



## Accounting Roundup

### November 2017

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#### Recent developments

##### IFRS

##### Practice Statements and Amendments:

The International Accounting Standards Board (IASB) issues a Practice Statement on materiality

The IASB finalises amendments to IFRS 9 *Financial Instruments* regarding prepayment features with negative compensation and modifications of financial liabilities

The IASB finalises amendments to IAS 28 regarding long-term interests in associates and joint ventures

The IASB publishes editorial corrections

##### Projects:

Latest IASB work plan indicates that the revised version of the Conceptual Framework is now expected in the first quarter of 2018

##### Exposure drafts published:

The IASB publishes proposed amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* regarding accounting policies and accounting estimates

The IASB publishes proposed amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 regarding the definition of materiality

For more information please see the following websites:

[www.ukaccountingplus.co.uk](http://www.ukaccountingplus.co.uk)

[www.deloitte.co.uk](http://www.deloitte.co.uk)

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

## Recent developments (continued)

### Meeting minutes and further information:

September and October IASB meetings

September IFRSIC meeting

### UK GAAP

#### Exposure drafts published:

The Financial Reporting Council (FRC) proposes amendments to FRS 102 in relation to gift aid payments made by a subsidiary to its charitable parent

The FRC consults on amendments to FRS 101

### Corporate Governance

Government to set new legislation to take forward its corporate governance reforms

ICSA: The Governance Institute and the Investment Association issue guidance on practical ways in which companies can engage with their employees and other stakeholders at board level

The FRC announces that it has removed the tier 3 category of reporting against the principles of the Stewardship Code

The Chairman of the FRC highlights the importance of corporate governance to the success of business

The Parker Review Committee publishes its final report on the ethnic diversity of UK boards

The Best Practice Principles Group (BPPG) launches a consultation on the Best Practice Principles for Shareholder Voting Research

### Other

The European Securities and Markets Authority (ESMA) announces its enforcement priorities for 2017 financial statements

ESMA expands Q&A document on the implementation of its Alternative Performance Measures (APM) guidance

The FRC publishes findings on the quality of corporate reporting in 2016/2017

The FRC publishes year-end advice to preparers in advance of the 2017/18 reporting season

The FRC's Financial Reporting Lab publishes a follow up report on disclosure of dividend policy and practice

The FRC proposes amendments to its Guidance on the Strategic Report

The European Financial Reporting Advisory Group (EFRAG) issues for comment its draft endorsement advice for the use of IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments* in the European Union (EU)

EFRAG issues a positive draft endorsement advice on *Prepayment Features with Negative Compensation (Amendments to IFRS 9)*

The IASB posts a webcast on IFRS 16 lease term requirements

The IASB posts a webcast on IFRS 17 *Insurance Contracts*

The IASB posts a webinar on IFRS 17's premium allocation approach

The IASB issues a newsletter on IFRS 17

The IASB issues a podcast on latest Board developments

The IASB Chairman speaks about the IASB and wider corporate reporting

The International Federation of Accountants (IFAC) and the International Integrated Reporting Council (IIRC) jointly publish a report highlighting how SMEs can benefit from integrated thinking and reporting

The IIRC publishes results of its integrated reporting implementation consultation

The Institute of Chartered Accountants in England and Wales (ICAEW) issues a publication on the financial reporting implications of Brexit

## Recent developments (continued)

The UK government consults on a streamlined approach to energy and carbon reporting

The ICAEW publishes a paper on extended audit reporting

The FRC publishes its second report on developments in audit

### Other – industry specific

The International Public Sector Accounting Standards Board (IPSASB) publishes a financial instruments exposure draft based on IFRS 9 *Financial Instruments*

The IPSASB consults on accounting for revenue and non-exchange expenses

HM Treasury consults on increasing audit thresholds for co-operatives and community benefit societies

The ICAEW provides a briefing paper on IFRS 9 for banks

The Financial Conduct Authority (FCA) publishes a note relating to FRS 102 cash flow exemption for investment funds

The Prudential Regulation Authority (PRA) publishes IFRS 9 note to non-executive directors

