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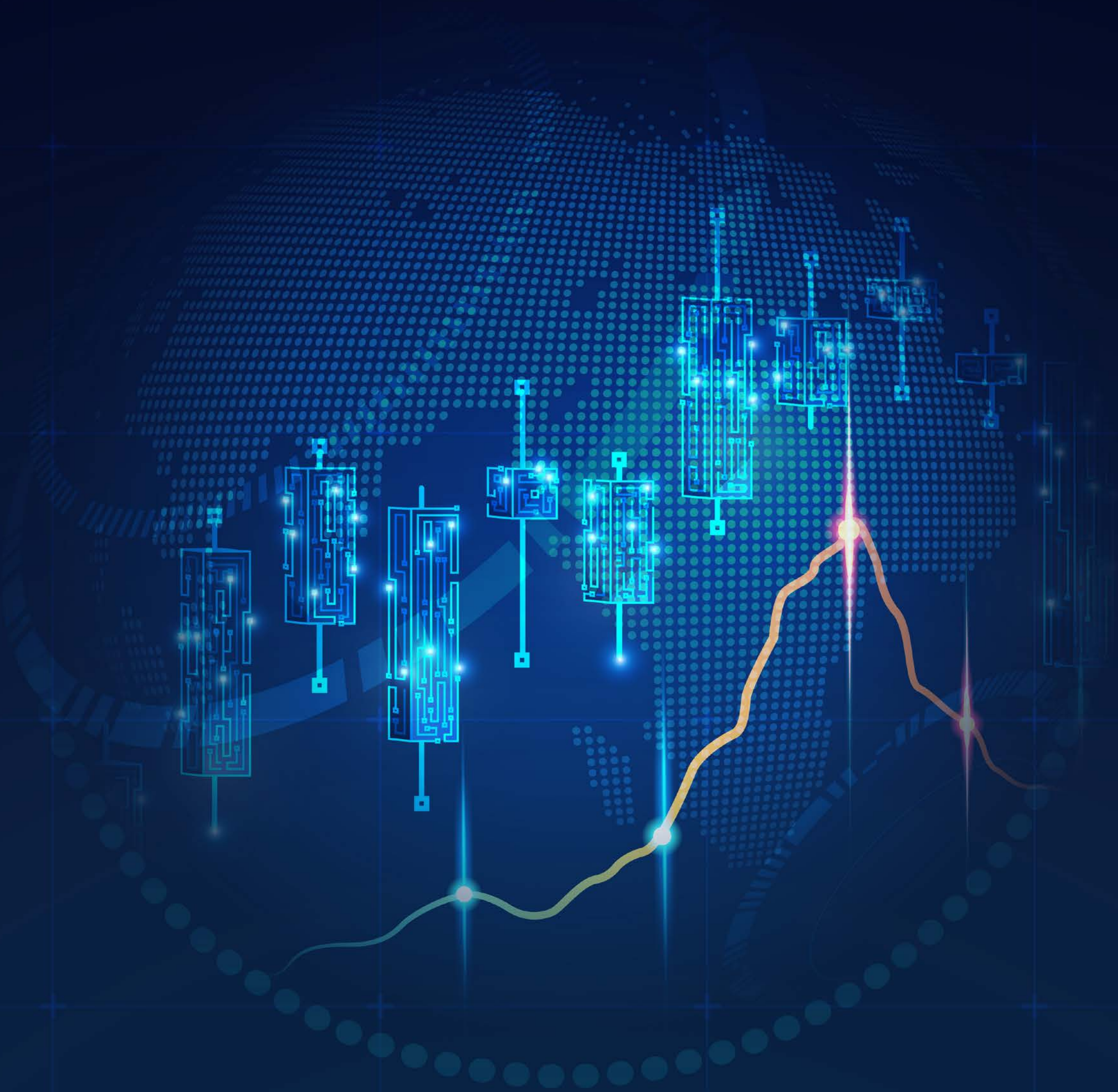


Accounting Quarterly Roundup

June 2024

MAKING AN IMPACT THAT MATTERS since 1845

This Quarterly Roundup is a compilation of key developments related to financial reporting standards that have occurred during the second quarter of 2024. The purpose of this publication is to provide a roundup of the recent changes in the Malaysian financial reporting framework and local regulatory requirements which we believe are important to accounting professionals. This quarterly update also includes a high-level overview of new and revised financial reporting requirements that need to be considered for the financial reporting periods ended 30 June 2024. The content is based on information available up to 30 June 2024, any amendments or updates made after 30 June 2024 are not reflected in this publication.

