



Accounting roundup January 2021

Contents

COVID-19

Other recent developments:

- [IFRS](#)
- [UK GAAP](#)
- [Corporate Governance](#)
- [Other](#)

Other tools and resources:

- [Deloitte publications, interviews and recordings](#)
- [Deloitte comment letters](#)
- [New and revised pronouncements for 31 December 2020 year-ends](#)

COVID-19



The ongoing COVID-19 pandemic continues to have a significant impact on corporate reporting. Below we list recent news items and resources for the last quarter which highlight some of the key accounting and reporting considerations and other guidance issued in light of COVID-19. For COVID-19 related news and resources that were issued prior to October 2020, please refer to Deloitte's [Accounting Roundup-October 2020](#).

COVID-19 (continued)

COVID-19 news

The Financial Reporting Council (FRC)

[The FRC publishes consolidated COVID-19 guidance for companies and auditors](#)

[The FRC Lab releases guidance covering some critical areas of focus for 2020 year-ends](#)

Financial Market Regulators

[The Financial Conduct Authority \(FCA\) publishes a Policy Statement to delay the European Single Electronic Format \(ESEF\) implementation and extend the publication deadlines for listed companies](#)

[The European Securities and Markets Authority \(ESMA\) announces enforcement priorities for 2020 financial statements](#)

Public Sector

[The International Public Sector Accounting Standards Board \(IPSASB\) delays effective dates of recently published standards and amendments in light of COVID-19](#)

Other news

[The Institute of Chartered Accountants in England and Wales \(ICAEW\) publishes a going concern considerations guide for FRS 105 reporters](#)

[The IFRS Foundation has issued educational material on going concern requirements](#)

COVID-19 Publications

[Need to Know - Accounting considerations related to COVID-19](#)



Other recent developments

IFRS

UK endorsement:

[The UK Endorsement Board \(UKEB\) website is launched](#)

[The UK adopts IFRS amendments regarding *Interest Rate Benchmark Reform – Phase 2 \(Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16\)* and *Extension of the Temporary Exemption from Applying IFRS 9 \(Amendments to IFRS 4\)*](#)

EU endorsement:

[The European Union formally adopts *Interest Rate Benchmark Reform-Phase 2 \(Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16\)*](#)

[The European Union formally adopts IFRS 4 *Insurance Contracts* amendments regarding the temporary exemption from applying IFRS 9 *Financial Instruments*](#)

[The European Union formally adopts IFRS 16 *Leases* amendments regarding COVID-19-related rent concessions](#)

Note: Endorsement of IFRS by the EU no longer applies in the UK with effect from the end of the transition period following the UK's exit from the EU (IP completion day, 31 December 2020 at 11pm UK time). Going forward, endorsement of IFRS for use in the UK is carried out by the Secretary of State and delegated to the new UK Endorsement Board. However, companies subject to the FCA's Disclosure Guidance and Transparency Rules need to have regard to both EU-endorsed and UK-endorsed IFRS for periods commencing before IP completion day.

Exposure drafts and discussion papers published:

[The IASB publishes its proposed amendment to IFRS 16](#)

[The IASB publishes a discussion paper on business combinations under common control](#)

Click [here](#) for the latest IASB work plan.

Meeting minutes and further information:

[October](#), [November](#) and [December](#) IASB meetings

[December](#) IFRSIC meeting

UK GAAP

Amendments:

[The FRC issues *Amendments to FRS 102 – Interest rate benchmark reform \(Phase 2\)*](#)

[The FRC publishes *Amendments to UK and Republic of Ireland accounting standards – UK exit from the European Union*](#)

[The FRC issues *Amendment to FRS 101 – Effective date of IFRS 17, Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 105 The Financial Reporting Standard applicable to the Micro-entities Regime – COVID-19-related rent concessions and Amendments to FRS 104 Interim Financial Reporting – Going concern*](#)

Exposure drafts and discussion papers published:

[The FRC publishes Financial Reporting Exposure Draft 77 *Draft amendments to FRS 101 Reduced Disclosure Framework – 2020/21 cycle \(FRED 77\)*](#)

[The FRC publishes a discussion paper on the Future of Corporate Reporting](#)

Other recent developments (continued)