HM Treasury publishes sustainability reporting guidance for public sector annual reports



## Tools and resources

### Deloitte publications, interviews and recordings

#### Need to know

Designed for financial controllers, chief accountants and accounting technicians, issues from the last quarter include:

**FRC publishes consultation on amendments to its Guidance on the Strategic Report**

**IASB proposes to amend the definition of material in IAS 1 and IAS 8**

**IASB publishes a Practice Statement on Making Materiality Judgements**

**IASB proposes to amend the definitions of accounting policies and accounting estimates in IAS 8**

**IASB issues 'Prepayment Features with Negative Compensation (Amendments to IFRS 9)'**

**IASB issues 'Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)'**

#### Governance in brief

A summary of the latest corporate governance developments, issues from the last quarter include:

**FRC encourages broader reporting of company purpose and impact in proposed revisions to the Guidance on the Strategic Report**

**The stakeholder voice in board decision making - new guidance from ICSA and the Investment Association**

**FRC issues advice on annual reports for 2017/18 reporting season**

#### Other Publications

**Annual report insights 2017 – Surveying FTSE reporting** – *Our latest annual reporting survey, 'Annual report insights 2017' provides insights into narrative and financial reporting trends for UK listed companies, together with ideas to help them improve their annual reports. Hot topics including Brexit disclosures, governance reform and integrated reporting are all addressed.*

**International GAAP Bank Limited – Illustrative disclosures under IFRS 7 as amended by IFRS 9** – *Deloitte's Global IFRS Office has released International GAAP Bank Limited – Illustrative disclosures under IFRS 7 as amended by IFRS 9.*

**Implementing IFRS 15 Revenue from Contracts with Customers – A practical guide to implementation issues for the asset management sector** – *This guide is intended to provide an overview of applying IFRS 15 within the asset management sector. The guidance provided here is not intended to be exhaustive, but aims to highlight some of the potential issues to consider and to indicate how those issues might be approached.*



## Tools and resources (continued)

**A guide to the incremental borrowing rate – Assessing the impact of IFRS 16 ‘Leases’** – *The issuance of IFRS 16 ‘Leases’ has resulted in a significant number of companies expecting to see material changes in the presentation of their financial statements as a result of bringing operating leases onto the balance sheet and changing the way in which expenses are recorded in the income statement. The discount rate assumption is one of the most important judgements that management will need to make and the one which may have the largest quantitative impact on the lease asset and liability valuations.*

**IFRS in your pocket 2017** – *The 2017 edition of our popular guide to IFRSs includes background information on the structure and workings of the IASB, analysis of the use of IFRSs around the world, summaries of all current Standards and Interpretations, and up-to-date details of IASB and IFRIC agenda projects.*

**IFRS compliance, presentation and disclosure checklist 2017** – *The checklist summarises the recognition, measurement, presentation and disclosure requirements set out in IFRSs in issue as of 30 April 2017. This is a “pure” IFRS compliance, presentation and disclosure checklist. UK IFRS reporters should additionally consider the legal and regulatory requirements which UK IFRS reporters will also need to comply with.*

**IAS 34 compliance checklist 2017** – *The checklist summarises the requirements of IAS 34 Interim Financial Reporting, formatted to allow the recording of a review of interim financial statements, with a place to indicate yes, no, or not-applicable for each item. The checklist addresses the requirements of IAS 34 as of 30 April 2017. This is a “pure” IFRS compliance checklist. UK IFRS reporters should additionally consider the legal and regulatory requirements which UK IFRS reporters will also need to comply with.*

**Corporate Governance Disclosure Checklist (For periods commencing on or after 17 June 2016)** – *This checklist sets out the key disclosure requirements under the Listing Rules, the 2016 UK Corporate Governance Code, the 2016 revised Guidance on audit committees, the Disclosure & Transparency Rules regarding corporate governance statements and audit committees (DTR 7) and the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.*



### Stay Tuned Online

Stay Tuned Online – IFRS and UK GAAP Update August 2017



## Deloitte comment letters

### IFRS

IASB's proposed improvements to IFRS 8

IFRS Interpretations Committee tentative agenda decision on IFRS 3 – Acquisition of a group of assets that does not constitute a business

