



## IFRS on Point

### Financial Reporting Developments and Information from December 2020

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### International headlines

#### [IASB Board Meeting \(December 2020\)](#)

The International Accounting Standards Board (IASB) met via video conference on 14–16 December 2020.

The following topics were discussed:

- Maintenance and consistent application
- Comprehensive review of the IFRS for SMEs
- Disclosure initiative – Accounting policies
- Primary financial statements
- Post-implementation review of IFRS 9 – Classification and Measurement
- Disclosure initiative – Subsidiaries that are SMEs
- Financial instruments with characteristics of equity
- Pension benefits that depend on asset return

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
- [Update to the IASB work plan](#) on the IFRS Foundation website
- [Detailed notes](#) taken by Deloitte observers on the IAS Plus website

#### [IFRS Interpretations Committee meeting \(December 2020\)](#)

The IFRS Interpretations Committee met via video conference on 1 and 2 December 2020.

The following items were discussed:

#### **Committee's agenda decisions**

- Supply Chain Financing Arrangements – Reverse Factoring

#### **Committee's tentative agenda decisions**

- Attributing Benefit to Periods of Service (IAS 19)
- Classification of Debt with Covenants as Current or Non-current (IAS 1)
- Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38)
- Hedging Variability in Cash Flows due to Real Interest Rates (IFRS 9)

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:

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

### **IASB publishes request for information on the post-implementation review of IFRS 10-12**

The International Accounting Standards Board has issued a request for information (RFI) seeking comments from stakeholders to identify whether IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', and IFRS 12 'Disclosure of Interests in Other Entities' provide information that is useful to users of financial statements; whether there are requirements that are difficult to implement and may prevent the consistent implementation of the standards; and whether unexpected costs have arisen in connection with applying or enforcing the standards. Comments on the RFI are due by 10 May 2021.

Please click to access the following:

- The **request for information** and a corresponding **press release** are available on the IASB website
- **IFRS in Focus newsletter** outlining the contents of the RFI on the IAS Plus website.

### **IFRS 17 adoption progresses around the world**

China has decided to adopt IFRS 17 over a three-year transition period. The Ministry of Finance of the People's Republic of China has issued CAS 25 (revised) to be part of the IFRS-converged accounting standards for Chinese entities (Chinese Accounting Standards or CAS). Saudi Arabia has adopted the IFRS 17 amendments issued in June 2020 and India through the ICAI is consulting on the adoption of these amendments.

Please click to access the following:

- **Revised CAS 25** text converged with IFRS 17
- **Announcement** of Saudi Arabia's adoption of IFRS 17 on the SOCPA website
- **The press release** on the ICAI website

### **Summary of the November 2020 IFRS Advisory Council meeting**

A summary report has been released of the meeting of the IFRS Advisory Council held by remote participation on 3–4 November 2020.

The following topics were discussed:

- Updates on Trustees and Board's Activities
- Feedback from previous Advisory Council meetings
- Sustainability

Please click to access the following:

- Full **meeting summary** on the IASB website
- **Recordings** of individual sessions

### **IASB Vice-Chair speaks at annual AICPA conference**

At the 2020 AICPA Conference on Current SEC and PCAOB Developments, which is currently being held by remote participation, IASB Vice-Chair Sue Lloyd spoke about the IASB's reaction to COVID-19 challenges and other important Board developments in 2020. She also noted developments to be expected next year and developments in sustainability reporting.

Please click to access the **full text of the speech** is available on the IASB website.

### **IASB Chair discusses COVID-19 and IFRS Standards**

During the virtual seminar hosted by the Japanese Institute of Certified Public Accountants, IASB Chair Hans Hoogervorst gave a keynote speech discussing the effects of COVID-19 as well as developments in IFRS Standards.

Please click to access the **full transcript** of the speech on the IASB's website.

### **IASB issues 'Investor Update' newsletter**

The IASB has issued the latest edition of its newsletter 'Investor Update', which profiles recently introduced IFRS Standards and other changes to the pipeline as well as how those changes may affect companies and performance.

Please click to access the **Investor Update newsletter** on the IASB's website

### **IFRS Foundation appoints three new Trustees**

The IFRS Foundation has announced the appointment of Robert Pozen, Kenneth Robinson, and Erhard Schipporeit as Trustees of the IFRS Foundation. Their appointments began on 1 January 2021 and will expire on 31 December 2023.

