IFRS Pulse

Μάρτιος 2019|Μάιος 2019

IFR Bulletins & IFRS News

BDO IFR Bulletins

BDO has issued some IFR Bulletins that relate to the following developments:

IFRB 2019/01 - Impact of IFRS 9, 15 and 16 on Business Combination Accounting

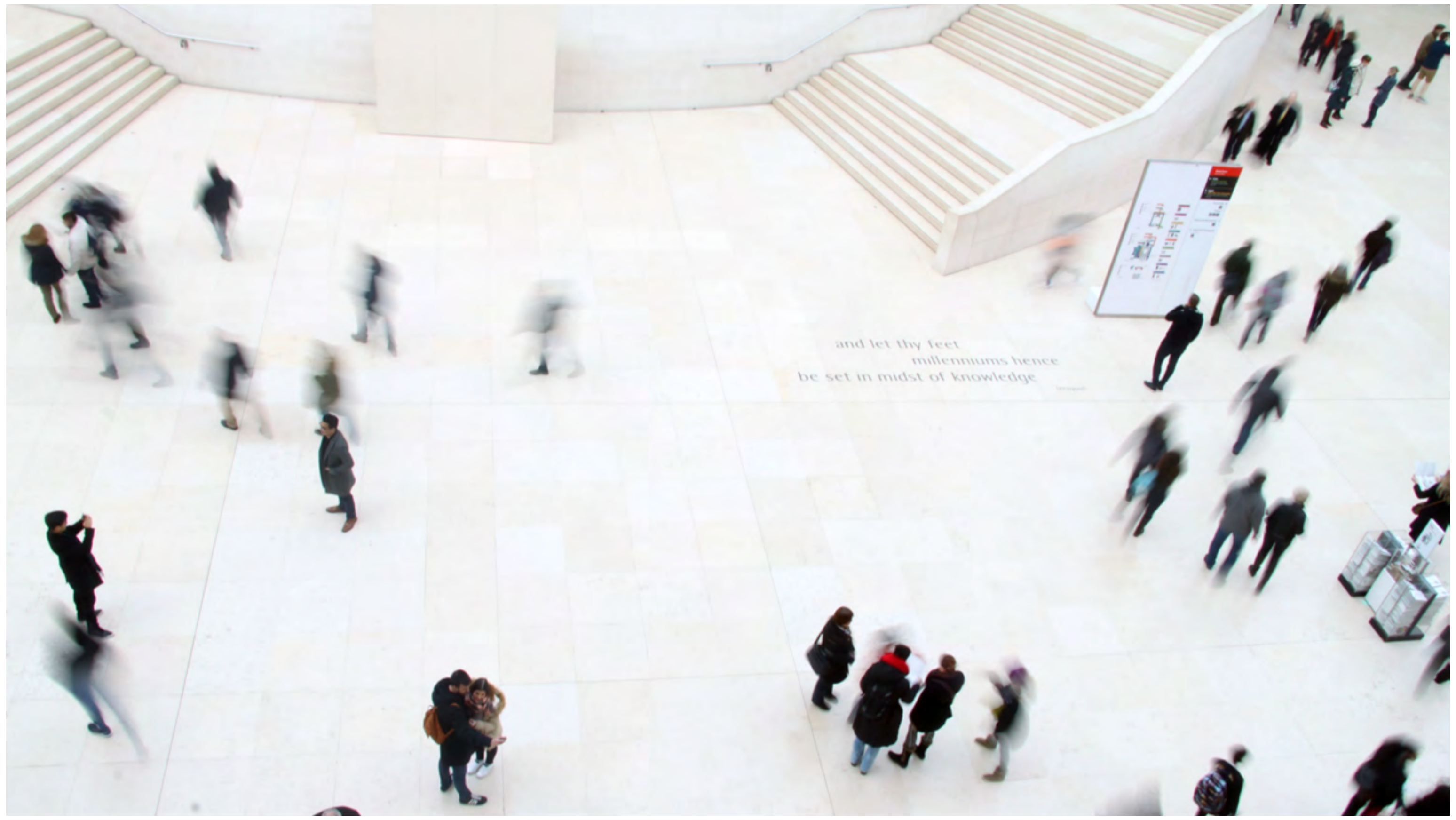
- IFRS 9, 15 and 16 may affect business combinations that have occurred prior to the date of adoption of the new standards, as well as business combinations occurring after their respective effective dates. While fair value is the default measurement basis for assets and liabilities acquired in a business combination in the scope of IFRS 3, certain exemptions exist, which modify this requirement in certain cases. IFRS 3 Business Combinations was consequentially amended in certain respects to address specific areas affected by the three new standards.
- Additionally, IFRS 9, 15 and 16 affect business combinations regardless of any consequential amendments as the basis for recording fundamental transactions have changed.
- This IFRB illustrates certain areas that entities should consider both in the context of their adoptions of IFRS 9, 15 and 16, but also for future business combinations and how accounting may differ from past business combinations.