IFRS Interpretations Committee tentative agenda decision on IAS 37 – Costs considered in assessing whether a contract is onerous

IFRS Interpretations Committee tentative agenda decision on IAS 38 – Goods acquired for promotional activities

IFRS Interpretations Committee tentative agenda decision on IAS 28 – Acquisition of an associate or joint venture from an entity under common control

IASB's post-implementation review of IFRS 13

IASB's proposed amendments to IAS 16

### UK GAAP

FRED 68 – Draft amendments to FRS 102 – Payments by subsidiaries to their charitable parents that qualify for gift aid

### Other

FRC's consultation – Draft amendments to Guidance on the Strategic Report – Non-financial reporting

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



## New and revised pronouncements for 30 September 2017 year-ends

The table below provides a summary of pronouncements that will be newly effective for those with 30 September 2017 year-ends.

### IFRS

| Pronouncement   | Newly effective<br>for those reporting<br>under IFRSs as issued<br>by the IASB | Newly effective<br>for those reporting<br>under IFRSs as<br>endorsed by the EU |
|---|--|--|
| <b>Amendments</b>   |  |  |
| <i>Annual Improvements 2012-2014 Cycle</i>  | Yes  | Yes  |
| <i>Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)</i>                   | Yes*   | Yes*   |
| <i>Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)</i> | Yes  | Yes  |
| <i>Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)</i>   | Yes  | Yes  |
| <i>Equity Method in Separate Financial Statements (Amendments to IAS 27)</i>                                  | Yes  | Yes  |
| <i>Disclosure Initiative (Amendments to IAS 1)</i>  | Yes  | Yes  |
| <i>Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)</i>  | Yes  | Yes  |

\* The amendments apply prospectively to acquisitions of interests in joint operations in which the activities of the joint operations constitute businesses, as defined in IFRS 3, for those acquisitions occurring from the beginning of the first period in which the amendments apply. Amounts recognised for acquisitions of interests in joint operations occurring in prior periods are not adjusted.

For those standards issued but not yet effective, the latest EU endorsement status can be found [here](#).

### New UK GAAP

Most companies have transitioned to the new UK GAAP framework. For those companies that have not, our '**New UK GAAP**' collection of resources, will provide helpful guidance.

For those that are already applying the new UK GAAP framework there are amended versions of FRSs 100, 101 and 102 which incorporate changes as a result of the UK implementation of the EU Accounting Directive.

Additionally, there are significant changes to the financial reporting regime for smaller and micro companies who can no longer follow the FRSSE. Entities will either have to follow the recognition and measurement requirements of FRS 102 and the presentation and disclosure requirements within Section 1A Small Entities or apply FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime* (if they qualify as micro-entities). For more information click [here](#).

A number of changes have also been made to the accounting and reporting requirements for LLPs in law, to align with the changes made for companies and qualifying partnerships. Our **Need to Know** publication highlights these.

Click [here](#) to see the new UK GAAP options available for financial reporting periods ending on 30 September 2017.

## Other regulatory requirements

- Those requirements contained within *The Companies, Partnership and Groups (Accounts and Reports) Regulations 2015 (SI 2015/980)* that are effective from 1 January 2016 including (but not limited to):
  - The requirement for companies to disclose the address of the registered office of each related undertaking disclosed in accordance with S409 CA 2006.
  - The requirement for a parent company to disclose its profit or loss for the year on the face of its individual balance sheet if wishing to take advantage of the S408 exemption from publishing its own profit and loss account when preparing group accounts.

For further information see our *A closer look* publication.

- Those requirements contained within *The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016 SI 2016/575* that are effective from 1 January 2016. For further information see our *Need to know* publication.
- Reporting the latest effects of 'Brexit' in the 'front-half' of the annual report and consideration as a principal risk in the strategic report and impact on the viability statement. For further information see our *Closing Out 2016* publication.
- UK Corporate Governance Code 2016 (effective for accounting periods beginning on or after 17 June 2016)
- ICAEW and ICAS updated guidance on realised and distributable profits under the Companies Act 2006



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