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

### **IFRS Foundation publishes IFRS Taxonomy update**

The IFRS Foundation has published 'IFRS Taxonomy 2020 — Update 2 'Interest Rate Benchmark Reform — Phase 2''.

Please click to access the **press release** and Taxonomy update on the IASB's website

### **Response to creation of new IFRS SSB**

Mark Carney, UN Special Envoy for Climate Action and Finance, has commented on the IFRS Foundation Trustees' sustainability consultation and stresses that he endorses the creation of new IFRS Sustainability Standards Board (SSB).

Please click to **download the full letter** from the IASB website.

### **First discussion of seventh 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 directly relevant to projects on the Board's work plan.

Please click to access **research papers** from the IASB website.

### **New IASB CMAC members**

The IASB's Capital Markets Advisory Committee (CMAC) has appointed three new members.

Please click to access **additional information** about new members from the IASB website.

### **IPSASB publishes amendments regarding public sector financial instruments**

The International Public Sector Accounting Standards Board (IPSASB) has published 'Non-Authoritative Amendments to IPSAS 41 'Financial Instruments'' with amendments that supplement the IPSASB's existing guidance in IPSAS 41 for topics that are unique to the public sector and have a significant impact on government finances.

Please click to access **publication** from the IPSASB website.

### **EFRAG outreach event on business combinations and the investor view – summary report**

On 12 November 2020, EFRAG, along with the IASB, hosted an outreach event to discuss business combinations and the subsequent accounting for goodwill. A summary report is now available.

Please click for access to the **summary report** on the EFRAG website.

### **EFRAG draft comment letter on the IASB's proposed amendment to IFRS 16**

The European Financial Reporting Advisory Group (EFRAG) has issued a draft comment letter on the IASB exposure draft ED/2020/4 'Lease Liability in a Sale and Leaseback (Proposed amendment to IFRS 16)'.

Please click to access the **press release** and the **draft comment letter** on the EFRAG's website.

### **Consultation by the EFRAG Board President on his views on non-financial reporting standard-setting**

EFRAG Board President Jean-Paul Gauzès issued a Consultation Document inviting all interested stakeholders to contribute input to his preliminary proposals regarding changes to the governance structure and financing of EFRAG if the latter were entrusted with the development of EU non-financial reporting standards. Responses to this second consultation were due by 6 January 2021.

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

### **EFRAG is looking for new Board members**

The European Financial Reporting Advisory Group (EFRAG) has published a call for candidates for new Board members.

Please click for **more information** on the EFRAG website.

### **EFRAG plans outreach events on non-financial reporting standards**

The EFRAG has announced a series of online outreach events to gather stakeholders' view from various jurisdictions on tentative proposals of the Project Task Force on non-financial reporting standards.

Please click to access the **press release** on the EFRAG's website.

### **Option for Member States to delay ESEF by one year**

The European Parliament and the Council agreed to an amendment of the Transparency Directive allowing Member States to delay by one year the application of the European Single Electronic Format (ESEF) requirements for listed companies' annual financial reports, provided that they notify the Commission of their intention to do so, and of their sufficiently justified reasons.

Please click to access **more information** from the European Commission website.

### **European Union formally adopts IFRS 4 amendments regarding the temporary exemption from applying IFRS 9**

The European Union has published a Commission Regulation endorsing 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)'.

Please click to access updated **endorsement status report**.

### **ESMA integrates latest IFRS updates in its ESEF taxonomy**

The European Securities and Markets Authority (ESMA) has published amendments to the European Single Electronic format (ESEF) to update the core taxonomy to the latest updates to IFRSs.

Please click to access the following:

- **Press release** on the ESMA website
- Published **amendments** on the ESMA website

### **The three paradoxes of sustainability reporting**

Steven Maijoor, Chair of the European Securities and Markets Authority (ESMA), gave speech at a webinar organised by the French Ministry of the Economy, Finance and Recovery and discussed three apparent paradoxes of sustainability reporting and how to address them.

Please click to access the **full text of Mr Maijoor's speech** on the ESMA website.

