สัมมนาทำความเข้าใจและรับฟังความคิดเห็น ผ่านทาง FB Live

Exposure Draft - Financial Instruments with Characteristics of Equity Proposed amendment to IAS 32, IFRS 7 and IAS 1

วันที่ 8 มีนาคม 2567 เวลา 14:00 – 15:30 น.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Classification of financial instruments

A—The effects of laws or regulations

What is the issue?

IAS 32 requires a company to classify financial instruments in accordance with 'the substance of the contractual arrangement' and the definitions of financial liabilities, financial assets and equity instruments.

IAS 32 also explains that 'contract' and 'contractual' refers to an agreement between two or more parties that has clear economic consequences that the parties have little, if any, discretion to avoid—usually because the agreement is enforceable by law.

Stakeholders asked the IASB to clarify whether and how laws or regulations (such as statutory or regulatory requirements) applicable to a financial instrument affect the classification of the instrument, such as:

- laws or regulations which create rights and obligations that:
  - are included in the terms of a contract (for example, when reproduced in the contract); or
  - are not explicitly included in the terms of a contract but are implied by law or regulation; and
- laws or regulations which prevent one or more of the contractual rights and obligations from being enforceable.

What is the IASB proposing?

The IASB proposes to clarify that in classifying a financial instrument as a financial liability or an equity instrument, a company:

- considers only contractual rights and obligations that are enforceable by laws or regulations and are in addition to those created by applicable laws or regulations; and
- disregards any rights or obligations created by applicable laws or regulations that would arise regardless of whether the right or obligation is included in the contractual arrangement.

In certain circumstances, a company might recognise and measure the rights and obligations that it disregarded when classifying a financial instrument as a financial liability or an equity instrument, applying other Accounting Standards.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

1 Classification of financial instruments

A—The effects of laws or regulations

การแสดงรายการ

หนี้สินและส่วนของเจ้าของ (ดูภาคผนวกย่อหน้าที่ 13 ถึง 14ญ และ 25 ถึง 29ก)

15 ณ วันที่รับรู้รายการเมื่อเริ่มแรก กิจการที่ออกเครื่องมือทางการเงินต้องจัดประเภทเครื่องมือทางการเงินหรือส่วนประกอบของเครื่องมือทางการเงินเป็นหนี้สินทางการเงิน สินทรัพย์ทางการเงิน หรือตราสารทุนตามเนื้อหาของข้อตกลงตามสัญญาและคำนิยามของหนี้สินทางการเงิน สินทรัพย์ทางการเงินและตราสารทุน

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

1 Classification of financial instruments

A—The effects of laws or regulations

15A In classifying a financial instrument (or its component parts) as a financial liability, a financial asset or an equity instrument, an entity:

(a) shall consider only contractual rights and obligations that are enforceable by laws (see paragraph 13) or regulations and are in addition to those created by relevant laws or regulations (such as statutory or regulatory requirements applicable to the instrument); and

(b) shall not consider any right or obligation created by relevant laws or regulations that would arise regardless of whether the right or obligation is included in the contractual arrangement.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Question 1—The effects of relevant laws or regulations (paragraphs 15A and AG24A–AG24B of IAS 32)

The IASB proposes to clarify that:

(a) only contractual rights and obligations that are enforceable by laws or regulations and are in addition to those created by relevant laws or regulations are considered in classifying a financial instrument or its component parts (paragraph 15A); and

(b) a contractual right or obligation that is not solely created by laws or regulations, but is in addition to a right or obligation created by relevant laws or regulations shall be considered in its entirety in classifying the financial instrument or its component parts (paragraph AG24B).

Paragraphs BC12–BC30 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with these proposals? Why or why not? If you disagree with any of the proposals, please explain what you suggest instead and why.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: snapshot-ed-fice-nov2023.pdf (ifrs.org)

1 Classification of financial instruments

B—Fixed-for-fixed condition for derivatives

What is the issue?

In accordance with IAS 32, a contract that will be settled by a company (the issuer) receiving or delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or another financial asset is an equity instrument. This circumstance is sometimes referred to as the 'fixed-for-fixed' condition.

Stakeholders asked the IASB to clarify whether:

- the fixed-for-fixed condition would not be met due to any variation in the amount of consideration to be exchanged or in the number of the issuer's own equity instruments to be delivered;
- a contract that allows a choice of settlement between two or more classes of a company's own equity instruments meets the fixed-for-fixed condition; and
- share-for-share exchanges—contracts that will or may be settled by the exchange of a fixed number of one class of an issuer's own non-derivative equity instruments for a fixed number of another class of such instruments—meet the fixed-for-fixed condition.

What is the IASB proposing?

The IASB proposes to clarify in IAS 32 that for the fixed-for-fixed condition to be met, the amount of consideration exchanged for each of a company's own equity instruments is required to be in the company's functional currency and either:

- fixed; or
- variable solely because of a preservation or passage-of-time adjustment (see page 6).

The IASB also proposes to clarify in IAS 32 that:

- if the contract gives one party a choice of settlement between two or more classes of a company's own equity instruments, an instrument is an equity instrument only if all settlement alternatives meet the fixed-for-fixed condition; and
- if a contract will or may be settled only by the exchange of a fixed number of one class of a company's own non-derivative equity instruments for a fixed number of another class of the company's own non-derivative equity instruments, the fixed-for-fixed condition is met.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

1 Classification of financial instruments

B—Fixed-for-fixed condition for derivatives

16.2 ถ้าเครื่องมือทางการเงินนั้นจะหรืออาจจะชำระด้วยตราสารทุนของกิจการเอง เครื่องมือทางการเงินดังกล่าวต้อง

16.2.1 เป็นรายการที่ไม่ใช่อนุพันธ์ ซึ่งกิจการไม่มีภาระผูกพันตามสัญญาที่จะส่งมอบตราสารทุนของกิจการเองในจำนวนที่ผันแปร หรือ

16.2.2 เป็นอนุพันธ์ที่จะชำระโดยผู้ออกด้วยการแลกเปลี่ยนเงินสดหรือสินทรัพย์ทางการเงินอื่นในจำนวนเงินที่คงที่ กับตราสารทุนของกิจการเองในจำนวนที่คงที่เท่านั้น สำหรับวัตถุประสงค์ดังกล่าว สิทธิ สิทธิเลือก หรือใบสำคัญแสดงสิทธิในการได้มาซึ่งตราสารทุนของกิจการเองในจำนวนที่คงที่ เพื่อแลกกับจำนวนเงินที่คงที่ ไม่ว่าจะเป็นสกุลเงินใด ๆ จะถือว่าเป็นตราสารทุน หากกิจการเสนอสิทธิ สิทธิเลือก หรือใบสำคัญแสดงสิทธิดังกล่าวในลำดับชั้นเดียวกันในปัจจุบันทุกคนตามสัดส่วนตราสารทุนที่ไม่เป็นอนุพันธ์ของกิจการเอง นอกจากนี้สำหรับวัตถุประสงค์ดังกล่าว ตราสารทุนของกิจการเองที่กิจการเป็นผู้ออกไม่ให้รวมเครื่องมือทางการเงินที่มีลักษณะทั้งหมดและเข้าเงื่อนไขที่ระบุในย่อหน้าที่ 16ก และ 16ข หรือย่อหน้าที่ 16ค และ 16ง หรือเครื่องมือทางการเงินที่เป็นสัญญาที่จะมีการรับหรือส่งมอบตราสารทุนของกิจการเองที่กิจการเป็นผู้ออกในอนาคต

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

1 Classification of financial instruments

B—Fixed-for-fixed condition for derivatives

What is the issue?

In accordance with IAS 32, a contract that will be settled by a company (the issuer) receiving or delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or another financial asset is an equity instrument. This circumstance is sometimes referred to as the 'fixed-for-fixed' condition.

Stakeholders asked the IASB to clarify whether:

- the fixed-for-fixed condition would not be met due to any variation in the amount of consideration to be exchanged or in the number of the issuer's own equity instruments to be delivered;
- a contract that allows a choice of settlement between two or more classes of a company's own equity instruments meets the fixed-for-fixed condition; and
- share-for-share exchanges—contracts that will or may be settled by the exchange of a fixed number of one class of an issuer's own non-derivative equity instruments for a fixed number of another class of such instruments—meet the fixed-for-fixed condition.

What is the IASB proposing?

The IASB proposes to clarify in IAS 32 that for the fixed-for-fixed condition to be met, the amount of consideration exchanged for each of a company's own equity instruments is required to be in the company's functional currency and either:

- fixed; or
- variable solely because of a preservation or passage-of-time adjustment (see page 6).

The IASB also proposes to clarify in IAS 32 that:

- if the contract gives one party a choice of settlement between two or more classes of a company's own equity instruments, an instrument is an equity instrument only if all settlement alternatives meet the fixed-for-fixed condition; and
- if a contract will or may be settled only by the exchange of a fixed number of one class of a company's own non-derivative equity instruments for a fixed number of another class of the company's own non-derivative equity instruments, the fixed-for-fixed condition is met.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Question 2—Settlement in an entity's own equity instruments (paragraphs 16, 22, 22B–22D, AG27A and AG29B of IAS 32)

The IASB proposes to clarify when the fixed-for-fixed condition in paragraph 16(b)(ii) of IAS 32 is met by specifying that the amount of consideration to be exchanged for each of an entity's own equity instruments is required to be denominated in the entity's functional currency, and either:

(a) fixed (will not vary under any circumstances); or

(b) variable solely because of:

(i) preservation adjustments that require the entity to preserve the relative economic interests of future shareholders to an equal or lesser extent than those of current shareholders; and/or

(ii) passage-of-time adjustments that are predetermined, vary with the passage of time only, and have the effect of fixing on initial recognition the present value of the amount of consideration exchanged for each of the entity's own equity instruments (paragraphs 22B–22C).

The IASB also proposes to clarify that if a derivative gives one party a choice of settlement between two or more classes of an entity's own equity instruments, the entity considers whether the fixed-for-fixed condition is met for each class of its own equity instruments that may be delivered on settlement. Such a derivative is an equity instrument only if all the settlement alternatives meet the fixed-for-fixed condition (paragraph AG27A(b)).

The IASB further proposes to clarify that a contract that will or may be settled by the exchange of a fixed number of one class of an entity's own non-derivative equity instruments for a fixed number of another class of its own non-derivative equity instruments is an equity instrument (paragraph 22D).

Paragraphs BC31–BC61 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with these proposals? Why or why not? If you disagree with any of the proposals, please explain what you suggest instead and why.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: snapshot-ed-fice-nov2023.pdf (ifrs.org)

1 Classification of financial instruments

B—Fixed-for-fixed condition for derivatives

The table shows the adjustments to the amount of consideration exchanged for each of a company's own equity instruments (made by adjusting either the amount of consideration to be exchanged or the number of the company's own equity instruments to be delivered for the settlement of the derivative) that meet the fixed-for-fixed condition.