Section 1 Malaysian Financial Reporting Standards

- Summary of new and revised pronouncement issued as of 30 June 2024 and its effective dates
- Impact and key considerations of each new and revised pronouncement
- Significant agenda decisions[1] from the IFRS Interpretations Committee issued during the second quarter of 2024

Section 2 Other Financial Reporting Matters

- Deloitte publishes 'iGAAP in Focus - Financial reporting: IASB proposes addendum to ED Third Edition of the IFRS for SMEs Accounting Standard'
- ESRB publishes a report 'Climate-related Risks in the Financial Statements'
- IASB publishes an article 'Digital Financial Reporting: Facilitating Digital Comparability and Analysis of Financial Reports'
- IASB concludes project on Business Combinations under Common Control
- IPSASB issues improvements to IPSAS
- Deloitte publishes 'iGAAP in Focus - Financial reporting: IASB proposes amendments for contracts to buy or sell renewable electricity that have specified characteristics'
- MASB publishes article 'Judging Materiality: Time to Revisit Given Disclosure Requirements of Major New Standards'
- MASB publishes article 'Be prepared for a New Standard, IFRS 18 *Presentation and Disclosure in Financial Statements*'
- ACCA publishes sustainability reporting guide for SMEs based on ISSB standards
- IFRS Foundation launches a new webcast series on IFRS 18
- MIA Article on Understanding the Use of Discount Rate in the Assessment of Impairment in Goodwill
- MIA Article on Impairment of Investment in Subsidiaries
- Deloitte publishes 'iGAAP in Focus – Closing Out (June 2024)'

Section 3 Appendices

- A – Abbreviations
- B – Effective dates of other pronouncements
- C – Compilation of IFRS Interpretations Committee agenda decisions issued in the past 12 months

[1] Agenda decisions are not issued by MASB, but entities in Malaysia applying MFRSs shall assess the relevance of Agenda Decisions vis-à-vis the laws and regulations in Malaysia.

Section 1

Malaysian Financial Reporting Standards

The summary of new and revised pronouncements below is updated for financial reporting periods ended 30 June 2024. This listing can be used to perform a quick check that the new financial reporting requirements such as new and revised accounting standards and interpretations, and amendments to standards and interpretations, have been fully considered in the reporting close process. The information below can also be used to assist with the disclosure requirements under paragraph 30 of MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, which requires entities to disclose any new MFRSs that are in issue but not yet effective, and which are likely to impact the entity.

Summary of new and revised pronouncements issued as of 30 June 2024 and its effective dates

New and revised pronouncements		Effective date*
MFRS	**Title**	
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Key
*Annual reporting periods beginning on or after

Impact and key considerations of each new and revised pronouncement

The following sets out information on the impact of the above pronouncements and relevant key accounting considerations.

Amendments to MFRS 16 – Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in MFRS 15 Revenue from Contracts with Customers to be accounted for as a sale.

The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease.

As part of the amendments, the MASB amended an Illustrative Example in MFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying MFRS 15, is a lease liability.

Key considerations: Consider if existing accounting policy requires revision to align with the amendments in circumstances where a seller-lessee may have recognised a gain on the right-of-use asset it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in MFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate. The adoption of the amendments would require a retrospective adjustment and would result in potential reversal of previously recognised gain. The amendments apply to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied MFRS 16.

The amendments are generally adopted from the amendments to IFRS 16 Lease Liability in a Sale and Leaseback as issued by the IASB.

For more information: iGAAP in Focus Newsletter

Amendments to MFRS 101– Classification of Liabilities as Current or Non-current

In March 2020, the MASB issued amendments to MFRS 101 titled Classification of Liabilities as Current or Non-current with an effective date for annual reporting periods beginning on or after 1 January 2022. The amendments:

- clarifies the classification of liabilities as current or non-current, is based on rights that are in existence at the end of the reporting period.
- specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability.
- explains that rights are in existence if covenants are complied with at the end of the reporting period.
- introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services.