Corporate Governance

[The FRC has published its *Review of Corporate Governance Reporting* report](#)

[The FRC publishes its review of early reporting against the UK Stewardship Code 2020](#)

[The FCA publishes the results of its review into corporate governance disclosures by listed issuers](#)

Other

The Department for Business, Energy and Industrial Strategy (BEIS)

[BEIS proposes shortening accounts filing deadlines by three months, changing small and micro exemptions and improving the financial information which is filed with Companies House](#)

Brexit

[BEIS and the FRC have jointly published updated letters on changes to accounting and reporting after the end of the transition period](#)

The European Financial Reporting Advisory Group (EFRAG)

[EFRAG issues its draft comment letter on the IASB's proposed amendments to IFRS 16](#)

[EFRAG issues its draft endorsement advice on *Classification of Liabilities as Current or Non-current* and *Deferral of Effective Date \(Amendments to IAS 1\)*](#)

[EFRAG has published its final comment letter in response to the IASB's Exposure Draft ED/2019/7 *General Presentation and Disclosures*](#)

[EFRAG issues its final endorsement advice on four amendments to IFRS Standards](#)

ESMA

[ESMA integrates the latest IFRS updates in its ESEF taxonomy](#)

FRC

[The FRC publishes its findings on the quality of corporate reporting in 2019/2020](#)

[The FRC announces its thematic reviews and priority sectors for 2021/2022](#)

[The FRC publishes a letter to Audit Committee Chairs and Finance Directors setting out its expectations in advance of the 2020/21 reporting season](#)

[The FRC publishes the results of its thematic review in relation to IAS 7 *Statement of Cash Flows* and the liquidity disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*](#)

[The FRC Lab publishes a set of tips to help companies make S172 statements more useful](#)

IASB

[The IASB publishes its updated work plan](#)

[The IASB issues a podcast on latest Board developments \(December 2020\)](#)

[The IASB publishes a request for information on the post-implementation review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*](#)

[The IASB publishes its proposed IFRS Taxonomy update](#)

[The IFRS Foundation issues a compilation of the IFRS Interpretations Committee agenda decisions from April to September 2020](#)

ICAEW

[The ICAEW publishes a guide highlighting key considerations for the 2020/21 reporting season](#)

Other recent developments (continued)

The International Valuation Standards Council (IVSC)

[The IVSC publishes exposure draft on valuing financial instruments](#)

[The IVSC publishes perspectives paper on social value](#)

Public Sector

[HM Treasury issues a new financial reporting manual \(FReM\)](#)

[The IPSASB issues an exposure draft of non-authoritative guidance on borrowing costs](#)

[The IPSASB releases an updated IPSAS-IFRS alignment dashboard](#)

[The IPSASB publishes amendments regarding public sector financial instruments](#)

[The IPSASB releases an exposure draft and request for information on leases](#)

[The International Federation of Accountants \(IFAC\) releases training materials to support the implementation of International Public Sector Accounting Standards \(IPSAS\)](#)

Sustainability, climate and integrated reporting

[The FRC has published the results of its thematic review of climate-related considerations](#)

[The UK is to make Task Force on Climate-related Financial Disclosures \(TCFD\) aligned disclosures mandatory across the economy by 2025](#)

[The TCFD publishes its 2020 status report along with additional guidance and a public consultation](#)

[The FCA introduces a new Listing Rule to enhance climate-related disclosures](#)

[Five internationally significant framework- and standard-setting institutions publish a prototype climate-related financial disclosure standard](#)

[The International Integrated Reporting Council \(IIRC\) has published revisions to the International <IR> Framework](#)

[Global investors call for the Paris Agreement to be factored into financial reporting](#)

[The Chair of the International Organization of Securities Commissions \(IOSCO\) Task Force on Sustainable Finance reconfirms that IOSCO stands ready to support global sustainability reporting standards](#)

[Accountancy Europe issues its response to the ad personam mandate on non-financial reporting standard setting](#)

[The International Federation of Accountants \(IFAC\) comments on the Trustees' sustainability consultation](#)

[The Global Reporting Initiative \(GRI\) comments on the Trustees' sustainability consultation](#)

[The Chairs of the three European Supervisory Authorities \(ESAs\) respond to the Trustees' sustainability consultation](#)

