IFRS Accounting

Meeting report

Emerging Economies Group

Date **7–8 May 2025**

This document summarises a meeting of the Emerging Economies Group (EEG). The EEG was created in 2011 at the direction of the IFRS Foundation Trustees, with the aim of enhancing the participation of emerging economies in the development of IFRS Accounting Standards. The members of the EEG are nominated National Standard-Setters from emerging economies.

Meeting report and attendance

1. This report summarises the 29th EEG meeting held by videoconference on 7–8 May 2025.

2. The meeting provided a platform to discuss several topics in financial reporting from the perspective of emerging economies, supporting the IFRS Foundation's mission to develop IFRS Accounting Standards that bring transparency, accountability and efficiency to financial markets around the world.

3. Attendees included International Accounting Standards Board (IASB) members Tadeu Cendon, Jianqiao Lu and others, IASB technical staff and delegates from Argentina, Brazil, China, India, Indonesia, Malaysia, Mexico, Saudi Arabia, South Africa, South Korea and Türkiye.

4. Tadeu Cendon chaired the meeting.

29th EEG meeting agenda

5. Agenda topics were:

   - IASB technical update;
   - addressing key accounting challenges;
   - Fourth Agenda Consultation;
   - Second Comprehensive Review of the *IFRS for SMEs* Accounting Standard;
   - Financial Instruments with Characteristics of Equity; and
   - hyperinflation.

   The agenda papers for the meeting are available on the IFRS Foundation's website: https://www.ifrs.org/news-and-events/calendar/2025/may/emerging-economies-group/.

IASB technical update

6. Tadeu Cendon presented an update on the IASB's technical work and asked members whether they had questions about the IASB's activities or work plan.

7. One member congratulated the IASB and the team on issuing the third edition of the *IFRS for SMEs* Accounting Standard. The member said that the Malaysian Accounting Standards Board (MASB) surveyed members of the Asian-Oceanian Standard-Setters Group (AOSSG) in October 2024 to assess the application status of the Standard. The MASB is conducting a follow-up survey to get more information about the adoption of the Standard by AOSSG jurisdictions.

8. One member raised a question on behalf of stakeholders in China regarding the IASB's process of post-implementation reviews (PIRs). The member said that stakeholders observed that many application issues and challenges were raised in the PIRs for IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*, but only some of these were addressed by the IASB, while others were categorised as low priority or needing no further action. The member asked if the IASB plans to address these issues by publishing educational materials or providing illustrative examples. Another member observed that various staff papers might be helpful in providing useful guidance and these papers should be made more visible.

9. One member expressed appreciation for the efforts made by the IASB on the Equity Method project in the past year. This member mentioned that although the comment period for the project has ended, the stakeholders believe the project could have a significant impact on current practice. The member said they expect that the IASB will conduct more outreach globally before applying the next steps in the project.

Addressing key accounting challenges

10. The representative from Malaysia presented findings from a joint survey conducted by the Australian Accounting Standards Board (AASB), MASB and CPA Australia to gather stakeholders' preliminary views on potential projects for the IASB's future work plan. The survey findings will provide input to the IASB's Fourth Agenda Consultation.

11. The survey received responses from a variety of stakeholders, including preparers, auditors, advisors and users, with the majority from Malaysia and Australia. Survey respondents provided views on potential IASB projects on operating segments, pollutant pricing

mechanisms, cryptocurrencies and related transactions, and going concern disclosures. Respondents also provided views on integrating environmental, social and governance factors into financial statements and on connectivity between financial and sustainability reporting.

12. The representative from Malaysia also presented the results of the joint research between AASB and MASB on operating segments, with a focus on how and to what extent segment-related information is presented in the notes of listed entities in Australia and Malaysia.

13. Once the survey feedback and research on operating segments has been compiled into a joint research report, it will be shared with EEG members.

Fourth Agenda Consultation

14. The purpose of this session was to seek EEG members' feedback to help develop the Request for Information (RFI) for the IASB's Fourth Agenda Consultation. The discussion focused on:

    (a) the proposed approach to the IASB's Fourth Agenda Consultation;

    (b) the potential IASB projects to be described in the RFI; and

    (c) the potential joint IASB–ISSB projects to be described in the RFI.

Summary of feedback

Proposed approach to the IASB's Fourth Agenda Consultation

15. Only a few members commented on the overall approach to the Fourth Agenda Consultation. One member asked whether the IASB will consult on its proposed prioritisation framework. One member agreed with the overall approach and said they welcome efforts to strengthen connectivity between the IASB and the ISSB. This member said, in relation to the IASB's strategic direction and balance, that because IFRS Sustainability Disclosure Standards have not yet been widely adopted, IASB–ISSB joint projects should not necessarily take priority over IASB projects at this stage. The member also suggested that the collaboration mechanisms and resource allocation between the two boards should be clearly defined. In addition, this member suggested that the IASB consider unique challenges of emerging economies in developing the work plan.