Preservation adjustment	Passage-of-time adjustment
An adjustment to the amount of consideration exchanged for each of a company's own equity instruments that: • is made upon the occurrence of a contractually specified event(s) that affects the economic interests of the current equity instrument holders; and • preserves the economic interests of the future equity instrument holders to an equal or lesser extent, relative to those of the current equity instrument holders.	An adjustment to the amount of consideration exchanged for each of a company's own equity instruments that: • is predetermined at inception of the contract; • varies only with the passage of time; and • has the effect of fixing, on initial recognition, the present value of the amount of consideration exchanged for each of the company's own equity instruments.
Example	**Example**
An adjustment to the amount of consideration to be received on exercise of a warrant over a company's ordinary shares, to compensate a future shareholder fully or partly for dividends paid on ordinary shares, while the warrant is outstanding, is a preservation adjustment. However, if any such adjustment benefits the future shareholder to a greater extent than a current shareholder, that adjustment is not a preservation adjustment.	An adjustment in a convertible bond that states that in the event of a change in control of the company, the conversion ratio will be adjusted to compensate the bondholder for the loss of time value in the option—and the contract specifies predetermined conversion ratios that vary solely depending on when the change of control occurs and are proportional to the passage of time—is a passage-of-time adjustment. Although the adjustment is triggered if a change of control occurs, the adjustment is considered to introduce variability based solely on the passage of time, and therefore meets the fixed-for-fixed condition.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Question 2—Settlement in an entity's own equity instruments (paragraphs 16, 22, 22B–22D, AG27A and AG29B of IAS 32)

The IASB proposes to clarify when the fixed-for-fixed condition in paragraph 16(b)(ii) of IAS 32 is met by specifying that the amount of consideration to be exchanged for each of an entity's own equity instruments is required to be denominated in the entity's functional currency, and either:

(a) fixed (will not vary under any circumstances); or

(b) variable solely because of:

(i) preservation adjustments that require the entity to preserve the relative economic interests of future shareholders to an equal or lesser extent than those of current shareholders; and/or

(ii) passage-of-time adjustments that are predetermined, vary with the passage of time only, and have the effect of fixing on initial recognition the present value of the amount of consideration exchanged for each of the entity's own equity instruments (paragraphs 22B–22C).

The IASB also proposes to clarify that if a derivative gives one party a choice of settlement between two or more classes of an entity's own equity instruments, the entity considers whether the fixed-for-fixed condition is met for each class of its own equity instruments that may be delivered on settlement. Such a derivative is an equity instrument only if all the settlement alternatives meet the fixed-for-fixed condition (paragraph AG27A(b)).

The IASB further proposes to clarify that a contract that will or may be settled by the exchange of a fixed number of one class of an entity's own non-derivative equity instruments for a fixed number of another class of its own non-derivative equity instruments is an equity instrument (paragraph 22D).

Paragraphs BC31–BC61 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with these proposals? Why or why not? If you disagree with any of the proposals, please explain what you suggest instead and why.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: snapshot-ed-fice-nov2023.pdf (ifrs.org)

1 Classification of financial instruments

C—Obligation to purchase a company's own equity instruments

What is the issue?

IAS 32 requires that, if a contract includes an obligation for a company to purchase its own equity instruments, a financial liability is recognised for the present value of the redemption amount and removes that amount from equity. Examples include a forward contract to purchase a company's own shares or a written put option that gives the holder the right to require the company to purchase its own shares from non-controlling interest holders.

Stakeholders asked the IASB to clarify:

- which component of equity a company debits upon initial recognition of the financial liability;
- how a company measures the financial liability;
- whether the company recognises gains or losses on remeasurement of the financial liability in the statement of comprehensive income;
- whether a company applies the requirements to instruments that will be settled by delivering a variable number of another class of the company's own equity instruments; and
- how a company applies the requirements if a contract that includes an obligation for the company to purchase its own equity instruments expires without delivery (see page 8).

What is the IASB proposing?

The IASB proposes to clarify that:

- a company that does not yet have access to the rights and returns associated with ownership of the equity instruments to which the obligation relates, continues to recognise those instruments as equity instruments and removes from a component of equity other than non-controlling interests or issued share capital an amount equal to the initial amount of the financial liability;
- when measuring the financial liability (initial and subsequent measurement), a company disregards the probability and estimated timing of the counterparty's exercise of its redemption right and discounts the redemption amount to its present value assuming that the redemption will occur at the earliest possible redemption date;
- a company recognises gains or losses on remeasurement of the financial liability in profit or loss; and
- a company also applies the requirements relating to obligations to purchase its own equity instruments to contracts that will be settled by delivering a variable number of another class of the company's own equity instruments.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Question 3—Obligations to purchase an entity's own equity instruments (paragraphs 23 and AG27B–AG27D of IAS 32)

The IASB proposes to clarify that:

(a) the requirements in IAS 32 for contracts containing an obligation for an entity to purchase its own equity instruments also apply to contracts that will be settled by delivering a variable number of another class of the entity's own equity instruments (paragraph 23).

(b) on initial recognition of the obligation to redeem an entity's own equity instruments, if the entity does not yet have access to the rights and returns associated with ownership of the equity instruments to which the obligation relates, those equity instruments would continue to be recognised. The initial amount of the financial liability would, therefore, be removed from a component of equity other than non-controlling interests or issued share capital (paragraph AG27B).

(c) an entity is required to use the same approach for initial and subsequent measurement of the financial liability—measure the liability at the present value of the redemption amount and ignore the probability and estimated timing of the counterparty exercising that redemption right (paragraph 23).

(d) any gains or losses on remeasurement of the financial liability are recognised in profit or loss (paragraph 23).

(e) if a contract containing an obligation for an entity to purchase its own equity instruments expires without delivery:

(i) the carrying amount of the financial liability would be removed from financial liabilities and included in the same component of equity as that from which it was removed on initial recognition of the financial liability.

(ii) any gains or losses previously recognised from remeasuring the financial liability would not be reversed in profit or loss. However, the entity may transfer the cumulative amount of those gains or losses from retained earnings to another component of equity (paragraph AG27C).

(f) written put options and forward purchase contracts on an entity's own equity instruments that are gross physically settled—consideration is exchanged for own equity instruments—are required to be presented on a gross basis (paragraph AG27D).

Paragraphs BC62–BC93 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with these proposals? Why or why not? If you disagree with any of the proposals, please explain what you suggest instead and why.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

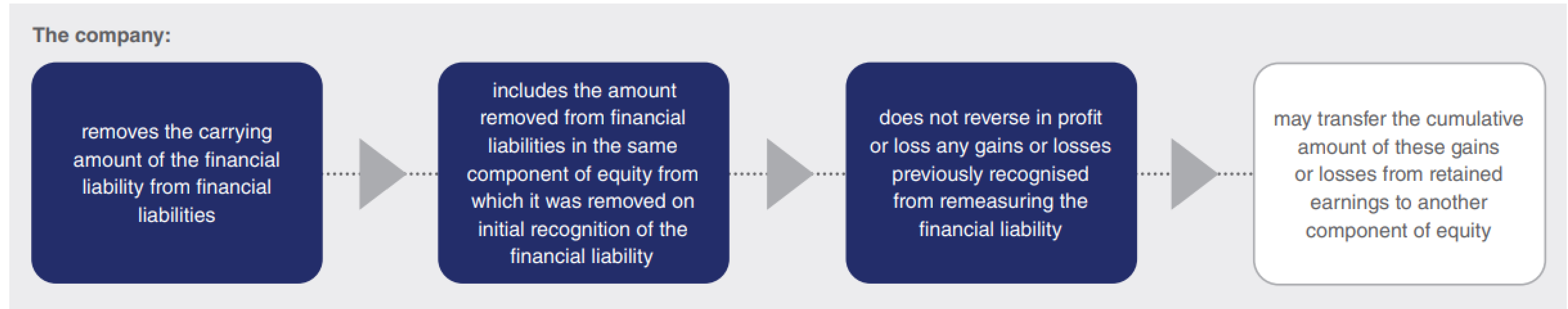
1 Classification of financial instruments

C—Obligation to purchase a company's own equity instruments

Expiration without delivery

The IASB proposes to clarify the requirements in IAS 32 that apply if a contract that includes an obligation for a company to purchase its own equity instruments expires without delivery (see Figure 1).

Figure 1—Expiration without delivery



ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Question 3—Obligations to purchase an entity's own equity instruments (paragraphs 23 and AG27B–AG27D of IAS 32)

The IASB proposes to clarify that:

(a) the requirements in IAS 32 for contracts containing an obligation for an entity to purchase its own equity instruments also apply to contracts that will be settled by delivering a variable number of another class of the entity's own equity instruments (paragraph 23).

(b) on initial recognition of the obligation to redeem an entity's own equity instruments, if the entity does not yet have access to the rights and returns associated with ownership of the equity instruments to which the obligation relates, those equity instruments would continue to be recognised. The initial amount of the financial liability would, therefore, be removed from a component of equity other than non-controlling interests or issued share capital (paragraph AG27B).

(c) an entity is required to use the same approach for initial and subsequent measurement of the financial liability—measure the liability at the present value of the redemption amount and ignore the probability and estimated timing of the counterparty exercising that redemption right (paragraph 23).

(d) any gains or losses on remeasurement of the financial liability are recognised in profit or loss (paragraph 23).

(e) if a contract containing an obligation for an entity to purchase its own equity instruments expires without delivery:

(i) the carrying amount of the financial liability would be removed from financial liabilities and included in the same component of equity as that from which it was removed on initial recognition of the financial liability.

(ii) any gains or losses previously recognised from remeasuring the financial liability would not be reversed in profit or loss. However, the entity may transfer the cumulative amount of those gains or losses from retained earnings to another component of equity (paragraph AG27C).

(f) written put options and forward purchase contracts on an entity's own equity instruments that are gross physically settled—consideration is exchanged for own equity instruments—are required to be presented on a gross basis (paragraph AG27D).

Paragraphs BC62–BC93 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with these proposals? Why or why not? If you disagree with any of the proposals, please explain what you suggest instead and why.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: snapshot-ed-fice-nov2023.pdf (ifrs.org)

1 Classification of financial instruments

D—Contingent settlement provisions

What is the issue?

In accordance with IAS 32, a company classifies a financial instrument as a financial liability if it requires the delivery of cash or another financial asset upon the occurrence (or non-occurrence) of an uncertain future event beyond the control of both the issuer and the holder of the instrument. The instrument is a financial liability because the issuer does not have the unconditional right to avoid payment, unless:

- the contingent settlement provision is not genuine; or
- the obligation is settled in such a way that it would be a financial liability only in the event of liquidation of the issuer.

Stakeholders asked the IASB to clarify:

- whether a company classifies a financial instrument that has both a liability and an equity component and contains a contingent settlement provision as a compound financial instrument or a financial liability in its entirety;
- whether the company considers the probability or the estimated timing of settlement for measurement purposes;
- whether the company recognises discretionary payments in equity, even if the equity component of a compound instrument has no value; and
- the meaning of the terms 'not genuine' and 'liquidation' in IAS 32 (see page 10).

What is the IASB proposing?

The IASB proposes to clarify in IAS 32 that:

- financial instruments with contingent settlement provisions could be compound instruments;
- when measuring the financial liability (initial and subsequent measurement), a company disregards the probability and estimated timing of the contingent event occurring, and discounts the settlement amount to its present value assuming that the settlement will occur at the earliest possible date; and
- a company recognises payments that are at its own discretion in equity, even if the equity component has an initial carrying amount of zero.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Question 4—Contingent settlement provisions (paragraphs 11, 25, 25A, 31, 32A, AG28 and AG37 of IAS 32)

The IASB proposes to clarify that:

(a) some financial instruments with contingent settlement provisions are compound financial instruments with liability and equity components (paragraphs 25 and 32A);

(b) the initial and subsequent measurement of the financial liability (or liability component of a compound financial instrument) arising from a contingent settlement provision would not take into account the probability and estimated timing of occurrence or non-occurrence of the contingent event (paragraph 25A);

(c) payments at the issuer's discretion are recognised in equity even if the equity component of a compound financial instrument has an initial carrying amount of zero (paragraphs 32A and AG37);

(d) the term 'liquidation' refers to the process that begins after an entity has permanently ceased its operations (paragraph 11); and

(e) the assessment of whether a contractual term is 'not genuine' in accordance with paragraph 25(a) of IAS 32 requires judgement based on the specific facts and circumstances and is not based solely on the probability or likelihood of the contingent event occurring (paragraph AG28).