Due to pressures of COVID-19 that could delay the implementation of any changes in classification resulting from the application of these amendments, on 17 August 2020, the Board defers the effective date of the amendments by one year to annual reporting periods beginning on or after 1 January 2023. The Board did not make any other changes to the amendments. Earlier application of the amendments will continue to be permitted.

In response to feedback and enquiries from some stakeholders, the IFRS Interpretations Committee published a tentative agenda decision about how an entity applies the IAS 1 amendments to certain fact patterns. Respondents to that tentative agenda decision provided information about situations the Board did not specifically consider when developing the 2020 amendments.

In response to the comments by the respondents, the IASB has issued an amendment to amend IAS 1 with respect to classification (as current or non-current), presentation and disclosures of liabilities for which an entity's right to defer settlement for at least 12 months is subject to the entity complying with conditions after the reporting period. Please refer to Amendments to MFRS 101 - Non-current Liabilities with Covenants in the latter page of this publication.

The effective date of Amendments to IAS 1 has been deferred to 1 January 2024, however, earlier application is permitted. Correspondingly, MASB had also issued the Amendments to MFRS 101 to defer its application to 1 January 2024.

Key considerations: Consider whether existing classification of liabilities requires reclassification to align with the amendments.

The amendments are generally adopted from the amendments to IAS 1 - Classification of Liabilities as Current or Non-current as issued by the IASB.

For more information: iGAAP in Focus (formerly IFRS in Focus) Newsletter

Amendments to MFRS 101 - Non-current Liabilities with Covenants

The amendment specifies that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The MASB also specifies that the right to defer settlement is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

Key considerations:

- Consider if there is any implication on classification assessment.
- Consider if additional disclosure is needed to align with the amendments.
- Consider if disclosures are adequate for users of financial statements to understand the liquidity risks or if applicable, the entity's ability to operate as a going concern.

The amendments are generally adopted from the amendments to IAS 1 - Non-current Liabilities with Covenants as issued by the IASB.

For more information: iGAAP in Focus Newsletter

Amendments to MFRS 107 and MFRS 7 - Supplier Finance Arrangements

The amendments to MFRS 107 require entities to provide qualitative and quantitative information about its supplier finance arrangements. The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. In addition, MFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

Key considerations:

- Consider whether existing finance arrangement have characteristics that would be considered as a 'supplier finance arrangement' that would require an entity to meet this disclosure objective.
- Consider the means of obtaining information necessary to meet the required disclosure objective. Information such as the carrying amounts, and associated line items, of financial liabilities that are part of supplier finance arrangements for which suppliers have already received payment from finance providers may not be readily available.

The amendments are generally adopted from the amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements as issued by the IASB.

For more information: iGAAP in Focus Newsletter

Amendments to MFRS 121 - Lack of exchangeability

The amendments to MFRS 121 specify how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable when an entity is able to exchange that currency for the other currency through market or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose. However, a currency is not exchangeable into the other currency if an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose.

When a currency is not exchangeable at the measurement date, an entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction at the measurement date between market participants under prevailing economic conditions. In that case, an entity is required to disclose information that enables users of its financial statements to evaluate how the currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively but instead, it is required to apply the specific transition provisions included in the amendments.

Key considerations:	Consider disclosures to help users of the financial statements understand the significant judgements made and any key sources of estimation uncertainty.

The amendments are generally adopted from the amendments to IAS 21 - Lack of exchangeability as issued by the IASB.

For more information: iGAAP in Focus Newsletter

Amendments to MFRS 9 and MFRS 7 – Amendments to the Classification and Measurement of Financial Instruments

The MASB has issued 'Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 and MFRS 7)' to address matters identified during the post–implementation review of the classification and measurement requirements of MFRS 9 *Financial Instruments*.

The amendments are:

Derecognition of a financial liability settled through electronic transfer

The amendments permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

Classification of financial assets:

- *Contractual terms that are consistent with a basic lending arrangement* – The amendments provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. To illustrate the changes to the application guidance, the amendments added examples of financial assets that have, or do not have, contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- *Assets with non–recourse features* – The amendments enhanced the description of the term 'non–recourse'. Under the amendments, a financial asset has non–recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- *Contractually linked instruments* – The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments and provided an example. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

Disclosures:

- *Investments in equity instruments designated at fair value through other comprehensive income ("FVTOCI")* – The requirements in MFRS 7 are amended for disclosures that an entity provides in respect of these investments. In particular, an entity would be required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period.
- *Contractual terms that could change the timing or amount of contractual cash flows* – The amendments require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non–occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or FVTOCI and each class of financial liability measured at amortised cost.

