



Ιούνιος | Ιούλιος 2018

IFRS Pulse



IFR bulletins & IFRS News

The IASB has published a Discussion Paper: Financial Instruments with Characteristics of Equity.

The Discussion Paper, which is open for comment until 7 January 2019:

- sets out the IASB's preferred approach to classification of a financial instrument, from the perspective of the issuer, as a financial liability or an equity instrument; and
- explores enhanced presentation and disclosure requirements that would provide further information about the effects that financial instruments have on the issuer's financial position and financial performance.

Further information, including soft copies of the Discussion Paper, is available for download from the IASB's website [here](#).

The IASB has published 'Insurance contracts

issued by mutual entities' to support the implementation of IFRS 17 'Insurance Contracts'.

As part of its activities to support the implementation of IFRS 17 Insurance Contracts, IASB has published educational materials for insurance contracts issued by mutual entities.

This 12-page document covers:

- what a mutual entity is;
- accounting for contracts issued by a mutual entity; and
- whether a mutual entity could have equity.

This educational material has been prepared by staff in response to implementation questions submitted to the Transition Resource Group for IFRS 17 regarding how IFRS 17 applies to insurance contracts issued by a mutual entity.

View the 'Insurance contracts issued by mutual entities' document [here](#)

IFRIC Update June 2018

The June 2018 edition of IFRIC Update has been published, which summarises the June 2018 meeting of the IFRS Interpretations Committee (IC).

The IC finalised a decision on the classification of short-term loans and credit facilities (such as overdrafts), stating that when such balances do not often fluctuate from negative to positive that this is indicative the short-term arrangements are a form of financing rather than an integral part of the entity's cash management, and, therefore, should not be classified as a cash and cash equivalent for the purposes of IAS 7 Statement of Cash Flows.

The IC also reached two tentative agenda decisions on IAS 23 Borrowing Costs and one on IAS 21 The Effects of Changes in Exchange Rates.

Further information is available from the IASB's web site [here](#).

IASB Update June 2018

The IASB has published its June 2018 edition of IASB Update, which summarises its June 2018 meeting.

- Disclosure Initiative
- Dynamic Risk Management (DRM)
- Insurance Contracts
- Business Combinations under Common Control

Further information is available on the IASB's web site [here](#).

IFRS Intelligence & IFRS in Practice



IFRS in Practice - Applying IFRS 9 to Related Company Loans

IFRS 9 Financial Instruments makes no distinction between unrelated third party and related party transactions. This means related company loan receivables must be classified and measured in accordance with the requirements of IFRS 9, including where relevant, applying the Expected Credit Loss (ECL) model for impairment.

Applying IFRS 9 to related company loans can present a number of application challenges as they are often advanced on terms that are not arms-length or sometimes advanced on an informal basis without any terms at all. In addition, they can contain features that expose the lender to risks that are not consistent with a basic lending arrangement. This publication sets out a summary of the key requirements of IFRS 9 (focusing on those that are likely to be most relevant to related company loans) and uses examples to illustrate how these requirements could be applied in practice.

Please click [here](#) to access the new publication and the full library of BDO's IFRS in Practice publications.

30 June 2018 BDO's Interim Financial Statements - IAS 34 explained

The publication is split into two parts.

- The first part provides technical guidance

for the preparation of interim financial statements.

- The second part includes an illustrative example of a condensed set of interim financial statements and accompanying notes.

The 2018 version incorporates:

- An adjustment to reflect the adoption of IFRS 15 Revenue from Contracts with Customers on a fully retrospective basis (i.e. restatement of comparatives), and associated disclosures required by IAS 34 Interim Financial Reporting
- An adjustment to reflect the adoption of IFRS 9 Financial Instruments on a catch-up basis (i.e. no restatement of comparatives with an adjustment made on the date of initial application)
- Example wording to indicate the type of information that entities might provide on the status of their IFRS 16 implementation projects, as requested in public statements issued by the European Securities and Markets Authority (ESMA) and the International Organisation of Securities Commissions (IOSCO).

Please click [here](#) to access the library of model financial IFRS on the BDO Global web site.

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