



## IFRS on Point

### Financial and Sustainability Reporting Developments and Information from March 2022

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#### International headlines

##### **ISSB proposes global baseline of sustainability disclosure standards for capital markets**

The International Sustainability Standards Board (ISSB), established at COP26 to develop a comprehensive global baseline of sustainability disclosures for the capital markets, has launched a consultation on its first two proposed standards:

- IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*
- IFRS S2 *Climate-related Disclosures*

The proposed IFRS S1 sets out overall requirements to achieve the objective of disclosing sustainability-related financial information that is useful to the primary users of the entity's general purpose financial reporting when they assess the entity's enterprise value and decide whether to provide resources to it.

The proposed IFRS S2 sets out the requirements for identifying, measuring and disclosing climate-related risks and opportunities.

The EDs built on the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-Related Financial Disclosures (TCFD). The design of the proposed standards is intended to allow for supplementation and interoperability with jurisdictional requirements.

Both standards would be applied prospectively, with no requirement for comparative information in the period of initial application. The EDs do not propose an effective date.

The comment period for both EDs ends on 29 July 2022.

For more information please see the following websites:

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

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

Please click to access the following:

- **Press release** on the IFRS Foundation website
- **Exposure Draft IFRS S1** on the IFRS Foundation website
- **Exposure Draft IFRS S2** on the IFRS Foundation website
- **Snapshot** providing a high-level summary of the of the requirements on the IFRS Foundation website
- **iGAAP in Focus** newsletter on IAS Plus

### **IASB meeting (March 2022)**

The International Accounting Standards Board (IASB) met on 22-24 March 2022.

The following topics were discussed:

- Post-implementation Review of IFRS 9—Classification and Measurement
- Financial Instruments with Characteristics of Equity
- Management Commentary
- Extractive Activities
- Primary Financial Statements
- Business Combinations under Common Control
- Second Comprehensive Review of the *IFRS for SMEs* Accounting Standard
- Maintenance and consistent application
- Third Agenda Consultation

Please click to access the following:

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

### **IFRS Interpretations Committee meeting (March 2022)**

The IFRS Interpretations Committee (Committee) met on 15-16 March 2022. The Committee published four new tentative agenda decisions, finalised one agenda decision and discussed one other matter.

#### **Tentative agenda decisions**

- IFRS 17 *Insurance Contracts*—Transfer of Insurance Coverage under a Group of Annuity Contracts
- IFRS 9 *Financial Instruments* and IFRS 16 *Leases*—Lessor Forgiveness of Lease Payments
- IAS 32 *Financial Instruments: Presentation*—Special Purpose Acquisition Companies (SPAC): Classification of Public Shares as Financial Liabilities or Equity
- Special Purpose Acquisition Companies (SPAC): Accounting for Warrants at Acquisition

#### **Agenda decision finalised**

IAS 7 *Statement of Cash Flows*—Demand Deposits with Restrictions on Use arising from a Contract with a Third Party

#### **Other matter**

IFRS 9 *Financial Instruments* and IFRS 16 *Leases*—Forgiveness of Lease Payments—Lessees

Please click here to access the following:

- **IFRIC Update** on the IFRS Foundation website
- **Agenda and related papers** on the IFRS Foundation website
- **Detailed notes** taken by Deloitte observers on IAS Plus

### **CMAC meeting (March 2022)**

Representatives from the IASB met with the Capital Markets Advisory Council (CMAC) on 17 March 2022. The following topics were discussed:

- IASB Update (including agenda consultation and ISSB)
- Primary Financial Statements
- Non-current Liabilities with Covenants
- Supplier Finance Arrangements

Please click to access the **agenda and related papers** on the IFRS Foundation website.

### **Consultative Group for Rate Regulation meeting (March 2022)**

The Consultative Group for Rate Regulation met on 28 March and discussed the accounting for regulatory assets and regulatory liabilities arising from differences between the regulatory recovery pace and assets' useful lives.

Please click to access the related **agenda papers** on the IFRS Foundation website.

### **DPOC meetings (March 2022)**

The Due Process Oversight Committee (DPOC) met on 1 March 2022. A report of the meeting is now available.

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

In an additional meeting on 21 March 2022, the DPOC confirmed that it does not object to the ISSB Chair and Vice-Chair publishing the Exposure Drafts on *General Requirements for Disclosure of Sustainability-Related Financial Information* and *Climate-Related Disclosures* before the ISSB is quorate.

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

### **Memoranda of understanding signed to establish ISSB in Frankfurt**

During the March meeting of the IFRS Foundation Trustees in Frankfurt, Germany, the Trustees have signed memoranda of understanding with German public and private sector institutions to establish the presence of the ISSB in Frankfurt.

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

### **IFRS Foundation Monitoring Board meets with IFRS Foundation Trustees**

The Chairman of the IFRS Foundation Monitoring Board, Jean-Paul Servais, has released a report on a meeting with the IFRS Trustees and the leadership of the IASB and ISSB in Frankfurt.

