



IFRS on Point

Financial Reporting Developments and Information: May 2017

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IFRS Foundation Trustees and Japan's FASF strengthen cooperation

The SEC staff has issued FAQs on the IFRS taxonomy that became available for use by foreign private issuers that submit their financial statements in accordance with IFRSs in March.

The statement was issued in conjunction with the meeting of the IFRS Foundation's Trustees in Tokyo, Japan.

In Japan, listed companies have a choice of several sets of accounting standards. The use of IFRS has been permitted since 2010. Since then, 164 listed companies (30% of total market capitalisation) have already adopted or announced plans to adopt IFRS.

For more information, see the [press release](#) and [joint statement](#) on the IASB's website.

IASB publishes Request for Information on the post-implementation review of IFRS 13

The International Accounting Standards Board (IASB) has issued a Request for Information (RFI) seeking comments from stakeholders to identify whether IFRS 13 'Fair Value Measurement' provides information that is useful to users of financial statements; whether there are areas of IFRS 13 that are difficult to implement and may prevent the consistent implementation of the standard; and whether unexpected costs have arisen in connection with applying or enforcing the standard.

For more information, see the full article on [IASPlus](#).

The Bruce Column – Sunshine and the ideas behind management commentary

The concept of management commentary has long been perceived by the IASB like a worrying cloud hovering over financial reporting. But the sun may be about to break through. A speech by Hans Hoogervorst, Chairman of the IASB, looks likely to have confirmed that the weather has changed, reports our regular columnist, Robert Bruce.

The full article is available on [IASPlus](#).

For more information please see
the following websites:

www.iasplus.com

www.deloitte.com

The Bruce Column – How to ensure that finance takes you into the future

In a wide-ranging video interview about the Finance for the Future Awards with our regular resident columnist, Robert Bruce, Jessica Fries, Executive Chairman of the Prince's Accounting for Sustainability Project and Alan Stewart, one of the lead judges of the awards, and CFO at Tesco, looked at the achievements and growing value of the programme.

The **video** and full article are available on IASPlus.

IASB launches IFRS 17 implementation support page

After the issuance of IFRS 17 'Insurance Contracts' on 18 May, the IASB has set up an implementation support page for IFRS 17.

In addition to material issued alongside IFRS 17 on 18 May, the page also offers contact details and submission information for technical enquiries and implementation issues.

The IASB will keep the implementation support page available through the whole implementation process for IFRS 17 and will continue to add additional information that becomes available.

The new page can be accessed on the **IASB's website**.

European stakeholders come strongly down in favour of the current endorsement process

On 21 March 2017, the European Commission launched a public consultation on the operation of the European Supervisory Authorities (ESAs), one of which is the European Securities and Markets Authority (ESMA). The consultation document suggested that the review of the ESAs' operation might also be used to "streamline" the endorsement process in the EU by giving ESMA an "advisory role".

The full article is available on **IASPlus**.

Updated IASB work plan – Analysis

Following its May 2017 meeting, the IASB has updated its work plan. There were no major changes with the exception of the insurance contracts project being removed from the active projects due to the issuance of IFRS 17.

Below is an analysis of all changes made to the work plan since the last update in April 2017.

Research projects

- no changes

Major projects

- Insurance contracts – Comprehensive project – removed from the work plan in line with the issuance of IFRS 17 Insurance Contracts.

Narrow-scope amendments

- a new project on long-term interests in associates and joint ventures has been split off from the Annual improvements 2015–2017 – final amendments to IAS 28 are expected within six months
- a new project vaguely called "Annual improvements (next cycle)" has been added to the agenda – an exposure draft is expected after six months

IFRS Taxonomy

- proposed taxonomy update on insurance contracts (published together with IFRS 17 yesterday) – a final updated is expected within six months

The **revised IASB work plan** is available on the IASB's website.

IASB issues new insurance contracts standard

The International Accounting Standards Board (IASB) has published a new standard, IFRS 17 'Insurance contracts'. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 'Insurance Contracts' and related interpretations and is effective for periods beginning on or after 1 January 2021, with earlier adoption permitted if both IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have also been applied.

A summary of the new standard is available on **IASPlus**.

The Bruce Column – Comparability is the goal of the new insurance standard

It has been years in the making, but a new insurance standard is now published. And as our resident columnist Robert Bruce explains it should shed light on the financial results of a sector which was previously hard to understand.

The full article is available on **IASPlus**.

IASB posts webcast on IFRS 9

The IASB staff has made available a webcast discussing IFRS 9 and the application of the impairment requirements for revolving facilities.

In the webcast, IASB Vice-Chair Sue Lloyd and Technical Director Kumar Dasgupta talk through key requirements of IFRS 9 Financial Instruments that are relevant when an entity determines the expected life of revolving facilities, such as credit cards and overdrafts, by considering its normal credit risk management actions.

