



IFRS on Point

Financial Reporting Developments and Information from October 2018

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International headlines

IASB finalises amendments to IFRS 3 regarding the definition of a business

The International Accounting Standards Board (IASB) has issued *Definition of a Business—Amendments to IFRS 3* aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

Please click to access the following documents:

- **Press release** on the IASB website
- **IFRS in Focus** newsletter on the IAS Plus website

IASB finalises amendments to IAS 1 and IAS 8 regarding the definition of materiality

The IASB has issued *Definition of Material—Amendments to IAS 1 and IAS 8* to clarify the definition of 'material' and to align the definition used in the *Conceptual Framework* and the Standards themselves.

The amendments are effective for annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted.

Please click to access the following documents:

- **Press release** on the IASB website
- **IFRS in Focus** newsletter on IAS Plus website

IASB Board meeting (October 2018)

The IASB met on 24–25 October 2018. The following topics were on the agenda:

- Primary financial statements
- Deferred tax—tax base of assets and liabilities
- Management commentary
- Preface to IFRS Standards
- Disclosure initiative: Accounting policies
- IFRS 17 Insurance Contracts
- Rate-regulated activities
- Goodwill and impairment

For more information please see
the following websites:

www.iasplus.com

www.deloitte.com

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

Global Preparers Forum (GPF) meeting (November 2018)

The Global Preparers Forum met on 6 November 2018. The following topics were on the agenda:

- Primary financial statements—Update on the project and feedback
- Management commentary
- Goodwill and impairment—Disclosure objectives and requirements
- Financial instruments with characteristics of equity—Key proposals of the discussion paper

Please click to access the **agenda papers** on the IASB website.

Emerging Economies Group (EEG) meeting (October 2018)

The IASB's Emerging Economies Group (EEG) met in Seoul on 29–31 October 2018. The following items were on the agenda:

- Financial instruments with characteristics of equity
- Goodwill and impairment
- Accounting for micro-entities
- IFRS for SMEs—forthcoming review
- Implementation of IFRS 9 *Financial Instruments*
- Extractive activities
- Update and discussion on current IASB projects with focus on better communication and business combinations under common control

Please click to access the **agenda papers** on the IASB website.

Due Process Oversight Committee (DPOC) meeting (October 2018)

The IFRS Foundation's Due Process Oversight Committee (DPOC) of the Trustees held its meeting in Johannesburg on 16 October 2018 as part of the IFRS Foundation Trustees meeting.

The DPOC members discussed the following topics:

- Actions from the DPOC meeting held on 5 June 2018
- Technical activities: Key issues and update
- Review of the post-implementation review of IFRS 13 *Fair Value Measurement*
- Consultative groups—annual review and DPOC engagement
- Reporting protocol—annual general report
- Education material—review of due process
- Due Process Handbook review
- Correspondence: update

Please click to access the **recordings of the meeting** on the IASB website.

IASB issues summary of share-based payment research project

The IASB has issued *Share-based Payment—Research on Sources of Accounting Complexity*, which summarises the work performed and conclusions reached in the share-based payment research project.

Please click to access the following documents:

- **Press release** on the IASB website
- **Project summary** on the IASB website

Additional educational modules on the IFRS for SMEs available

The IFRS Foundation has issued eight new stand-alone educational modules which support the learning, application and reading of financial statements prepared applying the IFRS for SMEs Standard.

The eight new modules released since August 2018 cover the following topics:

- Statement of Financial Position
- Notes to the Financial Statements
- Investments in Associates
- Investments in Joint Ventures
- Government Grants
- Borrowing Costs
- Impairment of Assets
- Foreign Currency Translation

Please click to access **all 28 IFRS for SMEs modules** available on the IASB website.

New composition of ASAF announced

The IFRS Foundation has announced the new membership of the Accounting Standards Advisory Forum (ASAF) that is designed to formalise and streamline the relationships between the IFRS Foundation and IASB with the global standard-setting community.

Please click to access the **press release** on the IASB website.

