



IFRS on Point

Financial Reporting Developments and Information from February 2019

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IASB Board meeting (February 2019)

The IASB met on 7 and 8 February 2019. The following topics were on the agenda:

- IFRS for SMEs – review and update
- Managements commentary – oral update
- Primary financial statements
- Amendments to IFRS 17 *Insurance Contracts*
- IBOR reform and the effects on financial reporting

Please click to access the following documents.

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

IASB decides on further potential amendments to IFRS 17

At its February 2019 meeting, the International Accounting Standards Board (IASB) discussed IFRS 17 *Insurance Contracts* and 4 of the 25 concerns regarding the Standard that were identified in October 2018 as candidates for potential amendments.

The following issues were discussed:

- Loans that transfer significant insurance risk
- Transition: Optionality and comparative information
- Transition: Risk mitigation option and amounts accumulated in other comprehensive income on transition
- Transition: Modified retrospective approach

Please click to access the following:

- **Full meeting notes** from the session
- **Summary of the decisions** on the IASPlus Website
- **Podcast**, featuring IASB member Darrel Scott and Technical Staff Laura Kennedy, on the IFRS 17 discussion at the February IASB meeting

For more information please see
the following websites:

www.iasplus.com

www.deloitte.com

IFRS Interpretations Committee meeting

The IFRS Interpretations Committee met on 5-6 March 2019 to finalise previously discussed agenda decisions as well as three new interpretation requests.

Agenda decisions to finalise:

- IFRS 9 *Financial Instruments* – Application of the highly probable requirement when a specific derivative is designated as a hedging instrument.
- IFRS 9 *Financial Instruments* – Credit enhancement in the measurement of expected credit losses.
- IFRS 9 *Financial Instruments* – Curing of a credit-impaired financial asset.
- IFRS 9 *Financial Instruments* – Physical settlement of contracts to buy or sell a non-financial item.
- IFRS 11 *Joint Arrangements* – Sale of output by a joint operator.
- IFRS 11 *Joint Arrangements* – Liabilities in relation to a joint operator's interest in a joint operation.
- IAS 23 *Borrowing Costs* – Over time transfer of constructed good.
- IAS 38 *Intangible Assets* – Customer's right to access the supplier's software hosted on the cloud.

New interpretation requests:

- IFRS 15 *Revenue from Contracts with Customers* – Costs to fulfil a contract.
- IFRS 16 *Leases* – Subsurface rights.
- IAS 19 *Employee Benefits* – Effect of a potential discount on plan classification.

Continuing and future discussions:

- Holdings of a cryptocurrency

Please click to access the following documents on the IASB website:

- **Agenda and related agenda papers**

IASB concludes its work

The IASB has decided not to perform further on work 'Improvements to IFRS 8 'Operating Segments' – Proposed amendments to IFRS 8 and IAS 34 ' and 'Discount rates in IFRS Standards '. The project summaries have been updated to reflect this decision.

Please click to access the following on the IASB website:

- **Press release**
- **Project summary on IFRS 8**
- **Project summary on discount rates**

Summary of the November 2018 GPF meeting

Representatives of the IASB met with the Global Preparers Forum (GPF) in London on 6 November 2018.

The **full meeting summary** is now available on the IASB website.

Summary of the January 2019 ITCG meeting

The IASB has published a summary of the IFRS Taxonomy Consultative Group (ITCG) meeting held via conference call on 31 January 2019. For more information, see **the summary** on the IASB's website.

Additional educational module on the IFRS for SMEs on leases

The IFRS Foundation has issued stand-alone educational modules, which supports the learning, application, and reading of financial statements prepared with the *IFRS for SMEs* Standard.

The modules cover the following sections of the *IFRS for SMEs* Standard:

- Section 20 *Leases*
- Section 34 *Specialised Activities*

Please click to access all **IFRS for SMEs modules available** on the IASB website.

IASB posts webcast on IFRS 15

The IASB has posted a webcast by IASB member Nick Anderson and investor engagement member Sid Kumar that provides an overview on IFRS 15, 'Revenue from Contracts with Customers'.

