects, which will not start immediately but on which it expects to carry out work before the next agenda consultation, i.e. by 2021. One of the projects included in the research pipeline is Equity Method. After a thorough consideration, at its April 2023 meeting, the IASB decided to move the Equity Method research project to its standard-setting work plan and thereafter working towards publishing an exposure draft as the next due process step.

The objective of the Equity Method project is to develop answers to application questions about the equity method, as set out in IAS 28, using the principles derived from IAS 28 where possible. The IASB is currently finalising an exposure draft proposing amendment to IAS 28, scheduled for publication in the second half of 2024.

Dynamic Risk Management

As part of the Dynamic Risk Management initiative, the IASB has developed and refined 'core areas' essential to an accounting model (core model) aimed at helping investors understand the impact of a company's dynamic risk management. This model's development is based on information gathered from stakeholders that use dynamic risk management to address repricing risk due to interest rate changes.

This project was added to the standard-setting programme in May 2022, and the IASB is working towards publishing an exposure draft in the first half of 2025.

Maintenance Project

Maintenance projects address application questions regarding IFRS Accounting Standards, leading the IASB to develop narrow-scope amendments.

Annual Improvements to IFRS Accounting Standards

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. These proposed improvements are packaged together in one document.

Soon, the IASB will be finalising *Annual Improvements to IFRS Accounting Standards*. The limited amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 9 *Financial Instruments*, IFRS 10 *Consolidated Financial Statements* and IAS 7 *Statement of Cash Flows*. The proposal for these amendments were issued for public comment in September 2023.



Based on the IASB’s current work plan, the Annual Improvements to IFRS Accounting Standards will be its last project under the maintenance project pipeline to be finalised for the year 2024.

What’s next for the IASB’s maintenance project?

At the time of writing, the IASB is preparing for the issuance of multiple consultation documents on the following topics:

Updating the Subsidiaries without Public Accountability: Disclosures Standard

When it developed IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, the IASB had considered the disclosure requirements in other IFRS Accounting Standards as at 28 February 2021. Consequently, after the issuance of IFRS 19, the IASB will consult by publishing an exposure draft of proposed amendments to IFRS 19 for new or amended disclosure requirements added or amended in other IFRS Accounting Standards after 28 February 2021.

Climate-related and Other Uncertainties in the Financial Statements

The IASB is considering specific measures to enhance the implementation of IFRS Accounting Standards regarding the reporting of climate-related and other uncertainties in financial statements.

Use of Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity (IAS 21)

The IASB decided to propose a narrow-scope amendments to IAS 21 *The Effects of Changes in Exchange Rates* that would provide a new translation method for presenting the financial information of a non-hyperinflationary entity in a hyperinflationary presentation currency that would improve the usefulness and comparability of the reported financial information.

Provisions—Targeted Improvements

The IASB is formulating proposals to provide clearer guidance in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. These proposals aim to clarify when an entity recognises provisions for obligations it could avoid through its future actions. Additionally, it will also clarify whether rates used to discount provisions reflect non-performance risk; and which costs should be included in the measurement of a provision.

The IASB is currently requesting stakeholder feedback on its proposed amendments to IFRS 9 and IFRS 7, which aim to improve the relevance of financial statements when reporting on renewable electricity contracts.

Another project currently underway is on *Business Combinations—Disclosures, Goodwill and Impairment* which sets out a package of proposals amending IFRS 3 *Business Combinations* and IAS 36 *Impairment of Assets* which would help companies to provide better information about acquisitions at a reasonable cost. The IASB had initially considered reintroducing amortisation of goodwill in response to feedback from the PIR of IFRS 3 but considering the extensive evidence collected, the IASB concluded it had no compelling case to justify for reintroducing the amortisation model for the subsequent accounting for goodwill.

Discontinued Project

Extractive Activities

The IASB had previously undertaken research on whether to amend or replace IFRS 6 *Exploration for and Evaluation of Mineral Resources*. IFRS 6 was published back in 2004 as an interim step in the accounting for extractive activities. In December 2023, the IASB decided not to develop new or amended recognition, measurement or disclosure requirements for exploration and evaluation expenditure or other aspects of accounting for extractive activities, as it did not find compelling evidence that standard-setting would be necessary; whilst acknowledging that diverse accounting policies for exploration and evaluation expenditure would continue to be used in practice. Nonetheless, feedback from investors and other users of financial statements indicated that the diverse accounting policies were not a significant concern. The IASB's [Project Summary](#), outlining its research findings and decisions was published in December 2023.

Business Combinations under Common Control

After deliberating stakeholder feedback on its Discussion Paper *Business Combinations under Common Control*, the IASB decided not to develop requirements for reporting Business Combinations under Common Control (BCUCC). In November 2023, the IASB has discontinued its work on this project and accordingly, a [Project Summary](#) was published in April 2024, summarising the IASB's research findings and decisions. As a recap, the Discussion Paper published in 2020 sets out the IASB's preliminary views on how to fill the reporting gap, i.e., how to report transactions that involve transfers of businesses between companies under common control, with the aim of reducing diversity in practice and improving transparency and comparability in reporting these transactions.

What's in store for the MASB?

The IASB's dynamic agenda for 2024 and beyond is a reflection of the MASB's work plan. The upcoming developments promise a range of fascinating advancements in financial reporting, presenting challenges that will engage and inspire us all. These will involve initiatives such as stakeholder engagement and MASB's own research projects in collaboration with other national standard-setters (NSSs)—akin to the joint AASB-MASB Research Report published in 2023, which was in response to the IASB's call for research¹. A few NSSs participated in this IASB research and a [summary](#) of evidence gathered by the NSSs was published by the IFRS Foundation in February 2024.

Stay tuned for more updates!

¹ In April 2022, the IASB issued a call for research for interested national standard-setters to partner with academics in their region on the effects of guidance on materiality judgements in IFRS Accounting Standards and other materials issued by the IASB. Information about the effects of the documents will help inform the IASB's future discussions about materiality judgements. The Australian Accounting Standards Board (AASB) and the MASB, together with Malaysian academic researchers worked together and published a report titled, ['Making Materiality Judgements – Malaysian Preparers and Auditor's Perspectives'](#).