



## IFRS on Point

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#### International Headlines

##### **IASB finalises narrow-scope amendments to IFRS 17 and IFRS 4**

The International Accounting Standards Board (Board) has issued *Amendments to IFRS 17* to address concerns and implementation challenges that were identified after IFRS 17 *Insurance Contracts* was published in 2017. The amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. The Board has also published *Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)* to defer the fixed expiry date of the amendment also to annual periods beginning on or after 1 January 2023.

Please click to access:

- **IASB press release** on the IASB website
- **IASB webcast** about the amendments to IFRS 17 on the IASB website
- **Project summary and feedback statement** on the IASB website
- **IFRS in Focus** newsletter on the IAS Plus website

For more information please see the following websites:

[www.iasplus.com](http://www.iasplus.com)

[www.deloitte.com](http://www.deloitte.com)

### IASB Board meeting (June 2020)

The Board met via video conference on 23–25 June 2020.

The following topics were discussed:

- Maintenance and consistent application
- Disclosure Initiative—Accounting Policies
- Disclosure Initiative—Targeted Standards-level Review of Disclosures
- Classification of Liabilities as Current or Non-current
- Extractive Activities
- IBOR Reform and the Effects on Financial Reporting—Phase 2

Please click to access the following:

- **IASB Update** and **post-meeting podcast** on the IASB website
- **Agenda and related agenda papers** on the IASB website
- **Update to the IASB work plan** on the IASB website
- **Detailed notes** taken by Deloitte observers on the IAS Plus website

### IFRS Interpretations Committee meeting (June 2020)

The IFRS Interpretations Committee (Committee) met via video conference on 16 June 2020. During the meeting, the Committee finalised three agenda decisions and published one new tentative agenda decision.

#### Agenda decisions finalised

- Sale and Leaseback with Variable Payments (IFRS 16 *Leases*)
- Deferred Tax related to an Investment in a Subsidiary (IAS 12 *Income Taxes*)
- Player Transfer Payments (IAS 38 *Intangible Assets*)

#### New tentative agenda decision

- Supply Chain Financing Arrangements—Reverse Factoring

Please click to access the following:

- **Agenda and related papers** on the IASB website
- **IFRIC Update** on the IASB website
- **Detailed notes** taken by Deloitte observers on the IAS Plus website

### Comprehensive IASB project update on Business Combinations under Common Control

The Board is currently working on a research project on combinations of businesses under common control as IFRS 3 only covers how to account for mergers and acquisitions between unrelated parties. Board member Gary Kabureck has compiled a comprehensive project update that summarises and discusses the preliminary views the Board has so far reached in the project.

Please click to access the **update** on the IASB website

### IASB publishes investor webcast on expected credit losses and related disclosures

The Board has published a webcast for investors that outlines the information that entities will provide in expected credit losses (ECL) when using IFRS 9 and IFRS 7 to prepare financial statements and notes.

Please click to access the **press release** on the IASB website.

### IASB issues *Investor Update* newsletter

The Board has issued the latest edition of its newsletter *Investor Update*, which profiles recently introduced IFRS Standards and other changes to the pipeline as well as how those changes may affect companies and performance.

Please click to access the ***Investor Update* newsletter** on the IASB website.

### IFRS Foundation publishes its 2019 annual report

The IFRS Foundation has published its annual report and audited financial statements for the year ended 31 December 2019.

Please click to access **press release** in the IASB website.

### IFRS Foundation to combine its annual conference with the annual World Standard-setters Conference

The IFRS Foundation has announced a virtual conference which will combine the annual IFRS Foundation Conference with the annual World Standard-setters Conference. The virtual conference will be held on 28–29 September 2020.

Please click to access the **conference page** on the IASB website.

### IFRS Foundation appoints new IASB Board member

The Trustees of the IFRS Foundation have announced the appointment of Zach Gast as IASB Board member.

Please click to access the **press release** on the IASB website.

### IOSCO statement on importance of disclosure about COVID-19

The International Organization of Securities Commissions (IOSCO) has issued a public statement on the importance of disclosure about COVID-19 aspects to highlight financial reporting issues that should be considered by issuers in order to provide investors with relevant and reliable information in their financial reports and related disclosure documents.