For more information, please see the **press release** on the IASB's website.

IASB announces sixth research forum

The IASB will host its sixth Research Forum on 28-29 October 2019 in Short Hills, New Jersey.

The Forum will be held in conjunction with the *Journal of International Accounting Research (JIAR)*. The call for papers inviting submissions that can provide evidence to inform the standard-setting activities of the IASB notes the following areas of particular interest:

- Convergence between the IASB and the FASB;
- Evidence relevant to the forthcoming post-implementation reviews of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities* and IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.
- The challenges of conducting effective post-implementation reviews.
- Worldwide use of IFRS and the *IFRS for SMEs*.
- Intangible assets.
- Liabilities vs. equity.
- Performance reporting/primary financial statements.
- Rule vs. principles-based accounting standards.
- Projects on any other topics on the IASB research agenda or in the research pipeline.

Please click for **more information** on the IASB website.

IASB member discusses returns, reinvestment opportunities and dividend distribution

IASB member Nick Anderson has issued an article discussing corporate performance and how investors seek to understand the quality of the profit number, not just the amount of earnings.

Please click to access the **full article** on the IASB website.

IASB member discusses disclosures about changes in financing liabilities

IASB member Nick Anderson has issued an article discussing the objectives the amendments to IAS 7 Statement of Cash Flows (published in 2016) that require companies to provide disclosures about changes in liabilities arising from financing activities.

Please click to access the **article** and the **amendments** on the IASB website.

IASB posts webcast on international cross-border investment

The IASB has posted a webcast, by IASB member Ann Tarca, which discusses evidence about the impact of adopting IFRS Standards on foreign investment activity.

For more information, see the **press release** and **webcast** on the IASB's website.

IASB issues latest edition of 'The Essentials' newsletter

The IASB has issued the fifth edition of its newsletter "The Essentials," which is intended to increase investors' awareness of IFRSs and enhance their insights into IFRS financial statements.

This issue provides an analysis of lessee financial statements and non-GAAP performance measures.

Please click to access **Issue 5 of The Essentials**, as well as an **archive of previous issues**, available on the IASB's website.

IFRS Foundation seeks IASB Board members

The IFRS Foundation Trustees are seeking to appoint three new Board members, one from the Americas, one from Africa, and one from the Asia-Oceania region.

Nominations close on 22 March 2019.

For more information, see the **press release** on the IASB's website.

IFRS Foundation Trustees extend IASB board member's term

The Trustees of the IFRS Foundation have extended IASB Board member Martin Edelmann's second term by one year. Mr Edelmann is currently serving his second term with the IASB, which originally was set to end in June 2020 and now will end on 30 June 2021.

For more information, see the **press release** on the IASB's Website.

IFRS Foundation seeks Trustee applications

The IFRS Foundation are seeking three Trustees: one from Asia Oceania and two from the Americas. Trustees' responsibilities include oversight of the organisation in the public interest, its strategic direction, appointments to the Board, the IFRS Interpretations Committee and the IFRS Advisory Council, and ensuring the financing of the organisation and approving its budget.

For more information, please click to access the **press release** on the IASB website.

IFRS Foundation seeks IFRS Interpretations Committee members

The Trustees of the IFRS Foundation have invited applications for candidates to fill four vacancies on the International IFRS Interpretations Committee for terms that will expire on 30 June 2019.

Applications are accepted until 8 March 2019.

Please click for **more information** on the IASB's website.

IPSASB publishes final guidance on accounting for social benefits and exposure draft on collective and individual services and emergency relief

The International Public Sector Accounting Standards Board (IPSASB) has released International Public Sector Accounting Standard (IPSAS) 42 'Social Benefits' and an related Exposure Draft (ED) 67 'Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)' to address a wide range of significant government expenditures

Please click to access the following on the IPSASB website:

- **Press release**
- **Access to the standard, introductory webinar and At a Glance summary** as well as **supporting resources**
- **Access to the exposure draft, introductory webinar and At a Glance summary**

Agenda for the March 2019 IFASS meeting

The International Forum of Accounting Standard Setters (IFASS) will meet in Buenos Aires on 28–29 March 2019.

