



IFRS on Point

Financial Reporting Developments and Information: August 2017

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“Introducing” EFRAG

The European Financial Reporting Advisory Group (EFRAG) has published a brochure offering a compact introduction to the organisation. It also puts the spotlight on EFRAG's three core activities: upstream influence through evidence-based research; contributing to the development of IFRS; and providing endorsement advice to the European Commission, including the European public good assessment.

Please click to access the **publication** on the IASPlus website.

AAOIFI proposes standard on impairment and credit losses

The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) is an Islamic international autonomous non-for-profit corporate body that prepares accounting, auditing, governance, ethics and Sharia'a standards for Islamic financial institutions and the industry. The newest exposure draft published by the AAOIFI deals with impairment and credit losses covering current and expected losses.

Although the AAOIFI is part of the IASB's consultative group on Sharia'a-compliant instruments and transactions, the new proposed standard *FAS 30 Impairment and credit losses* is not converged with the corresponding requirements in *IFRS 9 Financial Instruments*.

Please click to access the **exposure draft** on the AAOIFI website. Comments are requested by 30 September 2017.

IPSASB consultations

The International Public Sector Accounting Standards Board (IPSASB) has published an exposure draft (ED) to improve public sector reporting on financial instruments and a consultation paper on potential recognition and measurement approaches for revenue and non-exchange expenses.

- Financial instruments
ED 62 Financial Instruments is based on IFRS 9 *Financial Instruments* and is intended to replace IPSAS 29 *Financial Instruments: Recognition and Measurement*, which is based on IAS 39. The ED proposes simplified classification and measurement requirements for financial assets, a forward looking impairment model, and a flexible hedge accounting model. Consistent with the relief provided in IFRS 9, the IPSASB proposes to allow an option for entities to continue to apply the IPSAS 29 hedging requirements.

For more information please see
the following websites:

www.iasplus.com

www.deloitte.com

ED 62 includes public sector specific guidance on financial guarantees issued through non-exchange transactions and concessionary loans and examples illustrating how to apply the principles in ED 62 to transactions that are unique to the public sector.

In view of the significant changes proposed, the IPSASB intends to provide a three-year implementation period for the new standard and early adoption will be permitted.

Please click to access the **press release** and the **consultation page** on the IPSASB website. Comments are requested by 31 December 2017.

- Revenue and non-exchange expenses

Through the consultation paper, the IPSASB seeks feedback from constituents on a strategic direction for possible improvements to accounting for revenue (exchange and non-exchange transactions) and for potential requirements and guidance for accounting for non-exchange expenses.

Please click to access the **press release** and the **consultation paper** on the IPSASB website. Comments are requested by 15 January 2018.

Summary of June 2017 joint CMAC-GPF meeting

Representatives from the IASB met with both the Capital Markets Advisory Council (CMAC) and Global Preparers Forum (GPF) in London on 15 and 16 June 2017. Issues discussed included the IASB update, the Discussion Paper *Principles of Disclosure*, primary financial statements and comparability and flexibility in performance reporting, the post-implementation review of IFRS 13 *Fair Value Measurement*, impairment testing of goodwill and preparers' views on the proposals in the Exposure Draft Improvements to IFRS 8 *Operating Segments*.

The next GPF meeting will be held on 4 October 2017; the next CMAC meeting will take place on 20 October 2017.

Please click to access the **meeting page** and **meeting summary** on the IASB website.

Hyperinflationary economies – updated IPTF watch list available

The International Practices Task Force (IPTF) of the Centre for Audit Quality (CAQ) SEC Regulations Committee monitors the status of 'highly inflationary' countries. Please click **here** to access IPTF's assessment of hyperinflationary jurisdictions as of May 2017.

IASB posts webinar on the IFRS 17's premium allocation approach

The IASB has posted to its website a two-part webinar, 'How does IFRS 17 measure insurance contracts with short coverage periods?' The webinar presents the optional simplified accounting permitted in IFRS 17 for insurance contracts with short coverage periods, called the premium allocation approach. The webinar is recorded in two parts and covers optional simplified measurement, presentation and disclosure requirements.

Please click to access **Part 1**, **Part 2** and the **slides** on the IASB website.

Recent sustainability and integrated reporting developments

- The Global Sustainability Standards Board (GSSB) of the Global Reporting Initiative has launched a public consultation on proposed revisions to GRI Standards 303 *Water* and 403 *Occupational Health and Safety*.

Please click to access for the review page of **GRI 303** and **GRI 403** on the GRI website. Comments are requested by 9 October 2017.