The **webcast** is available on the IASB's website.

IFRS Foundation and World Bank enter Memorandum of Understanding

IFRS Foundation and World Bank have decided to deepen their cooperation to support developing economies in their use of reporting standards.

Both organisations have a public interest mission and they believe that combining their expertise and extensive networks will support developing economies to achieve sustainable and comprehensive development built on transparency, accountability, and efficient financial markets.

The Memorandum of Understanding notes three priorities of collaboration:

- Implementation of IFRSs and the IFRS for SMEs by encouraging adoption, supporting accessibility, and conducting research;
- Capacity development for the implementation of IFRSs by developing scalable programmes, supporting professional development, and thought leadership; and
- Enhancing engagement in standards development by strengthening standard-setting capabilities and participating in advisory bodies of the IFRS Foundation.

Please click to access the following information of the IASB website:

- **Press release**
- **Memorandum of Understanding**
- **Video discussing the Memorandum of Understanding**

EBA publishes final guidance on accounting for expected credit losses

The European Banking Authority (EBA) has finalised its guidelines on credit institutions' credit risk management practices and accounting for expected credit losses.

The EBA guidelines build on the guidance by the Basel Committee on Banking Supervision (BCBS) in December 2015 on the same matter and feature a detailed section on the application of IFRS 9 Financial Instruments. A draft of the guidelines was subject to a three-month consultation period between July 2016 and October 2016. The guidance notes:

"The EBA welcomes the move from an incurred loss model to an ECL model under IFRS 9. IFRS 9 is, overall, an improvement compared to IAS 39 in the accounting for financial instruments and the changes on credit loss provisioning should contribute in addressing the G20's concerns about the issue of 'too little, too late' recognition of credit losses and improve the accounting recognition of loan loss provisions by incorporating a broader range of credit information. IFRS 9 is therefore expected to address some prudential concerns and contribute to financial stability. However, the application of IFRS 9 also requires the use of judgement in the ECL assessment and measurement process which could potentially affect the consistent application of IFRS 9 across credit institutions and the comparability of credit institutions' financial statements."

The EBA notes that the objective of the guidelines is to be in line with the BCBS guidance. The EBA guidelines would also not prevent credit institutions from meeting the impairment requirements in IFRS 9. The guidelines should be implemented by 1 January 2018.

Please click for the following additional information on the EBA website:

- **Press release**

- **Final guidance**

Recent AAOIFI developments

The Accounting and Auditing Organisation 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. Recently, the AAOIFI has approved and published two exposure drafts and one final standard and a comprehensive report on its activities since 2014. The AAOIFI has also embarked on a major project to develop guidance on Islamic endowments.

Further information is available on **IASPlus**.

First EFRAG draft comment letter on the discussion paper on disclosure principles

The European Financial Reporting Advisory Group (EFRAG) has issued an initial draft comment letter on the IASB discussion paper DP/2017/1 'Disclosure Initiative – Principles of Disclosure'.

This first draft comment letter contains EFRAG's preliminary views on the questions contained in the discussion paper. The positions expressed in this document have been prepared by EFRAG's Technical Expert Group (TEG) and have been reviewed by the EFRAG Board. However, the Board concluded that with this topic answering the questions in the consultation document is as answering the ones that were not specifically asked but that arise from the paper nonetheless. These would regard cross-cutting and strategic issues, for example:

- the boundary between financial statements and the annual report;
- the consideration of the impact of technology on the presentation of financial statements;
- the relationship between general-purpose financial reporting and electronic filing; and
- the scalability of disclosure requirements and the relevance of the proposals to the broad spectrum of listed companies.

The EFRAG Board will continue discussing these issues in May and will then replace this initial consultation document with a full draft comment letter.

Comments on EFRAG's final draft comment letter are requested by 11 September 2017. For more information, see the **press release** and the **initial draft comment letter** on the EFRAG website.

IASB posts webcast on principles of disclosure

The IASB staff has made available a webcast discussing the Board's recent discussion paper (DP) on the disclosure initiative.

The IASB issued its DP, Disclosure Initiative – Principles of Disclosure in March 2017. This webcast – hosted by IASB member Gary Kabureck – discusses:

- The background and objective of the Principles of Disclosure project.
- Disclosure issues identified by the Board.
- Possible approaches to remedy these disclosure issues, including the Board's preliminary views.
- The questions on which the Board is seeking feedback.

The **webcast** is available on the IASB's website.

EFRAG draft comment letter on proposed amendments to IFRS 9 regarding the classification of certain prepayable financial assets

The European Financial Reporting Advisory Group (EFRAG) has issued a draft comment letter on the IASB exposure draft ED/2017/3 'Prepayment Features with Negative Compensation (Proposed amendments to IFRS 9)'.

