



## IFRS on Point

### Financial and Sustainability Reporting Developments and Information from July 2023

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#### International Headlines

#### Updates to Deloitte iGAAP manual

#### Deloitte IFRS communications and publications

#### Comment letters

#### Effective dates

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#### International Headlines

##### IASB meeting (July 2023)

The International Accounting Standards Board (IASB) met on 25-27 July 2023. The following topics were discussed:

- Dynamic Risk Management
- Equity Method
- Business Combinations—Disclosures, Goodwill and Impairment
- Extractive Activities
- Primary Financial Statements
- Disclosure Initiative—Subsidiaries Without Public Accountability: Disclosures
- Application of the Own-use Exception to Some Physical Power Purchase Agreements
- Provisions—Targeted Improvements

During the meeting, the IASB decided to issue two new Standards next year. The first new Standard will result from the Primary Financial Statements project and will supersede IAS 1. The second new Standard will result from the project on Subsidiaries without Public Accountability and is intended to reduce disclosure requirements for subsidiaries that are not traded on a public market.

Please click to access the following:

- **Press release** on the two new Standards
- **IASB Update** and **post-meeting podcast** on the IFRS Foundation website
- **Meeting page** with links to the agenda, agenda papers and recordings of the meeting on the IFRS Foundation website
- **Work plan analysis** on IAS Plus
- **Detailed meeting summaries** on IAS Plus

For more information please see the following websites:

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

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

### **ISSB meeting (July 2023)**

The ISSB met on 27 July 2023. The ISSB discussed “Applying Standards—Researching Targeted Enhancements to ISSB Standards—Path Forward”.

Please click to access the following:

- **ISSB Update** and **post-meeting podcast** on the IFRS Foundation website
- **Meeting page** with links to the agenda, agenda papers and recordings of the meeting on the IFRS Foundation website
- **Work plan analysis** on IAS Plus
- **Detailed meeting summaries** on IAS Plus

### **Updated educational material on applying IFRS Accounting Standards to climate-related matters**

The IFRS Foundation has released an updated version of its publication that shows how existing IFRS requirements require entities to consider climate-related matters when their effect is material to the financial statements.

The publication mainly consists of a non-exhaustive list of examples illustrating when IFRS Accounting Standards may require entities to consider the effects of climate-related matters in applying the principles in a number of Standards.

Please click to access the **educational material** on the IFRS Foundation website.

### **ISSB Chair talks about crossing a frontier, speaking a new language**

At the IFRS Foundation Conference held in London in June 2023, ISSB Chair Emmanuel Faber gave a speech in which he likened the issuance of the two new standards to crossing a frontier and called the new disclosure requirements “sustainability translated into an accounting language”, a new common language to build more resilient economics.

Please click to access the **transcript of the speech** on the IFRS Foundation website.

### **IFRS Foundation publishes proposed sustainability taxonomy**

The IFRS Foundation has published *Proposed IFRS Sustainability Disclosure Taxonomy* for public comment. The proposed taxonomy reflects the disclosure requirements in the ISSB’s first two Standards (IFRS S1 and IFRS S2).

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

- **Press release**
- **Proposed Taxonomy Consultation Document**
- **Proposed Taxonomy Package**

### **IFRS Foundation to assume TCFD monitoring duties as ISSB Standards pave the way for global sustainability reporting**

The IFRS Foundation has welcomed the completion of the Task Force on Climate-related Financial Disclosures’ (TCFD) work and the transfer of monitoring responsibilities to the ISSB starting in 2024.

The ISSB recently published its inaugural Standards, IFRS S1 and IFRS S2, which fully incorporate the TCFD recommendations. These Standards provide a global baseline for sustainability-related disclosures, ensuring that entities worldwide follow consistent guidelines in reporting sustainability-related information.

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

### **Comparison of IFRS S2 with TCFD recommendations**

The IFRS Foundation has compiled a comparison of the requirements in IFRS S2 and the TCFD recommendations.

The comparison shows that, as the requirements in IFRS S2 are consistent with the four pillars of the TCFD recommendations and the eleven recommended disclosures published by the TCFD, entities that apply IFRS S1 and IFRS S2 will meet the TCFD recommendations and therefore do not need to apply the TCFD recommendations in addition to IFRS S1 and IFRS S2.

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

### **Webcasts on IFRS S1 and IFRS S2**

The ISSB has published overview and deep-dive webcasts for both IFRS S1 and IFRS S2. These webcasts aim to enhance understanding and promote effective implementation of these Standards among entities and investors.

