



IFRS on Point

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IFRS Foundation creates new sustainability standards board

The IFRS Foundation (IFRSF) has announced the creation of its new International Sustainability Standards Board (ISSB) that will develop a comprehensive global baseline of high-quality sustainability disclosure standards to meet investors' information needs. The Trustees have also published a revised constitution and corresponding feedback statement with regard to the consultations they undertook for the new board.

Under the revised constitution, the ISSB will sit alongside the IASB and will be overseen by the IFRSF Trustees. The ISSB will develop disclosure requirements to facilitate consistent and comparable reporting by companies across jurisdictions to help to direct capital to long-term, resilient business in the transition to a low-carbon economy.

The Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation (VRF) have committed to consolidate into the new board.

In addition to announcing the creation of the ISSB, the Trustees have also provided an update on the work of the Technical Readiness Working Group (TRWG). The TRWG was created in March 2021 to give the ISSB a running start. It was designed to integrate and build on the work of relevant organisations focused on meeting investors' information needs, with the purpose of providing technical recommendations for consideration by the ISSB. The following two documents that resulted from the TRWG's work were published:

- Climate-related Disclosures Prototype
- General Requirements for Disclosure of Sustainability-related Financial Information Prototype

Please click to access the following on the IFRS Foundation website:

- **Press release**
- **Speech by IFRS Foundation Trustees' Chair Erkki Liikanen at COP 26 announcing the creation of the ISSB**
- **TRWG work programme**
- **Climate-related Disclosures Prototype**
- **Supplement: Technical Protocols for Disclosure Requirements**
- **General Requirements for Disclosure of Sustainability-related Financial Information Prototype**
- **Updated Constitution of the IFRS Foundation**

For more information please see the following websites:

www.iasplus.com

www.deloitte.com

Board meeting (October 2021)

The International Accounting Standards Board (Board) met on 25-28 October 2021. The following topics were discussed:

- Pension Benefits that Depend on Asset Returns
- Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12
- Rate-regulated Activities
- Equity Method
- Goodwill and Impairment
- Primary Financial Statements
- Second Comprehensive Review of the *IFRS for SMEs* Standard
- Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17)
- Maintenance and consistent application:
 - Non-refundable Value Added Tax on Lease Payments (IFRS 16): Finalisation of agenda decision
 - Accounting for Warrants that are Classified as Financial Liabilities on Initial Recognition (IAS 32): Finalisation of agenda decision
 - Supplier Finance Arrangements: Sweep issue
 - *IFRIC Update*
- IFRS Taxonomy Update—Initial Application of IFRS 17 and IFRS 9—Comparative Information

Please click to access the following:

- **IASB Update** and **post-meeting podcast** on the IFRS Foundation website
- **Agenda and related agenda papers** on the IFRS Foundation website
- **Work plan analysis** on IAS Plus
- **Detailed meeting summaries** taken by Deloitte observers on IAS Plus

Board video on its *ED Subsidiaries without Public Accountability: Disclosures*

The Board has posted a video hosted by Board Member Jianqiao Lu which provides an overview of the Exposure Draft ED/2021/7 *Subsidiaries without Public Accountability: Disclosures*.

Please click to access the video via the **press release** on the IFRS Foundation website.

Board publishes webcast series on its management commentary ED

A series of five short webcasts on the Board's Exposure Draft ED/2021/6 *Management Commentary* has been made available to answer frequently asked questions about the project.

The aspects of the project addressed in the webcasts are:

- Why and why now?
- Value creation
- Disclosure objectives
- Key matters and materiality
- Terminology

Please click to access the webcast series via the **press release** on the IFRS Foundation website.

Three articles on Business Combinations under Common Control

The Australian Accounting Review has published three articles relating to Business Combinations under Common Control (BCUCC), one of them by IASB Board member Ann Tarca.

The article by Ms Tarca explains the Board's preliminary views for accounting for BCUCC that aim to reduce diversity in practice and to improve the information provided to investors so they can understand the effects of these transactions and compare companies that undertake them.

The second article discusses the controlling entity's perspective in a BCUCC and suggests some issues for the Board to consider in its redeliberations of its preliminary views.

