



IFRS Pulse

Σεπτέμβριος - Δεκέμβριος 2022

Financial reporting & Sustainability reporting Updates

BDO Financial Reporting Bulletins

IFRB 2022/08 Hyperinflationary Economies Update - 30 November 2022

As the end of 2022 approaches, the list of hyperinflationary economies has continued to evolve rapidly due to deteriorating economic conditions and high inflation in several countries. BDO's IFR Bulletin summarises the countries expected to become hyperinflationary in 2022, as well as an updated 'watchlist', including an update on Sri Lanka and Ethiopia's expected status for 31 December 2022 year-ends.

The publication may be accessed [here](#).

IFRB 2022/07 IASB issues amendments to IAS 1 - Non-current Liabilities with Covenants

The IASB recently issued amendments to IAS 1, which clarify how an entity determines whether liabilities with covenants are classified as current or non-current liabilities. This classification may significantly affect gearing, liquidity and other key financial indicators for reporting entities. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

The IFR Bulletin may be accessed [here](#).

IFRB 2022/06 Hyperinflationary Economies Update - 31 October 2022

The list of hyperinflationary economies has continued to evolve rapidly due to deteriorating economic conditions and high inflation in several countries. The IFR Bulletin summarises the countries expected to become hyperinflationary in 2022, as well as an updated 'watchlist', including an update on Sri Lanka and Ethiopia.

The publication may be accessed [here](#).

IFRB 2022/05 - IASB issues amendments to IFRS 16 - Lease liability in a sale and leaseback transaction

The accounting approach taken by entities entering into sale and leaseback transactions may significantly change as a result of amendments to IFRS 16 issued by the IASB on 22 September 2022. BDO's IFR Bulletin summarises the amendments and includes practical examples illustrating the effect of the amendments.

The publication may be accessed [here](#).

IFRB 2022/04 - 30 June 2022 period-end IFRS update

The Bulletin provides a concise list of standards and amendments that became effective during the last year or will become effective in the coming years. It also provides a snapshot of IASB's standard-setting projects, maintenance projects and research projects as well as IFRS Interpretation Committee's activities, including IFRIC agenda decisions as of 30 June 2022.

The publication may be accessed [here](#).

BDO Sustainability Reporting Bulletins

ISRB 2022/07 EU Reporting - CSRD Requirements Finalised and First Batch of ESRS Delivered to the European Commission

The European Parliament has published its final Corporate Sustainability Reporting Directive (CSRD) text and EFRAG has delivered the first batch of European Sustainability Reporting Standards (ESRS) to the European Commission. The CSRD significantly expands the scope of the existing NFRD

and the ESRS will require extensive disclosures for EU and certain non-EU entities. BDO has published a new ISR Bulletin summarising the effect of this significant change in corporate reporting.

The ISR Bulletin may be accessed [here](#).

ISRB 2022/06 Q3 Sustainability Reporting Update

The third quarter of 2022 has included significant progress by standard setters, regulators and some jurisdictions in the development and future application of sustainability reporting standards. Read BDO's Q3 Sustainability Reporting Update for information on developments by the ISSB, as well as the US and EU proposals that have been put forward relating to sustainability and climate reporting.

The publication may be accessed [here](#).

ISRB 2022/05 - EU Reporting - Corporate Sustainability Reporting Directive (CSRD) Requirements (as of October 2022)

The EU's Corporate Sustainability Reporting Directive (CSRD) will significantly expand the reporting obligations of entities with operations in the European Union. BDO's ISRB 2022/05 summarises the differences between the compromise text of the CSRD and the current Non-Financial Reporting Directive (NFRD).

The publication may be accessed [here](#).

IASB & ISSB News

IASB proposes accelerated narrow-scope amendments to IAS 12

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published its Pillar Two model rules, that aim to address the tax challenges arising from the digitalisation of the economy. The Pillar Two model rules provide a template for the implementation of a minimum corporate tax rate of 15% that large multinational companies would pay on income generated in each jurisdiction in which they operate.

In response to stakeholders' concerns about the potential implications of the imminent implementation of these rules on the accounting for income taxes, the IASB has proposed accelerated narrow-scope amendments to IAS 12 Income Taxes.