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

### **Webcast on the connections between the IASB's and the ISSB's work**

The IFRS Foundation has released a webcast with the Vice-Chair of the IASB and one of the Vice-Chairs of the ISSB discussing progress made in facilitating connections between financial statements and sustainability-related financial disclosures and in the work of the two boards.

Please click to access the webcast via the **press release** on the IFRS foundation website

### **Podcast on Q2 2023 IFRS IC developments**

The IASB has published a podcast on the developments of the IFRS Interpretations Committee (IFRS IC) during the second quarter of 2023. The podcast is hosted by IFRS IC Chair Bruce Mackenzie and IFRS IC members Karen Higgins and Donné Sephton.

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

### **IFRS Foundation publishes July 2023 *Investor Update* newsletter**

The IFRS Foundation has published the latest edition of its *Investor Update* newsletter, which aims to provide investors with information related to updates in IFRS Standards and how these changes might influence their professional responsibilities.

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

### **ITCG meeting (July 2023)**

The IFRS Taxonomy Consultative Group (ITCG) met on 5 July 2023. The following topics were discussed:

- IFRS Accounting Taxonomy—Primary Financial Statements
- IFRS Sustainability Disclosure Taxonomy
- IFRS Accounting Taxonomy—General Improvements, Common Practice and Technology

Please click to access the **meeting page** with links to the agenda, agenda papers and recordings of the meeting on the IFRS Foundation website.

### **ASAF meeting (July 2023)**

The Accounting Standards Advisory Forum (ASAF) met on 10-11 July 2023. The following topics were discussed:

- Intangible Assets
- Business Combinations—Disclosures, Goodwill and Impairment
- Primary Financial Statements
- Business Combinations under Common Control
- Provisions—Targeted Improvements
- Climate-related Risks in Financial Statements
- Equity Method

Please click to access the **meeting page** with links to the agenda, agenda papers and recordings of the meeting on the IFRS Foundation website.

### **SMEIG meeting (July 2023)**

The SME Implementation Group (SMEIG) met on 13 July 2023. The following topics were discussed:

- Second Comprehensive Review of the *IFRS for SMEs* Accounting Standard
- Amendments to the *IFRS for SMEs* Accounting Standard—International Tax Reform—Pillar Two Model Rules

Please click to access the **meeting page** with links to the agenda, agenda papers and recordings of the meeting on the IFRS Foundation website.

### **DPOC meeting (July 2023)**

The Due Process Oversight Committee (DPOC) met on 17 July 2023. The DPOC discussed the proposed future composition of the ITCG.

Please click to access the **meeting page** with links to the agenda, agenda papers and recordings of the meeting on the IFRS Foundation website.

### **SSAF meeting (July 2023)**

The Sustainability Standards Advisory Forum (SSAF) met on 24 July 2023. The following topics were discussed:

- Implementation of IFRS S1 and IFRS S2
- ISSB Consultation on Agenda Priorities
- International Applicability of the SASB Standards

Please click to access the **meeting page** with links to the agenda, agenda papers and recordings of the meeting on the IFRS Foundation website.

### **Summary of the June 2023 IFRS Foundation Trustees meeting**

A summary has been published of the IFRS Foundation Trustees meeting held on 13-15 June 2023. The following topics were discussed:

- Reports of the Chair of the Trustees and the Executive Director
- Report of the Chair of the ISSB
- Developing stronger connections between the ISSB and the IASB
- Update on the work of the Trustees Sustainable Operations Taskforce
- Medium-term funding of the ISSB
- Engagement with the International Organization of Securities Commissions (IOSCO) and regulatory adoption approach
- ISSB Agenda Consultation
- Report of the Chair of the IASB
- Earned revenue strategy
- IFRS Foundation Transitional Advisory Group
- Integrated Reporting and Connectivity Council
- Reports from recent Trustee Committee meetings
- Stakeholder engagement

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

### **Summary of the May 2023 EEG meeting**

A summary has been published of the Emerging Economies Group (EEG) meeting held on 10-11 May 2023. The following topics were discussed:

- Amendments to Classification and Measurement of Financial Instruments
- Carbon Offset
- Climate-related Risks in Financial Statements
- Primary Financial Statements
- Subsidiaries without Public Accountability: Disclosures
- Business Combinations under Common Control
- Update on IASB and IFRS Interpretations Committee activities

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

### **IASB calls for research on IFRS 7**

The IASB is looking to appoint a team of researchers to complete a research project on IFRS 7. The project commenced on 1 August 2023 and should be completed by 1 December 2023.

