



## IFRS on Point

### Financial Reporting Developments and Information from January 2021

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#### International headlines

#### Updates to Deloitte iGAAP manual

#### Deloitte IFRS communications and publications

#### Comment letters

#### Effective dates

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### International headlines

#### **Board proposes new Standard on rate-regulated activities**

The International Accounting Standards Board (Board) has published Exposure Draft ED/2021/1 *Regulatory Assets and Regulatory Liabilities* proposing a new Standard that is intended to replace IFRS 14 by introducing a comprehensive accounting model for regulatory assets and liabilities.

The new Standard is proposed to apply when the entity is party to a regulatory agreement that determines the regulated rate the entity charges for the goods or services it supplies to customers.

Regulatory assets and liabilities arise when part or all of the total allowed compensation for goods or services supplied in one period is charged to customers through the regulated rates for goods or services supplied in a different past or future period. An entity recognises all regulatory assets and liabilities as defined in the proposals, and as a result, regulatory income and expense.

Regulatory assets and liabilities would be measured at historical cost, modified for subsequent measurement by using updated estimates of the amount and timing of future cash flows. The estimated future cash flows of a regulatory asset or liability would be discounted to their present value by using the regulatory interest rate.

The deadline for submitting comments is 30 June 2021.

Please click to access the following:

- **IASB press release** on the IFRS Foundation website
- **Exposure Draft** on the IFRS Foundation website
- **Basis for conclusions** on the IFRS Foundation website
- **Illustrative Examples** on the IFRS Foundation website
- **IASB Snapshot document** summarising the proposals on the IFRS Foundation website
- **IFRS in Focus** newsletter on IAS Plus

For more information please see the following websites:

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

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

### **Educational material on going concern requirements**

The IFRS Foundation has issued educational material titled *Going concern—a focus on disclosure*.

The educational material, prepared as part of the IFRS Foundation's commitment to support stakeholders during the COVID-19 pandemic, highlights existing requirements of IFRS Standards on the assessment of whether the going concern basis of accounting remains appropriate and the disclosures that might be required about that assessment.

Significantly, the educational material notes that:

- Management's assessment of going concern is required to cover at least 12 months from the reporting date but that this is a minimum period, not a cap.
- That assessment needs to reflect the effect of events occurring after the end of the reporting period up to the date that the financial statements are authorised for issue.
- In addition to the specific requirements to disclose the basis on which financial statements are prepared and any material uncertainties over going concern, disclosure of significant judgements made as part of a going concern assessment might be required under the general requirements of IAS 1.

Please click to access the following:

- **IASB press release** on the IFRS Foundation website
- **Educational material** on the IFRS Foundation website
- **IFRS in Focus** newsletter on IAS Plus

### **Board Meeting (January 2021)**

The Board met via video conference on 26 January 2021.

The following topics were discussed:

- Board work plan update
- Maintenance and consistent application—*IFRIC Update*
- Disclosure Initiative—Subsidiaries that are SMEs
- Primary Financial Statements

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
- **Analysis of the updated IASB work plan** on IAS Plus
- **Detailed notes** taken by Deloitte observers on IAS Plus

### **IFRS Interpretations Committee podcast**

The Board has published a podcast about Board and IFRS Interpretations Committee activities to support consistent application during the fourth quarter of 2020.

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

### **Board holds webinar on DP/2020/2 Business Combinations under Common Control**

On 27 January 2021, The Board held a live webinar that provided an overview of DP/2020/2 *Business Combinations under Common Control*, explained the Board's preliminary views and gave the viewers an opportunity to ask questions.

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

### **Board publishes presentation on IFRS Standards and academic research opportunities**

The Board has published a presentation given by Board member Ann Tarca that discusses opportunities for academic researchers to aid in standard-setting activities. Specifically, the presentation focuses on how the Board uses research during the post-implementation review process and notes the research opportunities in the PIR of IFRS 9, IFRS 15 and IFRS 16.

Please click to access the **press release** and the **presentation** on the IFRS Foundation website.

### Summary of the December 2020 ASAF meeting now available

The Board has published a summary of the Accounting Standards Advisory Forum (ASAF) meeting that was held via remote participation on 10 December 2020.

The topics discussed at the meeting included:

- Rate-regulated Activities
- Cryptoassets
- Financial Instruments with Characteristics of Equity
- Dynamic Risk Management
- Lack of Exchangeability (Amendments to IAS 21)

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

### 2021 required and annotated required IFRS Standards now available

The IFRS Foundation announced that the annual publication formerly known as the 'Blue Book' is now available in its 2021 edition.

Please click to access:

- Electronic copies for subscribers of **eIFRS Professional**
- Printed copies via the **IFRS Foundation's web shop**

### Appointment to the IFRS Advisory Council

The Trustees of the IFRS Foundation have announced the appointment of Xianzhong Li to the IFRS Advisory Council effective 1 January 2021.

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

### EFRAG launches survey on the post-implementation review of IFRS 10, IFRS 11 and IFRS 12

In the context of the post-implementation review of IFRS 10, IFRS 11 and IFRS 12 launched by the Board in December 2020, the European Financial Reporting Advisory Group (EFRAG) is inviting stakeholders to participate in a survey that addresses a number of areas of the Standards that have been identified as potentially unclear.

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

### ESMA supports endorsing IFRS 17 in its current form

The European Securities and Markets Authority (ESMA) has commented on EFRAG's draft endorsement advice on 17. In the comment letter, ESMA supports the endorsement of the Standard in its current form.

Please click to access the **press release** and the **comment letter** on the draft endorsement advice on the ESMA website.