The amendments also include amendments to MFRS 19 *Subsidiaries without Public Accountability: Disclosures*, which limit the disclosure requirements for qualifying subsidiaries.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. An entity is required to apply the amendments retrospectively but is not required to restate prior periods to reflect the application of the amendments, but may do so if, and only if, it is possible to do so without the use of hindsight.

Key considerations:

- Consider if the financial liabilities settled through electronic transfer met the criteria for derecognition and where this derecognition alternative is applied, they are applied to all that are made through the same electronic payment system.
- Consider if there is any implication on classification assessment of financial assets, especially those with ESG–linked features and whether transactions meet the criteria of transactions with multiple contractually linked instruments to be able to apply the contractually linked instruments requirements.
- Consider if additional disclosure is needed to align with the amendments

The amendments are generally adopted from the amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments as issued by the IASB.

For more information: iGAAP in Focus Newsletter

MFRS 18 *Presentation and Disclosure in Financial Statements*

MFRS 18 *Presentation and Disclosure in Financial Statements* which aims at improving how entities structure their financial statements, will replace MFRS 101 Presentation of Financial Statements. The new standard retains many of the requirements in MFRS 101 in MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and MFRS 107 *Financial Instruments: Disclosures* and introduces minor amendments to certain MFRSs.

The new standard introduces three new requirements to:

- define categories for income and expenses and defined sub-totals in the statement of profit or loss;
- provide disclosures on management-defined performance measures ("MPMs") in the notes to the financial statements;
- enhance principles for aggregation and disaggregation of information to be presented in the financial statements.

The new standard will be effective for annual periods beginning on or after 1 January 2027, with earlier application permitted. An entity needs to apply MFRS 18 retrospectively with specific transition requirements.

Key considerations:

- Consider assessing readiness for the new Standard, including making any accounting system changes and educating internal and external stakeholders, as early as possible.
- To identify what are the subtotals of income and expenses that meets the definition of MPMs and the availability of data points to ensure disclosure information about MPMs is sufficient.
- To identify early what are the characteristics as provided within the application guidance of MFRS 18 on characteristics which are similar or dissimilar in order to determine the extent of information that should be aggregated or disaggregated.

The new standard is generally adopted from IFRS 18 *Presentation and Disclosure in Financial Statements* as issued by the IASB.

For more information: iGAAP in Focus Newsletter

MFRS 19 *Subsidiaries without Public Accountability: Disclosures*

MFRS 19 is an optional disclosure–only standard which permit an eligible subsidiary to provide reduced disclosures when applying MFRSs in its financial statements. The eligible subsidiary that applies MFRS 19 is required to apply the requirements in the other MFRSs for recognition, measurement and presentation requirements.

An entity is eligible to apply MFRS 19 when:
- it is a subsidiary;
- it does not have public accountability; and
- its parent company applies MFRSs in their consolidated financial statements.

A subsidiary has public accountability if:
- its debts or equity instruments are listed in a public market or is in the process of issuing such instruments for trading in a public market; or
- it holds assets in a fiduciary capacity for a broad group of outsiders.

An entity that elects to apply MFRS 19 in one reporting period is allowed to later revoke that election. An entity is also allowed to elect to apply MFRS 19 more than once. Electing or revoking an election to apply MFRS 19 does not, on its own, result in an entity meeting the definition of a first–time adopter of MFRS in the sense of MFRS 1.

An entity that elects to apply MFRS 19 for a reporting period earlier than the reporting period in which it first applies MFRS 18 is required to apply a modified set of disclosure requirements set out in an appendix to MFRS 19.

MFRS 19 will be effective for annual periods beginning on or after 1 January 2027, with earlier application permitted.

Key considerations:	Consider assessing whether any subsidiaries may be eligible to elect for the reduced disclosures and when applied or when subsequently elected not to apply, the comparative information are includes information on all amounts that are reported in the current period's financial statements, unless MFRS 19 or another MFRS permits or requires otherwise.