The researchers will collect data from listed companies on how these entities provide credit risk-related information in their annual financial statements and how they apply the credit risk disclosure requirements in IFRS 7. The findings of this research will be summarised in a report that will be used by IASB staff and the IASB to inform the post-implementation review (PIR) of IFRS 9.

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

### **IFRS Foundation Trustees seek to fill IFRS Advisory Council vacancies**

The Trustees of the IFRS Foundation are calling for candidates to fill seven vacancies that will occur at the end of 2023 for membership to the IFRS Advisory Council.

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

### **GPF seeks members, new members appointed**

The Global Preparers Forum (GPF) is seeking new members from Africa to join the Forum from 1 November 2023. In addition, three new GPF members from the Americas and Europe have been appointed.

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

### **IOSCO endorses IFRS S1 and IFRS S2**

IOSCO has announced that, in a major step towards consistent, comparable and reliable sustainability information, it has decided to endorse IFRS S1 and IFRS S2.

Please click to access the following:

- **Press release** on the IOSCO website
- **Endorsement decision document** on the IOSCO website
- **Endorsement Technical Assessment** on the IOSCO website
- **Presentation** on the IOSCO website
- **ISSB reaction** on the IFRS Foundation website
- **Adoption Guide** on the IFRS Foundation website

### **FSB will work with ISSB and IOSCO to promote wide use of the ISSB Standards**

The Chair of the Financial Stability Board (FSB) submitted a letter to the G20 Finance Ministers and Central Bank Governors outlining the work the FSB is undertaking to address current financial stability issues. The letter states that IFRS S1 and IFRS S2 will enable disclosures by different entities around the world to be made on a common basis. It also states that the FSB will work with the ISSB, IOSCO and other relevant bodies to promote the timely and wide use of the Standards.

Please click to access the **letter** on the FSB website.

### **FSB progress report on addressing climate-related financial risks**

The FSB has submitted to the G20 Finance Ministers and Central Bank Governors its second annual progress report on the July 2021 roadmap to address climate-related financial risks.

The report takes stock of progress by standard-setting bodies and other international organisations on the actions coordinated through the 2021 roadmap, outlines areas for further attention, and provides updates where needed to the detailed roadmap actions.

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

### **EC adopts final delegated regulation with regard to ESRS**

The European Commission (EC) has adopted the final delegated regulation supplementing the European Accounting Directive as regards sustainability reporting standards. The European Sustainability Reporting Standards (ESRS) to be used by entities for their sustainability reporting are set out in Annex I and Annex II of the draft regulation.

The delegated regulation will be formally transmitted in the second half of August to the European Parliament and to the Council for scrutiny. The scrutiny period runs for two months, extendable by a further two months. The European Parliament or the Council may reject the delegated act, but they may not amend it.

If not rejected, the regulation enters into force four months after the date of adoption. The regulation, and therefore the ESRS, would then apply from 1 January 2024 for financial years beginning on or after 1 January 2024. The regulation is binding in its entirety and directly applicable in all member states.

Please click to access the **delegated regulation** on the EC website.

### **IFAC warns against regulatory fragmentation, especially on matters of materiality**

The International Federation of Accountants (IFAC) has commented on the draft delegated regulation regarding sustainability reporting standards released for comment by the EC in June 2022.

In its response, IFAC welcomes the ESRS and notes that all international and regional approaches must align key concepts, terminologies, and metrics to avoid regulatory fragmentation, especially on matters of materiality.

Please click to access the **response** on the EC website.

### **Accountancy Europe calls for ESRS to be aligned with IFRS S1 and IFRS S2 before adoption**

Accountancy Europe has commented on the draft delegated regulation regarding sustainability reporting standards released for comment by the EC in June 2022. Main points in the response are aligning ESRS with IFRS S1 and IFRS S2 before adopting the delegated act and ensuring consistency between ESRS and other EU legislation.

Please click to access the response via the **press release** on the Accountancy Europe website.

### **EFRAG draft comment letter on the RFI on the PIR of IFRS 9 (impairment)**

EFRAG has published a draft comment letter on the IASB's Request for Information (RFI) seeking comments from stakeholders to identify whether the impairment requirements in IFRS 9 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 Standard; and whether unexpected costs have arisen in connection with applying or enforcing the Standard.

Please click to access the draft comment letter via the **press release** on the EFRAG website.

### **EFRAG draft comment letter on the RFI on the PIR of IFRS 15**

EFRAG has published a draft comment letter on the IASB's RFI seeking comments from stakeholders to identify whether the requirements in IFRS 15 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 Standard; and whether unexpected costs have arisen in connection with applying or enforcing the Standard.

Please click to access the draft comment letter via the **press release** on the EFRAG website.