### UK begins own endorsement of IFRS Standards and amendments to IFRS Standards

After the end of the transition period on 31 December 2020, the UK ceased to apply EU law. IFRS Standards adopted by the EU at that point of time were incorporated into domestic UK law as IFRS Standards as adopted by the UK. The Secretary of State for Business, Energy and Industrial Strategy (BEIS), who has the power of endorsing and adopting international accounting standards while the UK Endorsement Board (UKEB) is still being established, has now adopted the *Interest Rate Benchmark Reform—Phase 2* amendments and the *Extension of the Temporary Exemption from Applying IFRS 9* amendments for use within the UK.

Please click to access **list of adopted and outstanding adoption standards** on the UKEB website.

### Hyperinflationary economies—updated IPTF watch list available

The International Practices Task Force (IPTF) of the Centre for Audit Quality (CAQ) monitors the status of 'highly inflationary' countries for the purposes of applying US GAAP.

Please click to access the **watchlist** on the CAQ website.

For economies that should be considered hyperinflationary in an IFRS context, please see our **Closing Out 2020** publication, section 'Currency and hyperinflation'.

### IPSASB consultation documents on leases

The International Public Sector Accounting Standards Board (IPSASB) has released an exposure draft on leases, and a request for information on concessionary leases and other arrangements similar to leases.

Please click to access the following on the IPSASB website:

- **Press release**
- **Exposure draft, a short video and an *At a Glance* introduction**
- **Request for Information**

### IIRC publishes revised Framework

The International Integrated Reporting Council (IIRC) has published revisions to the International <IR> Framework, originally released in 2013, to enable more decision-useful reporting.

The IIRC has also published a recording of the launch event that provides an overview of the revisions.

Please click to access the following on the IIRC website:

- **Press release**
- **Revised <IR> Framework**
- **Recording** of the launch event

### Recent sustainability and integrated reporting developments

- Among others, Deloitte firms in the European Union, Accountancy Europe and the Global Reporting Initiative (GRI) have responded to the consultation document by EFRAG Board President Jean-Paul Gauzès, on an ad-personam basis, on the possible changes to the governance and financing of EFRAG, in case EFRAG were entrusted with the development of possible EU non-financial reporting standards.

Please click to access the following:

- The **response** from the Deloitte firms in the European Union on IAS Plus
- The **response** from Accountancy Europe on the Accountancy Europe website
- The **response** from GRI on the EFRAG website
- EFRAG conducted a series of online outreach events to gather stakeholders' view from various jurisdictions on the tentative proposals of the Project Task Force on non-financial reporting standards. An outreach document was provided to facilitate discussions at those meetings. Accountancy Europe has published a related letter.

Please click to access the **letter** on the Accountancy Europe website.

- The South African Integrated Reporting Committee (IRC) has published an information paper titled *Delivering a meaningful and concise integrated report*.

Please click to access the **information paper** on the IRC website.

- A group of 22 leading insurers and reinsurers convened by the UN Environment Finance Initiative (UNEP FI) has published the first comprehensive guidance for the insurance industry to identify and disclose the impact of climate change on their businesses.

Please click to access the **guidance** on the UNEP FI website.

- The Global Reporting Initiative (GRI) has published an updated version of *Linking the SDGs and the GRI Standards*.

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

- **EFRAG** has launched a survey on stakeholders' views on non-financial risks and opportunities reporting practices.

Please click to access the **survey** on the EFRAG website.

## Updates to Deloitte iGAAP manual

### Amended Deloitte Guidance

Chapter	Reference	Deloitte guidance title
A16 Share-based payment	6.4.1-1	Modifications to cash-settled share-based payment transactions

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

### Deloitte's enhanced IFRS e-learning website

Deloitte has launched a redesigned IFRS e-learning platform. The site allows external users to complete over 40 of Deloitte's IFRS e-learning free of charge with 6 million+ uses in recent years.

Please click to access the **Enhanced e-learning platform** on the Deloitte IFRS learning website.

### Deloitte IFRS communications and publications

Issuance Date	Description
18 January 2021	<b><i>IFRS on Point—December 2020</i></b>
20 January 2021	<b><i>IFRS in Focus—IFRS Foundation publishes educational material on the requirements of IFRS Standards relevant for going concern assessment</i></b>
29 January 2021	<b><i>IFRS in Focus—IASB proposes new Standard on Regulatory Assets and Regulatory Liabilities</i></b>

### Comment letters

	Description	Receiving party	Comment letter deadline
Comment letters pending	<b>Tentative Agenda Decision—<i>Classification of Debt with Covenants as Current or Non-current (IAS 1)</i></b>	IFRS IC	15/02/2021
	<b>Tentative Agenda Decision—<i>Attributing Benefit to Periods of Service (IAS 19)</i></b>	IFRS IC	15/02/2021
	<b>Tentative Agenda Decision—<i>Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38)</i></b>	IFRS IC	15/02/2021
	<b>Tentative Agenda Decision—<i>Hedging Variability in Cash Flows Due to Real Interest Rate (IFRS 9)</i></b>	IFRS IC	15/02/2021
	<b>Exposure Draft ED/2020/4—<i>Lease Liability in a Sale and Leaseback</i></b>	IASB	29/03/2021
	<b>Request for Information—<i>Post-implementation Review of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities</i></b>	IASB	10/05/2021
	<b>Exposure Draft ED/2021/1—<i>Regulatory Assets and Regulatory Liabilities</i></b>	IASB	30/06/2021
	<b>Discussion Paper DP/2020/2—<i>Business Combinations under Common Control</i></b>	IASB	01/09/2021

## 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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