IASB publishes podcast on proposed IFRS Taxonomy update

On 20 September, the IFRS Foundation published IFRS Taxonomy 2018—Proposed Update 1 Common Practice (IFRS 13 'Fair Value Measurement'). A podcast with a high-level overview over the proposals is now available.

Please click to access the **podcast on YouTube**.

First discussion of sixth round of academic research contributions to the IASB's work

Five teams of researchers have presented their accounting research projects to members and technical staff of the IASB. The research projects are independent but are all directly relevant to projects on the Board's work plan.

Please click to access the **press release** on the IASB website.

Fifth IASB Research Forum

The International Accounting Standards Board (IASB) will host its fifth Research Forum on 11 and 12 November 2018 in Sydney.

Please click to access the following papers to be presented:

- **Non-GAAP Earnings and the Earnings Quality Trade-off**
- **Disclosure Overload? An Empirical Analysis of IFRS Disclosure Requirements**
- **Equity Financial Assets: A Tool for Earnings Management – A Case Study of Youngor Group**
- **Accounting for Intangibles: Can Capitalization of R&D Reduce Real Effects and Improve Investment Efficiency?**
- **Extractive Industries Reporting: A Research Review**
- **Independently-certified Industry-specific Disclosures to the Capital Market: The JORC Code in the Australian Mining Industry**

IFRS Foundation Trustees chair discusses new role and upcoming priorities

In a recent interview, the Chair of the IFRS Foundation Trustees Erkki Liikanen provided his thoughts on his new role, financial reporting in the global economy, and his priorities for the Trustees.

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

ESMA announces enforcement priorities for 2018 financial statements

The European Securities and Markets Authority (ESMA) has announced the priority issues that the assessment of listed companies' 2018 financial statements will focus on.

ESMA considers the following key topics to be especially relevant for the examinations of listed companies' financial statements:

Application for the first time of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*

Disclosure of the implementation and expected impact of IFRS 16 *Leases*

In addition, the statement highlights the requirements to disclose non-financial information, with a focus on environmental matters, and specific aspects of ESMA's Guidelines on Alternative Performance Measures.

Please click for the following documents on the ESMA website:

- **Press release**
- **Public statement on enforcement priorities, providing more background on each of the focus areas**

ESAs comment on IFRS 17 endorsement process in the EU

The European Supervisory Authorities (ESAs) have jointly written to the European Financial Reporting Advisory Group (EFRAG) to express concerns on the endorsement process for IFRS 17 *Insurance Contracts*.

Please click to access the following documents:

- **Letter to EFRAG** on the ESAs website
- **Speech by the ESMA Chair** on the ESMA website
- **EFRAG's response letter to the ESAs** on the EFRAG website

European Parliament adopts resolution on IFRS 17

On 3 October 2018, the European Parliament (EP) adopted a resolution on IFRS 17 *Insurance Contracts* introduced by the Committee on Economic and Monetary Affairs (ECON).

The resolution notes the benefits that IFRS 17 will bring about but also states that ECON members have several concerns regarding the Standard.

The following additional information is available on the EP website:

- **Text of the resolution adopted by the EP**
- **Recording of the plenary discussion on 1 October 2018**
- **Recording of the vote on 3 October 2018**

EFRAG impact assessment surveys on the IASB's FICE DP

The European Financial Reporting Advisory Group (EFRAG) seeks feedback from preparers and users of financial statements to assess the impact of the IASB's Discussion Paper *Financial Instruments with Characteristics of Equity* on distinction between debt and equity. The users' survey will take approximately 30 minutes and the preparer's survey between 30–45 minutes to complete. EFRAG invites participants to complete the appropriate survey by 26 November 2018.

Please click to access the **surveys** through the press release on the EFRAG website.

Communiqué from latest China-Japan-Korea accounting standard-setters meeting

A communiqué has been issued from a meeting of the standard-setters from China, Japan and the Republic of Korea held in Busan on 19 October 2018.