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

### **IFRS Foundation and GRI plan to align their sustainability reporting requirements**

The IFRS Foundation and the Global Reporting Initiative (GRI) have signed a memorandum of understanding stating that their respective standard-setting boards, the ISSB and the Global Sustainability Standards Board (GSSB), will seek to coordinate their work programmes and standard-setting activities.

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

### **IASB Chair discusses climate matters and existing and future standards**

At the International Corporate Governance Network conference on global sustainability standards, IASB Chair Andreas Barckow discussed how existing IFRS Accounting Standards can and must be used to report on certain climate matters. He also discussed what possible future standards might add.

Please click to access the **transcript of the speech** on the IFRS Foundation website.

### **IFRS Foundation conference announced**

The IFRS Foundation has announced its annual IFRS Foundation conference, which is to be held on 23-24 June 2022. The conference will include discussions and speeches on both IASB and ISSB developments. It will be held in a hybrid format.

Please click to access the webcasts via the **conference page** on the Informaconnect website.

### **2022 IFRS Accounting Taxonomy issued**

The IFRS Foundation has issued its 2022 IFRS Accounting Taxonomy. The IFRS Accounting Taxonomy enables electronic reporting of financial information prepared in accordance with IFRS Accounting Standards.

The 2022 IFRS Accounting Taxonomy is consistent with IFRS Accounting Standards as issued by the IASB as at 1 January 2022, including those issued but not yet effective.

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

- **Press release**
- **2022 IFRS Accounting Taxonomy page**

### **Applicants invited for IFRS Interpretations Committee membership**

The Trustees of the IFRS Foundation have invited applications for candidates to fill vacancies on the IFRS Interpretations Committee.

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

### **SEC proposes climate-related disclosure requirements**

The SEC has issued a proposed rule titled *The Enhancement and Standardization of Climate-Related Disclosures for Investors*.

The proposed rule would require registrants to include certain climate-related disclosures in their registration statements and periodic reports, including information about climate-related risks that are reasonably likely to have a material impact on their business, results of operations, or financial condition, and certain climate-related financial statement metrics in a note to their audited financial statements.

Please click here to access the following:

- **Press release** on the SEC website
- **Fact sheet** on the SEC website
- **IFAC statement** on the IFAC website
- **Heads Up newsletter** on IAS Plus

### **ESMA publishes report on the activities of accounting enforcers and their findings within the EU in 2021**

A report has been published that provides an overview of the activities of the European Securities and Markets Authority (ESMA) and the accounting enforcers in the European Union (EU) when examining compliance of financial information provided by issuers listed on regulated markets with the applicable financial reporting framework in 2021.

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

### **EFRAG Sustainability Reporting Board publishes due process procedures and announces membership**

The European Financial Reporting Advisory Group (EFRAG) has published a description of the minimum steps to be taken by the EFRAG Sustainability Reporting Board (SRB) in developing the European Sustainability Reporting Standards (ESRS). The summary also identifies additional non-mandatory steps to be considered for each project.

In addition, EFRAG has announced the members of its SRB.

Please click to access the following on the EFRAG website:

- **Due process description**
- **List of members**

### **EFRAG publishes additional sets of working papers on sustainability reporting standards**

EFRAG's Project Task Force on ESRS (PTF-ESRS) has released four additional sets of working papers on the first draft standards on sustainability reporting.

Please click to access the **project page** linking to all working papers on the EFRAG website.

### **EFRAG survey on IFRS 15**

EFRAG has launched a survey to seek input from users and preparers on the effects of IFRS 15 on revenue recognition.

The survey aims to collect information on the effects of the new guidance, as well as on how the implementation requirements of new IFRS Accounting Standards affect the internal production and use of information. The views of both preparers and users of financial statements will inform EFRAG's work related to the IASB's forthcoming post-implementation review of IFRS 15 and assist EFRAG in better estimating the net costs of IFRS adoption in general.

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

### **Accounting and reporting implications of the situation in Ukraine**

Accountancy Europe has released an article titled *War in Ukraine – what European accountants need to know*.

With the EU and individual countries imposing sanctions, European accountants need to consider how these, and other consequences of the war, affect their activities.

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

### **AASB research into intangible assets**

The staff of the Australian Accounting Standards Board (AASB) has published a staff paper titled *Intangible Assets: Reducing the Financial Statements Information Gap through Improved Disclosures*.

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

### **Updated IPSAS-IFRS alignment dashboard**

The International Public Sector Accounting Standards Board (IPSASB), which develops the International Public Sector Accounting Standards (IPSAS) for financial reporting by governments and other public sector entities, has released an updated IPSAS-IFRS alignment dashboard showing how far individual IPSAS are aligned with corresponding IFRS Accounting Standards.

Please click to access the **updated alignment dashboard** on the IPSASB website.