In its draft comment letter, EFRAG welcomes the IASB addressing the concerns related to prepayment features with negative compensation. However, EFRAG is of the view that prepayment features with negative compensation should be subject to the same eligibility conditions as prepayment features with positive compensation; therefore, EFRAG disagrees with the criterion that states that the fair value of the prepayment feature should be insignificant at initial recognition.

In order to minimise any disruption to the implementation efforts already undertaken by preparers and users, EFRAG requests the IASB to do its utmost to finalise the amendments as soon as possible and to ensure they are limited to what is strictly necessary to address the issue submitted to the IFRS Interpretations Committee. EFRAG also recommends that the IASB include an effective date of 1 January 2019, with early application permitted, rather than the date proposed in the amendments.

Comments on EFRAG's draft comment letter are requested by 17 May 2017. For more information, see **the press release** and the **draft comment letter** on the EFRAG website.

IFRS Foundation updates its pocket guide to IFRS

The IFRS Foundation has published the 2017 version of 'Pocket Guide to IFRS Standards: the global financial reporting language'. The guide provides an overview of the adoption of IFRS in 150 countries and other jurisdictions around the world.

The **Pocket Guide to IFRS Standards: the global financial reporting language** can be downloaded free of charge from the IASB's website. For more information, see the **press release** on the IASB's website.

FRC Financial Reporting Lab publishes framework for future digital reporting

The Financial Reporting Lab of the UK Financial Reporting Council (FRC) has released a report setting out a framework for future digital reporting. The report expresses the views of a wide range of preparers, investors and others on the characteristics that they would like to see in any future (digitally enabled) system of corporate reporting.

The report identifies three stages of reporting: production, distribution, and consumption. For each of the stages characteristics of future digital reporting are then identified and explained. Thus production should be cost-efficient, easy, compatible and timely; distribution should be free, prompt, compliant, and accessible; and consumption should be contextual, usable, credible, and engaging.

In the next phase of the project, the Lab will assess the extent to which technologies such as virtual reality, augmented reality, blockchain, XBRL, video, and other digital media fit the framework.

Please click to download the publication from the FRC's website: **Digital Future – A framework for future digital reporting**.

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Deloitte IFRS communications and publications

Issuance Date	Description
1 May 2017	IFRS in Focus – Spotlight on key judgements and estimates disclosures
18 May 2017	IFRS in Focus – IASB issues IFRS 17 – Insurance Contracts
23 May 2017	Robert Bruce interviews – How to ensure that finance takes you into the future
26 May 2017	IFRS model financial statements 2017
26 May 2017	IFRS in Focus – IASB issues Request for Information as part of its Post-Implementation Review of IFRS 13

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IASB and IFRS Interpretations Committee meetings

Description	
IASB meeting	Click here for the 24 - 27 April 2017 meeting notes.
IFRS Interpretations Committee meeting	Click here for the 3 May 2017 meeting notes.

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Hot topics on IFRS

Topic	
Country by country reporting	Click here for more information on the developments related to proposals to require the publishing of financial information by country or jurisdiction
Differential reporting	Click here for more information dealing with the financial reporting needs and requirements of different categories of entities (listed, public, private).
Global financial crisis	Click here for more information on global financial crisis
Islamic accounting	Click here for more information responding to concerns that existing accounting Standards such as IFRSs or local GAAP may be perceived to be insufficient to account for and report Islamic financial transactions.
Use of IFRS by jurisdiction	Click here for more information on use of IFRS within different jurisdictions
IFRS in Europe	Click here for more information on IFRS in Europe
Research and education matters	Click here for more information on research and education matters

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Comment letters

	Description	Receiving party	Date issued/ Comment deadline
Comment letters issued	ED/2017/3 Prepayment Features with Negative Compensation (Proposed amendments to IFRS 9) published	IASB	24 May 2017
	Tentative agenda decision on IAS 19 – Discount rate in a country that has adopted another country's currency	IASB	24 May 2017
	Tentative agenda decision on IAS 41 – Biological assets growing on bearer plants	IASB	24 May 2017
	Tentative agenda decision on IAS 32 – Centrally cleared client derivatives	IASB	24 May 2017
	Tentative agenda decision on IFRS 1 – Subsidiary as a first-time adopter	IASB	24 May 2017
	Tentative agenda decision on IFRS 9 – Modifications or exchanges of financial liabilities that do not result in derecognition	IASB	24 May 2017
	Tentative agenda decision on IAS 12 – Interest and penalties related to income taxes	IASB	24 May 2017
	Tentative agenda decision on IAS 33 – Tax arising from payments on participating equity instruments	IASB	24 May 2017
Comment letters pending	ED/2017/2 Improvements to IFRS 8 'Operating Segments' (Proposed amendments to IFRS 8 and IAS 34) published	IASB	31 July 2017
	DP/2017/1 Disclosure Initiative – Principles of Disclosure	IASB	02 October 2017

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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