

# Accounting Quarterly Roundup

March 2024



This Quarterly Roundup is a compilation of key developments related to financial reporting standards that have occurred during the first 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 31 March 2024.

## Section 1: Malaysian Financial Reporting Standards

- Summary of new and revised pronouncement issued as of 31 March 2024 and its effective dates
- Impact and key considerations of each new and revised pronouncement

## Section 2: Other Financial Reporting Matters

- Deloitte publishes 'IPSAS in your pocket - 2024 edition'
- IPSAB publishes 'updated IPSAS - IFRS alignment dashboard'
- IFRS Foundation releases 'summary of national standard-setters' research on materiality judgement guidance'
- IASB announces webcast series on forthcoming IFRS Accounting Standard for Subsidiaries without Public Accountability
- Deloitte publishes 'iGAAP in Focus - Financial reporting: IASB proposes amendments to improve reporting on acquisitions'
- MIA publishes an article on understanding capital gains tax ("CGT") and Real Property Gains Tax ("RPGT")
- MIA publishes an article on 2023 Updates on Global Public Sector Reporting Standards
- IASB publishes 'Investor Perspectives' article on acquisitions reporting

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

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**Section 1:  
Malaysian Financial  
Reporting Standards**

The summary of new and revised pronouncements below is updated for financial reporting periods ended 31 March 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 31 March 2024 and its effective dates

MFRS	New and revised pronouncements	Effective date*
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	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 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

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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.

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- Key consideration:**
- 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.
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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

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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.

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

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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: [IFRS in Focus Newsletter](#)

## Amendments to MFRS 101 - Non-current Liabilities with Covenants

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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.
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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

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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.
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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

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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.

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

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

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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.

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: [IFRS in Focus Newsletter](#)



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## 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 International Financial Reporting Standards (IFRS). As such, the following content, where referenced to IFRS, may be applied within the context of the equivalent MFRS Standards.

### IPSAS in your pocket – 2024 edition

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Link: [IPSAS in your pocket - 2024 edition](#)

Deloitte publishes IPSAS in your pocket-- 2024 edition

- This guide summarises the provisions of all International Public Sector Accounting Standards (IPSAS), recommended practice guidelines and the conceptual framework, effective for financial statements for annual periods beginning on or after 1 January 2024.

### Updated IPSAS – IFRS alignment dashboard

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The IPSASB which develops the IPSAS for financial reporting by governments and other public sector entities, has released an updated IPSAS-IFRS alignment dashboard showing how far individual IPSAS are aligned with corresponding IFRSs.

For further details, refer to the [Updated IPSAS - IFRS alignment dashboard \(March 2024\) \(iasplus.com\)](#)

### Summary of national standard-setters' research on materiality judgement guidance

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The IFRS Foundation has issued a comprehensive summary that compiled evidence from national accounting standard-setters concerning the impact of guidance on materiality judgements within IFRS Accounting Standards and related materials.

In 2017 and 2018, the IASB's refined the definition of materiality and furnish guidance along with case studies to facilitate informed judgements. In 2022, the IFRS Foundation issued a call for research as it was seeking to partner with national standard-setters to gather research and information related to the changes and additions to the IASB's literature on making materiality judgements.

The findings of the research underscored a robust understanding of materiality's concept. While utilisation of the 2017 and 2018 guidance exhibited disparities across regions, where implemented, it proved beneficial. Moreover, the research advocates for sustained efforts to raise awareness among stakeholders regarding the available guidance. Looking ahead, the IASB remains committed to providing further assistance to companies navigating materiality judgements, with insights from its research poised to influence ongoing discussions, including those within projects such as the initiative regarding climate-related and other uncertainties in the financial statements.

The national standard-setters taking part in the research initiative, working in partnership with academics from their jurisdictions, are from Australia, Botswana, China, Malaysia, Mexico and New Zealand.

The objective of the research is to provide information to enable the IASB to assess the effects on investors, entities, auditors and regulators of:

- Definition of Material ([Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors](#));
- [IFRS Practice Statement 2 Making Materiality Judgements](#); and
- the [Better Communication Case Studies](#).