The following items are on the agenda:

- EFRAG's discussion paper on non-exchange transfers
- FRC's research project on 'Variable and contingent consideration'
- Proposals for the NFP accounting technical advisory group
- Financial instruments with characteristics of equity
- Follow-up on AcSB's project on performance measures reporting
- Climate related and other emerging risk issues on financial statements and the impact of practice statement 2 on materiality
- Optional breakout sessions:
 - Inline XBRL and blockchain
 - IFRS for SMEs: Standard review; Relief for subsidiaries
- IFRS 17 (I): Tentative views of the IASB on upcoming amendments to IFRS 17
- IFRS 17 (II): Implementation activities, insights, experience
- Financial reporting in an electronic format
- The Fitness check on the EU framework for public reporting by companies: Result of the consultation
- Presentation of finance cost
- Improving the impairment testing model in IAS 36 *Impairment of Assets*

Accountancy Europe responds to EC expert group report on disclosure of climate-related information

Accountancy Europe has responded to the report on companies' disclosure of climate-related information issued by the Technical Expert Group on Sustainable Finance set up by the European Commission (EC).

Please click to download the **full response** from the Accountancy Europe website.

FRC consults on the reporting of intangibles

The UK Financial Reporting Council (FRC) has launched a consultation into possible improvements to the reporting of factors that are important to a business' generation of value. Comments are requested by 30 April 2019.

Please click to access the **consultation paper** on the FRC website.

News from the European Corporate Reporting Lab

The European Financial Reporting Advisory Group (EFRAG) has announced that the European Lab Steering Group has appointed the members of the Project Task Force on climate-related reporting. In addition, the European Lab's held a conference on 'Fostering Innovation in Corporate Reporting' on 5 March 2019.

Please click to access the following on the EFRAG website:

- **Press release** with more information on appointed members.
- **Full programme of the conference and registration**

EC consults on updating the non-binding guidelines on non-financial reporting

The European Commission (EC) has published a draft supplement to its non-binding guidelines on non-financial reporting with specific reference to climate-related information. Stakeholders are invited to comment on the draft supplement by the end of Wednesday 20 March 2019, through the online facility created for this purpose.

Please click to access the **draft supplement and the online questionnaire** on the EC website.

EFRAG and ICAS issue survey on discount rates as applied to pension accounting

As part of a research project on discount rates in financial accounts, the European Financial Reporting Advisory Group (EFRAG) and Institute of Chartered Accountants of Scotland (ICAS) have issued a survey seeking views on discount rates as applied to pension liabilities for accounting purposes and alternative approaches.

The survey will be available for a couple of weeks and is applicable to all interested parties, including, preparers and users of financial accounts, auditors, and others.

For more information, see the **press release** on the EFRAG's website.

EFRAG early-stage analysis of FICE discussion paper

The European Financial Reporting Advisory Group (EFRAG) Secretariat has issued a working paper that provides an early-stage analysis of some possible effects of the IASB Discussion Paper DP/2018/1 'Financial Instruments with Characteristics of Equity'.

Please click to access the following information on the EFRAG website:

- **Press release**
- **Early-stage analysis of the impact of the discussion paper**
- **EFRAG comment letter on the discussion paper (submitted 1 February 2019)**

Annual ECON exchange of views with Hans Hoogervorst and Erkki Liikanen

At the annual exchange of views held on 26 February 2019 between the Committee on Economic and Monetary Affairs (ECON) of the European Parliament and representatives of the IASB and the IFRS Foundation, IASB Chairman Hans Hoogervorst and Erkki Liikanen, Chairman of the IFRS Foundation Trustees, stood ready to answer questions of the Parliamentarians. IFRS 17 'Insurance Contracts' and wider corporate reporting dominated the exchange.

Please click to access a **recording of the exchange** of views is available on the European Parliament website

AcSB updates research on extractive industries

In 2018, the IASB started gathering evidence to help it decide whether to start a project to develop proposals to replace IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Before deciding the scope and direction of a research project, the IASB asked the national standard-setters who contributed to the 2010 discussion paper on extractive activities to make the IASB aware of any new developments.