Potential IASB projects to be described in the RFI

16. A few members provided comments on the list of potential IASB projects proposed by staff to be described in the RFI. One member said they agreed with the proposed list and with the proposal not to re-prioritise projects already in the pipeline because the IASB has committed to those projects. One member said they saw value in the IASB considering matters identified through PIRs, such as those included on the list of potential IASB projects.

17. For a potential project on going concern, two members suggested expanding the scope beyond disclosures to include the development of an alternative basis of accounting when an entity is no longer a going concern. One member said that their stakeholder survey (see paragraphs 10–11) provided mixed views on the potential going concern project, with some auditors requesting management disclosure requirements be aligned with the International Auditing and Assurance Standards Board's International Standard on Auditing 570 (Revised 2024), *Going Concern*,[1] while some preparers did not agree that such disclosures should be a priority for the IASB.

18. A few members provided their initial thoughts on how the IASB should prioritise particular projects in its future work plan. The staff plans to seek views from EEG members on IASB prioritisation of potential projects after the RFI has been published for comment.

Potential joint IASB–ISSB projects to be described in the RFI

19. A few members provided comments on the list of potential joint IASB–ISSB projects proposed by staff to be described in the RFI. One member observed that financial statements and sustainability disclosures focus on different time frames—financial statements are primarily historical, while sustainability disclosures are forward-looking. The member suggested that this difference could be reconciled through disclosures in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

20. One member suggested including in the RFI a potential project on expanding the *Conceptual Framework for Financial Reporting* to encompass sustainability reporting, noting this could help define boundaries between different types of general purpose financial reports and avoid duplication between those reports.

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[1] ISA 570 (Revised 2024), *Going Concern*, https://www.iaasb.org/publications/isa-570-revised-2024-going-concern.

Next step

21. The IASB will meet with other consultative groups to gather feedback on the approach and project descriptions. The IASB expects to decide on the content of the RFI in July 2025 and plans to publish it in October 2025.

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

22. The purpose of this session was to provide members with an overview of the second comprehensive review of the *IFRS for SMEs* Accounting Standard (the Standard) including the major changes that resulted in the third edition of the Standard.

Summary of feedback

23. A few members commented on the changes made in the Standard. In particular:

    (a) one member said expressing the principles of IFRS 15 in simple, concise language in Section 23 *Revenue from Contracts with Customers* was not helpful because SMEs would need to refer to IFRS 15 to understand the requirements. For example, this member said they disagreed with using the term 'promise' in the Section 23 instead of the term 'performance obligation' used in IFRS 15. In the member’s view, the IASB should have made simplifications by replacing the principles of IFRS 15 with rules. IASB members and staff said:

        (i) the simplifications to the language of IFRS 15 were informed by feedback and are consistent with the simplifications made in developing the first edition of the Standard. The feedback included comments from users of the Standard who were unfamiliar with IFRS 15 and who were not expected to refer to full IFRS Accounting Standards to understand the requirements in Standard.

        (ii) the definition of a performance obligation in IFRS 15 begins with ‘a promise in a contract.’

    (b) one member asked why one of the disclosures required for supplier finance arrangements was subject to an impracticability exemption and not an undue cost or effort exemption.

24. A few members also commented on the materials that will be made available to support the implementation of the third edition of the Standard:

(a) one member asked that guidance be provided on applying the new undue cost or effort exemptions in the Standard. Staff explained that the educational modules, currently being updated by the staff, would provide background on these new exemptions.

(b) one member asked how the IASB determined which examples are included in the Standard and which are included in supporting materials. An IASB member explained the IASB's approach for determining which examples are included in full IFRS Accounting Standards.

25. The EEG Chair and the staff also discussed the difference between Q&As developed by the SME Implementation Group and agenda decisions developed by the IFRS Interpretations Committee.

26. Staff asked members for views on how to structure a potential session about the Standard at this year's World Standard-setters Conference. Two members responded and said that a session focused on a few of the changes made in the Standard would be more useful than a session that covers all the changes.

Next step

27. The IASB and staff will consider the feedback as materials are developed and updated to support the implementation of the third edition of the Standard.

Financial Instruments with Characteristics of Equity

28. The purpose of this session was:

(a) to recap the proposals and feedback related to the presentation and disclosure sections of the Exposure Draft *Financial Instruments with Characteristics of Equity*; and

(b) to seek members' views on:

(i) possible changes to the proposed amendments related to presentation requirements and to some new disclosure requirements in response to the feedback; and

(ii) the timing of issuance of the amendments described in (i).

Summary of feedback

Presentation of equity instruments

29. EEG members generally agreed with the IASB's preferred approach to presentation of equity instruments. This approach would require an entity to separately present in the statement of profit or loss the profit or loss attributable to each of: ordinary shareholders, other participating instrument holders, non-participating instrument holders of the parent and non-controlling interests. They said this approach would provide the most granular information about the allocation of profit or loss among various classes of equity instrument holders and give useful information about the entity's financing activities.