Paragraphs BC94–BC115 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with these proposals? Why or why not? If you disagree with any of the proposals, please explain what you suggest instead and why.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: snapshot-ed-fice-nov2023.pdf (ifrs.org)

1 Classification of financial instruments

D—Contingent settlement provisions

Meaning of ‘not genuine’ and ‘liquidation’

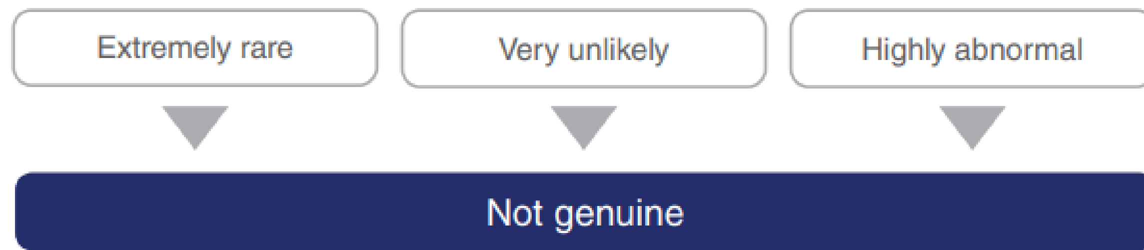
The IASB proposes to clarify in IAS 32 the meaning of the terms ‘not genuine’ and ‘liquidation’.

Not genuine

Assessing whether a contingent settlement provision is not genuine requires judgement based on the specific facts and circumstances (including the terms and conditions of the instrument) and is not based solely on the probability of the contingent event occurring.

A settlement provision based on a very unlikely contingent event could be genuine if the nature of the contingent event is neither extremely rare nor highly abnormal (Figure 2).

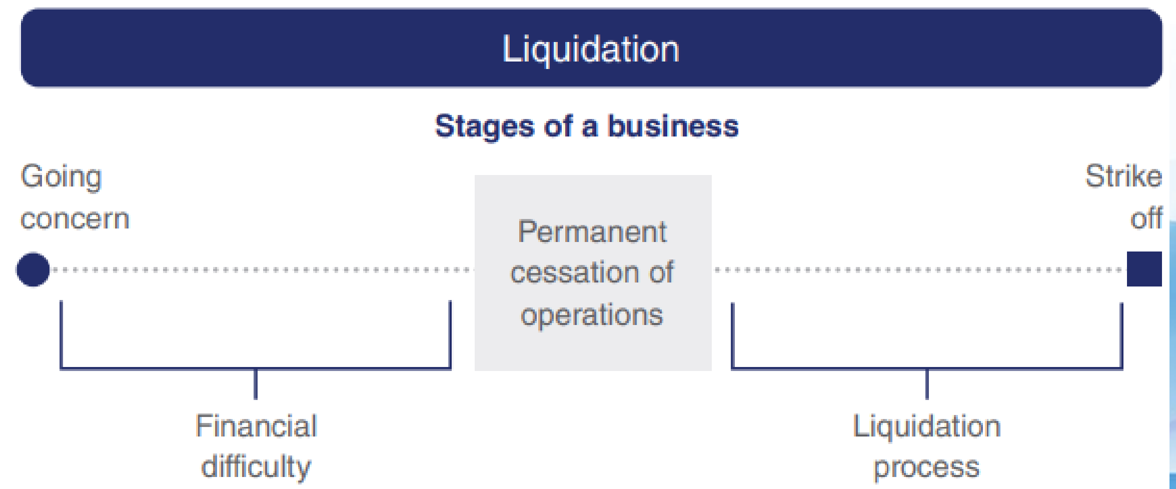
Figure 2—Not genuine



Liquidation

For the purposes of classifying a financial instrument as a financial liability or an equity instrument, the term liquidation refers to the process that begins after a company has permanently ceased its operations (Figure 3).

Figure 3—Liquidation



ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Question 4—Contingent settlement provisions (paragraphs 11, 25, 25A, 31, 32A, AG28 and AG37 of IAS 32)

The IASB proposes to clarify that:

(a) some financial instruments with contingent settlement provisions are compound financial instruments with liability and equity components (paragraphs 25 and 32A);

(b) the initial and subsequent measurement of the financial liability (or liability component of a compound financial instrument) arising from a contingent settlement provision would not take into account the probability and estimated timing of occurrence or non-occurrence of the contingent event (paragraph 25A);

(c) payments at the issuer's discretion are recognised in equity even if the equity component of a compound financial instrument has an initial carrying amount of zero (paragraphs 32A and AG37);

(d) the term 'liquidation' refers to the process that begins after an entity has permanently ceased its operations (paragraph 11); and

(e) the assessment of whether a contractual term is 'not genuine' in accordance with paragraph 25(a) of IAS 32 requires judgement based on the specific facts and circumstances and is not based solely on the probability or likelihood of the contingent event occurring (paragraph AG28).

Paragraphs BC94–BC115 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with these proposals? Why or why not? If you disagree with any of the proposals, please explain what you suggest instead and why.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

1 Classification of financial instruments

E—Shareholder discretion

What is the issue?

When applying IAS 32 to classify a financial instrument as a financial liability or an equity instrument, a company considers whether it has an unconditional right to avoid delivering cash or another financial asset (or otherwise to settle the instrument in such a way that it would be a financial liability). In some cases, the settlement is at the discretion of the company's shareholders.

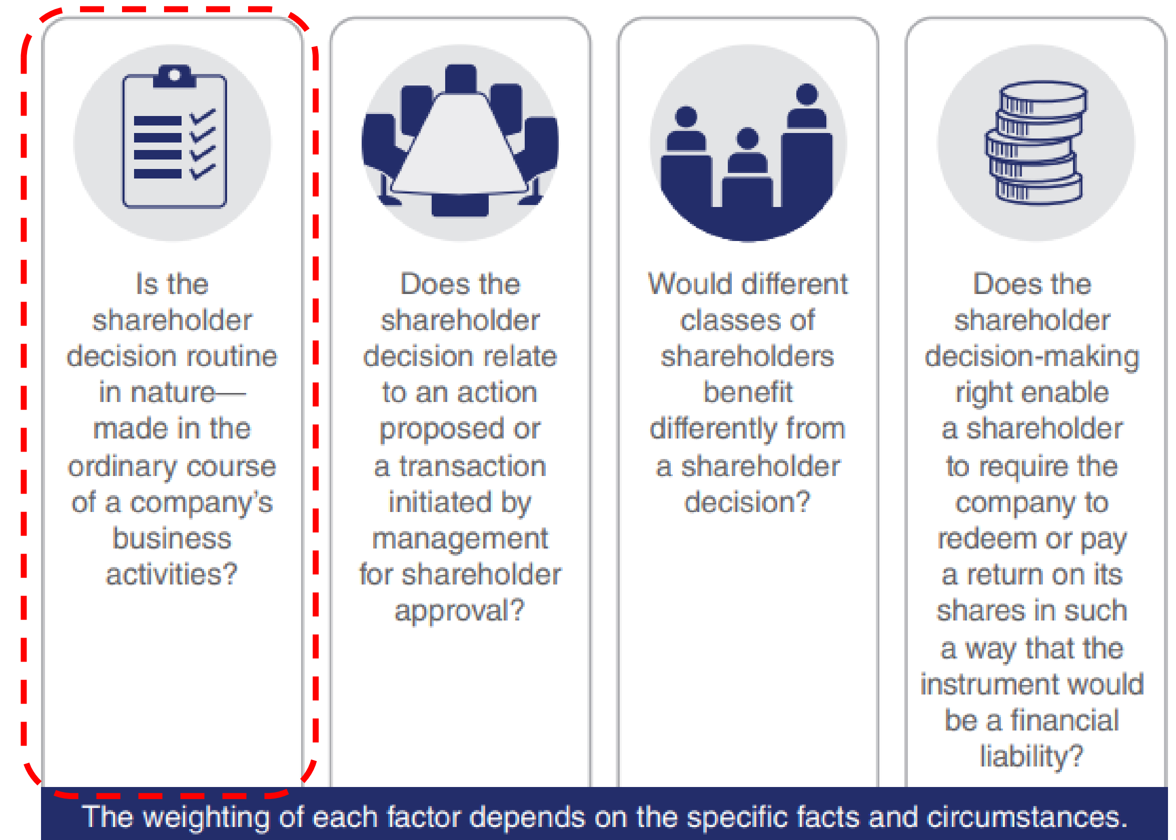
Stakeholders asked the IASB to clarify whether a shareholder decision can be treated as a company decision.

What is the IASB proposing?

The IASB proposes to clarify in IAS 32 that a company is required to use its judgement to assess whether shareholder decisions are treated as company decisions that result in the company having an unconditional right to avoid delivering cash or another financial asset (or otherwise to settle the instrument in such a way that it would be a financial liability).

Figure 4 shows some of the factors a company is required to consider when making that judgement.

Figure 4—Factors for consideration



ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Question 5—Shareholder discretion (paragraphs AG28A–AG28C of IAS 32)

The IASB proposes:

(a) to clarify that whether an entity has an unconditional right to avoid delivering cash or another financial asset (or otherwise to settle a financial instrument in such a way that it would be a financial liability) depends on the facts and circumstances in which shareholder discretion arises. Judgement is required to assess whether shareholder decisions are treated as entity decisions (paragraph AG28A).

(b) to describe the factors an entity is required to consider in making that assessment, namely whether:

- (i) a shareholder decision would be routine in nature—made in the ordinary course of the entity's business activities;
- (ii) a shareholder decision relates to an action that would be proposed or a transaction that would be initiated by the entity's management;
- (iii) different classes of shareholders would benefit differently from a shareholder decision; and
- (iv) the exercise of a shareholder decision-making right would enable a shareholder to require the entity to redeem (or pay a return on) its shares in cash or another financial asset (or otherwise to settle it in such a way that it would be a financial liability) (paragraph AG28A(a)–(d)).

(c) to provide guidance on applying those factors (paragraph AG28B).

Paragraphs BC116–BC125 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with these proposals? Why or why not? If you disagree with any of the proposals, please explain what you suggest instead and why.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: snapshot-ed-fice-nov2023.pdf (ifrs.org)

1 Classification of financial instruments

F—Reclassification of financial liabilities and equity instruments

What is the issue?

IAS 32 requires the issuer of a financial instrument to classify the instrument as a financial liability or equity instrument on initial recognition, based on the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

However, the Standard does not contain any general requirements as to whether or when a company reclassifies an instrument after initial recognition.