The new standard is generally adopted from IFRS 19 *Subsidiaries without Public Accountability: Disclosures* as issued by the IASB.

For more information: [iGAAP in Focus Newsletter]

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In November 2014, the MASB issued the narrow-scope amendment to clarify that in a transaction involving an associate or joint venture, the extent of gain or loss to be recognised depends on whether the assets sold or contributed constitute a business. However, in December 2015, the MASB issued amendments to defer the effective date of the November 2014 amendments to these standards indefinitely until the research project on the equity method has been concluded.

Key considerations:	• Consider whether to adopt an accounting policy consistent with the amendments. • Consider following the equity method project at IFRS – Equity Method for the latest developments.

The amendments are generally adopted from the amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture as issued by the IASB.

For more information: [iGAAP in Focus (formerly IFRS in Focus) Newsletter]

Significant agenda decision from the IFRS Interpretations Committee issued during the second quarter of 2024

The IFRS Interpretations Committee has published a number of agenda decisions providing guidance on the appropriate accounting for specific transactions. Agenda decisions often include information to help companies in applying IFRS Accounting Standards. They do so by explaining how the applicable principles and requirements in the Standards apply to the submission. The objective of including explanatory material in Agenda Decisions is to improve consistency in the application of the Standards.

Explanatory material derives its authority from the Standards themselves. Accordingly, an entity is required to apply the applicable IFRS Accounting Standards, reflecting the explanatory material in an agenda decision. Explanatory material may provide additional insights that might change an entity's understanding of the principles and requirements in IFRS Accounting Standards. Because of this, an entity might determine that it needs to change an accounting policy as a result of an agenda decision.

MFRSs are word-for-word IFRS Accounting Standards issued by IASB. Accordingly, the conclusion made in agenda decision based on IFRS Accounting Standards is also applicable to entities in Malaysia applying MFRS. Entities in Malaysia need to take note that there may be some Agenda Decisions that are case specific to a jurisdiction and hence, are not relevant in the Malaysian context. Therefore, entities in Malaysia applying MFRSs shall assess the relevance of Agenda Decisions vis-à-vis the laws and regulations in Malaysia.

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

In its meeting on 28 & 29 November 2023, the Committee considered feedback on the tentative agenda decision published in the November 2023 IFRIC Update about whether the entity have a constructive obligation if it publicly states its commitment to reduce or offset its greenhouse gas emissions.

The request asked about:

a. whether an entity's commitment to reduce or offset its greenhouse gas emissions creates a constructive obligation for the entity;

b. whether a constructive obligation created by such a commitment meets the criteria in IAS 37 for recognising a provision; and

c. if a provision is recognised, whether the corresponding amount is recognised as an expense or as an asset when the provision is recognised.

The Committee concluded that, in the fact pattern described in the request, principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity to determine whether an entity's commitment to reduce or offset its greenhouse gas emissions creates a constructive obligation for the entity and how it should be accounted for as provision under IAS 37.

Consequently, the Committee decided not to add a standard-setting project to the work plan.

Key considerations:

- Consider whether a public announcement made in relation to its commitment to reduce or offset its greenhouse gas emissions would create a valid expectation that the entity will fulfil those obligation, resulting in a constructive obligation. Management would need to apply judgement based on the facts and circumstances to reach a conclusion.
- In the case of identified constructive obligation, consider whether it meets the criteria of IAS 37 for recognising as a provision i.e. whether a there is a present obligation as a result of past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and that it is reliably estimable.
- Consider disclosures to help users of the financial statements understand the significant judgements made and any key sources of estimation uncertainty.

For more information: IFRIC Updates March 2024

Section 2

Other financial reporting matters

The following are highlights of discussion documents, including summaries of the documents and considerations of the principal amendments/proposals, guidance materials and certain detailed analysis of particular aspects of key projects and other developments of the International Accounting Standards Board (IASB), focusing on topics of wide interest and/or of specific industry. The Malaysian Financial Reporting Standards are equivalent to the IFRS Accounting Standards. As such, the following content, where referenced to IFRS Accounting Standards, may be applied within the context of the equivalent MFRS Standards.