30. Some members commented on matters related to practical implementation. They suggested the IASB:

    (a) define 'ordinary shares', 'participating instruments' and 'non-participating instruments';

    (b) provide application guidance and/or illustrative examples on how to allocate profit or loss to various types of equity instrument holders; and

    (c) consider the potential negative impact of practical implementation issues applying IAS 33 *Earnings per Share*.

31. One member said they did not favour requiring an entity to separately present profit or loss attributable to ordinary shareholders and other equity holders in the statement of profit or loss. This member said that this approach would mix participating instruments and non-participating instruments.

32. Another member said discussions in their jurisdiction were more focused on the statement of financial position and there was not much objection to the proposed presentation in the statement of profit or loss. Stakeholders in their jurisdiction were concerned that the benefits of separate presentation in the statement of financial position would not justify the preparation costs. The member said the stakeholders believed that disclosures in the notes would be sufficient to provide the needed information.

33. One member observed that equity instruments other than ordinary shares are not common in their jurisdiction. However, this member said that some profit-linked financial instruments in their jurisdiction have the characteristics of common equity but, applying the requirements in IAS 32 *Financial Instruments: Presentation*, are classified as financial liabilities. This member was concerned that information could be missing for users of financial statements and

suggested presenting profit attributable to capital contributors rather than only equity contributors.

Disclosures

Overall comments including scope of IFRS 7 Financial Instruments: Disclosures

34. Members generally agreed with the suggested changes to the proposed disclosure requirements because those changes would reduce the burden on preparers while providing useful information for users of financial statements.

35. However, one member suggested a further reduction in the scope of the proposed disclosure requirements. Based on this member's experience, users of financial statements in their jurisdiction would not find it useful to include puttable instruments and obligations arising on liquidation (classified as equity instruments applying paragraphs 16A–16D of IAS 32) in the scope of the disclosures for 'nature and priority of claims' and 'terms and conditions'.

36. One member asked whether the IASB has considered issues related to aggregation and disaggregation that would help reduce disclosure overload, for example, how to categorise claims. Staff explained that disclosures would be based on classes of financial instruments; and they proposed to include application guidance on how to aggregate instruments into classes based on shared characteristics.

Nature and priority of claims on liquidation

37. One member expressed support for aligning the scope of claims classified as financial liabilities with the scope of liquidity risk disclosures in IFRS 7. The member said that this change would shift the focus away from liquidation scenarios and would better align with the information needs of users of financial statements regarding future cash flows and liquidity risk.

38. One member asked the IASB to define 'equity instruments issued for the raising of finance' and to clarify the scope of this disclosure to reduce judgement differences in practice.

39. Another member raised concerns about the difficulties of preparing information about priority of claims. The member said entities would find it challenging to provide this information because regulatory authorities frequently intervene in liquidation procedures. In addition, the member said consolidated entities may find it difficult to provide information about the priority of claims at each reporting date, especially for disclosure on a consolidated basis of

contractual terms that could change the liquidation priority (such as conversion features, write-up features, or intragroup arrangements).

Timing of issuing the amendments

40. Members generally agreed that the IASB should not issue the amendments related to presentation and some disclosures before issuing the amendments related to classification and other disclosures. One member said that additional implementation time would be needed because, despite the simplifications to the proposed disclosure requirements, significant analysis and judgement would still be required from preparers, especially non-financial institutions. Another member explicitly supported issuing all amendments, including classification amendments, as a single integrated package.

41. One member said that the presentation and disclosure requirements in this project need to be carefully considered together with the requirements in other IFRS Accounting Standards, particularly IFRS 18 *Presentation and Disclosure in Financial Statements* and IAS 33.

Next step

42. The IASB will consider the feedback from EEG members before deciding on the amendments to the proposed presentation and disclosure requirements.

Hyperinflation

43. The representatives from South Africa presented challenges and concerns about applying IAS 29 *Financial Reporting in Hyperinflationary Economies*. The presentation covered three areas of concern:

    (a) judgement required to determine when an economy becomes hyperinflationary;

    (b) reliability and usefulness of information resulting from restating financial statements in accordance with IAS 29; and

    (c) effects of the consolidation of a subsidiary whose functional currency is that of a hyperinflationary economy on the results of a parent whose functional currency is that of a non-hyperinflationary economy.

44. Other EEG members provided input and shared their experiences on these topics.

Next step

45. Feedback from EEG members will inform the content of the Request for Information on the Fourth Agenda Consultation, including the descriptions of potential projects.

Next EEG meeting

46. The 30th EEG meeting (for the second half of 2025) will be held on 3–4 November 2025 in Seoul, Korea.