IFRB 2019/02 IASB Proposes Amendments to IFRS 17, Insurance Contracts

- Since Fall 2018, the IASB has been considering potential amendments to IFRS 17, Insurance Contracts, including the deferral of the effective date by one year to 1 January 2022. This publication summarises the activities of the IASB, including all the issues considered for potential amendment and the outcome for each topic considered. All potential amendments are still subject to the exposure draft process, with an exposure draft on the amendments expected by June 2019.
- The IFRS Foundation has published a summary of the recent Insurance Transition Resource Group (‘TRG’) April meeting, as well as a podcast discussing the topics.

The summary and podcast can be accessed here.

Please click here to be redirected to the BDO Global website to access the suite of BDO IFR Bulletins.



IASB News

IASB Releases 35 Training Modules on IFRS for SMEs

- The IFRS Foundation has made available a package of 35 supporting modules to help those applying the IFRS for SMEs Standard.
- There is one supporting module per section of the Standard. Each module explains the requirements in the corresponding section of the Standard, discusses the significant estimates and other judgements relevant for that section, and provides a comparison with full IFRS Standards. The modules are free to access, but require registration in www.ifrs.org.

The modules can be viewed here.

IASB Decides on Remaining IFRS 17 Potential Amendments

- At its March 2019 meeting, the IASB finalised their position on the final issues concerning the implementation of IFRS 17. 25 items had been shortlisted for further discussion in October 2018 as areas where the IASB may amend the standard.
- Any amendments to IFRS 17 are still subject to due process, including exposure draft.

The podcast discussing this meeting can be viewed here.

ESMA Publishes Annual Report on Enforcement Activities within the EU

ESMA has published its annual report outlining trends and statistics relating to enforcement activities in the European Union. The report has particular focus on the implementation of new IFRSs, including IFRS 9 and IFRS 15.

The article discussing the report and the report itself can be viewed here.

IASB Discusses Methods to Improve the Accounting for and Disclosures of Goodwill

At their 9-11 April 2019 meeting, the IASB discussed several ideas relating to how accounting requirements and disclosure of goodwill may be improved, based on the Board’s objective from its July 2018 meeting. These discussions are at very early stages, however, ideas raised during the meetings include:

- Ongoing disclosures concerning the subsequent performance of an acquired business to enable users of financial statements to evaluate the subsequent merits of an acquisition;
- Reintroducing the requirement to amortise goodwill to reduce the cost of preparing annual impairment tests; and

- Adjustments to the guidance on determining value in use ('VIU') in impairment calculations.

These are concepts that have been brought forward to the IASB for consideration, but are still very early stage and no decisions, tentative or otherwise, have been made.

The papers and meeting notes can be accessed here.

IASB Proposes Annual Improvements (2018-2020)

The IASB has published an exposure draft on annual improvements to several IFRSs. Annual improvements are intended to be narrow scope modifications to existing standards to either clarify the intended meaning or correct relatively minor unintended consequences, oversights or conflicts that exist in IFRS. Comments on the exposure draft are due by 20 August 2019.

The article discussing the proposed amendments and the exposure draft are here.

IASB Proposes Updated Reference to Conceptual Framework in IFRS 3

The IASB has published a publication consultation document proposing a narrow-scope amendment to IFRS 3, Business Combinations. The amendment is not intended to change practice for business combinations, but to update the standard, which still refers to an outdated version of IFRS's conceptual framework.

The article discussing the proposed amendment is here.

IFRS Intelligence & IFRS in Practice

IFRS in Practice

BDO has released its updated IFRS In Practice publications:

1. IFRS 15 In Practice
2. IFRS 15 In Practice: Transition

An overview of IFRS 6 Exploration for and Evaluation of Mineral Resources

This BDO IFRS in Practice publication summarises the requirements of IFRS 6 Exploration for and Evaluation of Mineral Resources, and looks at a number of practical issues which often arise in practice.

Key aspects of IFRS 6 are that it:

- Applies only to Exploration and Evaluation (E&E) expenditure;
- Contains an exemption from certain of the requirements of IFRS, meaning that there are fewer restrictions placed on what qualifies to be capitalised as an asset (or part of an asset);
- Permits a choice of whether an entity expenses all E&E expenditure as incurred, or capitalises that expenditure (in which case there is a choice about how much of that expenditure might be capitalised);
- Contains certain exemptions from the requirements of IAS 36 Impairment of Assets, for the purposes of assessing whether E&E expenditure which has been capitalised is impaired.

Applying IFRS 9 to Related Company Loans and Applying IFRS 9 to Related Company Loans in the Real Estate Sector

- IFRS 9 Financial Instruments makes no distinction between unrelated third party and related party transactions. Entities that prepare stand-alone financial statements are required to apply the full provisions of the standard to all transactions within its scope. 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.

IFRSs, Amendments to IFRSs, IFRICs and Agenda Decisions that are Mandatory for 31 December 2018 year-ends and those that are effective in future periods

BDO has published a new IFRS In Practice publication, which discusses the recent changes to IFRSs that are effective for years ending 31 December 2018, as well as upcoming changes that are approved, but not yet effective.

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