



IFRS on Point

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Board finalises amendments to IAS 1 and the Materiality Practice Statement

The International Accounting Standards Board (Board) has issued *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*.

Applying the amendments, an entity discloses its material accounting policies, instead of its significant accounting policies. The revised Standard also explains how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material were added.

To support the amendments, the Board has developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Please click to access the following:

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

Board finalises amendments to IAS 8 regarding accounting estimates

The Board has published *Definition of Accounting Estimates (Amendments to IAS 8)*. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The revised Standard clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

For more information please see the following websites:

www.iasplus.com

www.deloitte.com

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

Please click to access the following:

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

Board proposes extending the practical relief regarding COVID-19-related rent concessions

The Board has published Exposure Draft ED/2021/2 *Covid-19-Related Rent Concessions beyond 30 June 2021 (Proposed amendment to IFRS 16)* which proposes to extend the availability of the practical expedient for COVID-19-related rent concessions contained in the May 2020 amendment to IFRS 16 to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The comment period ended on 25 February 2021.

Please click to access the following:

- **Press release** on the IFRS Foundation website
- **Exposure Draft** on the IFRS Foundation website
- **IFRS in Focus** newsletter on IAS Plus

Board Meeting (February 2021)

The Board met on 16-17 February 2021.

The following topics were discussed:

- Financial Instruments with Characteristics of Equity
- Management Commentary
- Third Agenda Consultation
- Disclosure Initiative—Subsidiaries that are SMEs
- Second Comprehensive Review of the IFRS for SMEs Standard
- Extractive Activities

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
- **Analysis of the updated IASB work plan** on IAS Plus
- **Detailed notes** taken by Deloitte observers on IAS Plus

Supplementary Board meeting (February 2021)

The Board met on 4 February 2021 to discuss COVID-19-related rent concessions.

Please click to access the following:

- **Agenda and related agenda paper** on the IFRS Foundation website
- **Detailed notes** taken by Deloitte observers on IAS Plus

IFRS Interpretations Committee Meeting (February 2021)

The IFRS Interpretations Committee met on 2 February 2021.

The following topics were discussed:

Items on the current agenda

- Sale and Leaseback of an Asset in a Single-Asset Entity (IFRS 10 and IFRS 16)

Committee's tentative agenda decisions

- Costs Necessary to Sell Inventories (IAS 2)
- Preparation of Financial Statements when an Entity is No Longer a Going Concern (IAS 10)

Please click to access the following:

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

ITCG meeting (February 2021)

The IFRS Taxonomy Consultative Group (ITCG) met on 1 February 2021 to discuss IFRS Taxonomy 2020—Proposed Update 4 *General Improvements and Common Practice—Presentation of information in primary financial statements*.

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

- **Summary of the discussion**
- **Agenda and related agenda paper**

Report from the November 2020 EEG meeting

The 20th meeting of the Board's Emerging Economies Group (EEG) was held on 30 November–1 December 2020. The Board has now published a full report from the meeting.

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

CMAC seeks members

The Board's Capital Markets Advisory Committee (CMAC) is seeking new members and welcomes applications from analysts and investors from all over the world.

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

IFRS Foundation Trustees discuss global sustainability standards and next steps

At its meeting on 1 February 2021, the IFRS Foundation Trustees discussed feedback received on the first three questions in its consultation paper to assess demand for global sustainability standards and what role the Foundation might play in the development of such standards.

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

Board posts recordings of recent webinars on academics and the post-implementation reviews of IFRS 9, IFRS 15 and IFRS 16

The Board has posted the recordings of its recent webinars on identifying research opportunities by academics in IFRS 9, IFRS 15 and IFRS 16. It explores the question of how academics can inform the post-implementation reviews of those Standards.

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

- **Press release (IFRS 9 and IFRS 16)**
- **Press release (IFRS 15)**

Recording of a webinar on the post-implementation review of IFRS 10-12

On 20 January 2021, the Board held a webinar aimed at national standard-setters providing an overview of the post-implementation review of IFRS 10-12 launched in December 2020.

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

Call for papers—Research on the Board's post-implementation reviews of IFRS Standards

The IFRS Foundation are seeking academic research paper proposals on the application of the disclosure requirements in IFRS 15 and the application of the disclosure requirements in IFRS 7 by entities applying IFRS 9.