### **ICAS report on IAS 37 and decommissioning liabilities**

The Institute of Chartered Accountants of Scotland (ICAS) has released a report examining the application of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' in accounting for the costs of decommissioning and clean-up operations in polluting industries, including oil and gas, mining and utilities.

Please click to access **full report** from the ICAS website.

### **10th ANC Symposium on Accounting Research**

On 14 December 2020, the Autorité des Normes Comptables (ANC), the French standard setter, hosted its 10th Symposium on Accounting Research. The general theme was "Accounting and Crises".

Please click to access **recording of all presentations, speeches, and panel discussions** on the ANC website after the event.

### **AASB Research Forum – presentations available**

The Australian Accounting Standards Board (AASB), in conjunction with the University of New South Wales, hosted the 2020 AASB Virtual Research Forum on 30 November 2020.

Please click to access **slides and recordings** of presentation from the AASB website.

### IVSC publishes perspectives paper on social value

International Valuation Standards Council (IVSC) has published a perspectives paper 'Defining and Estimating 'Social Value'.

Please click to **access the paper** on the IVSC website.

### IVSC publishes exposure draft on valuing financial instruments

In December 2018, the International Valuation Standards Council (IVSC) set up a new Financial Instruments Board, tasked with reviewing and improving IVS 500 'Financial Instruments'. The Board has now published a first exposure draft that addresses improvements to IVS 500 regarding governance and data.

Please click to **access exposure draft** on the IVSC website.

### Prototype climate-related financial disclosure standard

Following their statement of intent to work together towards a comprehensive corporate reporting system, the five internationally significant framework- and standard-setting institutions (CDP, CDSB, GRI, IIRC, and SASB) have published a prototype climate-related financial disclosure standard.

Please click to access the following:

- **Joint press release** on the CDSB website
- **Joint paper** with a prototype climate-related financial disclosure standard

### Various organisations comment on the Trustees' sustainability consultation

- The International Federation of Accountants (IFAC) has submitted a comment letter on the IFRS Foundation Trustees' consultation paper on sustainability reporting published in September 2020. Please click to access the **full comment letter** on the IFAC website.
- The Financial Stability Board (FSB) has submitted a comment letter on the IFRS Foundation Trustees' consultation paper on sustainability reporting published in September 2020. Please click to access the **full comment letter** on the FSB website.
- The Chairs of the three European Supervisory Authorities (ESAs), EBA, EIOPA and ESMA, have submitted a joint comment letter on the IFRS Foundation Trustees' consultation paper on sustainability reporting published in September 2020. The European Securities and Markets Authority (ESMA) has also submitted an additional separate comment letter. Please click to access the full comment letters below:
  - **ESAs joint comment letter** on the EBA website
  - **ESMA comment letter** on the ESMA website
- Accountancy Europe has submitted a comment letter on the IFRS Foundation Trustees' consultation paper on sustainability reporting published in September 2020. Please click to access the **full comment letter** on the Accountancy Europe website.
- The Global Reporting Initiative (GRI) submitted a comment letter on the IFRS Foundation Trustees' consultation paper on sustainability reporting published in September 2020. Please click to access the **full comment letter** on the GRI website.
- The International Organization of Securities Commissions (IOSCO) submitted a comment letter to the IFRS Foundation Trustees' consultation on sustainability reporting. Please click to access the **full comment letter** on the IOSCO website.

### Recent sustainability and integrated reporting developments

- The World Business Council for Sustainable Development (WBCSD) has published the eighth edition of *Reporting matters* – WBCSD's annual review of its member companies' sustainability and integrated reports.

Please click to access the publication through the **press release** on the WBCSD website

- The International Integrated Reporting Council (IIRC) has released a report investigating the extent to which investors and analysts value non-financial information, the ways they use it and the benefits they see from integrated reporting

Please click to access the publication through the **press release** on the IIRC website

- The IIRC also announces the launch of the revised <IR> Framework in January 2021.

Please see this **press release** for more information.

- Climate Action 100+ has released its 2020 progress report that includes a section on disclosures.

Please click to access the report through the **press release** on the Climate Action 100+ website

- The latest report released by the Climate Disclosure Standards Board (CDSB), The state of EU environmental disclosures in 2020 analyses the strength and weaknesses of disclosure among 50 largest companies in the European Union under the EU Non-Financial Reporting Directive (NFRD).