- Chartered Professional Accountants of Canada (CPA Canada) has posted two articles on climate change aspects to its website: *It's time to make climate change a business issue* discusses awareness on the business cost of climate change. *Planning for climate change and a carbon-reduced economy* discusses the impact of climate change on business model and strategy. A corresponding online learning will be presented by CPA Canada on 19 October 2017.

Please click to access the ***It's time to make climate change a business issue*** and ***Planning for climate change and a carbon-reduced economy*** on the CPA Canada website.

- The Institut Français des Administrateurs (IFA) has released a report calling on Boards of Directors to produce an integrated report. The report concludes, that one of the key functions of the Board of Directors is to define a value creation strategy for the company's shareholders and that integrated thinking and integrated reporting are an inherent part of this function.

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

- The International Federation of Accountants (IFAC) and the International Integrated Reporting Council (IIRC) have jointly published *Creating Value for SMEs through Integrated Thinking: The Benefits of Integrated Reporting* highlighting how SMEs can benefit from integrated thinking, reporting, and noting that the IIRC's principles-based framework is deliberately flexible so that SMEs can apply it to their own specific circumstances.

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

- The IIRC has also published its own integrated report pointing to how integrated reporting is becoming more widespread around the world.

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

- The American Institute of Certified Public Accountants (AICPA) has issued *Attestation Engagements on Sustainability Information (Including Greenhouse Gas Emissions Information)* to provide guidance to CPAs who provide assurance on corporate, social and environmental performance information reported by companies.

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

- The United States Sustainability Accounting Standards Board (SASB) has released of its 2017 Technical Agenda. Crosscutting items that have been identified and will be addressed include human capital management, cyber security, water risk, and climate risk. The SASB is also integrating the recommendations of the recently released report by the G20 Task Force on Climate Related Financial Disclosure (TCFD) in each industry where climate risk is a material factor.

Please click to access the **technical agenda** on the SABS agenda.

IAASB, IESBA and IAESB outline need for more professional scepticism

The International Auditing and Assurance Standards Board (IAASB), International Ethics Standards Board for Accountants (IESBA), and the International Accounting Education Standards Board (IAESB), all operating under the auspices of the International Federation of Accountants (IFAC), have issued a report titled "Toward Enhanced Professional Skepticism". It notes that the importance of enhanced professional scepticism is underscored by the increasing complexity of business and financial reporting, including the greater use of estimates and management judgment, business model changes due to technological developments, and the fundamental reliance of the public on dependable financial reporting.

Please click to access the **publication** on the IFAC website.

ICAEW report on non-compliance disclosure under IFRS

The Institute of Chartered Accountants in England and Wales (ICAEW) has released a report 'Disclosure quality and international comparability under IFRS: evidence from pension discount rates, impairment and capitalisation of development costs'.

The findings reports on the difficulties met when collecting data into international differences in IFRS practice. The severity of the problem varies by country, but as a data problem, it should be of interest to analysts. Some of the thinness in disclosures may be due to immateriality but the Institute suspects some non-compliance with IFRS disclosure requirements, which should concern auditors, the IASB and regulators.

Please click to access the **full report** on the ICAEW website.

Summary of the June 2017 ITCG meeting

The IASB has published notes to the IFRS Taxonomy Consultative Group (ITCG) meeting held on 12 June 2017.

Please click to access the [summary minutes of meetings](#) on the IASB website.

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Deloitte IFRS communications and publications

Issuance Date	Description
29 August 2017	IFRS on Point – July 2017

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Comment letters

	Description	Receiving party	Date issued/ Comment deadline
Comment letters issued	Tentative agenda decision on IAS 28 – Acquisition of an associate or joint venture from an entity under common control	IFRIC	21 August 2017
	Tentative agenda decision on IAS 37 – Costs considered in assessing whether a contract is onerous	IFRIC	21 August 2017
	Tentative agenda decision on IAS 38 – Goods acquired for promotional activities	IFRIC	21 August 2017
	Tentative agenda decision on IFRS 3 – Acquisition of a group of assets that does not constitute a business	IFRIC	21 August 2017
Comment letters pending	Request for information on PIR of IFRS 13	IASB	22 September 2017
	DP: Principles of Disclosure	IASB	2 October 2017
	ED: Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)	IASB	19 October 2017
	ED: Accounting Policies and Accounting Estimates (Amendments to IAS 8)	IASB	15 January 2018

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Effective dates

Click [here](http://www.iasplus.com/standard/effect.htm) for upcoming and recent effective dates. <http://www.iasplus.com/standard/effect.htm>

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