The meeting saw presentations on:

- Accounting reform of Korea
- Challenges for intangible assets reporting
- Business combinations under common control
- Virtual currencies

Please click for the **full communiqué** on the KASB website

Presentations at ISAR 35

The thirty-fifth session of the United Nations Conference on Trade and Development (UNCTAD) Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) was held in Geneva.

The two main topics for the meeting were:

- Enhancing the comparability of sustainability reporting: Selection of core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals
- Issues of practical implementation of international standards of accounting and reporting in the public and private sectors

Please click to access the following documents:

- The **background papers** for the two topics
- **Presentations of the speakers** at the meeting
- **Presentations from the workshop** held before the meeting

IFASS meeting with exchange of views on EU fitness check

The meeting of the International Forum of Accounting Standard Setters (IFASS) held in London saw a discussion on the European Commission (EC) consultation document 'Fitness Check on the EU Framework for Public Reporting by Companies'

Please click to access the **presentation slides** on the IAS Plus website.

AAOIFI to review and revise standards

The Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) has launched a survey to explore views of financial statements preparers and users with regard to the practices in financial reporting for Islamic financial institutions.

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

AAOIFI publishes study of IFRS Standards from a Shari'ah perspective

The AAOIFI has published 'IFRS and the Shari'ah based reporting: A conceptual study'. The study looks at IFRS Standards from Shari'ah, Islamic accounting, and Islamic finance accounting perspective and stresses the information needs of Shari'ah conscious users of financial statements.

Please click to access **the study** on the AAOIFI website.

IFSB and AAOIFI sign Memorandum of Understanding

The two leading Islamic finance standard-setting bodies Islamic Financial Services Board (IFSB) and Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) have signed a Memorandum of Understanding to facilitate international cooperation between the two organisations.

Please click to **access the press release** published on the IFSB website.

IPSASB publishes finalised 'Improvements to IPSAS, 2018'

The International Public Sector Accounting Standards Board (IPSASB) has published 'Improvements to IPSAS, 2018', which sets out amendments to International Public Sector Accounting Standards (IPSAS) to address issues raised by stakeholders and to converge with recent amendments to IFRS Standards.

Please click to access the final amendments **Improvements to IPSAS, 2018** on the IPSASB 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 Standards.

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

IPSASB 2018 Handbook of pronouncements available

The International Public Sector Accounting Standards Board (IPSASB) has made available its 2018 Handbook of International Public Sector Accounting Pronouncements.

The Handbook contains all IPSASB pronouncements published as of 31 January 2018, including the *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*.

Please click to download **the handbook** on the IPSASB website.

Recent sustainability and integrated reporting developments

- The World Business Council for Sustainable Development (WBCSD) has released the 2018 edition of *Reporting matters*. This year's report aims to show how companies are linking reporting and decision-making through three topic-specific addendum reports focused on climate change, water and human rights.

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

- The United Nation's Sustainable Stock Exchanges (SSE) initiative and the International Finance Corporation (IFC), a member of the World Bank Group, have initiated a collaboration to raise environmental, social, and governance standards across emerging capital markets. The goal is to help build investor trust, attract capital, and grow strong local capital markets.

Please click to access the **press release on the SSE website**.

- The SSE has also released a new report focusing on how securities regulators can help promote the sustainable development goals. With 35 examples from 19 markets, the report provides a snapshot of what is happening around the world today.

Please click to access the **press release on the SSE website**.

- Another report released by the SSE is its biennial report on progress documenting a steep increase in a number of sustainability activities at stock exchanges.

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

The Climate Disclosure Standards Board (CDSB) has published a report on how India is responding to sustainability challenges. The report compares India's sustainability reporting practices with those of China and OECD countries, with a focus on the differences in disclosure channels, obligations and subjects disclosed.

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

- The Pan-African Federation of Accountants (PAFA) is conducting a survey to gain a sense of where people think sustainability is currently integrated into the continuous professional development and continuous professional education of the professional accountant.

