



IFRS on Point

Financial and Sustainability Reporting Developments and Information from June 2022

International headlines

Updates to Deloitte iGAAP manual

Deloitte IFRS communications and publications

Comment letters

Effective dates

International headlines

IASB meeting (June 2022)

The International Accounting Standards Board (IASB) met on 20-22 June 2022.

The following topics were discussed:

- Post-implementation Review of IFRS 9—Classification and Measurement
- Financial Instruments with Characteristics of Equity
- Equity Method
- Primary Financial Statements
- Business Combinations under Common Control
- Second Comprehensive Review of the *IFRS for SMEs* Accounting Standard
- Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures
- Non-current Liabilities with Covenants
- Contractual Cash Flow Characteristics of Financial Assets

Please click to access the following:

- **IASB Update** on the IFRS Foundation website
- **Agenda and related agenda papers** on the IFRS Foundation website
- **Work plan analysis** on IAS Plus
- **Meeting summaries** taken by Deloitte observers on IAS Plus

IFRS Interpretations Committee meeting (June 2022)

The IFRS Interpretations Committee met on 14-15 June 2022. The Committee published one new tentative agenda decision, finalised four agenda decisions and considered one new submission.

Tentative agenda decision

- IFRS 17 *Insurance Contracts* and IAS 21 *The Effects of Changes in Foreign Exchange Rates*—Multi-currency Groups of Insurance Contracts

For more information please see the following websites:

www.iasplus.com

www.deloitte.com

Agenda decisions finalised

- IFRS 9 *Financial Instruments*—Cash Received via Electronic Transfer as Settlement for a Financial Asset
- IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*—Negative Low Emission Vehicle Credits
- IAS 32 *Financial Instruments: Presentation*—Special Purpose Acquisition Companies (SPAC): Classification of Public Shares as Financial Liabilities or Equity
- IFRS 17 *Insurance Contracts*—Transfer of Insurance Coverage under a Group of Annuity Contracts

Initial consideration

IAS 21 *The Effects of Changes in Foreign Exchange Rates* and IAS 29 *Financial Reporting in Hyperinflationary Economies*—Consolidation of a Non-hyperinflationary Subsidiary by a Hyperinflationary Parent

Please click to access the following:

- **IFRIC Update** on the IFRS Foundation website
- **Agenda and related agenda papers** on the IFRS Foundation website
- **Meeting summaries** taken by Deloitte observers on IAS Plus

IASB completes post-implementation review of IFRS 10-12

The IASB has completed its post-implementation review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*. The IASB published a project report and feedback statement concluding that the standards work as intended.

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

- **Press release**
- **Project report and feedback statement**

IFRS Foundation announces six inaugural ISSB members

The Trustees of the IFRS Foundation have announced the appointment of Richard Barker, Verity Chegar, Bing Leng, Ndidi Nnoli-Edozien, Jeffrey Hales and Michael Jantzi as inaugural members of the International Sustainability Standards Board (ISSB). As a result of these appointments, the ISSB is now quorate.

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

- **Press release** for Richard Barker, Verity Chegar, Bing Leng and Ndidi Nnoli-Edozien
- **Press release** for Jeffrey Hales and Michael Jantzi

IFRS Foundation and Value Reporting Foundation approve consolidation

The IFRS Foundation Trustees and the Board of Directors of the Value Reporting Foundation (VRF) have voted to approve the consolidation of the VRF into the IFRS Foundation. The consolidation has an expected target date of 1 August 2022.

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

- **Press release** on the approval of the consolidation
- **Press release** on the expected target date of the consolidation

Memorandum of understanding signed to establish ISSB presence in Montreal

During the meeting of the Trustees of the IFRS Foundation in Montreal, the Trustees have signed a Memorandum of Understanding to obtain the financial support of the Government of Canada and the Government of Quebec for the ISSB.

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

Future collaboration between ISSB and GRI

In March 2022, the ISSB and the Global Reporting Initiative (GRI) announced a Memorandum of Understanding that aims at coordinating the work programmes and standard-setting activities of the two organisations. More detailed ideas of how this could be achieved have now been published.

The initiatives discussed at the first meeting of technical representatives from both organisations included:

- An agreed schedule of meetings and roadmap to advance technical aspects of the collaboration
- A mapping exercise to establish those requirements in the literature of both organisations that are equivalent
- The development of a methodology to cross-reference between the respective guidance
- An examination of future priorities
- The development of a full articulation of the ways in which the respective standards are complementary or diverge

Please click to access the **outline of the planned collaboration** on the IFRS Foundation website.

