

Bimonthly Newsletter of Accounting Standards Board Nepal
February- March 2024

1. Recent Board Activities

1.1 157th Board Meeting Held

On February 18, 2024, the board convened its 157th meeting, extending a warm welcome to the new Representative of Financial Comptroller General Office, Mr. Om Prasad Rijal and newly appointed Director General of Inland Revenue Department, Mr. Bhupal Baral. The board expressed the thanks to Mr. Gayatri Raman Khanal and Dirga Raj Mainali for their valuable contributions during his tenure as board member.



1.2 Program on NFRS 17

ASB organized IFRS/NFRS 17 Insurance Contracts program with technical support from Korean Accounting Standards Board & The Asian-Oceanian Standard-Setters Group (AOSSG) in Kathmandu (April 1-2, 2024). The program was well-received, with 24 CEOs, 74 total participants from Nepali insurance companies and few virtual participants from AOSSG member countries. The event commenced with an opening session featuring keynote addresses from industry leaders, followed by technical sessions on various aspects of IFRS 17, including transition accounting, discount rate determination, insurance capital standards, life and non-life insurance contracts, and reinsurance contracts. Experts from Korea shared their insights and experiences, providing valuable guidance to Nepali insurance professionals.



1.3 158th Board Meeting Held

On February 26, 2024, the board convened its 158th meeting. Through this meeting the board resolved the comments on the exposure draft of NFRS 9 - Expected Credit Loss Related Guidelines, 2024 issued by Nepal Rastra Bank.

3. International Updates

2.1 International Accounting Standards Board (IASB) Update

Research and Standard-setting

In early 2024, the IASB focused on several key areas of research and standard-setting. In February, the IASB reviewed stakeholder feedback on the Financial Instruments with Characteristics of Equity and decided to further analyze the proposals. For IFRS 15, the board opted not to take additional action on certain issues but will consider academic literature on its application. The IASB concluded its review of IFRS 9—Impairment by prioritizing medium-level adjustments to credit risk disclosures and preparing a project summary and feedback statement.

In March, the IASB discussed the Post-implementation Review of IFRS 17 Insurance Contracts and continued deliberations on the proposed amendments to IFRS 15 related to the sale of goods and services. The board also reviewed stakeholder feedback on the Exposure Draft related to the amendments of IFRS 16 Leases and is moving forward with developing proposals for a narrower scope to address specific concerns.

Maintenance and Consistent Application

The IASB continued its work on Rate-regulated Activities in February, confirming the treatment of income tax consequences and maintaining the removal of the temporary exception in IAS 8 for regulatory account balances. In March, the board revisited its approach to the IFRS for SMEs and made decisions regarding the application of IFRS 3 Business Combinations and IFRS 10 Consolidated Financial Statements, aiming to enhance consistency in reporting practices.

Taxonomy

In February, the IASB discussed updates to the IFRS Taxonomy related to contracts for renewable electricity. The board agreed to proceed with developing the proposed update, subject to approval from the Due Process Oversight Committee. In March, the IASB also considered the impact of IFRS 17 on the Taxonomy and agreed on a plan to integrate these updates into the existing framework.

Next Steps

The IASB will continue its deliberations on financial instruments and impairment, finalize amendments related to IFRS 15 and IFRS 16, and move forward with the proposed IFRS Taxonomy updates. Further updates are expected as these projects progress and additional consultations are held.

More Details:

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

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

2.2 International Sustainability Standards Board (ISSB) Update

Strategy and Governance

In February 2024, the ISSB finalized the criteria for prioritizing new projects on its work plan. It decided to retain six of the seven proposed criteria and adjust the criterion concerning the relationship of potential projects to other projects, emphasizing the consideration of other relevant standard-setters' work. This decision was made with eight of the 13 members present agreeing.

In March 2024, the ISSB reviewed the strategic direction for its upcoming two-year work plan. It agreed to focus on several key areas: starting new research and standard-setting projects, supporting the implementation of IFRS S1 and IFRS S2, enhancing the SASB Standards, ensuring connectivity and interoperability between IFRS Sustainability Disclosure Standards and other standards, and engaging with stakeholders. All 14 members agreed on these priorities. The board also decided to place a high level of focus on implementing IFRS S1 and S2, a slightly lower focus on enhancing the SASB Standards and initiating new projects, and to reserve resources for flexibility without specifying exact levels of focus on connectivity and stakeholder engagement.

Applying Standards

In February, the ISSB discussed developing educational materials on the concept of 'materiality' related to IFRS Sustainability Disclosure Standards but did not make decisions. The staff was directed to create these materials.

Next Steps

The ISSB will decide which new research and standard-setting projects to add to its work plan and continue developing educational resources for IFRS S1 and S2. The board will also focus on implementing the strategic decisions made in March and proceed with enhancing standards and ensuring interoperability.

More Details:

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