Please click to access the following:

- The **press release** on the IOSCO website
- The **public statement** available on the IOSCO website

### Example of an annual financial report in ESEF format

The European Securities and Markets Authority (ESMA) has published an example of an annual financial report which is prepared in the new European Single Electronic Format (ESEF).

Please click for access to **the report and more information** on the ESMA website.

### Membership for European Lab project task force on reporting of non-financial risks and opportunities

The European Financial Reporting Advisory Group (EFRAG) has announced that the European Lab Steering Group has appointed the members of the project task force for its second project on reporting of non-financial risks and opportunities and linkage to the business model.

Please click to access the **press release** on the EFRAG website.

### EFRAG moves quickly on endorsement advice on IFRS 16 amendment

EFRAG has issued the final endorsement advice for *Covid-19-Related Rent Concessions (Amendment to IFRS 16)*.

Please click to access the following:

- The **press release** on the EFRAG website
- The **final endorsement advice letter** on the EFRAG website

### Accountancy Europe recommends actions for the public sector in the context of COVID-19

Accountancy Europe has analysed short-term and long-term actions that could support the public sector in countering the crisis impact of COVID-19, among them many actions with regard to transparency and reporting.

Please click to access the following:

- A **summary overview** of the actions recommended by Accountancy Europe
- An in-depth analysis of the **short-term actions**
- An in-depth analysis of the **long-term actions**

### Accountancy Europe publishes follow-up paper on interconnected standard-setting

In December 2019, Accountancy Europe published a paper describing and calling for a global solution to interconnected standard-setting that can meet the need for reliable, consistent information in non-financial reporting that is interconnected with financial reporting. A follow-up paper is now available that analyses the feedback received, provides an update on the latest EU and global developments, and reflects on a way forward.

Please click to access the **follow-up paper** on the Accountancy Europe website.

### FRC Lab reports on current questions investors seek answers on

Two new reports from the Financial Reporting Lab of the UK Financial Reporting Council (FRC) provide practical guidance to companies in areas of reporting that investors have highlighted as being most critical in these times of economic uncertainty.

Please click to access:

- **Report** with practical advice to companies on the FRC website
- **Infographic** setting out the expected disclosures on the FRC website
- **Report** with specific guidance on going concern, risk and viability disclosures on the FRC website

### FASB and ASBJ hold biannual meeting

On 1 June 2020, the US Financial Accounting Standards Board (FASB) and the Accounting Standards Board of Japan (ASBJ) held a joint virtual meeting. The meeting was the 27th in a series of biannual meetings between the two standard-setters.

Please click to access a **press release** on the ASBJ website.

### IVSC concludes article series on goodwill amortisation

The International Valuation Standards Council (IVSC) has published the third article in a series that looks into whether principles underlying business valuations are compatible with the concept of goodwill amortisation. The article is titled *Opportunities for Enhancing the Goodwill Impairment Framework*. The series aims at encouraging public discussion by exploring certain fundamental questions in this area to inform financial statement preparers, reviewers, and users, and aid the capital market.

Please click to access the **article** on the IVSC website.

### WICI consults on communicating value creation from intangibles

The World Intellectual Capital/Assets Initiative (WICI) has published an exposure draft *Setting a New Agenda for CFOs—Understanding the role of Intangibles in Value Creation*. The guidance is aimed at facilitating CFOs and other finance professionals to manage and report intangibles in the context of their organisation's value creation.

Please click to access:

- The **press release** on the WICI website
- The **draft guidance** on the WICI website

### IPSASB Q&A document on climate change

The staff of the International Public Sector Accounting Standards Board (IPSASB) has developed a Questions & Answers (Q&A) document highlighting the relevant standards and guidance for the public sector in applying the Board's current guidance to provide clear, comparable, and relevant information on climate change.

Please click to access the **press release** on the IPSASB website.

### IAASB guidance on accounting estimates

The International Auditing and Assurance Standards Board (IAASB) has released COVID-19 pandemic-related guidance on auditing accounting estimates and related disclosures.