[Accountancy Europe responds to the Trustees' sustainability consultation](#)

[The Financial Stability Board \(FSB\) responds to the Trustees' sustainability consultation](#)

[The President of the EFRAG Board consults on his views on non-financial reporting standard-setting](#)

[The IFRS Foundation has released educational material on applying the requirements of IFRS Standards to climate-related matters](#)

[The IASB issues an article by an IFRS Foundation Trustee discussing sustainability reporting](#)

[The International Integrated Reporting Council \(IIRC\) and the Sustainability Accounting Standards Board \(SASB\) intend to merge into the Value Reporting Foundation](#)

UKEB

[The UK Endorsement Board secretariat has published its draft comment letter on the IASB's Discussion Paper \(DP\) 2020/1 *Business Combinations: Disclosures, Goodwill and Impairment*](#)

Other tools and resources (continued)



Deloitte publications, interviews and recordings

A closer look

Detailed analysis and observations on specific corporate reporting requirements, designed for financial controllers and finance directors:

[Financial instrument disclosures when applying Interest Rate Benchmark Reform – Phase 1 amendments to IFRS 9 and IAS 39 and Phase 2 amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16](#)

[Investor demand for corporate reporting in line with the Paris Agreement on climate change](#)

Need to know

Designed for financial controllers, chief accountants, and accounting technicians:

[IASB seeks information on its post-implementation review of IFRS 10, IFRS 11 and IFRS 12](#)

[IASB publishes Discussion Paper on 'Business Combinations under Common Control'](#)

[IASB proposes to amend IFRS 16 Leases to clarify the measurement of lease liabilities in sale and leaseback transactions](#)

[Ground-breaking proposal from IFRS Foundation points to global standards for sustainability reporting](#)

Purpose-driven Business Reporting in Focus

Aimed at preparers of corporate reports, as well as their users and auditors, this publication provides updates on developments in purpose-driven business practices that are impacting corporate reporting, including progress towards sustainability standards:

[New Prototype Climate-related Financial Disclosure Standard — accelerating progress towards global sustainability standards](#)

[Progress in climate-related reporting to meet investor expectations](#)

[Building momentum towards comprehensive global standards](#)

Governance in brief

A summary of the latest corporate governance developments:

[FRC issues advice on annual reports for 2020/21 reporting season](#)

Governance in focus

Guidance and views on key aspects of the latest developments in corporate governance:

[Audit Committee effectiveness – 2020 framework](#)

[On the board agenda 2021](#)

Other publications

[Accounting Roundup - Closing Out 2020](#) - *Closing Out 2020 discusses the significant corporate reporting issues relevant to 31 December 2020 annual reports, covering areas of regulatory focus identified in the FRC's annual review of corporate reporting 2019/20, issues arising from the COVID-19 pandemic and the current economic environment and developments in reporting standards and areas of investor interest.*

[Annual report insights 2020-Surveying FTSE reporting](#) - *This year our survey of FTSE companies' annual report focuses on the hot topics that companies themselves are focusing on, including COVID-19.*

[Climate Crisis: Mark Carney on the role of the board in transition to net zero](#) - *Mark Carney, United Nations Special Envoy for Climate Action and Finance and former Governor of the Bank of England, discusses the need for a whole economy transition to achieve net zero. He is joined in a panel discussion on the role of the Board and the special responsibility of the Chair in the transition to net zero.*

Other tools and resources (continued)

[IFRS model financial statements 2020](#) - The model financial statements are intended to illustrate the presentation and disclosure requirements of IFRS Standards without the use of any actual numbers. They also contain additional disclosures that are considered to be best practice, particularly where such disclosures are included in illustrative examples provided within a specific Standard.



Deloitte comment letters

IFRS

[Discussion paper on goodwill](#)

[Tentative agenda decision on sale and leaseback in a corporate wrapper](#)

[Comprehensive review of the IFRS for SMEs](#)

Other

[The SASB's proposed conceptual framework and rules of procedure](#)

[The IFRS Foundation Trustees' consultation paper on sustainability reporting](#)

[Response to ad personam mandate on non-financial reporting standard setting](#)

[The FCA's consultation paper CP20/3 'Proposals to enhance climate-related disclosures by listed issuers and clarification of existing disclosure obligations'](#)

Further comment letters, including responses to IFRSIC tentative agenda decisions, can be found by clicking [here](#).