The third article discusses the choice of the controlling party or transferred business book values, the principles and objectives of the Board's discussion paper and the relationship with related party disclosures.

Please click to access the articles via the **press release** on the IFRS Foundation website.

Podcast on IFRS Interpretations Committee developments

The Board has issued a podcast on the developments of the IFRS Interpretations Committee (IFRS IC) during the third quarter of 2021.

The podcast is hosted by IFRS IC Chair and Board Vice-Chair Sue Lloyd and technical staff member Patrina Buchanan and focuses on non-refundable VAT on lease payments (IFRS 16), accounting for warrants that are financial liabilities on initial recognition (IAS 32), demand deposits with restrictions on use (IAS 7), and cash received via electronic transfer as settlement for a financial asset (IFRS 9).

Please click to access the podcast via the **press release** on the IFRS Foundation website.

IFRS Foundation publishes fifth compilation of IFRS Interpretations Committee agenda decisions

The IFRS Foundation has issued *Compilation of Agenda Decisions—Volume 5* which contains all the agenda decisions made by the IFRS IC from April 2021 to October 2021.

Please click to access the following:

- **Press release** on the IFRS Foundation website
- **Compilation** on the IFRS Foundation website

Report on the September 2021 IFRS Advisory Council meeting

A summary report has been released of the meeting of the IFRS Advisory Council held on 13 September 2021.

The participants discussed:

- Update on Trustees Activities
- Update on Board Activities
- Update on the sustainability-related reporting project
- Update on the IFRS Foundation Constitution's consultation
- Update on sustainability-related work of the US SEC
- Update on the TRWG

Please click to access the **meeting summary** on the IFRS Foundation website.

Report of the September 2021 SME Implementation Group meeting

The Board has issued a report of the SME Implementation Group (SMEIG) meeting held on 9 September 2021.

The topics discussed at the meeting included:

- Update on work completed
- Proposals relating to the *Conceptual Framework* and to financial instruments
- Alignment with IFRS 16 *Leases*
- Section 28 of the *IFRS for SMEs: Employee Benefits*
- Update to multiple sections of the *IFRS for SMEs* for amendments to IFRS Standards and IFRIC Interpretations
- Alignment with IFRS 14 *Regulatory Deferral Accounts*
- Subsidiaries without public accountability

Please click to access the **report** from the meeting on the IFRS Foundation website.

IFRS Foundation publishes webcast on the TRWG

The IFRS Foundation has published a webcast which provides an introduction of the TRWG members, summary of its work programme, and an expected timeline of the TRWG.

The TRWG provides technical observations and proposals for consideration which supports early standard-setting activities for the ISSB.

Please click to access the webcast via the **press release** on the IFRS Foundation website.

Board publishes editorial corrections

The Board has published a second set editorial corrections for 2021.

The corrections relate to *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* published in February 2021.

Editorial corrections do not change the meaning or application of pronouncements, but instead correct inadvertent errors.

Please click to access the **editorial corrections** on the IFRS Foundation website.

Recordings and pre-conference video updates of the September WSS meeting

The World Standard-Setters (WSS) meeting was held on 27-28 September 2021.

The meeting saw presentations on the following topics:

- Q&A on sustainability reporting
- Welcome address by the new Board Chair
- How has the pandemic changed engagement with the IFRS Foundation?
- The future of the Board's work plan—Agenda consultation: what's next?
- Q&A on Board and IFRS IC activities
- Towards a revised Management Commentary Practice Statement

In addition, WSS participants received pre-conference video updates on certain topics that are also available.

Please click to access the **recordings** on the IFRS Foundation website.

ESMA announces enforcement priorities for 2021 financial statements

The European Securities and Markets Authority (ESMA) has announced the priority issues that the assessment of listed companies' 2021 financial statements will focus on. A special focus is on COVID-19 and climate-related disclosures.

Please click to access the following on the ESMA website:

- **Press release**
- **Public statement on enforcement priorities, providing more background on each of the focus areas**

EFRAG draft comment letter on the Board's proposed new reduced disclosure IFRS Standard

The European Financial Reporting Advisory Group (EFRAG) has issued a draft comment letter on ED/2021/7. In the draft comment letter, EFRAG "cautiously" supports the proposals but raises concerns and provides suggestions.