For further details, refer to the followings: [Summaries of reports on materiality issued by the IASB](#).

## Webcast series on forthcoming IFRS Accounting Standard for Subsidiaries without Public Accountability

In anticipation of the forthcoming IFRS Accounting Standard for Subsidiaries Without Public Accountability, a series of informative webcasts have been made available. These webcasts offer key insights into the upcoming standard and aim to provide a comprehensive understanding of the standard from various perspectives and shed light on its implications for eligible companies.

The webcast series comprises of the following three (3) sessions:

- A preparer's perspective,
- A regulator's perspective, and
- Overview of the forthcoming IFRS Accounting Standard

The webcast is available at the [IFRS - Webcast series: Forthcoming IFRS Accounting Standard for Subsidiaries without Public Accountability](#)

## iGAAP in Focus – Financial reporting: IASB proposes amendments to improve reporting on acquisitions



Link: [iGAAP in Focus](#)

This *iGAAP in Focus* outlines the proposed amendments to IFRS 3 *Business Combinations* and IAS 36 *Impairment of Assets* set out in ED Business Combinations-Disclosures, Goodwill and Impairment, published by the IASB on 14 March 2024.

The following summarises the key proposed amendments:

### **Proposed amendments to IFRS 3**

- For strategic business combinations, an entity would be required to provide information about its acquisition-date key objectives and related targets for the business combination and whether these key objectives and related targets are being met. An entity would only have to disclose information that is reviewed by its key management personnel
- Entities would be exempted from disclosing some of the information if that information is commercially sensitive or would expose the entity to litigation risk
- Several other proposed amendments to the disclosure requirements in IFRS 3, including new disclosure objectives

### **Proposed amendments to IAS 36**

- To mitigate the two main reasons for the concerns about the timeliness of impairment losses on goodwill (management over-optimism and shielding) by
  - providing additional guidance on how to allocate goodwill to cash generating units (CGUs)
  - requiring entities to disclose in which reportable segment a CGU containing goodwill is included
- Changes to how an entity calculates an asset's value in use

### MIA article on understanding capital gains tax (“CGT”) and Real Property Gains Tax (“RPGT”)



This article highlight the key features of CGT as well as the key differences between CGT and RPGT.

Link: [MIA Accountants Today](#)

### MIA article on 2023 Updates on Global Public Sector Reporting Standards



This article provides updates on the developments in the global standard setting agenda by the International Public Sector Accounting Standards Board (“IPSASB”) in 2023. It focuses on the latest pronouncements on measurement, revenue and transfer expenses, retirement benefit plans and IPSASB Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.

Link: [MIA Accountants Today](#)

### IASB publishes 'Investor Perspectives' article on acquisitions reporting



In this edition, IASB Board member Zach Gast discusses proposed enhancements to acquisitions reporting and the revisions in Exposure Draft (ED) ‘Business Combinations - Disclosures, Goodwill and Impairment’ that aim to equip investors with better tools for evaluating companies’ acquisitions.

Link: [Investor Perspective](#)

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## Section 3: Appendices

## Appendix A: Abbreviations

ED	Exposure Draft
GAAP	Generally Accepted Accounting Principles
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standards on Auditing
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

## 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 first 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	MAIG 2 Classification by the borrower of a term loan that contains a repayment on demand clause
15 December 2022 (revised)	
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 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 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 Standard(s), 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 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 IFRSs issued by IASB. Accordingly, the conclusion made in agenda decision based on IFRSs 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.

The following is the list of IFRS Interpretations Committee agenda decisions issued in the past 12 months up to 31 March 2024.

Date	Title	Featured in
27 April 2023	Definition of a Lease - Substitution Rights (IFRS 16)	<a href="#">Quarterly Roundup June 2023</a>
7 November 2023	Premiums Receivable from an Intermediary (IFRS17 <i>Insurance Contracts</i> and IFRS 9 <i>Financial Instruments</i> )	
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)	

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





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