# Updates to Deloitte iGAAP manual

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

## Added Deloitte Guidance

Chapter	Reference	Deloitte guidance title
A9 Intangible assets	<b>4.2.2.2-1</b>	Variable payments for the purchase of intangible assets which are not part of a business combination
A9 Intangible assets	<b>4.2.2.2-2</b>	Variable payments for the purchase of intangible assets which are not part of a business combination
A12 Provisions, contingent liabilities and contingent assets	<b>3.9.2-1A</b>	Consideration of onerous contracts at the contract level
A14 Revenue from contracts with customers	<b>6.1.3.6-1</b>	Application of the 'series guidance' to life sciences arrangements
A14 Revenue from contracts with customers	<b>6.1.3.6-2</b>	Application of the 'series guidance' to life sciences arrangements – example
A14 Revenue from contracts with customers	<b>6.1.7-1</b>	Identifying performance obligations in a hybrid cloud-based software arrangement
A14 Revenue from contracts with customers	<b>6.1.7-2</b>	Identifying performance obligations in a hybrid cloud-based software arrangement – separate performance obligations – example
A14 Revenue from contracts with customers	<b>6.1.7-3</b>	Identifying performance obligations in a hybrid software arrangement – combined performance obligation – example
A14 Revenue from contracts with customers	<b>8.2.2-1</b>	Stand-alone selling price of post-contract customer support (PCS) based on a stated renewal percentage
A14 Revenue from contracts with customers	<b>12.3.1-4</b>	Assessing whether mobilisation activities transfer a promised good or service to a customer
A17 Leases	<b>8.7.3-4</b>	Purchase of the underlying asset – example
A24 Consolidated financial statements	<b>12.3.1-2</b>	Loss of control of a subsidiary – measurement of the consideration received
A25 Business combinations	<b>4.4.4-3</b>	Acquisition of a group of assets – initial measurement
A25 Business combinations	<b>4.4.4-4</b>	Acquisition of a group of assets – initial measurement – example
A26 Investments in associates and joint ventures	<b>4.4.17-1</b>	Disposal of an investment accounted for applying the equity method – measurement of the consideration received
A29 Separate financial statements	<b>5.16-1</b>	Disposal of an investment accounted for at cost – measurement of the consideration received
C10 Hedge accounting – complex	<b>2.1-7</b>	Hedge accounting of a non-contractually specified interest rate risk component

## Amended Deloitte Guidance

Chapter	Reference	Deloitte guidance title
A21 Statement of cash flows	<b>4.2.7-1</b>	Bank overdrafts presented as a component of cash equivalents
A24 Consolidated financial statements	<b>12.3.8-1</b>	Vendor accounting for contingent consideration – example
C3 Financial liabilities and equity	<b>6-7</b>	Derivatives over own equity: written put option over equity of subsidiary – example

## Deloitte IFRS communications and publications

Issuance Date	Description
03 March 2022	<b><i>IFRS on Point— February 2022</i></b>
17 March 2022	<b><i>IFRS in Focus—Financial reporting considerations related to the Russia-Ukraine War</i></b>
25 March 2022	<b><i>A Closer Look—Investor demand for corporate reporting in line with the Paris Agreement on climate change</i></b>
1 April 2022	<b><i>iGAAP in Focus—ISSB proposes global baseline of sustainability disclosure standards for capital markets</i></b>

## Comment letters

	Description	Receiving party	Comment letter submitted/deadline
Comment letters submitted	<b>Exposure Draft: ED/2021/9 <i>Non-current Liabilities with Covenants</i></b>	IASB	21/03/2022
	<b>Exposure Draft: ED/2021/10 <i>Supplier Finance Arrangements</i></b>	IASB	26/03/2022
Comment letters pending	<b>Tentative Agenda Decision: <i>Negative Low Emission Vehicle Credits</i></b>	IFRS IC	12/04/2022
	<b>Tentative Agenda Decision: <i>Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)</i></b>	IFRS IC	23/05/2022
	<b>Tentative Agenda Decision: <i>Special Purpose Acquisition Companies (SPAC): Classification of Public Shares as Financial Liabilities or Equity (IAS 32)</i></b>	IFRS IC	23/05/2022
	<b>Tentative Agenda Decision: <i>Special Purpose Acquisition Companies (SPAC): Accounting for Warrants at Acquisition</i></b>	IFRS IC	23/05/2022
	<b>Tentative Agenda Decision: <i>Transfer of Insurance Coverage under a Group of Annuity Contracts (IFRS 17)</i></b>	IFRS IC	23/05/2022
	<b>Exposure Draft: ED/2022/S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information</i></b>	ISSB	29/07/2022
	<b>Exposure Draft: ED/2022/S2 <i>Climate-related Disclosures</i></b>	ISSB	29/07/2022

## 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 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

In addition, our **Beyond the numbers** volume of iGAAP provides guidance on disclosure requirements and recommendations which businesses must consider in light of the broader environmental, social and governance matters which can significantly drive the value of an entity.

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For more information about iGAAP on DART, including pricing of the subscription packages, click **here**.

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