



## IFRS on Point

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### International headlines

#### Board publishes proposed amendment to IFRS 16

The International Accounting Standards Board (Board) has published Exposure Draft ED/2020/4 *Lease Liability in a Sale and Leaseback (Proposed amendment to IFRS 16)* that proposes to amend IFRS 16 to:

- specify the method a seller-lessee uses to measure initially the right-of-use asset and the liability arising in sale and leaseback transactions in which the transfer of the asset satisfies the requirements to be accounted for as a sale of the asset;
- specify that the lease liability recognised for the leaseback reflects the expected lease payments and includes variable lease payments, including those that do not depend on an index or rate;
- add subsequent measurement requirements for the lease liability arising in these sale and leaseback transactions; and
- require a seller-lessee to apply the amendment retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

The comment period for the ED ends on 29 March 2021.

Please click to access the following:

- **Press release** on the IFRS Foundation website
- Access to the **ED** on the IFRS Foundation website
- **IFRS in Focus** explaining the proposed amendment on IAS Plus

#### Board publishes Discussion Paper on *Business Combinations under Common Control*

The Board has published Discussion Paper DP/2020/2 *Business Combinations under Common Control*. The DP examines how to account for business combinations in which all of the combining businesses are ultimately controlled by the same party, both before and after the combination.

For more information please see the following websites:

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

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

The Board proposes that the accounting for a business combination under common control would depend on whether or not (i) the combination affects non-controlling shareholders of the receiving entity and (ii) the receiving entity's shares are traded in a public market. If the receiving entity does not have non-controlling shareholders, a book-value method would be applied.

If the receiving entity is publicly-held and has non-controlling shareholders, the acquisition method would be applied.

If the receiving entity is privately-held and has non-controlling shareholders, it would be:

- permitted to use a book-value method if it has informed all of its non-controlling shareholders that it proposes to do so and they do not object; and
- required to use a book-value method if all of its non-controlling shareholders are related parties as defined in IAS 24.

The comment period for the DP ends on 1 September 2021.

Please click to access the following:

- **Press release** on the IFRS Foundation website
- **Discussion Paper** on the IFRS Foundation website
- **IASB Snapshot** introducing the DP on the IFRS Foundation website
- **Fact Sheet** illustrating the Board's preliminary views on the IFRS Foundation website
- **IFRS in Focus** explaining the key concepts of the DP on IAS Plus

#### **IASB Board Meeting (November 2020)**

The Board met via video conference on 18 November 2020.

The following topics were discussed:

- Board work plan—Post-implementation Reviews and Agenda Consultation
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure Initiative—Subsidiaries that are SMEs
- Management Commentary
- Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12

In addition, the Board held a remote joint meeting with the US Financial Accounting Standards Board (FASB) on 19 November 2020.

The following topics were discussed:

- Goodwill and Impairment
- Leases other than COVID-19
- COVID-19
- Supply chain financing

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

### **Educational material on applying IFRS Standards to climate-related matters**

The IFRS Foundation has released educational material that shows how existing IFRS requirements require companies to consider climate-related matters when their effect is material to the financial statements.

Please click to access the following:

- **Effects of climate-related matters on financial statements** on the IFRS Foundation website.
- **A Closer Look** reflecting, among other topics, on the educational material and how it might apply in practice on IAS Plus

### **Board begins PIR of classification and measurement requirements in IFRS 9**

Similar to the development of IFRS 9, the Board will perform the post-implementation review (PIR) of IFRS 9 in three phases, starting with the review of the classification and measurement requirements. The impairment requirements and hedge accounting requirements will be reviewed later, when more information is available about the application and effects of those requirements.

PIRs are carried out to assess the effects of a new Standard or major amendment to a Standard on investors, companies and auditors after the requirements have been widely applied for some time.

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

### **Trustees appoint Andreas Barckow to succeed Hans Hoogervorst**

The Trustees of the IFRS Foundation, the oversight body of the Board, announced the appointment of Prof Dr Andreas Barckow, currently chairman of the Accounting Standards Committee of Germany (ASCG), as the next chairman of the Board.