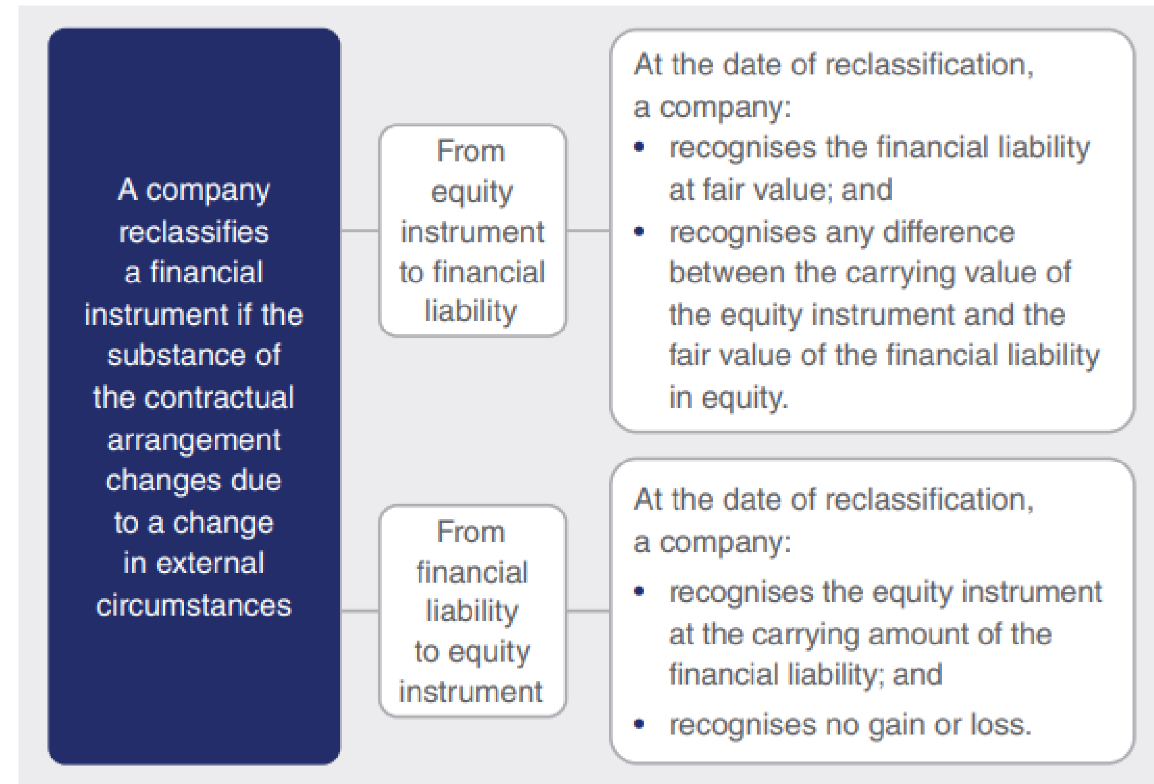
Stakeholders asked the IASB to clarify:

- whether and, if so, when a company reclassifies a financial liability or equity instrument; and
- how a company accounts for such reclassifications, including the recognition of any resulting gains or losses.

What is the IASB proposing?

The IASB proposes to require in IAS 32 that a company not reclassify a financial liability or equity instrument after initial recognition unless the substance of the contractual arrangement changes because of a change in circumstances external to the contractual arrangement—for example, a change in a company's functional currency or a change in a company's group structure (Figure 5).[1]

Figure 5—Reclassification



1 IAS 32 requirements for the reclassification of puttable instruments and instruments that impose on a company an obligation to deliver to another party a pro rata share of its net assets only on liquidation remain unchanged.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Question 6—Reclassification of financial liabilities and equity instruments (paragraphs 32B–32D and AG35A of IAS 32)

The IASB proposes:

(a) to add a general requirement that prohibits the reclassification of a financial instrument after initial recognition, unless paragraph 16E of IAS 32 applies or the substance of the contractual arrangement changes because of a change in circumstances external to the contractual arrangement (paragraphs 32B–32C).

(b) to specify that if the substance of the contractual arrangement changes because of a change in circumstances external to the contractual arrangement, an entity would:

  (i) reclassify the instrument prospectively from the date when that change in circumstances occurred.

  (ii) measure a financial liability reclassified from equity at the fair value of that financial liability at the date of reclassification. Any difference between the carrying amount of the equity instrument and the fair value of the financial liability at the date of reclassification would be recognised in equity.

  (iii) measure an equity instrument reclassified from a financial liability at the carrying amount of the financial liability at the date of reclassification. No gain or loss would be recognised on reclassification(paragraph 32D).

(c) provide examples of changes in circumstances external to the contractual arrangement requiring reclassification (paragraph AG35A).

Paragraphs BC126–BC164 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with these proposals? Why or why not? If you disagree with any of the proposals, please explain what you suggest instead and why.

Would the proposal to reclassify the instrument prospectively from the date when a change in circumstances occurred give rise to any practical difficulties? If so, please describe those practical difficulties and the circumstances in which they would arise.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: snapshot-ed-fice-nov2023.pdf (ifrs.org)

1 Classification of financial instruments

F—Reclassification of financial liabilities and equity instruments

What is the issue?

IAS 32 requires the issuer of a financial instrument to classify the instrument as a financial liability or equity instrument on initial recognition, based on the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

However, the Standard does not contain any general requirements as to whether or when a company reclassifies an instrument after initial recognition.

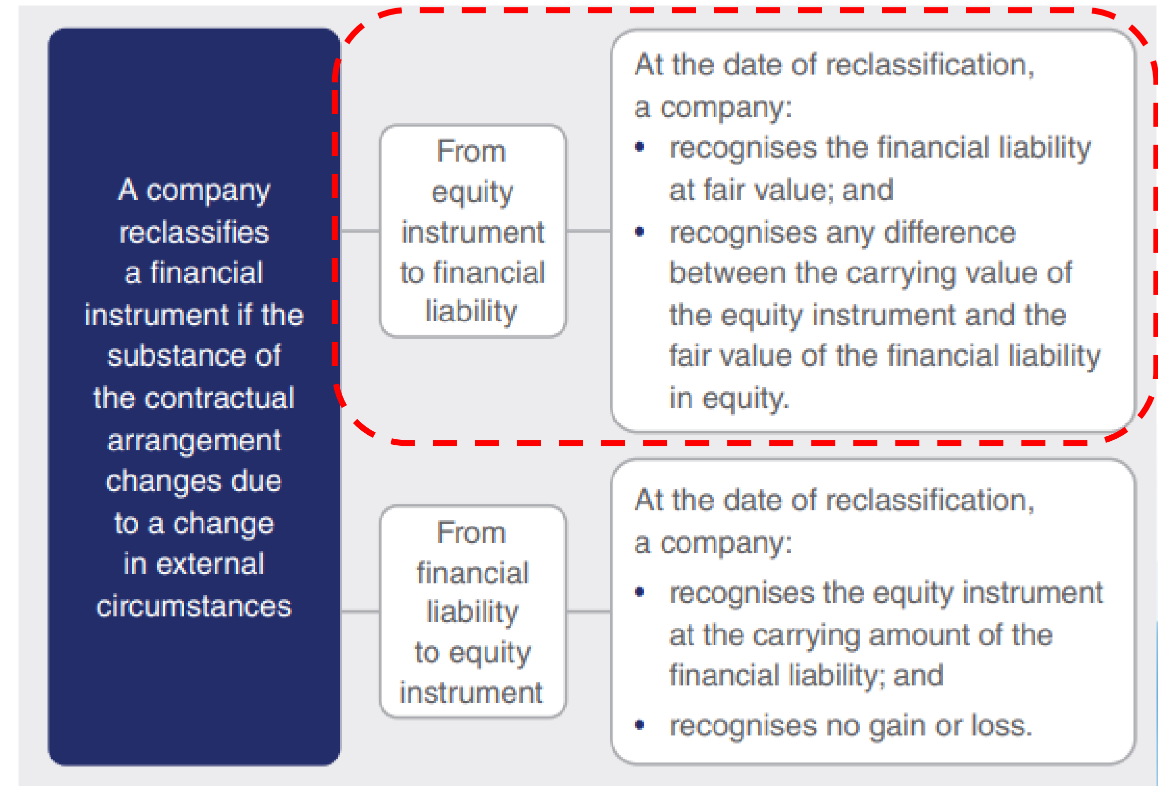
Stakeholders asked the IASB to clarify:

- whether and, if so, when a company reclassifies a financial liability or equity instrument; and
- how a company accounts for such reclassifications, including the recognition of any resulting gains or losses.

What is the IASB proposing?

The IASB proposes to require in IAS 32 that a company not reclassify a financial liability or equity instrument after initial recognition unless the substance of the contractual arrangement changes because of a change in circumstances external to the contractual arrangement—for example, a change in a company's functional currency or a change in a company's group structure (Figure 5).[1]

Figure 5—Reclassification



1 IAS 32 requirements for the reclassification of puttable instruments and instruments that impose on a company an obligation to deliver to another party a pro rata share of its net assets only on liquidation remain unchanged.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Question 6—Reclassification of financial liabilities and equity instruments (paragraphs 32B–32D and AG35A of IAS 32)

The IASB proposes:

(a) to add a general requirement that prohibits the reclassification of a financial instrument after initial recognition, unless paragraph 16E of IAS 32 applies or the substance of the contractual arrangement changes because of a change in circumstances external to the contractual arrangement (paragraphs 32B–32C).

(b) to specify that if the substance of the contractual arrangement changes because of a change in circumstances external to the contractual arrangement, an entity would:

- (i) reclassify the instrument prospectively from the date when that change in circumstances occurred.
- (ii) measure a financial liability reclassified from equity at the fair value of that financial liability at the date of reclassification. Any difference between the carrying amount of the equity instrument and the fair value of the financial liability at the date of reclassification would be recognised in equity.
- (iii) measure an equity instrument reclassified from a financial liability at the carrying amount of the financial liability at the date of reclassification. No gain or loss would be recognised on reclassification(paragraph 32D).

(c) provide examples of changes in circumstances external to the contractual arrangement requiring reclassification (paragraph AG35A).

Paragraphs BC126–BC164 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with these proposals? Why or why not? If you disagree with any of the proposals, please explain what you suggest instead and why.

Would the proposal to reclassify the instrument prospectively from the date when a change in circumstances occurred give rise to any practical difficulties? If so, please describe those practical difficulties and the circumstances in which they would arise.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: snapshot-ed-fice-nov2023.pdf (ifrs.org)

2 Disclosures

A—Scope and objective of IFRS 7

What is the issue?

IFRS 7 does not require a company to disclose any specific information about its equity instruments or equity components of compound instruments that are within the scope of IAS 32. Equity instruments are not remeasured and do not expose the issuing company to balance sheet risk or income statement risk.

Stakeholders welcomed the disclosure requirements the IASB proposed to add to IFRS 7 in the Discussion Paper *Financial Instruments with Characteristics of Equity* (Discussion Paper). The proposed requirements related to:

- the nature and priority of claims against a company on liquidation;
- the terms and conditions of financial liabilities and equity instruments; and
- the potential dilution of ordinary shares.

What is the IASB proposing?

The IASB has refined some of the disclosure requirements in the Discussion Paper, which were developed to require a company to disclose useful information about how the timing, amount, nature and uncertainty of future cash flows of its financial instruments could be affected.