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

Webinar and workshop on the Discussion Paper on Business Combinations under Common Control

On 27 January 2021, the Board held a webinar providing an overview of the November 2020 Discussion Paper DP/2020/2 *Business Combinations under Common Control*. The webinar also explained the Board's preliminary views and gave the viewers an opportunity to ask questions.

In addition, the Board held a virtual workshop on 29 January 2021 providing an overview of the DP by the IASB technical staff, thoughts from the academic sector by Professor Martin Hoogendoorn, and developing views of the European Financial Reporting Advisory Group (EFRAG) by former EFRAG staff member Patricia McBride. The virtual workshop also included a Q&A session with the presenters and IASB Board member Ann Tarca.

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

- **Webinar**
- **Recording of the virtual workshop**

EFRAG launches podcast series on the post-implementation reviews of IFRS 10, IFRS 11, and IFRS 12

EFRAG has released a first podcast on the post-implementation review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, which provides an introduction into the post-implementation review process.

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

FRC Lab report on virtual and augmented reality

A new report from the Financial Reporting Lab of the UK Financial Reporting Council (FRC) considers how virtual and augmented reality are and might be used to expand the scope and audience for corporate reporting.

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

AcSB and ASBJ hold joint meeting

On 2 February 2021, the Canadian Accounting Standards Board (AcSB) and the Accounting Standards Board of Japan (ASBJ) held a joint meeting. The meeting was the second bilateral meeting between the two standard-setters.

At this meeting, the AcSB and the ASBJ both introduced their respective responses to the COVID-19 pandemic and discussed agenda items in which both boards have common interest, including primary financial statements, goodwill and impairment, and rate-regulated activities.

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

IASB, FASB and *The Accounting Review* call for academic research papers on the performance of standards in capital markets

The International Accounting Standards Board (IASB), the US Financial Accounting Standards Board (FASB) and *The Accounting Review* are requesting academic research papers focusing on the effectiveness of the FASB's and/or IASB's standards on revenue recognition, leases and financial instruments.

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

Call for papers—Research on corporate disclosures that would benefit the work of the Board

Accounting in Europe and *The British Accounting Review* have, in conjunction with the Board, published a joint call for research papers on corporate disclosures. One aspect research papers are invited on are specific areas of interest to the Board.

Please click to access **more information** on the Accounting Resources Centre website.

Consultation paper on international financial reporting by non-profit organisations

International Financial Reporting for Non-Profit Organisations (IFR4NPO), an initiative to develop the first internationally applicable financial reporting guidance for non-profit organisations, has published a consultation paper to give non-profit organisations the opportunity to contribute to the development of the guidance for their sector.

Please click to access the following on the IFR4NPO:

- **Press release**
- **Consultation paper**

IVSC papers on challenges to market value and IBOR reform

The International Valuation Standards Council (IVSC) has published a perspectives paper titled *Challenges to Market Value* that looks at the challenges in relation to the availability of market information in a pandemic world.

In addition, the IVSC has published perspectives paper *IBOR Reform—A Valuation Guide* as the move away from Interbank Offered Rates (IBOR) will change the pricing, valuation and risk management practices, notably in the financial services sector but also for any entity that uses financial instruments.

Please click to access the following on the IVSC website:

- **Perspectives paper *Challenges to Market Value***
- **Perspectives paper *IBOR Reform—A Valuation Guide***

IOSCO calls for globally consistent, comparable and reliable sustainability standards

The International Organization of Securities Commissions (IOSCO) has released a statement noting the urgent need for global sustainability standards and supporting a Sustainability Standards Board (SSB) under the IFRS Foundation.

Please click to access the **full statement** on the IOSCO website.

IOSCO calls on IASB and FASB to collaborate on goodwill accounting

IOSCO has released a statement urging the IASB and the FASB to collaborate closely with each other on accounting for goodwill.

Please click to access the **statement** on collaboration on goodwill on the IOSCO website.

Recent sustainability reporting developments

- The Accounting Standards Committee of Germany (ASCG) published a study of how companies comply with the reporting obligations on environmental, social and governance aspects in connection with the requirements of the EU Non-Financial Reporting Directive.