Please click the following:

- **Press release** on the IFRS Foundation website
- **Press release** on the ASCG website

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

The Board has published PTU/2020/5 *IFRS Taxonomy 2020—General Improvements and Common Practice—IAS 19 Employee Benefits*. The proposed update includes elements to reflect common reporting practice and new and amended labels to clarify the accounting meaning and intended use of some existing elements.

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

- **Press release**
- **Proposed IFRS Taxonomy Update**

### **Chairman of the IFRS Foundation Trustees presents sustainability consultation paper at ISAR 37**

At the thirty-seventh session of the United Nations Conference on Trade and Development (UNCTAD) Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), Erkki Liikanen, Chairman of the IFRS Foundation Trustees, introduced the Trustees' consultation paper that was published in September 2020 to assess demand for global sustainability standards and what role the Foundation might play in the development of such standards.

Please click to access the following:

- The **consultation paper** on the IFRS Foundation website
- **IFRS in Focus** outlining the consultation on IAS Plus
- **Purpose-driven Business Reporting in Focus** explaining the momentum towards comprehensive global standards on IAS Plus
- **Deloitte comment letter** responding to the consultation on IAS Plus
- **Transcript** of Mr Liikanen's presentation on the IFRS Foundation website
- **Recording of the session** on the UNCTAD website

### **Recordings of the webinars on Trustees' sustainability consultation**

On 17 November 2020, the Trustees of the IFRS Foundation offered two webinars and moderated Q&As on their sustainability consultation launched in September.

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

### **EEG meeting (November/December 2020)**

The Board's Emerging Economies Group (EEG) met via video conference on 30 November and 1 December 2020.

The following topics were discussed:

- Disclosure Initiative:
  - Accounting Policies
  - Subsidiaries that are SMEs
  - Targeted Standards-level Review of Disclosures
- Applying IFRS Standards in 2020—Discussion on impact of COVID-19
- Lack of exchangeability—Amendments to IAS 21
- Business Combinations—Disclosures, Goodwill and Impairment
- Update on IASB Activities
- Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12

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

### **Summary of the October 2020 ASAF meeting now available**

The Board has published a summary of the Accounting Standards Advisory Forum (ASAF) meeting held on 2 October 2020.

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

### **Summary of the October 2020 joint CMAC-GPF meeting**

Representatives from the Board met with both the Capital Markets Advisory Council (CMAC) and Global Preparers Forum (GPF) by video conference on 8 October 2020. Notes and recordings from the joint meeting have now been released.

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

### **Summary of the October 2020 ITCG meeting**

The Board has published a summary of the IFRS Taxonomy Consultative Group (ITCG) meeting held on 7 October 2020.

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

### **Board publishes editorial corrections**

The Board has published editorial corrections to IFRS 9 and IAS 39.

Please click to access **editorial corrections page** on the IFRS Foundation website.

### **IFRS Advisory Council membership update**

The Trustees of the IFRS Foundation have announced appointments and re-appointments to the IFRS Advisory Council effective 1 January 2021.

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

### **IASB and EAA virtual academic research seminar on goodwill**

On 30 October 2020, the Board and the European Accounting Association (EAA) held a virtual research seminar for academics related to Discussion Paper DP/2020/1 *Business Combinations—Disclosures, Goodwill and Impairment* and relevant academic literature. A recording of the event is now available.

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

### **EFRAG-IASB joint webinar on business combinations and subsequent accounting for goodwill – summary report**

On 16 October 2020, the European Financial Reporting Advisory Group (EFRAG), along with the Board, hosted an outreach event to discuss business combinations and the subsequent accounting for goodwill. A summary report is now available.

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

### **EFRAG early-stage analysis of rate regulation proposals — preparers' perspective**

EFRAG is inviting preparers to participate in an early-stage analysis of the likely impacts of possible changes to IFRS requirements as a result of the IASB project on the accounting for regulatory assets and regulatory liabilities. The Board is expected to issue an Exposure Draft in early 2021.