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

- The Global Reporting Initiative (GRI) and the United Nations Global Compact initiative have released a new publication integrating the SDGs into Corporate Reporting: A Practical Guide. The publication outlines a process of 'principled prioritization' aimed at helping companies to identify and prioritise their sustainable development goals (SDG) targets, take action and report on their progress. The GRI has also launched an updated version of its GRI 403: Occupational Health and Safety reporting standard.

Please click to access the publication on the GRI website:

- **Integrating the SDGs into Corporate Reporting: A Practical Guide**
- **GRI 403: Occupational Health and Safety**

- A series of 'breakthrough' moments have been named by the International Integrated Reporting Council (IIRC) in its 2017 integrated report. The IIRC also announces that Dominic Barton has been appointed Chair of the IIRC.

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

- **Please see the IIRC press release for a summary and access to the annual report**
- **Press release** and an **interview with the new Chair**

- The UK Financial Reporting Council's (FRC) Financial Reporting Lab is inviting investors and companies to participate in a new project on the disclosure of climate change and workforce information. The project will consider how the recommendations identified in the Lab's previous reports on business model reporting, risk and viability and performance metrics apply to companies' reporting on climate change and their workforce.

Please click to access the **press release** on the FRC website.

- The Task Force on Climate-related Financial Disclosures (TCFD) Knowledge Hub now offers two new sections – case studies and upcoming events to ensure all the knowledge on the TCFD is available in one place.

Please click to access **the knowledge hub** on the TCFD website.

- The Integrated Reporting Committee (IRC) of South Africa has updated its Starter's Guide initially published in 2014, to provide organisations with practical suggestions on preparing an integrated report. It is aligned with the King IV Report on Corporate Governance for South Africa, 2016 and presents updated examples five years after publication of the <IR> International Framework.

Please click to access the **Starter's guide** on the IRC website.

- Accounting for Sustainability (A4S) has released a two-minute survey on sustainability in finance for all finance professionals to take. The survey aims to understand the current perceptions and attitudes to sustainability within the finance community.

Please click to access **the survey** on the A4S website.

- A4S has also released a report setting out actions to deliver a global sustainable financial system, with recommendations for all parts of the investment chain. The recommendations in the report include building a compelling evidence base and motivating people to act, developing consistent terminology, allocating funds to sustainable outcomes, adopting reporting standards, and pricing externalities.

Please click to access **the report** on the A4S website.

- The World Federation of Exchanges (WFE) has formally launched its Principles for Sustainable Exchanges. The principles include education of market participants, promotion of environmental, social and governance (ESG) disclosures, multi-stakeholder engagement for sustainable finance, provision of markets and products, and establishing effective internal governance in support of sustainability efforts.

Please click to access the [WFE sustainability principles document](#) on the WFE website.

Deloitte IFRS communications and publications

Issuance Date	Description
8 October 2018	IFRS in Focus – Third Transition Resource Group meeting discussing the implementation of IFRS 17 Insurance Contracts
12 October 2018	IFRS on Point – September 2018
24 October 2018	IFRS in Focus – Reporting on periods ending after 1 July 2018—Inflation in Argentina
24 October 2018	IFRS in Focus – IASB amends the definition of a business in IFRS 3

Comment letters

	Description	Receiving party	Date issued/ Comment deadline
Comment Letters Pending	Assessment of Promised Goods or Services (IFRS 15)	IFRS IC	21/11/2018
	Application of the Highly Probable Requirement in a Cash Flow Hedge Relationship (IFRS 9 and IAS 39)	IFRS IC	21/11/2018
	Deposits relating to taxes other than income tax (IAS 37)	IFRS IC	21/11/2018
	Investments in a Subsidiary Accounted for at Cost: Partial Disposal	IFRS IC	21/11/2018
	Liabilities in relation to a joint operator's interest in a joint operation	IFRS IC	21/11/2018
	Investments in a Subsidiary Accounted for at Cost: Step Acquisition	IFRS IC	21/11/2018
	Financial Instruments with Characteristics of Equity	IASB	07/01/2019

Effective dates

Click [here](#) for upcoming and recent effective dates.

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