Please click to access the **guidance** on the IAASB website.

### Recent sustainability and integrated reporting developments

- The International Monetary Fund (IMF) has released a report arguing that investors and equity markets have been ignoring the growing risk of financial losses associated with the climate change risk.

Please click to access the **report** on the IMF Website.

- The Climate Disclosure Standards Board (CDSB) has released a report titled *Falling Short? Analysing the 2019 environmental and climate-related disclosures of Europe's top 50 largest listed companies*. While the findings show some improvement in company disclosure compared to 2018, current reporting practices often still fail to provide investors with a clear understanding of a company's development, performance, position and impact. The CDSB has also released a *TCFD to-do list* with nine steps to ensure that issuers are making effective TCFD aligned disclosures.

Please click to access the following:

- ***Falling Short? report*** on the CDSB website
- ***TCFD to-do list*** on the CDSB website

- The Global Reporting Initiative (GRI) has released a new standard titled *GRI 306: Waste 2020*, which updates previous GRI disclosures on waste, requires organisations to report on waste generated throughout the value chain and to release detailed information on its composition and how it is managed. The GRI has also issued a new document, linking the Sustainable Development Goals (SDGs) and the GRI Standards. The document covers the 17 SDGs and maps them against the standards and disclosures that apply for each. In addition, the GRI has published a new report titled *Using Corporate Reporting to Strengthen Sustainable Development Goals*, with five key recommendations for how governments and other policy actors can use corporate reporting to strengthen SDGs progress at the national level.

Please click to access the following:

- **Press release** for GRI 306 on the GRI website
- ***Linking the SDGs and the GRI Standards*** document on the GRI website
- ***Using Corporate Reporting to Strengthen Sustainable Development Goals*** report on the GRI website

- The three European Supervisory Authorities (ESAs), consisting of the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and ESMA will organise a public hearing on proposed Environmental, Social, and Governance (ESG) disclosure standards for financial market participants, advisers and products.

Please click to access **more information** on the ESMA website.

- The United Nations Sustainable Stock Exchanges (SSE) initiative has launched a database of all guidance documents provided by stock exchanges for listed companies so that other stock exchanges can learn from their peers.

Please click to access the **database** on the SSE website.

- The International Integrated Reporting Council (IIRC) has published its 2019 Integrated Report *Building Consensus towards a Global System*.

Please click to access the **report** on the IIRC website.

- The German Federal Ministry of Justice and Consumer Protection (BMJV) has appointed the Accounting Standards Committee of Germany (ASCG) with an extensive investigation of non-financial reporting. The investigation is meant to contribute to the further development of non-financial reporting at European level.

Please click to access **more information** on the ASCG website.

- The Japan Exchange Group (JPX) has published a new handbook to support listed companies which are choosing to work on ESG disclosure.

Please click to access the **handbook** from the JPX website.

# Updates to Deloitte iGAAP manual

Available at [dart.deloitte.com/iGAAP](http://dart.deloitte.com/iGAAP) [available on subscription only]

## Added Deloitte Guidance

| Chapter  | Reference  | Deloitte guidance title   |
|--|------------|---|
| A12 Provisions, contingent liabilities and contingent assets | 2.4.1-1    | Provisions relating to leases – example   |
| A14 Revenue from contracts with customers                    | 6.3.6.5-1  | Upfront payment retained upon cancellation of a contract before the entity has performed under that contract  |
| A14 Revenue from contracts with customers                    | 6.3.6.5-2  | Presentation of breakage revenue when upfront payment is retained upon cancellation of a contract before the entity has performed under that contract – example             |
| A14 Revenue from contracts with customers                    | 9.3.4.3-1  | Accounting for single performance obligation satisfied over time after materials previously excluded from measure of progress have been installed                           |
| A14 Revenue from contracts with customers                    | 12.3.1-1B  | Training costs to fulfil a contract – example   |
| A17 Leases   | 4.3.2.8-1  | Supplier's exercise of a non-substantive substitution right   |
| A17 Leases   | 4.4.3.3A-1 | Mix of decision-making rights between predetermined, customer and supplier  |
| A17 Leases   | 6.1.1-2    | Determination of the lease term by a lessee and a lessor  |
| A17 Leases   | 6.2-3      | Determining the lease term of a renewable lease – example   |
| A17 Leases   | 6.2-4      | Determining the lease term when the local legal framework provides the lessee with the right to use the asset after the contract expires                                    |
| A17 Leases   | 6.2-5      | Determining the lease term when neither the contract nor the local legal framework provides the lessee with the right to use the asset after the contract expires – example |
| A17 Leases   | 8.7.3-1    | Profit-or-loss presentation of a gain or loss relating to the full or partial termination of a lease  |