Please click to access **more information** on the EFRAG website.

### **European Lab publishes report on the progress of its task force on possible EU non-financial reporting standards**

EFRAG has published a report of the progress of its project task force on preparatory work for the elaboration of possible EU non-financial reporting standards.

Please click access the **full progress report** on the EFRAG website.

### **Deloitte response to ad personam mandate on non-financial reporting standard-setting**

The Deloitte firms in the European Union have responded to the request of the President of the EFRAG Board to share views on the future governance and framework of EFRAG in the context of possible changes to non-financial reporting by companies.

Please click to access the **comment letter** on IAS Plus.

### **Report on the autumn 2020 IFASS meeting**

A report has been issued summarising the discussions at the meeting of the International Forum of Accounting Standard Setters (IFASS) held on 30 September and 1 October 2020.

Please click to access **full meeting report** on IAS Plus.

### **IIRC and SASB intend to merge**

The International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) have announced their intention to merge into the Value Reporting Foundation, a unified organisation intended to provide investors and corporates with a comprehensive corporate reporting framework across the full range of enterprise value drivers and standards.

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

### **ISAR 37 — presentations available**

The thirty-seventh 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 on 2-6 November 2020.

Please click to access the following on the UNCTAD website:

- All **presentations** from the meeting
- **Recordings** of all the sessions

### **IFAC releases training material on IPSAS**

The International Federation of Accountants (IFAC) has developed a package of training materials to support International Public Sector Accounting Standards (IPSAS) implementation.

Please click to access **more information** on the IFAC website.

### **IPSASB delays effective dates**

The International Public Sector Accounting Standards Board (IPSASB) has published *Covid-19: Deferral of Effective Dates* delaying the effective dates of recently published standards and amendments by one year to 1 January 2023. The amendment is a response to the global COVID-19 pandemic and intended to provide stakeholders with additional implementation time.

Please click to access the **amendment** on the IPSASB website.

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

The IPSASB, has released an updated IPSAS-IFRS alignment dashboard showing how far individual IPSAS are aligned with corresponding IFRS Standards.

Please click to access the following:

- **Updated alignment dashboard** on the IPSASB website
- **IPSAS in your pocket** publication on IAS Plus

### **IVSC consults on future agenda**

The International Valuation Standards Council (IVSC) has launched a consultation to gain feedback on the topics that the IVSC should address as part of its current agenda and additional topics that stakeholders think should be priorities or added to IVSC's agenda.

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

### **Global investors call for the Paris Agreement to be factored into financial reporting**

On 16 November 2020, the Institutional Investors Group on Climate Change (IIGCC), a pan-European group of investors representing assets worth over €33 trillion, published *Investor Expectations for Paris-aligned Accounts*, setting out "investor expectations that directors and auditors deliver Paris-aligned accounts – accounts that properly reflect the impact of getting to net zero emissions by 2050 for assets, liabilities, profits and losses."

Please click to access the following:

- **Investor Expectations for Paris-aligned Accounts** on the IIGCC website
- **A Closer Look** reflecting, among other topics, on the IIGCC report on IAS Plus