Deloitte publishes 'iGAAP in Focus - Financial reporting: IASB proposes addendum to ED Third edition of the IFRS for SMEs Accounting Standard'

Link: iGAAP in Focus

This *iGAAP in Focus* outlines the proposed amendments to the IFRS for SMEs Accounting Standard set out in ED Addendum to the ED Third Edition of the IFRS for SMEs Accounting Standard published by the IASB on 28 March 2024.

The following summarises the key proposed amendments:
- Section 7 *Statement of Cash Flows* to align with the amendments to IAS 7 *Statement of Cash Flows* for supplier finance arrangements.
- Section 30 *Foreign Currency Translation* to align with the amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* for lack of exchangeability.

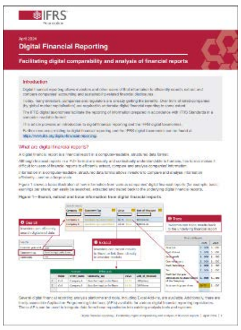
ESRB publishes a report 'Climate-related Risks in the Financial Statements'

Link: [ESRB report]

The ESRB has recommended minor amendments to the IASB to enhance financial stability by improving how climate-related risks are addressed in IFRS Accounting Standards and reflected in financial statements. These recommendations are based on an analysis of how climate-related risks are currently managed and reported. The key areas of recommended amendments are:

- The application of the materiality principle in IAS 1 may need to be enhanced, as even if the transaction involved is immaterial in quantitative terms, user expectations or peer practice may justify information on it.
- The addition of climate factors to the list of indicators of impairment of non-financial assets in IAS 36.
- How provisions and contingent liabilities should be recognised according to IAS 37 in view of climate-related risks.
- Additional disclosure requirements, examples and guidance on how climate-related risks should be incorporated into the estimation of expected credit losses and the fair value of financial instruments.

IASB publishes an article 'Digital Financial Reporting: Facilitating Digital Comparability and Analysis of Financial Reports'



Link: [IFRS Article]

IASB publishes an article on Digital Comparability and Analysis of Financial Reports.

The article explains:

- what digital financial reports are and how they are created;
- the benefits of digital financial reporting for investors, companies and regulators; and
- the importance of the IFRS digital taxonomies.

The article includes spotlights on various jurisdictions to illustrate digital financial reporting developments around the world.

IASB concludes project on Business Combinations under Common Control ("BCUCC")

Link: [IASB Project Summary]

IFRS 3 *Business Combinations* currently governs reporting requirements for acquisitions. However, the standard lacks specificity on how to report transactions involving transfers of businesses between companies under common control.

In response to this reporting gap, the IASB released a discussion paper in [November 2020], presenting its preliminary views on addressing the issue with the goal of enhancing transparency and comparability in reporting these transactions while reducing practice diversity.

The project summary clarifies the reasoning behind the board's decision, made in [November 2023], not to proceed with developing reporting requirements for BCUCCs.

Acknowledging the existing diversity in reporting practices surrounding BCUCCs, the IASB noted feedback from investors indicating their ability to navigate this diversity effectively. The information sought by investors varies significantly across jurisdictions, posing a challenge to the development of globally applicable reporting standards tailored to meet diverse user needs.

Moreover, the IASB's research indicated that while potential enhancements to financial reporting could arise from the development of BCUCC reporting requirements, the associated costs of implementing such changes would likely outweigh the benefits.

IPSASB issues improvements to IPSAS

Link: [Improvements to IPSAS, 2023]

The pronouncement includes minor improvements to IPSAS to align with the amendments to IFRS Accounting Standards based on the IASB's *Narrow Scope Amendments* projects.

The following summarises the key amendments:

Amendments to IPSAS 1 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
The amendments clarify the principles related to:

- The right to defer settlement for at least twelve months, whether or not covenants are involved; and
- The meaning of 'settlement' when a liability is rolled over under an existing loan facility.

The amendments will be effective for annual periods beginning on or after 1 January 2026, with earlier application permitted.

Amendments to IPSAS 43 *Leases* - Interest Rate Benchmark Reform - Phase 2
The amendments introduce practical expedient to account for lease modifications required by interest rate benchmark reform and will be effective for annual periods beginning on or after 1 January 2025, with earlier application permitted.

Amendments to IPSAS 43 *Leases* - Lease Liability in Sale and Leaseback
The amendments required a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way it does not recognise any gain or loss that relates to the right-of-use it retains.