### **FRC publishes thematic review findings on climate-related metrics and targets disclosures**

The UK Financial Reporting Council (FRC) has published a thematic review assessing the quality and maturity of climate-related metrics and targets disclosures.

Please click to access the **thematic review** on the FRC website.

### **Fourth IVSC perspectives paper on intangible assets**

The International Valuation Standards Council (IVSC) is publishing a series of perspectives papers titled *Time to get Tangible about Intangible Assets* that notes that despite the importance of intangible assets to the capital markets, only a small percentage are recognised on balance sheets. The fourth paper, titled *Deciphering Technology*, has now been published.

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

### **Hyperinflationary economies—updated IPTF watchlist available**

The International Practices Task Force (IPTF) of the Centre for Audit Quality (CAQ) monitors the status of 'highly inflationary' countries for the purposes of applying US GAAP. An updated watchlist is now available.

Please click to access the **watchlist** on the CAQ website.

For economies that should be considered hyperinflationary in an IFRS context, please see our **Closing Out—Areas of Focus for Reporting** publication, section 'Currency and hyperinflation'.

## Updates to Deloitte iGAAP manual

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

### Added Deloitte Guidance

Chapter	Reference	Deloitte guidance title
D2 Scope of IFRS 17	<b>5-3</b>	Accounting for a set or series of insurance contracts issued to the same policyholder - example
D2 Scope of IFRS 17	<b>6.3.1-1</b>	Distinct investment component that is an investment contract with discretionary participation features
D3 Level of aggregation	<b>2-1</b>	Consideration of currency risk when identifying portfolios of insurance contracts
D6 Subsequent measurement	<b>2.3-1</b>	Accretion of interest rate on the CSM using discount rates determined at the date of initial recognition
D6 Subsequent measurement	<b>2.4.4-2</b>	Relative weighting of the benefits provided under a group of insurance contracts
D6 Subsequent measurement	<b>2.4.5-2</b>	Recognition of the CSM as coverage services are provided (annuity contracts) – example
D6 Subsequent measurement	<b>2.5.2-1A</b>	Using discount rates curve determined at the date of initial recognition for calculating CSM unlocking adjustments
D6 Subsequent measurement	<b>2.7-3</b>	Multi-currency group of insurance contracts
D14 Disclosure	<b>2.3.4-1</b>	Application of IFRS 17:106 to reinsurance contracts held

## Deloitte IFRS communications and publications

Issuance Date	Description
05 Jul 2023	<b><i>IFRS on Point—June 2023</i></b>
06 Jul 2023	<b><i>iGAAP in Focus—Financial reporting: Closing out (June 2023)</i></b>

## Comment letters

	Description	Receiving party	Comment letter submitted/deadline
Comment letters submitted	<b>Draft Commission Delegated Regulation (EU) supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards</b>	EC	07/07/2023
	<b>Tentative Agenda Decision—Merger between a Parent and Its Subsidiary in Separate Financial Statements (IAS 27)</b>	IFRS IC	12/07/2023
	<b>IASB/ED/2023/3—International Tax Reform—Pillar Two Model Rules—Proposed Amendments to the IFRS for SMEs Accounting Standard</b>	IASB	12/07/2023
	<b>IASB/ED/2023/2—Amendments to the Classification and Measurement of Financial Instruments</b>	IASB	19/07/2023
	<b>ISSB/ED/2023/1—Methodology for Enhancing the International Applicability of the SASB Standards and SASB Standards Taxonomy Updates</b>	ISSB	21/07/2023
Comment letters pending	<b>Request for Information—Consultation on Agenda Priorities</b>	ISSB	01/09/2023
	<b>Proposed Taxonomy—IFRS Sustainability Disclosure Taxonomy</b>	ISSB	26/09/2023
	<b>Request for Information—Post-implementation Review of IFRS 9—Impairment</b>	IASB	27/09/2023
	<b>Request for Information—Post-implementation Review of IFRS 15 Revenue from Contracts with Customers</b>	IASB	27/10/2023

## 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 IFRS Standards, linking to and from:

- Deloitte’s authoritative, up-to-date iGAAP manuals which provide guidance for reporting under IFRS Standards
- Model financial statements for entities reporting under IFRS Standards

In addition, our **sustainability reporting** volume of iGAAP provides guidance on disclosure requirements and recommendations which businesses must consider in light of the broader sustainability matters which can significantly drive the value of an entity.

To apply for a subscription to iGAAP on DART, click [here](#) to start the application process and select the iGAAP package.

For more information about iGAAP on DART, including pricing of the subscription packages, click [here](#).



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