The Journal is running a series of updates on IFRS, IAS, IFRIC and SIC. In this issue, Mr. Mohammad Samsul Arefin ACMA (UK), CGMA, FCMA has taken the responsibility to update the reflection on some latest pronouncements by IASB in their website.

Mr. Arefin has been working as Head of Internal Audit & Compliance in RAK Ceramics (Bangladesh) Limited.

IFRS Update

The International Accounting Standard Board (IASB) is an independent group of experts with an appropriate mix of recent practical experience in setting accounting standards. The Board issued updates on amendment initiatives to its respective standards and other undertakings during last 2 months (January – February 2021). Some important updates are as follows:

(12th February 2021)

IASB amends IFRS Standards to improve accounting policy disclosures and clarify distinction between accounting policies and accounting estimates:

The International Accounting Standards Board has issued amendments to IAS 1 **Presentation of Financial Statements** and **IFRS Practice Statement** 2 Making Materiality Judgements.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Separately, the Board has also issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The amendments to IAS 1 and IAS 8 will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

(28th January 2021)

IASB proposes new IFRS Standard to give investors a more complete picture of the financial performance of rate-regulated companies:

The International Accounting Standards Board (Board) has published proposals for a new accounting standard that would require companies subject to rate regulation to give investors better information about their financial performance.

Rate regulation, which is common in some industries, including the utilities and public transport industries, determines the amount a company can charge its customers for goods or services supplied to them and the period when the company can charge that amount.

In some cases, the period when a company supplies goods or services differs from the period when the company can charge customers for those goods or services—and thus differs from the period when the company reports revenue in its income statement.

When those differences in timing occur, the revenue a company reports for a period in its income statement and the assets and liabilities it reports in its balance sheet do not give a complete picture of the amount that the rate regulation entitles the company to charge for goods or services supplied in that period.

Currently, IFRS Standards do not require companies to give investors information about those differences in timing.

The proposed Standard would introduce a requirement for companies to give investors such information by reporting regulatory assets and regulatory liabilities in their balance sheet, and related regulatory income and regulatory expense in their income statement.

This information would complement the information companies already provide applying current IFRS Standards and give investors a more complete picture. The additional information would help investors understand which fluctuations in the relationship between a company's revenue and expenses are caused by differences in timing and enable investors to make better assessments of the company's prospects for future cash flows.

The proposed Standard would replace IFRS 14 Regulatory Deferral Accounts.

Effective date and transition

The exposure draft does not contain a proposed effective date as the IASB will decide on the effective date only upon completion of its redeliberating. The expectation is currently that the standard will become effective approximately 18-24 months after being published in its finalized form.

13th January 2021

IFRS Foundation publishes educational material to support companies in applying going concern requirements

The educational material is published to support consistent application of IFRS Standards and does not change, or add to, existing requirements.

Companies preparing financial statements using IFRS Standards are required to assess their ability to continue as a going concern. In the current stressed economic environment arising from the covid-19 pandemic, deciding whether the financial statements should be prepared on a going concern basis may involve a greater degree of judgement than usual. To support companies, the educational material brings together the requirements in IFRS Standards relevant for going concern assessments.

The Foundation has committed to **supporting stakeholders during the pandemic**; further educational materials published by the IFRS Foundation in relation to the covid-19 pandemic can also be accessed under the 'Supporting application' section of this page.

Regular meeting update:

February 2021:
The Board met remotely on 16-17 February to discuss on following topics:

- Financial Instruments with Characteristics of Equity

- Management Commentary
- Third Agenda Consultation
- Disclosure Initiative—Subsidiaries that are SMEs
- Second Comprehensive Review of the IFRS for SMEs Standard (oral update)
- Extractive Activities

January 2021:

The Board met remotely on 26th January to discuss on following topics:

- Board work plan update
- Maintenance and consistent application
- Disclosure Initiative—Subsidiaries that are SMEs
- Primary Financial Statements

Source of information:

IASB website
IASPLUS

> Business reporting is not dealing with objects, it is dealing with relationships between objects.
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> –Hasso Plattner