The amendments will be effective for annual periods beginning on or after 1 January 2026, with earlier application permitted.

Deloitte publishes 'iGAAP in Focus - Financial reporting: IASB proposes amendments for contracts to buy or sell renewable electricity that have specified characteristics'

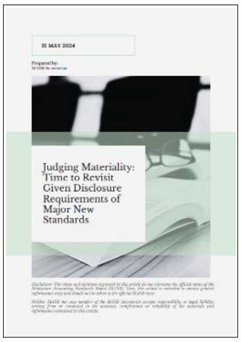
Link: [iGAAP in Focus]

This *iGAAP in Focus* outlines the proposed amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* set out in ED Contracts for Renewable Energy, published by the IASB on 8 May 2024.

The following summarises the key proposed amendments:

- the own-use requirements in IFRS 9 to include the factors an entity is required to consider when applying IFRS 9:2.4 to contracts to buy and take delivery of renewable electricity:
  - for which the source of production of the electricity is nature-dependent;
  - that exposes the purchaser to substantially all of the volume risk.
- the hedge accounting requirements in IFRS 9 to permit an entity using a contract for renewable electricity with specified characteristics as a hedging instrument:
  - to designate a variable nominal volume of forecast electricity transactions as the hedged item if specified criteria are met
  - to measure the hedged item using the same volume assumptions as those used for the hedging instrument.
- IFRS 7 and IFRS 19 *Subsidiaries without Public Accountability: Disclosures* to introduce disclosure requirements about contracts for renewable electricity with specified characteristics.

MASB publishes article 'Judging Materiality: Time to Revisit Given Disclosure Requirements of Major New Standards'



Link: [MASB Article]

This article discusses the importance of revisiting the 4-step approach outlined in IFRS Practice Statement 2 to ensure a company's financial reporting disclosures align with the impact of IFRS S1, IFRS S2, IFRS 18 and other relevant IFRS Accounting Standards, facilitating the presentation of all reasonably necessary information in their general-purpose reports for upcoming years.

MASB publishes article 'Be prepared for a New Standard, IFRS 18 *Presentation and Disclosure in Financial Statements*'

Link: [MASB Article]

This article introduces IFRS 18 *Presentation and Disclosure in the Financial Statements* that was issued in April 2024 and will be effective for annual reporting periods beginning on or after 1 January 2027.

This article outlines the followings:

- major alterations in the presentation of financial statements brought about by IFRS 18.
- the potential challenges that financial statements preparers may encounter in implementing IFRS 18.
- overview of cost mitigation as outlined by the IASB in its Effects Analysis and Feedback Statements, offering insight into strategies for managing expenses associated with complying with IFRS 18.

ACCA publishes sustainability reporting guide for SMEs based on ISSB standards

Link: [Sustainability Reporting Guide for SMEs based on ISSB standards]

The guide is intended to support small and medium-sized entities ("SMEs") to disclose sustainability-related information that regulators and stakeholders increasingly demand.

The guide sets out the following eight stages of sustainability reporting for SMEs:
01. Allocating responsibility for sustainability reporting
02. Establishing the reporting landscape
03. Determining the material sustainability-related information to be reported
04. Determining the data requirements
05. Collecting the data
06. Reporting on the collected data
07. Implementing reporting
08. Verifying what is reported, and continual improvement

IFRS Foundation launches a new webcast series on IFRS 18

IASB offered a series of one-hour webinars aimed at facilitating a comprehensive understanding of the recently issued IFRS 18 *Presentation and Disclosure in Financial Statements*.

01. First series: This webinar dedicated to subtotals and categories in the statement of profit or loss and covered the introduction of three defined categories for income and expenses under IFRS 18 (operating, investing, and financing). It provided insights into the improved structure of income statements and the requirement to provide new defined subtotals, including operating profit.
02. Second series: The one-hour webinar was dedicated to management-defined performance measures and discussed the IFRS 18 requirement for companies to disclose explanations of company-specific measures related to the income statement, referred to as management-defined performance measures.
03. Third series: The one-hour webinar was dedicated to the grouping of information in the financial statements and discussed enhanced guidance on organising information in financial statements and deciding whether to provide it in the primary financial statements or in the notes.