Other tools and resources (continued)



New and revised pronouncements for 31 December 2020 year-ends

The table below provides a summary of pronouncements that will be newly effective for those with 31 December 2020 year-ends.

IFRS

Pronouncement	Newly effective for those reporting under IFRS standards as issued by the IASB	Newly effective for those reporting under IFRS standards as endorsed by the UK/EU*
Amendments		
<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)</i>	Optional #	Optional #
<i>Amendments to References in the Conceptual Framework in IFRS Standards</i>	Yes	Yes
<i>Definition of a Business (Amendments to IFRS 3)</i>	Yes	Yes
<i>Definition of Material (Amendments to IAS 1 and IAS 8)</i>	Yes	Yes
<i>Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)</i>	Yes	Yes

The application of both approaches (overlay approach/ deferral approach) is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

* Endorsement of IFRS by the EU no longer applies in the UK with effect from the end of the transition period following the UK's exit from the EU (IP completion day, 31 December 2020 at 11pm UK time). Going forward, endorsement of IFRS for use in the UK is carried out by the Secretary of State and delegated to the new UK Endorsement Board. This has the following implications:

- For accounts prepared and approved before IP completion day (defined as 31 December 2020 at 11pm UK time), UK companies required or choosing to apply IFRS Standards should apply EU-adopted IFRS Standards.
- For accounting periods beginning on or after 1 January 2021, UK companies required or choosing to apply IFRS Standards will need to comply with UK-adopted IFRS Standards.
- Transitional provisions exist for companies whose year-end straddles IP completion day or whose year-end is before IP completion day but whose accounts are filed after IP completion day. These permit such companies to adopt any new IFRS standards or amendments that are endorsed by the UK after IP completion day in addition to 'frozen' IFRS as endorsed by the EU at IP completion day.

Other tools and resources (continued)

- For periods beginning before IP completion day, companies subject to the FCA's Disclosure Guidance and Transparency Rules (DTR) which are required to produce consolidated accounts must additionally state compliance with IFRS Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. This means that EU adoption of IFRS Standards subsequent to IP completion day remains relevant for such entities.

The latest UK endorsement status can be found [here](#) and the EU endorsement status can be found [here](#).

UK GAAP

[Amendments](#) have also recently been made to FRS 101, FRS 102, FRS 104 and FRS 105. In particular, FRS 102 and FRS 105 have been amended to introduce explicit requirements for accounting for temporary rent concessions for operating leases occurring as a direct consequence of COVID-19. These amendments are retrospectively effective for periods commencing on or after 1 January 2020.

Amendments to FRS 102 related to [multi-employer defined benefit plans](#) and [interest rate benchmark reform](#) also take effect for periods beginning on or after 1 January 2020. Minor amendments were also made as a result of the [2019/20 annual review of FRS 101](#).

More recently, amendments to FRS 102 related to [the second phase of the interest rate benchmark reform](#) and [the UK's withdrawal from the European Union](#) have also been issued. These take effect for periods beginning on or after 1 January 2021.

Click [here](#) to see the UK GAAP options available for financial reporting periods ending on 31 December 2020.

Other regulatory requirements

- Compliance with *The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018*. The Regulations, effective for financial periods beginning on or after 1 April 2019, broaden the greenhouse gas reporting and energy efficiency disclosure requirements for quoted companies and extend the reporting requirement to large UK incorporated unquoted companies and LLPs with at least 250 employees or annual turnover greater than £36m and balance sheet total (gross assets) greater than £18m. For more information click [here](#).
- Compliance with *The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019*. These regulations introduce changes to remuneration reporting covering the directors' remuneration policy and directors' remuneration report for periods commencing on or after 10 June 2019 and include, in particular requirements for the remuneration report to include:
 - a comparison of the annual change of each director's pay to the annual change in average employee pay, over a rolling five year period.
 - the split of fixed and variable pay for each director, as two additional columns to the existing 'Single Figure' table.
 - any changes made to share options granted or offered and the main conditions for the exercise of these rights including the exercise price and date, compared to the previous year.

Further information is available [here](#).



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