Comments on the draft comment letter are requested by 26 January 2022.

Please click to access the following on the EFRAG website:

- **Press release**
- **Draft comment letter**

EFRAG survey on ED/2021/3

EFRAG, in coordination with the Board, is currently conducting field testing on the Board's Exposure Draft ED/2021/3 *Disclosure Requirements in IFRS Standards—A Pilot Approach*. As entities currently participating in the fieldwork activities are generally large entities, EFRAG has issued a questionnaire aimed at small and medium entities.

Please click to access **more information and the survey** on the EFRAG website.

European Lab publishes report on the business model, sustainability risks and opportunities

The European Lab@EFRAG Project Task Force has published a report titled *Towards Sustainable Businesses: Good Practices in Business Model, Risks and Opportunities Reporting in the EU* and *Supplementary Document: Good Reporting Practices*.

The report discusses 'the state of play and the drivers of current reporting practices, the application of technological solutions, and suggests a path to improvement in the reporting of sustainability risks, opportunities and their linkage to the business model'. The supplementary document provides selected examples of good or leading reporting practices by companies related to improvements to reporting sustainability risks and opportunities.

Please click to access the following on the EFRAG website:

- **Press release**
- The **report**
- The **supplementary document**

FRC publishes thematic review findings on IAS 37

The UK Financial Reporting Council (FRC) has published a thematic review to help companies improve the quality of their corporate reporting in relation to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The FRC's review, which considered a sample of 20 companies' annual reports and the relevant reporting requirements, found scope for improvements in several areas, in particular with regard to the disclosure of:

- Quantitative information on expected timing of future economic outflows
- The key assumptions used to estimate those outflows
- The associated uncertainties.

The report also identifies opportunities to clarify the nature of the costs included in certain types of provision, to disclose more specific accounting policies and to provide more quantitative information about contingent liabilities.

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

FRC Lab report on digital reporting

The Financial Reporting Lab of the FRC has published a report that reviews 50 early structured reports and sets out key considerations and tips for companies to help them deliver the quality that will be expected for companies' official filings applying Disclosure Guidance and Transparency (DTR) Rules 4.1.14 and the European Single Electronic Format (ESEF).

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

Communiqué from latest China-Japan-Korea accounting standard setters meeting

A communiqué has been issued from a meeting of the standard-setters from China, Japan and the Republic of Korea that was held on 13 October 2021.

In addition to representatives from the three countries' standard-setting bodies, observers from the IASB and guests from Hong Kong and Macao attended the meeting.

The three countries presented and shared experiences and views on the following accounting topics:

- Independent supplementary temporary standards (e.g. Covid-19-related amendments to IFRS 16)
- Business Combinations under Common Control
- Intangible assets, with a focus on crypto-assets

Please click to access the **communiqué** on the Korean Accounting Standards Board (KASB) website.

FASB and ASBJ hold biannual meeting

On 18-19 October 2021, the Financial Accounting Standards Board (FASB) and the Accounting Standards Board of Japan (ASBJ) held a joint meeting. The meeting was the 30th in a series of biannual meetings between the two standard-setters.

The two boards informed each other about their respective activities and exchanged views on technical topics in which they both have an interest, including accounting for goodwill and accounting for financial instruments.

The next meeting between the FASB and ASBJ is expected to be held in the first half of 2022.

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

AASB research into going concern disclosures

The staff of the Australian Accounting Standards Board (AASB) has published *Going Concern Disclosures: A Case for International Standard-Setting*.

The paper analyses feedback received from a range of Australian and international stakeholders over the period of July 2020 to March 2021, including financial statement preparers, auditors, regulators and users. The question asked was whether the current going concern reporting requirements in IAS 1 are sufficient or whether it is a matter that needs to be addressed by the IASB Board.

Please click to access the **paper** on the AASB website.

Third IVSC perspectives paper on ESG and business valuation

The International Valuation Standards Council (IVSC) has published a third perspectives paper *ESG and Real Estate Valuation* that focuses on environmental factors that relate to real estate valuations, especially on valuations of existing real estate.