## Renumbered Deloitte guidance

|   |           |  |
|---|-----------|--|
| A14 Revenue from contracts with customers | 12.3.1-1A | Costs to fulfil a contract which are in the scope of another accounting Standard |
|---|-----------|--|

## Amended Deloitte guidance

|  |       |  |
|--|-------|--|
| A19 The effects of changes in foreign exchange rates | 4.4-1 | Comparative amounts in the consolidated financial statements of a parent when the economy of the functional currency of a subsidiary becomes hyperinflationary in the current reporting period – example |
| A19 The effects of changes in foreign exchange rates | 4.4-3 | Presentation of effects resulting from translation of the net assets of a foreign operation with a functional currency of a hyperinflationary economy  |
| A19 The effects of changes in foreign exchange rates | 4.4-4 | Accumulated exchange differences related to a foreign operation at the date the foreign operation's functional currency becomes that of a hyperinflationary economy                                      |

## Deloitte IFRS communications and publications

| Issuance Date | Description   |
|---------------|---|
| 04 June 2020  | <i>IFRS on Point—May 2020</i>   |
| 16 June 2020  | <i>IFRS in Focus—Accounting considerations related to the Coronavirus 2019 Disease</i>              |
| 16 June 2020  | <i>IFRS in Focus—COVID-19 and financial reporting under IFRS Standards</i>                          |
| 22 June 2020  | <i>Accounting considerations in response to COVID-19 webcast—IAS 34—Interim Financial Reporting</i> |
| 22 June 2020  | <i>Accounting considerations in response to COVID-19 webcast—Going Concern</i>                      |
| 24 June 2020  | <i>Accounting considerations in response to COVID 19 webcast—Profit or loss statements</i>          |
| 29 June 2020  | <i>IFRS in Focus—IASB issues amendments to IFRS 17 Insurance Contracts</i>                          |

## Comment letters

|                         | Description   | Receiving party                | Comment issued/ deadline |
|-------------------------|---|--------------------------------|--------------------------|
| Comment Letters Issued  | Exposure Draft ED/2020/3— <i>Classification of Liabilities—Deferral of Effective Date</i>       | IASB                           | 03/06/2020               |
| Comment Letters Pending | Exposure Draft ED/2019/6— <i>General Presentation and Disclosures</i>                           | IASB                           | 30/09/2020               |
|                         | Tentative Agenda Decision— <i>Supply Chain Financing Arrangements—Reverse Factoring</i>         | IFRS Interpretations Committee | 30/09/2020               |
|                         | Request for Information— <i>Comprehensive Review of the IFRS for SMEs Standard</i>              | IASB                           | 27/10/2020               |
|                         | Discussion Paper DP/2020/1— <i>Business Combinations—Disclosures, Goodwill &amp; Impairment</i> | IASB                           | 31/12/2020               |

## Effective dates

Click [here](#) for upcoming and recent effective dates.

The Deloitte Accounting Research Tool (DART) is a comprehensive online library of accounting and financial disclosures literature. **iGAAP on DART** allows access to the full IFRS Standards, linking to and from:

Deloitte's authoritative, up-to date, iGAAP manuals which provide guidance for reporting under IFRS Standards; and  
Model financial statements for entities reporting under IFRS Standards.

To apply for a subscription to DART, click **here** to start the application process and select the iGAAP package.

For more information about DART, including pricing of the subscription packages, click **here**.

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