The IASB proposes to expand the objective and scope of IFRS 7 to include equity instruments that are within the scope of IAS 32. The IASB also proposes additional disclosure requirements based on its deliberations on the classification and presentation topics.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: exposure-draft/iasb-ed-2023-5.pdf

2 Disclosures

A—Scope and objective of IFRS 7

Objective

1 The objective of this IFRS is to require entities to provide disclosures in their financial statements that enable users to evaluate:

(a) the significance of financial instruments for the entity's financial position and performance; ~~and~~

(b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks~~.~~; and

(c) how the entity is financed, its capital resources and its ownership structure—including potential dilution to the ownership structure from financial instruments issued at the reporting date.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: exposure-draft/iasb-ed-2023-5.pdf

2 Disclosures

A—Scope and objective of IFRS 7

Scope

3 This IFRS shall be applied by all entities to all types of financial instruments, except:

(a) those interests in subsidiaries, associates or joint ventures that are accounted for in accordance with IFRS 10 *Consolidated Financial Statements*, IAS 27 *Separate Financial Statements* or IAS 28 *Investments in Associates and Joint Ventures*. However, in some cases, IFRS 10, IAS 27 or IAS 28 require or permit an entity to account for an interest in a subsidiary, associate or joint venture using IFRS 9; in those cases, entities shall apply the requirements of this IFRS and, for those measured at fair value, the requirements of IFRS 13 *Fair Value Measurement*. Entities shall also apply this IFRS to all derivatives linked to interests in subsidiaries, associates or joint ventures ~~unless the derivative meets the definition of an equity instrument in IAS 32~~.

(e) financial instruments, contracts and obligations under share-based payment transactions to which IFRS 2 *Share-based Payment* applies. However: ~~, except that this IFRS applies to contracts within the scope of IFRS 9~~

(i) share-based payment transactions are subject to the disclosure requirements in paragraphs 30G–30H; and

(ii) this IFRS applies to contracts within the scope of IFRS 9.

(f) instruments that are required to be classified as equity instruments in accordance with paragraphs 16A and 16B or paragraphs 16C and 16D of IAS 32. However:

(i) paragraph 12E applies to puttable instruments classified as equity instruments in accordance with paragraphs 16A and 16B of IAS 32 and instruments classified as equity instruments in accordance with paragraphs 16C and 16D of IAS 32; and

(ii) paragraph 30I applies only to puttable instruments classified as equity instruments in accordance with paragraphs 16A and 16B of IAS 32.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: exposure-draft/iasb-ed-2023-5.pdf

2 Disclosures

A—Scope and objective of IFRS 7

Puttable financial instruments classified as equity instruments

30I An entity shall disclose information that enables users of financial statements to evaluate the nature, amount, timing and uncertainty of cash flows arising from puttable financial instruments it issues. For puttable financial instruments classified as equity instruments in accordance with paragraphs 16A–16B of IAS 32, the entity shall disclose (if not disclosed elsewhere):[2]

(a) a summary of quantitative information about the amount classified as equity instruments;

(b) its objectives, policies and processes for managing its obligation to repurchase or redeem the instruments when required to do so by the instrument holders, including any changes from the prior reporting period; and

(c) the expected cash outflow on redemption or repurchase of that class of financial instruments and how the entity determined this expected cash outflow.

---

2 The disclosure requirements in paragraph 136A of IAS 1 *Presentation of Financial Statements* have been relocated to draft paragraph 30I of IFRS 7, subject to the inclusion of a disclosure objective and editorial changes. [IFRS 18 *General Presentation and Disclosures*] will include the same proposed amendments.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: snapshot-ed-fice-nov2023.pdf (ifrs.org)

2 Disclosures

B—Nature and priority of claims on liquidation, arising from financial instruments

What is the issue?

Many companies issue financial liabilities or equity instruments (either individually or in combination) to finance their business activities and the acquisition of their assets. Many of these instruments are complex financial instruments with characteristics of both a financial liability and an equity instrument. The combination of these characteristics varies among instruments, resulting in instruments having various levels of subordination on a company's liquidation.

The debt-to-equity ratio has been a core part of understanding a company's sources of financing and the nature and priority of claims on liquidation. However, the development of complex financial instruments has resulted in new ways of distributing risks and returns between various types of instrument holders that might not be reflected in traditional solvency and liquidity ratios.

Investors asked for:

- more transparency regarding a company's financing structure; and
- information about the nature of any claims against a company on liquidation, arising from financial instruments issued by the company.

What is the IASB proposing?

The IASB proposes to require in IFRS 7 that a company disclose the nature and priority of claims against the company on liquidation, arising from its financial liabilities and equity instruments.

The proposed disclosures comprise:

- the carrying amount of each class of claim and the line item in the statement of financial position in which each class of claim is included;
- classes of claims determined based on their nature and priority on liquidation, at a minimum, with a clear distinction between:
  - o secured and unsecured claims; and
  - o contractually subordinated and unsubordinated claims; and
- separate disclosure of financial liabilities and equity instruments issued by the parent company and those issued by subsidiaries in consolidated financial statements.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

2 Disclosures

Source: exposure-draft/iasb-ed-2023-5.pdf

B—Nature and priority of claims on liquidation, arising from financial instruments

Nature and priority of claims on liquidation, arising from financial instruments

30A An entity shall disclose information that enables users of financial statements to understand the nature and priority of claims against the entity on liquidation, arising from all of its financial liabilities and equity instruments within the scope of IAS 32.

30B To meet the objective in paragraph 30A, an entity shall disclose the carrying amounts of each class of claims arising from these financial instruments and the line item in the statement of financial position in which each class of claims is included (if not otherwise apparent). For the purposes of this disclosure, the entity shall group these claims into classes based on their contractual nature and priority on liquidation and, therefore, at a minimum:

(a) in its separate and consolidated financial statements, distinguish between:

(i) secured and unsecured claims; and

(ii) subordinated and unsubordinated claims; and

(b) in its consolidated financial statements, distinguish between:

(i) financial liabilities and equity instruments that the parent has issued; and

(ii) financial liabilities that subsidiaries have issued and non-controlling interest in those subsidiaries—the entity is not required to disclose those financial liabilities or non-controlling interests separately for each subsidiary.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: exposure-draft/iasb-ed-2023-5-ig-ie.pdf

2 Disclosures

B—Nature and priority of claims on liquidation, arising from financial instruments

Note 12 Nature and priority of claims arising from financial instruments

The nature and priority of claims on liquidation, against the Group that arise from financial instruments, are:

	As at 31 Dec 20X0 (CU million)		
		Issued/owed by	
	Consolidated	Parent	Subsidiaries
Secured and unsubordinated			
Senior secured debt (a)	1,200	–	1,200
Lease liabilities (a)	920	780	140
Unsecured and unsubordinated			
Trade and other payables	1,450	320	1,130
Senior unsecured debt (a)	450	–	450
Unsecured and unsubordinated			

continued...

...continued

Note 12 Nature and priority of claims arising from financial instruments

Subordinated liabilities (see Note 15)	590	480	110
Classified as financial liabilities	*4,610*	*1,580*	*3,030*
Unsecured and subordinated			
Perpetual notes (see Note 18)	200	200	–
Irredeemable preference shares (see Note 19)	400	400	–
Non-controlling interest	1,350	–	1,350
Other equity reserves	15,000	10,000	5,000
Ordinary shares	8,500	8,500	–
Classified as equity	*25,450*	*19,100*	*6,350*
Total	*30,060*	*20,680*	*9,380*

(a) Included in the 'Borrowings' line item in the statement of financial position.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: snapshot-ed-fice-nov2023.pdf (ifrs.org)

2 Disclosures

C—Terms and conditions of financial instruments

What is the issue?

If a financial instrument has the characteristics of both a financial liability and an equity instrument, it can be difficult for investors to understand which of the instrument's characteristics have been used to classify it as a financial liability or an equity instrument.

Investors asked the IASB to require a company to disclose more information about the terms and conditions of financial instruments that affect the nature, amount, timing and uncertainty of cash flows arising from these financial instruments. Such terms and conditions include those that:

- determine the classification of the financial instrument;
- are not representative of the classification of a financial instrument but are relevant to an understanding of its nature; and
- depict an instrument's priority on liquidation of a company.

What is the IASB proposing?

The IASB proposes to require in IFRS 7 that a company disclose the terms and conditions of financial instruments and how they affect the nature, amount, timing and uncertainty of the instrument's cash flows.

The proposed disclosures comprise:

- the terms and conditions that determine classification of financial instruments with characteristics of both a financial liability and an equity instrument;
- information about the 'debt-like characteristics' of instruments classified as equity instruments (see page 16);
- information about the 'equity-like characteristics' of instruments classified as financial liabilities (see page 16);
- the terms and conditions affected by the passage of time (see page 17);
- the terms and conditions of compound instruments (see page 17); and
- the terms and conditions that depict the priority on liquidation, for each class of financial instruments with characteristics of both a financial liability and an equity instrument (see page 17).

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: snapshot-ed-fice-nov2023.pdf (ifrs.org)

2 Disclosures

C—Terms and conditions of financial instruments

Debt-like characteristics

An equity instrument with debt-like characteristics has:	
terms and conditions that might result in a company making payments to the instrument holder of fixed or determinable amounts based on a market rate of interest, on specified dates. Although the company has the contractual right to avoid these payments (or defer them until liquidation)—and therefore the instrument is classified as an equity instrument—the expected amount and timing of the cash flows arising from the instrument are similar to those of a typical financial liability.	
Example	
An irredeemable preference share with fixed cumulative coupons on specified coupon dates and a fixed principal amount—all payable only on liquidation.	
Classification	Equity—the company has the contractual right to defer cash payment until liquidation.
Debt-like characteristic	Fixed and determinable coupon and principal payments.

Equity-like characteristics

A financial liability with equity-like characteristics has:	
terms and conditions that might result in a company making payments to the instrument holder of amounts that are variable or indeterminable, or that might not occur on specified dates. Such characteristics include, for example: • payments that are directionally consistent and based on the company's profit or share price; • a principal amount that is subordinated to other obligations or is reduced to absorb losses from an adverse change in the company's financial position; • the delivery of a company's own equity instruments to settle an obligation; and • the right to defer payment of coupons to the instrument holder for a specified period.	
Example	
An instrument that requires payment of amounts that are directionally consistent with and based on the issuing company's profit.	
Classification	Liability—the company has no contractual right to avoid cash payment.
Equity-like characteristic	Payments are similar in nature to a 'dividend payment' based on the company's profit.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: exposure-draft/iasb-ed-2023-5.pdf

2 Disclosures

C—Terms and conditions of financial instruments

Terms and conditions

30C An entity shall disclose information about financial instruments with both financial liability and equity characteristics that enables users of financial statements to understand how the terms and conditions of these financial instruments affect the nature, amount, timing and uncertainty of their cash flows. To meet this objective, an entity shall provide information about terms and conditions:

(a) of financial instruments with both financial liability and equity characteristics (see paragraphs 30D and 30E); and

(b) that are affected by the passage of time (see paragraph 30F).

Financial instruments with both financial liability and equity characteristics

30D An entity shall explain how the terms and conditions of financial instruments with both financial liability and equity characteristics (excluding all stand-alone derivatives) relate to their classification as financial liabilities or equity instruments. For this purpose, an entity shall disclose:

(a) the terms and conditions of financial instruments that determine their classification as financial liabilities or equity instruments.

(b) cash flow characteristics that are not representative of the classification of financial instruments as financial liabilities or equity instruments, but that are relevant to an understanding of the nature of those financial instruments. For this purpose, an entity shall disclose:

(i) 'debt-like characteristics' for instruments classified as equity instruments (see paragraphs B5C–B5D); and

(ii) 'equity-like characteristics' for instruments classified as financial liabilities (see paragraphs B5E–B5F).