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

- The Climate Disclosure Standards Board (CDSB) and the United Nations Sustainable Stock Exchanges (SSE) Initiative held a joint workshop in the Baltic region on Enhancing Climate-Related and Environmental Disclosure.

Please click to access a **recording** of the workshop on the CDSB website

- Ten United Nations Environment Programme Finance Initiative (UNEP FI) members (financial institutions from banking, investment and insurance) issued a statement calling for greater action on assessment, reporting and management of the physical risks of climate change, and asking policy makers to deliver mandatory disclosure requirements on climate risk.

Please click to access **statement** from the UNEP FI website.

- The Global Reporting Initiative (GRI) published a study involving all 762 listed companies in five countries—Argentina, Chile, Colombia, Mexico and Peru—which found that 37.5% of the companies produce a sustainability report.

Please click to access **more information** on the study on the GRI website

Updates to Deloitte iGAAP manual

Amended Deloitte Guidance

Chapter	Reference	Deloitte guidance title
A3 First-time adoption of IFRS Standards	7.9.1.5-1	Subsidiary becomes a first-time adopter later than its parent—application of IFRS 16 to leases in which it is a lessee
A3 First-time adoption of IFRS Standards	7.9.2-1	Parent becomes a first-time adopter later than its subsidiary—application to IFRS 16
A4 Presentation of financial statements	4.4.4-2	Assessing the presentation of 'reverse factoring' or 'supplier financing' arrangements
A9 Intangible assets	2.5-2	Cryptocurrencies in a third-party hosted wallet service
A9 Intangible assets	12.3-2	Cost basis for cryptocurrency assets which are indefinite-life intangible assets for the purpose of calculating gain or loss on derecognition
A10 Impairment of assets	4.2.4.10-1	Cryptocurrency assets classified as indefinite-life intangible assets and used as means of exchange
A12 Provisions, contingent liabilities and contingent assets	2.9-1	Late delivery penalties
A12 Provisions, contingent liabilities and contingent assets	8.4-1	Assets used to fulfil a decommissioning activity
A14 Revenue from contracts with customers	6.2.1-1	Accounting for purchases of virtual items in online games
A17 Leases	7.5.2.2-2	Lease payments based on average index
A17 Leases	8.7.6	Accounting for a lease modification required by interest rate benchmark reform
A17 Leases	15.1	Lease liability in a sale and leaseback
A17 Leases	15.2	Covid-19-related rent concessions beyond 30 June 2021
A21 Statement of cash flows	5.1.7-1	Classification of cash flows of a collateralised commodity future used as the hedging instrument in a cash flow hedge
A21 Statement of cash flows	5.4.4.2-1	Cash flows resulting from supplier financing arrangements
A24 Consolidated financial statements	12.2-1	Accounting for a part of multiple arrangements determined to be a single transaction
A36 Government grants	6.1-2	Impairment testing of assets with related government grants
B6 Measurement	4.2.2-1	Change in basis for determining contractual cash flows without amending the contract—activation of existing contractual fallback provision
B6 Measurement	4.2.2.2-1	Examples of changes that give rise to a new basis for determining the contractual cash flows that is economically equivalent to the previous basis
B6 Measurement	4.2.2.2-2	Change in basis for determining the contractual cash flows that is economically equivalent to the original basis—example
B6 Measurement	4.2.2.2-3	Change in basis for determining the contractual cash flows that is <i>not</i> economically equivalent to the original basis
B6 Measurement	4.2.4-1	Changes to issued debt in addition to those required by interest rate benchmark reform—example
B9 Hedge accounting	8.7.1.1-1	Examples of changes that give rise to a new basis for determining the contractual cash flows that is economically equivalent to the previous basis
B9 Hedge accounting	8.7.1.1-2	Change in the basis for determining the contractual cash flows that is <i>not</i> economically equivalent to the original basis