For further details, refer to [IFRS - Webinar series: New requirements in IFRS 18 explained.]

MIA Article on Understanding the Use of Discount Rate in the Assessment of Impairment in Goodwill

Link: [MIA Accountants Today]

This article highlights the review findings of the FSRC relating to disclosures of discount rates used in the goodwill impairment assessment in financial statements.

MIA Article on Impairment of Investment in Subsidiaries


accountants today

Impairment of Investment in Subsidiaries

Introduction

Scope

This article highlights the review findings of the FSRC relating to disclosures made in the financial statements and their accompanying notes to the financial statements in relation to impairment of investment in subsidiaries.

Link: [MIA Accountants Today]

Deloitte publishes 'iGAAP in Focus - Closing Out (June 2024)'


Deloitte.

iGAAP in Focus

Financial reporting

This iGAAP in Focus set out financial and broader corporate reporting issues that may be relevant in view of the current environment and also highlight areas of regulatory focus, recent changes in IFRS Accounting Standards and growing investor demand for consistent comparable and timely sustainability and climate information

Link: [iGAAP in Focus]

Section 3

Appendices

Appendix A: Abbreviations

ED	Exposure Draft
ESRB	European Systemic Risk Board
FSRC	Financial Statements Review Committee
GAAP	Generally Accepted Accounting Principles
IASB	International Accounting Standards Board
IFRS Accounting Standards	Mandatory pronouncements and comprise: a. IFRS Accounting Standards; b. IAS® Standards; and c. Interpretations developed by the IFRS Interpretations Committee (“IFRIC® Interpretations”) or its predecessor body, the Standing Interpretations Committee (“SIC® Interpretations”)
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
MAIC	MFRS Application and Implementation Committee
MAIG	MFRS Application and Implementation Guide
MASB	Malaysian Accounting Standards Board
MFRS	Malaysian Financial Reporting Standards
MIA	Malaysian Institute of Accountants
SC	Securities Commissions Malaysia

Appendix B: Effective dates of other local pronouncements

MAIC education materials

The education materials issued by MAIC may include the 'MFRS Application and Implementation Guide' (MAIG), Questions & Answers (Q&As), technical articles, or guidance published in any other appropriate manner. The table below provides a summary of education materials issued by the MAIC up to second quarter of 2024. These are available on MASB's website.

Nothing in the MAIC's education materials should be construed as amending or overriding the respective MFRS as such guidance serves as a source of reference for identification of principles to resolve the issue at hand.

Date	Title
30 January 2019	Q&A on accounting for public infrastructure costs and affordable housing losses associated with property development
30 December 2019	MAIG 1 Accounting treatment for cancellation of treasury shares under the *Companies Act 2016*
2 July 2020 15 December 2022 (revised)	MAIG 2 Classification by the borrower of a term loan that contains a repayment on demand clause
5 May 2021	MAIG 3 Preparation of consolidated financial statements for a group which had disposed of its only subsidiary during the financial year
26 October 2023	MAIG 4 Determination of Announced Tax Rate as Substantively Enacted for Measurement of Deferred Tax Assets and Liabilities

Appendix C: Compilation of IFRS Interpretations Committee agenda decisions issued in the past 12 months

IFRS Interpretations Committee agenda decisions

The following is the list of IFRS Interpretations Committee agenda decisions issued in the past 12 months up to 30 June 2024.

Date	Title	Featured in
27 April 2023	Definition of a Lease - Substitution Rights (IFRS 16)	Quarterly Roundup June 2023
7 November 2023	Premiums Receivable from an Intermediary (IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments*)	
7 November 2023	Homes and Home Loans Provided to Employees	
7 November 2023	Guarantee over a Derivative Contract (IFRS 9)	
23 January 2024	Merger between a Parent and Its Subsidiary in Separate Financial Statements (IAS 27 *Separate Financial Statements*)	
29 April 2024	Payments Contingent on Continued Employment during Handover Periods (IFRS 3 *Business Combinations*)	
29 April 2024	Climate-related Commitments (IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*)	Quarterly Roundup June 2024

Source: Supporting Implementation from IFRS Accounting Standards website. Details of agenda decisions issued that were not featured in our Quarterly Roundup publications may be referred to at the IFRS Accounting Standards website.

Deloitte.

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