G7 welcomes ISSB's progress on global baseline of sustainability disclosures

Following the G7 Leaders' Summit 2022, a joint declaration has been published that stresses the need for a transition of the whole economy towards sustainability, net-zero and nature-positive outcomes to achieve a sustainable planet.

The declaration mentions the work and progress of the ISSB and highlights the need of sustainability disclosures for mobilising private sector finance to support the transition to a sustainable economy.

Please click to access the **statement** on the G7 website.

UN issues statement on ISSB exposure drafts

Several United Nations (UN) organisations have responded with a joint statement to the proposed standards of the ISSB.

The statement notes that the standards being developed by the ISSB provide a unique opportunity and that they can support global convergence of sustainability-related disclosure, create a common reporting baseline, and help mainstream sustainability-related issues into regular business strategy and management.

However, the statement warns that a narrow interpretation of enterprise value could mean that ISSB standards could leave out important sustainability risks and opportunities and that the ISSB standards could result in selective disclosure by reporting companies.

Please click to access the **statement** on the United Nations Environment Programme Finance Initiative website.

Speech of the Chair of the Board of IOSCO at the IFRS Foundation Conference

On 23 June 2022, Mr Ashley Alder, Chief Executive Officer of the Securities and Futures Commission (SFC) of Hong Kong and Chair of the Board of the International Organization of Securities Commissions (IOSCO) outlined in a speech at the IFRS Foundation Conference in London the path forward for the endorsement of future standards of the ISSB by IOSCO.

Please click to access a **summary of the speech** on the SFC website.

Chair of the Trustees speaks at IFRS Foundation Conference

Erkki Liikanen, Chair of the IFRS Foundation Trustees, spoke at the IFRS Foundation Conference, which was split into one sustainability day and one accounting day, about the IASB and the ISSB.

His speech was mainly devoted to drawing a parallel between establishing the IASB in 2001 and the ISSB now.

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

IASB Chair discusses the IASB work plan

At the IFRS Foundation Conference, IASB Chair Andreas Barckow discussed the IASB's decisions on its work plan as a result of the outcomes of the IASB's third agenda consultation and the rationale for these decisions.

Mr Barckow grouped his arguments into five major messages the IASB received from its stakeholders:

- Completing the IASB's current work plan
- Balancing the IASB's activities
- Two new research pipeline projects
- Climate-related risks as a maintenance pipeline project
- A limited reserve list of two further projects

Mr Barckow concluded his remarks with a short discussion of the connectivity between the IASB and the ISSB and where projects on the agenda of the two Boards may overlap.

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

Report on the May 2022 DPOC meeting

The Due Process Oversight Committee (DPOC) met on 17 May 2022. A report on the meeting is now available.

The following topics were discussed:

- IASB Third Agenda Consultation
- Review of the Post-implementation Review of IFRS 10, 11 and 12
- Post-implementation Reviews—Improving communications

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

European Parliament and Council reach provisional agreement on CSRD

The European Council and European Parliament have reached a provisional political agreement on the Corporate Sustainability Reporting Directive (CSRD) proposed by the European Commission (EC) in April 2021.

Please click to access the following:

- **Press release** on the European Parliament website
- **Press release** on the European Council website

EFRAG publishes bases for conclusions on draft sustainability standards

The European Financial Reporting Advisory Group (EFRAG) has released a set of basis for conclusions for its draft European Sustainability Reporting Standards (ESRS) published in April.

Please click to access the set of basis for conclusions via the **press release** on the EFRAG website.

ESRS outreach event focused on SMEs

On 8 July 2022, EFRAG will host a joint outreach event in Brussels to discuss the draft ESRS published in April. The event will have a focus on small and medium-sized entities (SMEs).

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

Accountancy Europe comments on the SEC's proposed climate-related disclosure requirements

Accountancy Europe has provided feedback on the proposed US Securities and Exchange Commission (SEC) rule titled *The Enhancement and Standardization of Climate-Related Disclosures for Investors*.

Please click to access the **comment letter** on the Accountancy Europe 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 2021** publication, section 'Currency and hyperinflation', as well as our **iGAAP in Focus** on inflation in Turkey.

Second 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. A perspectives paper titled *Human Capital* has now been published as part of that series.