The Canadian Accounting Standards Board (AcSB) staff has now prepared a research update to identify accounting challenges faced and any developments since 2010 in the extractive sector as well as how those changes affect the research findings in the IASB's Discussion Paper Extractive Activities published by the IASB in 2010.

Please click to access the following on the AcSB website:

- **Press release** offering access to a short In Brief overview of the research update.

FASB and ASBJ hold biannual meeting

The FASB and the Accounting Standards Board of Japan (ASBJ) met in Tokyo on 7 and 8 February 2019. The meeting was the 25th in a series of biannual meetings between the two standard-setters.

In addition to giving updates on their respective standard-setting activities at the meeting, the two boards exchanged views on technical topics in which they both have an interest, including business combinations and goodwill, performance reporting and disclosures, leases, and the distinction between liabilities and equity.

For more information about the latest meeting, see the **press release** on the ASBJ website.

Standard-setters from Hong Kong and Japan continue bilateral meetings

Representatives of the Hong Kong Institute of Certified Public Accountants (HKICPA) and of the Accounting Standards Board of Japan (ASBJ) met on 25 and 26 February 2019 in Hong Kong to discuss higher quality accounting standards by collaboration.

The HKICPA and the ASBJ provided updates on their respective activities and exchanged views on how to improve the accounting for goodwill, business combinations under common control and intangible assets. They also discussed the quality of fair value measurement and the implementation of major new IFRSs in their jurisdictions.

Please click for the **press release** on the ASBJ website.

Recent sustainability and integrated reporting developments

- The Global Reporting Initiative (GRI) has launched a discussion paper *A Closer Look at Water and GHG Emissions Disclosure*, which contains key findings on corporate reporting on water and greenhouse gas (GHG) emissions.

Please click for **more information and access to the discussion paper** on the GRI website.

- The Growth and Emerging Market Committee (GEMC) of the International Organization of Securities Commissions (IOSCO) has published a consultation report *Sustainable finance in emerging markets and the role of securities regulators*, which proposes 11 recommendations for emerging market member jurisdictions to consider when issuing regulations or guidance regarding sustainable financial instruments.

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

- The World Business Council for Sustainable Development (WBCSD) and the Climate Disclosure Standards Board (CDSB) released a report on the corporate sustainability reporting landscape in Japan.

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

- The International Integrated Reporting Council (IIRC) has published new report *Integrated Reporting in Turkey*. The report aims to reveal perspectives of the Turkish business world through the lens of integrated reporting, the current corporate reporting practices, and the future expectations and orientations of the companies.

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

- The UK Government has issued updated *Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance*. The guidelines include two new chapters - 1: Steps in reporting your environmental impacts and 2: Guidance on streamlined energy and carbon reporting.

Please click to access **the updated guidance** on the UK government website.

- The Carbon Trust has published a summary of its findings on climate risk disclosure, in which it reveals that two-thirds (67%) of UK corporates plan to disclose climate-related risks and opportunities in their 2019 annual reports.

Please click for **more information and access to an infographic** on the Carbon Trust website.

- XBRL International has provided a comment letter on the EU's draft report on climate-related disclosures, urging the EU to help work to make this kind of reporting comparable, digital, discoverable and accessible.

Please click for **more information and access to the comment letter** on the XBRL International website.

Deloitte IFRS communications and publications

Issuance Date	Description
7 February 2019	International GAAP Bank Limited – Illustrative disclosures under IFRS 7 as amended by IFRS 9
11 February 2019	IFRS on Point – January 2019
12 February 2019	IFRS model financial statements 2018 – Appendix 2: Early adoption of IFRS 16 ‘Leases’
18 February 2019	IFRS in your pocket 2019

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Comment letters

	Description	Receiving party	Comment deadline
Comment letters pending	Onerous Contracts – Cost of Fulfilling a Contract	IASB	15/04/2019

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Effective Dates

Click **here** for upcoming and recent effective dates.

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