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

2 Disclosures

C—Terms and conditions of financial instruments

The IASB proposes to require in IFRS 7 that a company disclose information about compound financial instruments, terms and conditions of an instrument that are affected by the passage of time, and terms and conditions relating to an instrument's priority on liquidation.

Compound financial instruments

The proposed disclosures comprise:

- information about terms and conditions of the instrument that determine its classification at initial recognition as a compound financial instrument with separate financial liability and equity components; and
- the amounts initially allocated to the financial liability and equity components in the reporting period in which the instrument is initially recognised.

Passage of time—terms and conditions

The proposed disclosures comprise:

- information about terms and conditions that become, or stop being, effective with the passage of time before the end of the financial liability's contractual term and do not cause the reclassification of the instrument.

Priority on liquidation—terms and conditions of financial instruments with characteristics of both a financial liability and an equity instrument

The proposed disclosures comprise:

- terms and conditions of a financial instrument that depict its priority on liquidation, including those that could result in a change in priority on liquidation;
- information about multiple levels of contractual subordination in a class of financial instruments;
- information about any significant uncertainty about how applicable laws or regulations could affect a financial instrument's priority on liquidation; and
- a description of any intra-group arrangements, such as guarantees, that might affect a financial instrument's priority on liquidation.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: exposure-draft/iasb-ed-2023-5.pdf

2 Disclosures

C—Terms and conditions of financial instruments

Compound financial instruments ~~with multiple embedded derivatives~~

17 If an entity has issued an instrument that contains both a liability and an equity component (see paragraph 28 of IAS 32) and the instrument has multiple embedded derivatives whose values are interdependent (such as a callable convertible debt instrument), it shall disclose the existence of those features.

17A For compound financial instruments, with both a liability and an equity component, an entity shall disclose:

(a) the terms and conditions of the instrument that determine its classification on initial recognition; and

(b) the amounts allocated on initial recognition to the liability and equity components in the reporting period in which the financial instrument is initially recognised.

Passage of time

30F An entity shall disclose information about terms and conditions of financial liabilities (including all stand-alone derivatives) that become, or stop being, effective with the passage of time before the end of the instrument's contractual term.

Priority on liquidation

30E For the financial instruments described in paragraph 30D, an entity shall provide information that enables users of financial statements to understand the priority on liquidation of each class of financial instruments. To meet this objective, an entity shall disclose:

(a) the terms and conditions of financial instruments that indicate their priority on liquidation, including those that could lead to a change in priority on liquidation (for example conversion or contingent features);

(b) information about the contractual subordination of instruments in a class of financial instruments if it differs from the contractual subordination of the other instruments in that class;

(c) information about any significant uncertainty about how laws or regulations applicable to financial instruments could affect their priority on liquidation—an entity would not be required to predict what the legal outcomes might be when providing this disclosure; and

(d) a description (including the nature and amount if such information is available) of any intra-group arrangements, such as guarantees, that might affect the priority of these financial instruments on liquidation of the entity that has issued them.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

2 Disclosures

Source: exposure-draft/iasb-ed-2023-5-ig-ie.pdf

C—Terms and conditions of financial instruments

Terms and conditions (Paragraphs 30C–30E, B5B–B5H)

Financial instruments with both financial liability and equity characteristics and priority on liquidation

IG14D Paragraphs 30C–30E of IFRS 7 require an entity to disclose the terms and conditions of financial instruments with both financial liability and equity characteristics, including terms and conditions that indicate priority on liquidation for such instruments.

IG14E In this example, Entity Y has issued perpetual subordinated notes that are classified as equity instruments. Entity Y discloses the required information in Note 16 of its consolidated financial statements.

Note 16 Perpetual subordinated notes

As at 31 December 20X1, the total perpetual subordinated notes outstanding amounted to CU3,986 million and are included in the Group's equity. This table includes the key terms of these financial instruments:

	Notional amount (million)	Initial call date	Coupon reset after initial call date	20X1 CU million	20X0 CU million
5.5% fixed rate subordinated notes	US$1,000	Jan 20X5	10.5%	690	714
4.5% fixed rate subordinated notes	€750	Mar 20X7	market rate	647	658

continued...

...continued

Note 16 Perpetual subordinated notes

4% fixed rate subordinated notes	€2,000	Oct 20X8	market rate	1,724	–
3% fixed rate subordinated notes	£1,000	Jan 20Y1	market rate	925	910
				3,986	**2,282**

Coupon

Each note bears a fixed coupon rate until its initial call date. After the initial call date, if the note is not redeemed, the coupon rate on the note resets. The coupon rate on the US$ subordinated notes resets to 10.5%. The coupon rates on the other notes are fixed in advance for five-year periods, based on prevailing market interest rates plus credit spreads of the issuing company.

The Group has discretion to defer coupon payments on a note. The deferred coupon payments accumulate and become payable at the call date if the note is called, or if not called, when the issuing company is liquidated. The Group is prevented from paying dividends or making other distributions to its ordinary shareholders, or from repurchasing ordinary shares, until the cumulative coupons on the perpetual subordinated notes have been paid in full.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: exposure-draft/iasb-ed-2023-5-ig-ie.pdf

2 Disclosures

C—Terms and conditions of financial instruments

Redemption option

A note is redeemable at the option of the issuing company within the group at the initial call date or any fifth anniversary after this date. The amount redeemable is the notional amount plus unpaid accumulated coupons.

Classification

These notes are classified as equity instruments because each issuing company within the group has the unconditional contractual right to defer coupon payments and principal repayments until its liquidation.

Priority on liquidation

In the event of the issuing company's liquidation, any amounts due in respect of the subordinated notes rank junior to all present and future unsubordinated claims against respective issuing companies. Any amounts due rank senior to the issuing company's ordinary shares and preference shares if any. Subordinated notes are not pari passu and some subordinated notes are contractually subordinated to other subordinated notes.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: snapshot-ed-fice-nov2023.pdf (ifrs.org)

2 Disclosures

D—Potential dilution of ordinary shares

What is the issue?

The IASB identified a need for more information to assess the maximum potential dilution of ordinary shares arising from financial instruments that could be settled in ordinary shares, such as convertible bonds and derivatives on a company's own equity instruments. Information about such potential dilution would be useful to both existing and potential investors in a company's ordinary shares.

Investors asked the IASB for information about:

- how a company distributes its returns to ordinary shareholders;
- how the company has financed its operations in the past; and
- how the company's ownership structure might change in the future when settling financial instruments issued at the reporting date.

What is the IASB proposing?

The IASB proposes to require in IFRS 7 that a company disclose the potential dilution to the company's ownership structure resulting from financial instruments issued at the reporting date.

The proposed disclosures comprise:

- the maximum number of additional ordinary shares a company might be required to deliver for each class of potential ordinary shares outstanding at the end of the reporting period (see page 19);
- a description of contracts or other commitments to repurchase ordinary shares and the minimum number of each class of ordinary shares the company is required to repurchase (see page 19);
- a description of the causes of any important changes in the information disclosed in accordance with the first two requirements from the prior reporting period, including how those causes contributed to the changes; and
- a description of the terms and conditions of contracts that are relevant in understanding the likelihood of the maximum dilution of ordinary shares for each class of potential ordinary shares outstanding at the end of the reporting period (see page 19).

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

2 Disclosures

Source: snapshot-ed-fice-nov2023.pdf (ifrs.org)

D—Potential dilution of ordinary shares

Net maximum number of additional ordinary shares

The IASB proposes to require in IFRS 7 that a company disclose information about the potential dilution in a table, to the extent possible. The table would also contain, for each class of ordinary shares:

- the total maximum number of additional ordinary shares the company might be required to deliver—the sum of the amounts disclosed; and
- the net maximum number of additional ordinary shares the company might be required to deliver, calculated as the total maximum number of additional ordinary shares minus the minimum number of ordinary shares it is required to repurchase.

An illustrative example of such a disclosure is provided in Table 1 for reference.

Table 1—Net maximum number of additional ordinary shares

Instruments	Maximum number of additional ordinary shares	Terms and conditions relating to the instrument or transaction
Convertible Bonds (A and C)	600	Holder has an option to convert the bonds at a specified conversion date using a specified conversion ratio of currency unit (CU)15 per share and CU12 per share for Convertible Bonds A and C respectively.
Convertible Bond B	250	In the event of a change of control of the Company before the conversion date, the conversion ratio of CU9 per share is adjusted downwards to a predetermined price of CU8 per share.
Contingently Convertible Bond D	50	Conversion at a ratio of CU20 per share is contingent on the occurrence of Non-viability Event Y. The bond is redeemable at the option of the issuer for cash.
Mandatorily Convertible Note E	100	The note is subject to a cap of 100 shares and a floor of 10 shares.
Number of share options in the scope of IFRS 2 outstanding at reporting date	100	Refer to Note X (IFRS 2 disclosures on share options).
Number of known unvested shares from share awards in the scope of IFRS 2 at reporting date	100	Refer to Note Z (IFRS 2 disclosures on share awards).
Maximum number of additional ordinary shares	**1,200**	
Unknown number of additional ordinary shares	unknown dilution from Share-settled Bond F	Number of shares depends on the value of each share at the settlement date.
Total maximum number of additional ordinary shares	**1,200 + unknown dilution from Share-settled Bond F**	
Minus: minimum reduction in the number of ordinary shares		
Share buy-back	(100)	The programme includes a commitment to buy 100–500 own shares.
Net maximum number of additional ordinary shares	**1,100 + unknown dilution from Share-settled Bond F**	

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: exposure-draft/iasb-ed-2023-5.pdf

2 Disclosures

C—Terms and conditions of financial instruments

Potential dilution of ordinary shares

30G An entity shall provide information that enables users of financial statements to understand the potential dilution to the entity's ownership structure resulting from financial instruments issued at the reporting date. To meet this objective, an entity shall disclose information about the maximum dilution of *ordinary shares*, including:

(a) the maximum number of additional ordinary shares the entity might be required to deliver for each class of *potential ordinary shares* outstanding at the end of the reporting period;

(b) a description of contracts or other commitments to repurchase ordinary shares and the minimum number of each class of ordinary shares the entity is required to repurchase;

(c) a description of the causes of any important changes in the information disclosed in accordance with (a) or (b) from the prior reporting period, including how those causes contributed to the changes; and

(d) a description of the terms and conditions of contracts that are relevant in understanding the likelihood of the maximum dilution of ordinary shares for each class of potential ordinary shares outstanding at the end of the reporting period.

30H An entity shall set out the information required by paragraph 30G in a table (to the extent possible), which shall also include for each class of ordinary shares:

(a) the total maximum number of additional ordinary shares the entity might be required to deliver—the sum of the amounts disclosed in accordance with paragraph 30G(a); and

(b) the net maximum number of additional ordinary shares the entity may be required to deliver, calculated by subtracting the minimum number of ordinary shares the entity is required to repurchase (as disclosed in accordance with paragraph 30G(b)) from the total maximum number of additional ordinary shares the entity might be required to deliver (as disclosed in accordance with paragraph 30H(a)).

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: exposure-draft/iasb-ed-2023-5-ig-ie.pdf

D—Potential dilution of ordinary shares

Potential dilution of ordinary shares (Paragraphs 30G–30H, B5I–B5L)

IG14F Paragraphs 30G–30H of IFRS 7 require an entity to disclose information about the potential dilution of its ordinary shares resulting from financial instruments.