The paper is a follow-up to the perspectives papers *A Framework to Assess ESG Value Creation* released in May 2021 and *ESG and Business Valuation* released in March 2021, which explore how ESG characteristics are, or can be, incorporated into the value measurement process.

Please click to access the **perspectives paper** on the IVSC website.

European Union asked to follow a global baseline approach to ESG reporting

Supported and coordinated by the European Round Table for Industry, the Value Balancing Alliance, the World Business Council for Sustainable Development and the World Economic Forum, 57 organisations have sent an open letter to the European Commission, the European Parliament and the Council of the European Union calling on them to align upcoming European sustainability reporting standards with globally consistent and comparable performance metrics and disclosures.

Please click to access the **letter** on the World Economic Forum website.

ISAR 38

The thirty-eighth session of the United Nations Conference on Trade and Development (UNCTAD) Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) will be held in Geneva on 9-12 November 2021.

The two main topics for the meeting will be:

- Review of practical implementation, including measurement, of core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals
- Climate-related financial disclosures in mainstream entity reporting: good practices and key challenges

Please click to access the **background papers** on the UNCTAD website.

New TCFD status report, additional and updated guidance

The Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD) has published a fourth status report providing an overview of the extent to which companies in their 2020 reports included information aligned with the core TCFD recommendations published in June 2017.

Please click to access the following on the FSB website:

- **Press release**
- **Status report 2021**
- **Guidance on metrics, targets, and transition plans**
- **Updated guidance on implementing the TCFD recommendations**

Other recent sustainability and integrated reporting developments

The World Business Council for Sustainable Development (WBCSD) has released the 2021 edition of Reporting matters. The **press release** on the WBCSD website offers a summary of the key findings and access to the report.

The Carbon Tracker initiative has released *Flying blind: The glaring absence of climate risks in financial reporting* showing that over 70% of reviewed companies fail to disclose climate risk in their financials reporting. Key findings and access to the report are available on the **Carbon Tracker website**.

The United Nations Environment Programme Finance Initiative (UNEP FI) has published a global investor statement urging governments to undertake five priority actions before COP26, including committing to implementing mandatory climate risk disclosure requirements aligned with the TCFD recommendations. The statement can be accessed **here**.

The G20 Presidency has published the *G20 Sustainable Finance Roadmap* that contains as Action 6 "G20 to welcome the work program of the IFRS Foundation to develop a set of internationally consistent, comparable, and reliable baseline standards for disclosure of sustainability-related information on enterprise value creation." The **roadmap** can be accessed on the G20 website.

The Center for Audit Quality (CAQ) of the American Institute of Certified Public Accountants (AICPA) has published *Audited Financial Statements and Climate-Related Risk Considerations* discussing items that public companies are currently reporting and how that information is material to their financial statements. The report can be downloaded from the **CAQ website**.

The Global Reporting Initiative (GRI) has announced that they have revised and strengthened their Universal Standards and have published their first sector-specific standard (for oil and gas). More information is available on the **GRI website**.

The International Integrated Reporting Council (IIRC) has published **Transition to integrated reporting: A guide to getting started** as companion publication to the <IR> Framework. In addition, the <IR> Framework is now available in an **Italian** and a **Turkish** translation.

The FRC has published FAQs on *International Sustainability Standards Setting*. The purpose of the FAQs is to inform stakeholders of developments in sustainability standard setting by the IFRS Foundation. Please click to **access the FAQs** on the FRC website.

The FRC has also released *Taskforce on Climate-related Financial Disclosures (TCFD): ahead of mandatory reporting* to help companies prepare for mandatory TCFD reporting in the UK. The report and a snapshot of the status of current reporting against the TCFD framework can be accessed through the **press release** on the FRC website.

The Prince of Wales' Accounting for Sustainability Project (A4S) has published a guide to TCFD Climate Scenario Analysis. Scenario analysis is a key recommendation of the TCFD and allows a company to understand and quantify the risks and uncertainties it may face under different hypothetical futures. The guide can be downloaded from the **A4S website**.