Please click to access the publication through the **press release** on the CDSB website.

- The CDSB website also offers access to a series of briefings around the disclosure under the NFRD.

Please click to access **more information**.

- In addition, the CDSB and the United Nations Sustainable Stock Exchanges (SSE) initiative have formalised their long term and ongoing collaboration and cooperation with an official Exchange of Letters.

Please click to access the **announcement** on the SSE website

- The US Securities and Exchange Commission's (SEC's) Asset Management Advisory Committee recently published its recommendations on Environmental, Social and Governance (ESG) disclosure.

Please click to access a **draft of the recommendations** on the SEC website.

- The Sustainability Accounting Standards Board (SASB) has issued a staff bulletin on human capital management disclosure. The bulletin provides an overview of the human capital-related topics and metrics in SASB's 77 industry-specific standards to assist companies in preparing human capital-related disclosures.

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

- The UK Financial Reporting Council (FRC) has published the results of a review that shows that corporate reporting needs to improve to meet the expectations of investors and other users on the urgent issue of climate change.

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

- The UK Government has announced its intention to mandate climate disclosure by large companies and financial institutions across the economy by 2025.

Please click to access **announcement** on the UK Government website

- The Accounting Bodies Network of the Prince of Wales' Accounting for Sustainability project (A4S) has published a statement of support agreeing with the IASB that existing standards should be applied to climate-related and other emerging risks.

Please click to access the **statement of support** on the A4S website.

- The Alliance for Corporate Transparency has published joint position on the reform of the EU NFRD setting out seven recommendations

Please click to access **list of recommendations and access to the full joint position** on the Alliance for Corporate Transparency website.

- Accountancy Europe has released a podcast discussing what is being done on the side of accountants to accommodate sustainability into corporate reporting.

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

## Updates to Deloitte iGAAP manual

None.

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

## Understanding the differences between U.S. GAAP and IFRS Standards

Deloitte has released a comprehensive 380-page publication focusing on some of the most common and significant differences that may affect financial statements when converting from U.S. GAAP to IFRS Standards and vice versa.

Please click to download **publication** from the IAS Plus.

## Deloitte IFRS communications and publications

<b>Issuance Date</b>	<b>Description</b>
1 December 2020	<b><i>A Closer Look — Investor demand for corporate reporting in line with the Paris Agreement on climate change</i></b>
1 December 2020	<b><i>IFRS in Focus — IASB publishes Discussion Paper on 'Business Combinations under Common Control'</i></b>
2 December 2020	<b><i>A Closer Look — 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</i></b>
3 December	<b><i>IFRS in Focus — Closing out 2020</i></b>
7 December 2020	<b><i>IFRS on Point — November 2020</i></b>
11 December 2020	<b><i>IFRS in Focus — IASB seeks information on its post-implementation review of IFRS 10, IFRS 11 and IFRS 12</i></b>
21 December 2020	<b><i>Purpose-driven Business Reporting in Focus — New Prototype Climate-related Financial Disclosure Standard</i></b>

## Comment letters

	Description	Receiving party	Date issued/ Comment deadline
Comment letter issued	<b>IFRS Foundation Trustees' consultation paper on sustainability reporting</b>	IFRS Foundation	1/12/2020
	<b>Discussion Paper DP/2020/1—Business Combinations—Disclosures, Goodwill and Impairment</b>	IASB	21/12/2020
	<b>Proposed Changes to the SASB Conceptual Framework and Rules of Procedure</b>	SASB	21/12/2020
Comment Letters Pending	<b><i>Tentative Agenda Decision: Attributing Benefit to Periods of Service (IAS 19)</i></b>	IFRS IC	15/02/2021
	<b><i>Tentative Agenda Decision: Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38)</i></b>	IFRS IC	15/02/2021
	<b><i>Tentative Agenda Decision: Hedging Variability in Cash Flows Due to Real Interest Rate (IFRS 9)</i></b>	IFRS IC	15/02/2021
	<b><i>Tentative Agenda Decision: Classification of Debt with Covenants as Current or Non-current (IAS 1)</i></b>	IFRS IC	15/02/2021

## 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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