

## Bimonthly Newsletter of Accounting Standards Board Nepal April-May 2024

### 1. Recent Board Activities

#### 1.1 159<sup>th</sup> Board Meeting Held

On April 12, 2024, the board convened its 159th meeting, extending a warm welcome to newly appointed Director General of Inland Revenue Department, Mr. Shiva Lal Tiwari. The board expressed the thanks to Mr. Bhupal Baral for their valuable contributions during his tenure as board member. In the meeting the exposure draft of NFRS 2024 was discussed.

#### 1.2 Board's Participation in IFASS meeting

The board participated in meeting of the International Forum of Accounting Standard Setters (IFASS) held in Seoul on 17-19 April 2024. The meeting addressed key accounting challenges, including the treatment of intangibles, crypto assets, environmental credits, and the complexities of financial instruments. Participants also discussed sustainability reporting, exploring climate disclosures, transition plans, and the connection between financial and non-financial information.



More details: <https://www.iasplus.com/en/news/2024/06/ifass>



#### 1.3 Board's Visit to AASB

The Accounting Standards Board of Nepal (ASB) participated in a capacity-building workshop hosted by the Australian Accounting Standards Board (AASB) from April 26 to 30, 2024. The workshop focused on standard-setting methodologies, conducting Post-Implementation Reviews (PIRs), and initiating new research projects. ASB CEO Mr. Sushil Poudel attended the entire workshop to enhance the Board's expertise in standards development and research. ASB Chairman Mr. Prakash Jung Thapa joined the workshop on its first day.

## 1.4 Board's presentation in EEG meeting

The Emerging Economies Group (EEG) met on May 28-29, 2024 to discuss financial reporting issues from the perspective of emerging economies. The meeting focused on the application and implementation of IFRS Accounting Standards. The ASB Chair, Mr. Prakash Jung Thapa attended the event virtually and made a presentation on jurisdictional profile of Nepal.



## 3. International Updates

### 2.1 International Accounting Standards Board (IASB) Update

**Work Plan and Framework** In April 2024, the IASB met to discuss prioritizing technical projects but made no formal decisions. The IASB reviewed stakeholder feedback on IFRS 15, deciding to take no further action on some issues and to gather additional evidence on others. Decisions on certain application matters related to IFRS 15 and IFRS 16 will be considered in future agenda consultations.

**Maintenance and Consistent Application** The board addressed maintenance and consistent application issues, particularly concerning rate-regulated activities. On May 22, the IASB discussed the interaction between proposed guidance for rate-regulated activities and IAS 12 Income Taxes, deciding to clarify how tax consequences are handled. Additionally, the IASB decided to remove a temporary exception in IAS 8 regarding regulatory account balances, thereby streamlining the accounting policy development process.

**IFRS for SMEs Accounting Standard** The IASB also advanced the Second Comprehensive Review of the IFRS for SMEs Accounting Standard. The board made several tentative decisions on proposed changes, including aligning revenue recognition requirements more closely with IFRS 15 and refining disclosure requirements. Notably, the IASB decided to maintain the transition requirements proposed in the Exposure Draft and introduced a relief from retrospective application for certain employee benefits adjustments. These changes aim to enhance consistency and clarity in the application of the standard.

**Taxonomy** In the taxonomy area, the IASB reviewed a proposed update to the IFRS Taxonomy related to Contracts for Renewable Electricity. The board supported the development of this update and sought the Due Process Oversight Committee's permission to proceed. This update is intended to align the taxonomy with recent changes in IFRS 9 and IFRS 7, ensuring that the taxonomy reflects the latest accounting standards effectively.

More Details:

<https://www.ifrs.org/news-and-events/updates/iasb/2024/iasb-update-april-2024/>

<https://www.ifrs.org/news-and-events/updates/iasb/2024/iasb-update-may-2024/>

## **2.2 International Sustainability Standards Board (ISSB) Update**

### **Strategy and Governance**

In April 2024, the ISSB reviewed and made key decisions regarding its agenda priorities for the upcoming two-year work plan. The ISSB tentatively decided to include two new research projects: one focusing on risks and opportunities associated with biodiversity, ecosystems, and ecosystem services, and another on human capital. These decisions received broad support from ISSB members, reflecting a commitment to address critical sustainability issues. Additionally, the ISSB decided not to pursue research on human rights, integration in reporting, or other suggested topics from the consultation. A feedback statement summarizing these decisions and the ISSB's work plan is expected by the third quarter of 2024.

### **Research and Standard-setting**

On May 16, 2024, the ISSB discussed the maintenance of the SASB Standards and its industry groupings. The board resolved to continue using the Sustainable Industry Classification System® (SICS®) for grouping entities by shared sustainability-related risks and opportunities. Enhancements to these groupings and the SASB Standards will be considered in the next two-year work plan. This decision underscores the ISSB's commitment to maintaining relevant and effective industry-based materials.

### **Applying Standards**

The ISSB also reviewed progress on the implementation of IFRS S1 and IFRS S2 during its meeting on May 16, 2024. The board received updates from the Transition Implementation Group (TIG) but did not make any new decisions. The ISSB will continue to monitor TIG's activities and provide updates following the June 2024 meeting.

### **Next Steps**

The ISSB plans to finalize and publish a feedback statement by the third quarter of 2024, summarizing the outcomes of its agenda priorities consultation and detailing the work plan. Additionally, the ISSB will continue to review and potentially enhance the SASB Standards and industry groupings while supporting the ongoing implementation of IFRS S1 and IFRS S2 through updates and guidance from the TIG.

More Details:

<https://www.ifrs.org/news-and-events/updates/issb/2024/issb-update-april-2024/>

<https://www.ifrs.org/news-and-events/updates/issb/2024/issb-update-may-2024/>