Chapter	Reference	Deloitte guidance title
B9 Hedge accounting	8.7.2-1	Alternative approaches to implementing interest rate benchmark reform for derivative hedging instruments that are required to be reflected as an amendment to a hedging relationship without hedge discontinuation—example
B9 Hedge accounting	8.7.2-2	Alternative approaches to implementing interest rate benchmark reform for derivative hedging instruments that result in discontinuation of the hedging relationship—example
B9 Hedge accounting	8.7.3-1	Amending hedge documentation to designate a contractually specified alternative benchmark rate in a cash flow hedge upon a change in the hedged item
B9 Hedge accounting	8.7.3-2	Amending hedge documentation to designate a non-contractually specified alternative benchmark rate in a fair value hedge upon activation of fallback provisions in the designated swap
B9 Hedge accounting	8.8.1-1	Cash flow hedge documentation amended to change hedged cash flows from IBOR to RFR
B9 Hedge accounting	8.8.1-2	Cash flow hedge discontinued due to derecognition of hedging instrument
B9 Hedge accounting	8.8.2-1	A group of hedged items—fair value hedge
B9 Hedge accounting	8.8.2-2	A group of hedged items—cash value hedge
B9 Hedge accounting	8.9-1	Designating non-contractually specified alternative benchmark rate when it is not separately identifiable
B11 Disclosure	5.2.2.5-1	Disclosure of supplier financing arrangements

Amended Deloitte Guidance

Chapter	Reference	Deloitte guidance title
A8 Investment property	2.4-1	Property accepted as loan settlement—example
A9 Intangible assets	2.5-1	Classification of cryptocurrencies (digital currencies)
A30 Operating segments	5.3.4-1	Assessment as to whether operating segments are similar
B9 Hedge accounting	8.2.1-1	Examples of hedging relationships that may be affected by interest rate benchmark reform where the Phase 1 amendments may prevent disruption to hedge accounting
B9 Hedge accounting	8.3.1-1	Forecast cash flows of hedged item unaltered by uncertainties of interest rate benchmark reform—example
B9 Hedge accounting	8.3.2-1	Fair value hedge of IBOR risk component—example
B9 Hedge accounting	8.4.1-1	Assessing the economic relationship when there are uncertainties of interest rate benchmark reform—example
B11 Disclosure	4.3.2.5-1	Example of disclosures on uncertainty arising from interest rate benchmark reform for non-financial entity
B11 Disclosure	4.3.2.5-2	Example of disclosures on uncertainty arising from interest rate benchmark reform for financial entity (bank)

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

Deloitte IFRS communications and publications

Issuance Date	Description
3 February 2021	IFRS on Point—January 2021
11 February 2021	IFRS in Focus—IASB proposes amendment to IFRS 16 to extend the practical relief on rent concessions
12 February 2021	IFRS in Focus—IASB amends IAS 8 to clarify the definition of accounting estimates
15 February 2021	IFRS in Focus—IASB amends IAS 1 and IFRS Practice Statement 2 with regard to the disclosure of accounting policies

Comment letters

	Description	Receiving party	Comment letter deadline
Comment letters issued	Tentative Agenda Decision: Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38)	IFRS IC	12/02/2021
	Tentative Agenda Decision: Hedging Variability in Cash Flows due to Real Interest Rate (IFRS 9)	IFRS IC	12/02/2021
	Tentative Agenda Decision: Attributing Benefit to Periods of Service (IAS 19)	IFRS IC	12/02/2021
	Tentative Agenda Decision: Classification of Debt with Covenants as Current or Non-current (IAS 1)	IFRS IC	12/02/2021
	Exposure Draft ED/2020/2 Covid-19-Related Rent Concessions beyond 30 June 2021	IASB	24/02/2021
Comment letters pending	Exposure Draft ED/2020/4—Lease Liability in a Sale and Leaseback	IASB	29/03/2021
	Tentative Agenda Decision: Costs Necessary to Sell Inventories (IAS 2)	IFRS IC	14/04/2021
	Tentative Agenda Decision: Preparation of Financial Statements when an Entity is No Longer a Going Concern (IAS 10)	IFRS IC	14/04/2021
	Request for Information—Post-implementation Review of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities	IASB	10/05/2021
	Exposure Draft: ED/2021/1—Regulatory Assets and Regulatory Liabilities	IASB	30/06/2021
	Discussion Paper DP/2020/2—Business Combinations under Common Control	IASB	01/09/2021

Effective dates

Click **here** for upcoming and recent effective dates.

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