The Sustainability Accounting Standards Board (SASB) has formally released the SASB Standards XBRL Taxonomy to facilitate reporting in accordance with its 77 Industry Standards using structured data. More information is available **here**.

The New Zealand External Reporting Board (XRB) began consultation with business on the first part of the Government's proposed climate-related disclosure standards by releasing its first climate-related disclosure consultation document. More information is available **here**.

Japan's Financial Accounting Standards Foundation (FASF) has announced that it has revised its organisation charter to include sustainability reporting standards in its purpose and business, in addition to its existing purpose/business on accounting standards. This move is for the organisation to become the counterparty of the IFRS Foundation's ISSB in Japan. The **press release** is only available in Japanese.

The Canadian Securities Administrators (CSA) have published for comment proposed climate-related disclosure requirements. The requirements contemplate disclosure largely consistent with the TCFD recommendations. The proposed requirements can be accessed through the **press release** on the CSA website.

The European Federation of Accountants and Auditors for SMEs (EFAA) has released a podcast *The Future of Corporate Reporting in Europe: What are the Implications and Next Steps for Europe's Small- and Medium-Sized Practices?* The podcast is available on **YouTube**.

The task force on sustainability reporting of EFRAG has released a working paper on the basis for conclusions for the prototype for the climate standard they are working on. The paper is for information only and not open for public comments. Please click to access the paper **here**.

The Deloitte firms in the European Union have responded to the EFRAG consultation paper *EFRAG Due Process Procedures on EU Sustainability Reporting Standard-Setting*. Please click to access **the comment letter**.

Updates to Deloitte iGAAP manual

Available at **dart.deloitte.com/iGAAP** [on subscription only].

Added Deloitte Guidance

Chapter	Reference	Deloitte guidance title
A4 Presentation of financial statements	2.5.5.6-1	Appropriate basis of preparation for prior period accounts for an entity which is no longer a going concern
A4 Presentation of financial statements	4.1.12-1	Presentation of refund liabilities recognised under IFRS 15 as current or non-current
A14 Revenue from contracts with customers	6.2.5-1	Identifying performance obligations in a cloud computing arrangement that includes implementation services – general
A14 Revenue from contracts with customers	6.2.5-2	Identifying whether implementation services in a cloud computing arrangement are a promised good or service
A14 Revenue from contracts with customers	6.2.5-3	Implementation services in a cloud computing arrangement are not identified as a promised good or service – example
A14 Revenue from contracts with customers	6.2.5-4	Implementation services in a cloud computing arrangement are identified as a promised good or service – example
A14 Revenue from contracts with customers	6.3.10-1	Identifying whether implementation services in a cloud-computing arrangement are a distinct performance obligation
A14 Revenue from contracts with customers	7.2.8.4-1	Impact of subsequent events on estimates of variable consideration
A15 Employee benefits	7.3.4.3-1	Attributing benefit to periods of service – example

Deloitte IFRS communications and publications

Issuance Date	Description
5 October 2021	IFRS in Focus — IASB seeks views on the post-implementation review of the IFRS 9 classification and measurement requirements
7 October 2021	IFRS on Point — September 2021
11 October 2021	IFRS Model Financial Statements 2021

Comment letters

	Description	Receiving party	Comment letter issued/deadline
Comment letters pending	Exposure Draft: ED/2021/6—<i>Management Commentary</i>	IASB	23/11/2021
	Tentative Agenda Decision: Cash Received via Electronic Transfer as Settlement for a Financial Asset (IFRS 9)	IFRS IC	25/11/2021
	Tentative Agenda Decision: Demand Deposits with Restrictions on Use (IAS 7)	IFRS IC	25/11/2021
	Exposure Draft: ED/2021/3 <i>Disclosure Requirements in IFRS Standards—A Pilot Approach</i>	IASB	12/01/2022
	Request for Information: <i>Post-implementation Review of IFRS 9—Classification and Measurement</i>	IASB	28/01/2022
	Exposure Draft: ED/2021/7 <i>Subsidiaries without Public Accountability: Disclosures</i>	IASB	31/01/2022

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
- 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.

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