IG14G In this example, Entity X has several instruments that might or will be settled in its own ordinary shares. It discloses information about potential dilution of ordinary shares in Table 1. The background for each instrument is given first. For the purposes of this example, it is assumed that Entity X issued a single class of ordinary shares, and the instruments might or will be settled in these shares.

Background

(i) Convertible Bond A has a par value of CU5,250. The holder has an option to convert the bond into ordinary shares at its maturity date at a conversion ratio of CU15 per share.

To calculate the maximum number of shares Entity X might be required to issue to settle Convertible Bond A, Entity X would assume the holder exercises the conversion option and chooses to receive shares. Entity X would disclose 350 shares [CU5,250 ÷ CU15] as the maximum number of additional ordinary shares resulting from conversion of Convertible Bond A.

(ii) Convertible Bond B has a par value of CU2,000. The holder has an option to convert the bond into ordinary shares at its maturity date at a conversion ratio of CU9 per share. In the event of a change of control of Entity X before the maturity date, the conversion ratio would be adjusted to a predetermined price of CU8 per share.

To calculate the maximum number of shares Entity X might be required to issue to settle Convertible Bond B, Company X would assume a change of control occurs at the reporting date and the holder exercises the conversion option. Entity X would disclose 250 shares [CU2,000 ÷ CU8] as the maximum number of additional ordinary shares resulting from conversion of Convertible Bond B.

(iii) Convertible Bond C has a par value of CU3,000. The holder has an option to convert the bond into ordinary shares at its maturity date at a conversion ratio of CU12 per share. The share price at the reporting date is CU10. The bond is not included in the diluted earnings per share calculation because it is anti-dilutive.

To calculate the maximum number of shares Entity X might be required to issue to settle Convertible Bond C, Entity X would assume the holder exercises the conversion option.

Entity X would disclose 250 shares [CU3,000 ÷ CU12] as the maximum number of additional ordinary shares resulting from conversion of Convertible Bond C.

(Note: The disclosure is still required even though the conversion option is out-of-the-money and the bond is anti-dilutive at the reporting date.)

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: snapshot-ed-fice-nov2023.pdf (ifrs.org)

2 Disclosures

E—Financial instruments that include an obligation for a company to purchase its own equity instruments

What is the issue?

Stakeholders asked the IASB to clarify how a company accounts for financial instruments that include an obligation for the company to purchase its own equity instruments (see pages 7–8). The IASB concluded that investors need more information to understand the effect such obligations might have on the company's future cash flows.

What is the IASB proposing?

The IASB proposes to require in IFRS 7 that a company disclose useful information to enable investors to understand the effect these obligations might have on the company's future cash flows.

The proposed disclosures comprise:

- the amount removed from equity and included in financial liabilities on initial recognition of the obligation as a financial liability, and the component of equity from which that amount was removed;
- the amount of any remeasurement gain or loss on the financial liability recognised in profit or loss during the reporting period;
- the amount of any gain or loss recognised on settlement, if the obligation was settled during the reporting period;
- the amount removed from financial liabilities and included in equity if the obligation has expired unexercised during the reporting period; and
- any transfers within equity of amounts related to the obligation during the reporting period and the components of equity from and to which these amounts were transferred.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: exposure-draft/iasb-ed-2023-5.pdf

2 Disclosures

E—Financial instruments that include an obligation for a company to purchase its own equity instruments

Financial instruments that include an obligation for an entity to purchase its own equity instruments

30J To enable users of financial statements to understand the accounting for financial instruments that include an obligation for an entity to purchase its own equity instruments, the entity shall disclose:

(a) the amount removed from equity and included in financial liabilities on initial recognition of the obligation as a financial liability, and the component of equity from which that amount was removed;

(b) the amount of any remeasurement gain or loss recognised in profit or loss during the reporting period;

(c) the amount of any gain or loss recognised on settlement, if the obligation was settled during the reporting period;

(d) the amount removed from financial liabilities and included in equity, if the obligation has expired unexercised during the reporting period; and

(e) any transfers within equity of amounts related to the obligation during the reporting period and the components of equity from and to which these amounts were transferred.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

2 Disclosures

Source: exposure-draft/iasb-ed-2023-5-ig-ie.pdf

E—Financial instruments that include an obligation for a company to purchase its own equity instruments

Financial instruments that include obligations to purchase own equity instruments (Paragraph 30J)

IG14I This example illustrates one way an entity could provide some of the disclosures required by paragraph 30J of IFRS 7.

Background:

On 1 February 20X5, Parent X writes a put option to the non-controlling interest (NCI) holders of Subsidiary A. If the NCI holders exercise the put option, Parent X has the obligation to purchase 1,000 of Subsidiary A's shares for cash at a fixed price of CU98 per share. In the consolidated financial statements, equity instruments of a subsidiary are considered to be own equity instruments. Therefore, the instrument is a written put to purchase a fixed number of own shares for a fixed amount. The option will be gross physically settled, such that Parent X will receive Subsidiary A's shares (considered as own shares) and pay CU98,000 [CU98 × 1,000] if the option is exercised on the fixed maturity date of 31 January 20X6. The present value of the redemption amount on 1 February 20X5 is CU95 per share; on 31 December 20X5 is CU97.75 per share and on 31 December 20X6 is CU98 per share.

Parent X provides these disclosures in its financial statements for the year ended 31 December 20X5:

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: exposure-draft/iasb-ed-2023-5-ig-ie.pdf

2 Disclosures

E—Financial instruments that include an obligation for a company to purchase its own equity instruments

Note 16 Written put option on Subsidiary A's shares held by non-controlling interest holders

	Other equity attributable to owners of Parent X[1]	Financial liabilities measured at present value of the redemption amount (see Note 15)
Initial recognition of the obligation to deliver own shares (issuance of written put option)	(CU95,000)	CU95,000
Remeasurement of the financial liability through profit or loss	–	CU2,750
As at 31 December 20X5	(CU95,000)	CU97,750

On 31 January 20X6, the written put option lapses unexercised. Parent X has an accounting policy of transferring the cumulative amount in retained earnings related to remeasurement of the financial liability to the same component of equity where it classified the written put option on initial recognition.

Parent X provides the following disclosures in its financial statements for the year ended 31 December 20X6:

...continued

Note 16 Written put option on Subsidiary A's shares held by non-controlling interest holders

	Other equity attributable to owners of Parent X[1]	Financial liabilities measured at present value of the redemption amount (see Note 15)
As at 1 January 20X6	(CU95,000)	CU97,750
Remeasurement of the financial liability through profit or loss	–	CU250
Written put option lapsed during the year	CU98,000	(CU98,000)
Transferred from retained earnings	(CU3,000)	–
As at 31 December 20X6	–	–

[1]Parent X would disclose the component of equity in which these amounts are included.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: snapshot-ed-fice-nov2023.pdf (ifrs.org)

2 Disclosures

F—Other proposed disclosures

The IASB proposes to require in IFRS 7 that a company disclose information relating to financial liabilities that include contractual obligations to pay amounts based on the company's performance or changes in its net assets; reclassifications of financial instruments as financial liabilities or equity instruments; and judgements the company has made in classifying financial instruments.

Financial liabilities that include contractual obligations to pay amounts based on a company's performance or changes in the company's net assets	Reclassifications of financial liabilities and equity instruments	Judgements
The net gains or losses recognised on these financial liabilities in each reporting period are disclosed separately from the net gains or losses on other financial liabilities measured at fair value through profit or loss in the statement of comprehensive income or in the notes.	The IASB will expand disclosure requirements about reclassifications of financial instruments as financial liabilities or equity instruments to include the reclassifications discussed on page 12 of this Snapshot. A company shall disclose information about: • the amount reclassified as a financial liability or an equity instrument; • the reason for the reclassification; and • the timing of the reclassification.	Significant judgements made in classifying the financial instrument, or its component parts, as a financial liability or as an equity instrument are disclosed.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: exposure-draft/iasb-ed-2023-5.pdf

2 Disclosures

F—Other proposed disclosures

Statement of comprehensive income

Items of income, expense, gains or losses

20 An entity shall disclose the following items of income, expense, gains or losses either in the statement of comprehensive income or in the notes:

(a) net gains or net losses on:

(i) financial assets or financial liabilities measured at fair value through profit or loss, showing separately those on financial assets or financial liabilities designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of IFRS 9, and those on financial assets or financial liabilities that are mandatorily measured at fair value through profit or loss in accordance with IFRS 9 (eg financial liabilities that meet the definition of held for trading in IFRS 9). For financial liabilities designated as at fair value through profit or loss, an entity shall show separately the amount of gain or loss recognised in other comprehensive income and the amount recognised in profit or loss. For financial liabilities that include contractual obligations to pay amounts that vary with the issuing entity's performance or changes in its net assets, the entity shall disclose the gains or losses recognised on these financial liabilities in each reporting period separately from the gains or losses on other financial liabilities.

Statement of financial position

...

Reclassification

...

12E If an entity has reclassified financial instruments as financial liabilities or equity instruments in accordance with draft paragraph 32B of IAS 32, it shall disclose the amount reclassified into and out of each category (financial liabilities or equity), and the timing and reason for that reclassification.[1]

1 The disclosure requirements in paragraph 80A of IAS 1 *Presentation of Financial Statements* have been relocated to draft paragraph 12E of IFRS 7, subject to editorial changes. [IFRS 18 *General Presentation and Disclosures*] will include the same proposed amendments.

B5A Along with the requirements for disclosing material accounting policy information or other notes, paragraph 122 of IAS 1 (as revised in 2021) also requires an entity to disclose the judgements that management has made in applying the entity's accounting policies and that have the greatest effect on the amounts recognised in the financial statements. For example, an entity shall disclose the judgements that management has made in classifying a financial instrument (including all stand-alone derivatives), or its component parts, as a financial liability or as an equity instrument, if those judgements are among the judgements that have the most significant effect on the amounts recognised in the entity's financial statements. Note, however, that an entity is not required to disclose judgements based on estimations.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Question 7—Disclosure (paragraphs 1, 3, 12E, 17A, 20, 30A–30J and B5A–B5L of IFRS 7)

The IASB proposes:

(a) to expand the objective of IFRS 7 to enable users of financial statements to understand how an entity is financed and what its ownership structure is, including potential dilution to the ownership structure from financial instruments issued at the reporting date (paragraph 1).

(b) to delete the reference to derivatives that meet the definition of an equity instrument in IAS 32 from paragraph 3(a) of IFRS 7.

(c) to move paragraphs 80A and 136A from IAS 1 to IFRS 7. These paragraphs set out requirements for disclosures relating to financial instruments classified as equity in accordance with paragraphs 16A–16B and/or paragraphs 16C–16D of IAS 32 (paragraphs 12E and 30I). The IASB also proposes to expand paragraph 80A to cover reclassifications if there are changes in the substance of the contractual arrangement from a change in circumstances external to the contractual arrangement.

(d) to amend paragraph 20(a)(i) of IFRS 7 to require an entity to disclose gains or losses on financial liabilities containing contractual obligations to pay amounts based on the entity's performance or changes in its net assets, separately from gains or losses on other financial liabilities in each reporting period.