# Updates to Deloitte iGAAP manual

## Added Deloitte Guidance

Chapter	Reference	Deloitte guidance title
A4 Presentation of financial statements	<b>4.3B.7.4-1</b>	Classification of a short-term loan with a conditional rollover option – example
A9 Intangible assets	<b>3.3.7-2</b>	Implementation costs incurred by a customer in connection with a right to receive access to a supplier’s software hosted on the cloud
A9 Intangible assets	<b>12.3-1</b>	Gain or loss arising on derecognition (player transfers) – example
A10 Impairment of assets	<b>8.2.7-3</b>	Impairment testing of goodwill which arises as a result of a deferred tax liability recognised in a business combination
A10 Impairment of assets	<b>8.2.8.6-2B</b>	Gross-up of goodwill for impairment testing when non-controlling interests are measured at their proportionate interest in the net identifiable assets of the subsidiary – changes in ownership interest
A12 Provisions, contingent liabilities and contingent assets	<b>8.8-1</b>	Deposits relating to taxes other than income tax – example
A13 Income taxes	<b>4.4.7.2-1</b>	Recognition of taxable temporary differences associated with investments in subsidiaries – example
A17 Leases	<b>11.2.1.4-3</b>	Accounting for deferrals of operating lease payments with a time-value-of-money payment increase – example
A17 Leases	<b>5.2.3-1</b>	Accounting for components of a contract that contains a lease
A17 Leases	<b>8.7.5.4-1</b>	Adoption of Covid-19-related rent concession amendment part-way through a financial year
A17 Leases	<b>13.3.1-3</b>	Sale and leaseback with variable lease payments – example
A21 Statement of cash flows	<b>5.1.6-1</b>	Presentation of cash flows on currency swap designated in net investment hedge
A25 Business combinations	<b>4.4.4-2</b>	Measurement of cost in an asset acquisition effected via share-for-share exchange – example
A32 Interim financial reporting	<b>5.6.10.1-1</b>	Difficulties in determining a reliably accurate forecast
A32 Interim financial reporting	<b>5.6.10.3-1</b>	Uneven earnings throughout the year with significant non-deductible expenses that affect the annual effective income tax rate
B1 Scope	<b>2.3.3-1A</b>	Income statement presentation of issued financial guarantee contract
B1 Scope	<b>2.3.3.1-7</b>	Issuer accounting for a financial guarantee contract when premiums are received over the term of the guarantee but cease on default or prepayment of the guaranteed loan
B2 Financial assets	<b>5.2.15-1E</b>	Super-senior liquidity facilities in SPE structures with issued CLI notes
B3 Financial liabilities and equity	<b>2.2-4</b>	Equity instruments with an embedded call option that has a strike price denominated in a foreign currency

## Amended Deloitte Guidance

Chapter	Reference	Deloitte guidance title
A13 Income taxes	<b>3.3.3.7-1</b>	Recognition of an asset in relation to a tax deposit – example
B9 Hedge accounting	<b>2.1.8-1</b>	Hedging with deal contingent derivatives

## Deloitte IFRS communications and publications

Issuance Date	Description
6 November 2020	<b>IFRS on Point—October 2020</b>
9 November 2020	<b>Purpose-driven Business Reporting in Focus—Progress in climate-related reporting to meet investor expectations</b>
30 November 2020	<b>IFRS in Focus—IASB proposes to amend IFRS 16 Leases to clarify the measurement of lease liabilities in sale and leaseback transactions</b>
1 December 2020	<b>IFRS in Focus—IASB publishes Discussion Paper on Business Combinations under Common Control</b>
1 December 2020	<b>A Closer Look—Investor demand for corporate reporting in line with the Paris Agreement on climate change</b>
2 December 2020	<b>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</b>
3 December 2020	<b>IFRS in Focus—Closing Out 2020</b>

## Comment letters

	Description	Receiving party	Date issued/ Comment deadline
Comment letter issued	<b>Tentative Agenda Decision—Sale and Leaseback of an Asset in a Single-Asset Entity (IFRS 10 and IFRS 16)</b>	IFRS Interpretations Committee	24/11/2020
	<b>Consultation paper on Sustainability Reporting</b>	IASB	31/12/2020
Comment Letters Pending	<b>Discussion Paper DP/2020/1—Business Combinations—Disclosures, Goodwill and Impairment</b>	IASB	31/12/2020
	<b>Proposed IFRS Taxonomy Update 2020 PTU/2020/4—General Improvements and Common Practice—Presentation of information in primary financial statements</b>	IASB	05/01/2021
	<b>Proposed IFRS Taxonomy Update 2020 PTU/2020/5— General Improvements and Common Practice—IAS 19 Employee Benefits</b>	IASB	26/01/2021
	<b>Exposure Draft ED/2020/4—Lease Liability in a Sale and Leaseback</b>	IASB	29/03/2021
	<b>Discussion Paper DP/2020/2—Business Combinations under Common Control</b>	IASB	01/09/2021

## 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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