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

Call for stronger alignment of efforts around sustainability disclosure

In a joint statement, the International Federation of Accountants (IFAC), the Principles for Responsible Investment (PRI) and the World Business Council for Sustainable Development (WBCSD) call for alignment in the sustainability disclosure standard-setting process and in key concepts, terminologies, and metrics upon which disclosure requirements are built.

Please click to access the **statement** on the IFAC website.

Updates to Deloitte iGAAP manual

Available at dart.deloitte.com/iGAAP [on subscription only].

Added Deloitte Guidance

Chapter	Reference	Deloitte guidance title
D5 Measurement at initial recognition	5.1.2.1-1	Accounting for a 'no-claims' discount in insurance contracts
D5 Measurement at initial recognition	5.1.7-3	Applying the annual cohort requirements for participating contracts when policyholders share the returns on the specified pool of underlying items with policyholders of other contracts
D5 Measurement at initial recognition	6.2-1	Changing the reference portfolio when determining discount rates using a top-down approach
D7 Onerous Contracts	4.1-1	Discount rates to be used for onerous contracts under the general measurement model when there are changes in the estimate of future cash flows
D8 Premium allocation approach	4.2.2-2	Expensing insurance acquisition cash flows

Deloitte IFRS communications and publications

Issuance Date	Description
02 June 2022	IFRS on Point—May 2022
10 June 2022	IFRS Compliance, Presentation and Disclosure Checklist 2022
10 June 2022	IAS 34 Compliance Checklist 2022

Comment letters

	Description	Receiving party	Comment letter submitted/deadline
Comment letters pending	Exposure Draft: ED/2022/S1 General Requirements for Disclosure of Sustainability-related Financial Information	ISSB	29/07/2022
	Exposure Draft: ED/2022/S2 Climate-related Disclosures	ISSB	29/07/2022
	Tentative Agenda Decision: Multi-currency Groups of Insurance Contracts (IFRS 17 and IAS 21)	IFRIC	19/08/2022
	Staff Request for Feedback on the staff draft of the IFRS Sustainability Disclosure Taxonomy	ISSB	30/09/2022

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 **Beyond the numbers** volume of iGAAP provides guidance on disclosure requirements and recommendations which businesses must consider in light of the broader environmental, social and governance 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](#).

Key contacts

Global IFRS and Corporate Reporting Leader

Veronica Poole

ifrsglobalofficeuk@deloitte.co.uk

IFRS Centres of Excellence

Americas		
<i>Argentina</i>	Fernando Lattuca	arifrscoe@deloitte.com
<i>Canada</i>	Karen Higgins	ifrsca@deloitte.ca
<i>Mexico</i>	Miguel Millan	mx_ifrs_coe@deloittemx.com
<i>United States</i>	Magnus Orrell	iasplus-us@deloitte.com
	Ignacio Perez	iasplus-us@deloitte.com
Asia-Pacific		
<i>Australia</i>	Anna Crawford	ifrs@deloitte.com.au
<i>China</i>	Gordon Lee	ifrs@deloitte.com.cn
<i>Japan</i>	Kazuaki Furuuchi	ifrs@tohatsu.co.jp
<i>Singapore</i>	Lin Leng Soh	ifrs-sg@deloitte.com
Europe-Africa		
<i>Belgium</i>	Thomas Carlier	ifrs-belgium@deloitte.com
<i>Denmark</i>	Søren Nielsen	ifrs@deloitte.dk
<i>France</i>	Laurence Rivat	ifrs@deloitte.fr
<i>Germany</i>	Jens Berger	ifrs@deloitte.de
<i>Italy</i>	Massimiliano Semprini	ifrs-it@deloitte.it
<i>Luxembourg</i>	Martin Flaunet	ifrs@deloitte.lu
<i>Netherlands</i>	Ralph Ter Hoeven	ifrs@deloitte.nl
<i>South Africa</i>	Nita Ranchod	ifrs@deloitte.co.za
<i>Spain</i>	Jose Luis Daroca	ifrs@deloitte.es
<i>Switzerland</i>	Nadine Kusche	ifrsdesk@deloitte.ch
<i>United Kingdom</i>	Elizabeth Chrispin	deloitteifrs@deloitte.co.uk



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organisation”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s more than 345,000 people worldwide make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organisation”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2022. For information, contact Deloitte Global.

Designed by Deloitte CoRe Creative Services. RITM1088864