(e) to include disclosure requirements for compound financial instruments in IFRS 7 (paragraph 17A). The IASB proposes to require an entity to disclose information about:

- (a) the nature and priority of claims against the entity on liquidation arising from financial liabilities and equity instruments (paragraphs 30A–30B);
- (b) the terms and conditions of financial instruments with both financial liability and equity characteristics (paragraphs 30C–30E and B5B–B5H);
- (c) terms and conditions that become, or stop being, effective with the passage of time (paragraph 30F);
- (d) the potential dilution of ordinary shares (paragraphs 30G–30H and B5I–B5L); and
- (e) instruments that include obligations to purchase the entity's own equity instruments (paragraph 30J).

Paragraphs BC170–BC245 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with the proposals? Why or why not? If you disagree with any of the proposals, please explain what you suggest instead and why.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

3 Presentation of amounts attributable to ordinary shareholders

What is the issue?

IAS 1 requires a company to disclose some information that helps investors understand how a company distributes its profits, but does not require a company to present the amounts attributable to ordinary shareholders separately from amounts attributable to other equity holders in the statement of financial position, the statement of comprehensive income and the statement of changes in equity.

Investors expressed a need for more transparent information about the distribution of profits among holders of equity instruments, to help them understand how a company distributes its returns to ordinary shareholders.

What is the IASB proposing?

The IASB proposes to amend IAS 1 to help uses of financial statements understand how a company distributes returns attributable to ordinary shareholders.

The proposed presentation requirements comprise:

- presentation in the statement of financial position of issued share capital and reserves attributable to ordinary shareholders of the parent company separately from other owners of the parent company;
- allocation of profit or loss and other comprehensive income between ordinary shareholders of the parent company and other owners of the parent company in the statement of comprehensive income;
- reconciliation for each class of ordinary share capital and each class of other contributed equity in the statement of changes in equity; and
- separate presentation of dividends relating to ordinary shareholders and those relating to other owners of the company.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

XYZ Group – Statement of financial position as at 31 December 20X7
(in thousands of currency units)

	31 Dec 20X7	31 Dec 20X6
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	650,000	600,000
Retained earnings	243,500	161,700
Other components of equity	10,200	21,200
	903,700	782,900
Non-controlling interests	70,050	48,600
Total equity	973,750	831,500

XYZ Group—Statement of financial position as at 31 December 20X7
(illustrating the separate presentation of amounts attributable to ordinary shareholders of the parent)
(in thousands of currency units)

	31 Dec 20X7	31 Dec 20X6
EQUITY AND LIABILITIES		
Equity attributable to ordinary shareholders of the parent		
Share capital	642,000	600,000
Retained earnings	200,500	127,700
Other components of equity	10,200	21,200
	852,700	748,900
Equity attributable to other owners of the parent	51,000	34,000
Non-controlling interests	70,050	48,600
Total equity	973,750	831,500

XYZ Group – Statement of profit or loss and other comprehensive income for the year ended 31 December 20X7
(illustrating the presentation of profit or loss and other comprehensive income in one statement and the classification of expenses within profit or loss by function)
(in thousands of currency units)

	20X7	20X6
Profit attributable to:		
Owners of the parent	97,000	52,400
Non-controlling interests	24,250	13,100
	121,250	65,500

(illustrating the separate presentation of profit or loss and other comprehensive income attributable to ordinary shareholders of the parent)
(in thousands of currency units)

	20X7	20X6
Profit attributable to:		
Ordinary shareholders of the parent	82,000	39,400
Other owners of the parent	15,000	13,000
Non-controlling interests	24,250	13,100
	121,250	65,500

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Question 8—Presentation of amounts attributable to ordinary shareholders (paragraphs 54, 81B and 107–108 of IAS 1)

The IASB proposes to amend IAS 1 to require an entity to provide additional information about amounts attributable to ordinary shareholders. The proposed amendments are that:

(a) the statement of financial position shows issued share capital and reserves attributable to ordinary shareholders of the parent separately from issued share capital and reserves attributable to other owners of the parent (paragraph 54);

(b) the statement of comprehensive income shows an allocation of profit or loss and other comprehensive income attributable to owners of the parent between ordinary shareholders and other owners of the parent (paragraph 81B);

(c) the components of equity reconciled in the statement of changes in equity include each class of ordinary share capital and each class of other contributed equity (paragraph 108); and

(d) dividend amounts relating to ordinary shareholders are presented separately from amounts relating to other owners of the entity (paragraph 107).

Paragraphs BC246–BC256 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with these proposals? Why or why not? If you disagree with any of the proposals, please explain what you suggest instead and why.

Would the proposed requirement to allocate issued share capital and reserves between ordinary shareholders and other owners of the parent give rise to any practical difficulties in determining the required amounts? If so, please describe the possible difficulties and specify areas in which further guidance would be helpful.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: snapshot-ed-fice-nov2023.pdf (ifrs.org)

4 Transition

The IASB proposes to require a company to apply all proposed amendments retrospectively with the restatement of comparative information (a fully retrospective approach). However, to minimise costs, the IASB proposes not to require the restatement of information for more than one comparative period, even if a company chooses or is required to present more than one comparative period in its financial statements.

The IASB proposes no additional transition requirements for the first-time adopters.

For a company already applying IFRS Accounting Standards, the IASB proposes:

- to require the company to treat the fair value at the transition date as the amortised cost of the financial liability at that date, if it is impracticable (as defined in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*) to apply the effective interest method in IFRS 9 *Financial Instruments* retrospectively;
- to require the company to disclose the nature and amount of any changes in classification resulting from initial application of the amendments;
- to not require the company to separate the components if the financial liability component of a compound financial instrument with a contingent settlement provision was no longer outstanding at the date of initial application;
- to not require companies to provide the quantitative disclosures in paragraph 28(f) of IAS 8; and
- to not provide specific transition requirements in relation to IAS 34 *Interim Financial Reporting* for interim financial statements issued within the annual period in which the company first applies the amendments.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Question 9—Transition (paragraphs 97U–97Z of IAS 32)

The IASB proposes to require an entity to apply the proposed amendments retrospectively with the restatement of comparative information (a fully retrospective approach). However, to minimise costs, the IASB proposes not to require the restatement of information for more than one comparative period, even if the entity chooses or is required to present more than one comparative period in its financial statements.

For an entity already applying IFRS Accounting Standards, the IASB proposes:

(a) to require the entity to treat the fair value at the transition date as the amortised cost of the financial liability at that date if it is impracticable (as defined in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors) for the entity to apply the effective interest method in IFRS 9 Financial Instruments retrospectively (paragraph 97X);

(b) not to require the entity to separate the liability and equity components if the liability component of a compound financial instrument with a contingent settlement provision was no longer outstanding at the date of initial application (paragraph 97W);

(c) to require the entity to disclose, in the reporting period that includes the date of initial application of the amendments, the nature and amount of any changes in classification resulting from initial application of the amendments (paragraph 97Z);

(d) to provide transition relief from the quantitative disclosures in paragraph 28(f) of IAS 8 (paragraph 97Y); and

(e) no specific transition requirements in relation to IAS 34 Interim Financial Reporting for interim financial statements issued within the annual period in which the entity first applies the amendments.

For first-time adopters, the IASB proposes to provide no additional transition requirements.

Paragraphs BC262–BC270 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with these proposals? Why or why not? If you disagree with any of the proposals, please explain what you suggest instead and why. Would the proposal to apply the proposed amendments retrospectively give rise to any other cases in which hindsight would be necessary? If so, please describe those cases and the circumstances in which the need for hindsight would arise.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: snapshot-ed-fice-nov2023.pdf (ifrs.org)

5 Subsidiaries without Public Accountability: Disclosures

What is the issue?

[IFRS XX *Subsidiaries without Public Accountability: Disclosures*] will permit eligible subsidiaries to apply the recognition and measurement requirements in IFRS Accounting Standards with reduced disclosures.

The IASB identified that if the proposed amendments in this Exposure Draft are finalised and become effective, eligible subsidiaries will need to apply these amendments. Therefore, the IASB considered it necessary to have the subsidiary-specific disclosures available at the same time.

The IASB proposes amendments to the prospective Standard [IFRS XX], which will be issued before the proposals in this Exposure Draft are finalised.

What is the IASB proposing?

In accordance with the IASB's agreed principles in [IFRS XX] for reducing disclosures, the IASB has considered the proposed amendments to IFRS 7 and selected disclosure requirements appropriate for subsidiaries eligible for reduced disclosures.

Proposed disclosures in the scope of [IFRS XX] include disclosures relating to:

- the nature and priority of claims on liquidation, arising from financial instruments (see page 14);
- financial instruments with characteristics of both a financial liability and an equity instrument and terms and conditions that become, or stop being, effective with the passage of time (see pages 16–17);
- financial instruments that include an obligation for a company to purchase its own equity instruments (see page 20);
- financial liabilities that include contractual obligations for a company to pay amounts based on its performance or changes in its net assets (see page 21); and
- information about judgements a company has made in classifying an instrument as a financial liability or as an equity instrument (see page 21).

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Question 10— Disclosure requirements for eligible subsidiaries (paragraphs 54, 61A–61E and 124 of [IFRS XX])

The IASB proposes amendments to the draft Accounting Standard [IFRS XX Subsidiaries without Public Accountability: Disclosures], which will be issued before the proposals in the Exposure Draft are finalised.

[IFRS XX] will permit eligible subsidiaries to apply the recognition, measurement and presentation requirements in IFRS Accounting Standards with reduced disclosures.

The IASB's proposals select appropriate disclosure requirements from those proposed for IFRS 7, based on the IASB's agreed principles for reducing disclosures.

Paragraphs BC257–BC261 explain the IASB's rationale for the selected disclosures.

Do you agree with these proposals? Why or why not? If you disagree with any of the proposals, please explain what you suggest instead and why, taking into consideration the reduced disclosure principles described in BC258.

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

Source: https://acpro-std.tfac.or.th/standard/20/หนังสือแสดงความคิดเห็น

ท่านสามารถนำส่งความคิดเห็นของท่านผ่านทางอีเมล์ academic-fap@tfac.or.th

Project เรื่อง	วันหมดเขตเปิดรับฟังความคิดเห็น	ความคิดเห็นจากผู้มีส่วนได้เสีย	จดหมายที่นำส่ง
ปี 2566 (2023)			
Financial Instruments with Characteristics of Equity (Proposed amendments to IAS 32, IFRS 7 and IAS 1)+Snapshot	29 มีนาคม 2567		

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

เอกสารนี้ได้รับความคุ้มครองตามกฎหมายลิขสิทธิ์และกฎหมายอื่นที่ใช้บังคับ ห้ามผู้ใด นำเอกสารหรืองานดังกล่าวไปใช้อย่างอื่น หรือกระทำให้เผยแพร่ หรือกระทำด้วยประการใดๆ นอกจากการใช้ที่ได้รับอนุญาตเป็นลายลักษณ์อักษรหรือตามกฎหมาย หากปรากฏว่ามีการใช้ หรือกระทำด้วยประการใดๆ โดยไม่ถูกต้อง สภาวิชาชีพบัญชีและ/หรือผู้บรรยายขอสงวนสิทธิ ดำเนินคดีต่อผู้ละเมิดและเรียกค่าเสียหายตามกฎหมายต่อไป

ห้ามนำไปใช้ เผยแพร่ หรือกระทำด้วยประการใด ๆ โดยไม่ได้รับอนุญาตเป็นลายลักษณ์อักษร

THANK YOU

https://www.tfac.or.th

@TFAC.FAMILY

tfac@tfac.or.th

https://www.facebook.com/TFAC.FAMILY

https:// www.youtube.com/TFACFamily

02 685 2500

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation. Materials published may only be reproduced with the consent of TFAC.