The IASB has tentatively decided to introduce:

- a temporary exception from accounting for deferred taxes arising from the implementation of the rules; and
- targeted disclosures requirements for affected companies.

An exposure draft is expected to be published in January 2023 with a comment period of 60 days. The amendments are expected to be finalised in the second quarter of 2023 and would be effective immediately.

The press release by the IASB may be accessed [here](#).

IASB votes to retain impairment-only approach for goodwill accounting

At its November 2022 meeting, the IASB voted to retain the impairment-only approach to account for goodwill.

The IASB considered stakeholder feedback from the Post-implementation Review of IFRS 3 Business Combinations, the discussion paper the IASB published in March 2020 and subsequent research. The IASB concluded that extensive evidence collected did not demonstrate a compelling case to change its previous decision about accounting for goodwill.

The press release by the IASB may be accessed [here](#)

IFRS Foundation publishes Compilation of Agenda Decisions - Volume 7

The 7th volume of the Compilation of Agenda Decisions has been published. This document includes all agenda decisions issued by the IFRS Interpretations Committee (IFRIC) from May to October 2022.

The publication may be accessed [here](#).

IFRS Foundation announces a new advisory group, the Integrated Reporting and Connectivity Council (IRCC)

The IRCC is an advisory body to the IFRS Foundation Trustees, the IASB and the ISSB, providing guidance





on how reporting required by the IASB and the ISSB could be integrated, and how the IASB and the ISSB could consider applying principles and concepts from the Integrated Reporting Framework to their projects.

The press release from the IFRS Foundation may be accessed [here](#).

IASB publishes Exposure Draft of proposed amendments to IFRS for SMEs

The proposed amendments reflect feedback on the Request for Information published in 2020 as part of its Second Comprehensive Review of the Standard and the advice from the IASB's SME Implementation Group.

The proposed amendments include updating the principles of the Standard to align to those of The Conceptual Framework for Financial Reporting issued in 2018 and simplified requirements based on IFRS 13 Fair Value Measurement and IFRS 15 Revenue from Contracts with Customers. The proposals also include updating the Standard for new requirements in IFRS 3 Business Combinations, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements.

The deadline for comments on the Exposure Draft is 7 March 2023. The Exposure Draft and the snapshot may be accessed [here](#).

IASB publishes Feedback Statement to set out its 2022-2026 priorities

The following main strategic priorities are identified in the Feedback Statement:

- maintain the strategic direction and balance of the IASB's activities while increasing slightly efforts to develop digital financial reporting and improving the understandability and accessibility of IFRS Accounting Standards;
- progress current projects; and
- add intangibles, statement of cash flows and climate-related risk in financial statements to the work plan.

The Feedback Statement and the Snapshot may be accessed [here](#).

ISSB describes the concept of sustainability and its articulation with financial value creation

In its session on 13 December 2022, the ISSB agreed how to describe sustainability and clarified that a company's ability to deliver value for its investors is inextricably linked to the stakeholders it works with and serves, the society it operates in, and the natural resources it draws on.

The ISSB further agreed that sustainability will be described in the ISSB's General Sustainability-related Disclosures Standard (S1) as the ability for a company to sustainably maintain resources and relationships with and manage its dependencies and impacts within its whole business ecosystem over the short, medium and long term. Sustainability is a condition for a company to access over time the resources and relationships needed (such as financial, human, and natural), ensuring their proper preservation, development and regeneration, to achieve its goals.

The ISSB notes that by referring to this articulation of the value creation process, a company will be better placed to explain to its investors how it is working sustainably within its business ecosystem.

The press release by the ISSB may be accessed [here](#).

ISSB - Updates from COP27

The annual United Nations Climate Conference (COP27) met in Sharm El-Sheikh, Egypt in the beginning of November 2022. The ISSB made some key announcements at COP27 towards implementation of climate-related disclosure standards in 2023.

The ISSB shared the details of its new Partnership Framework. The Framework is designed to support preparers, investors and other capital market stakeholders as they prepare to use IFRS Sustainability Disclosure Standards.

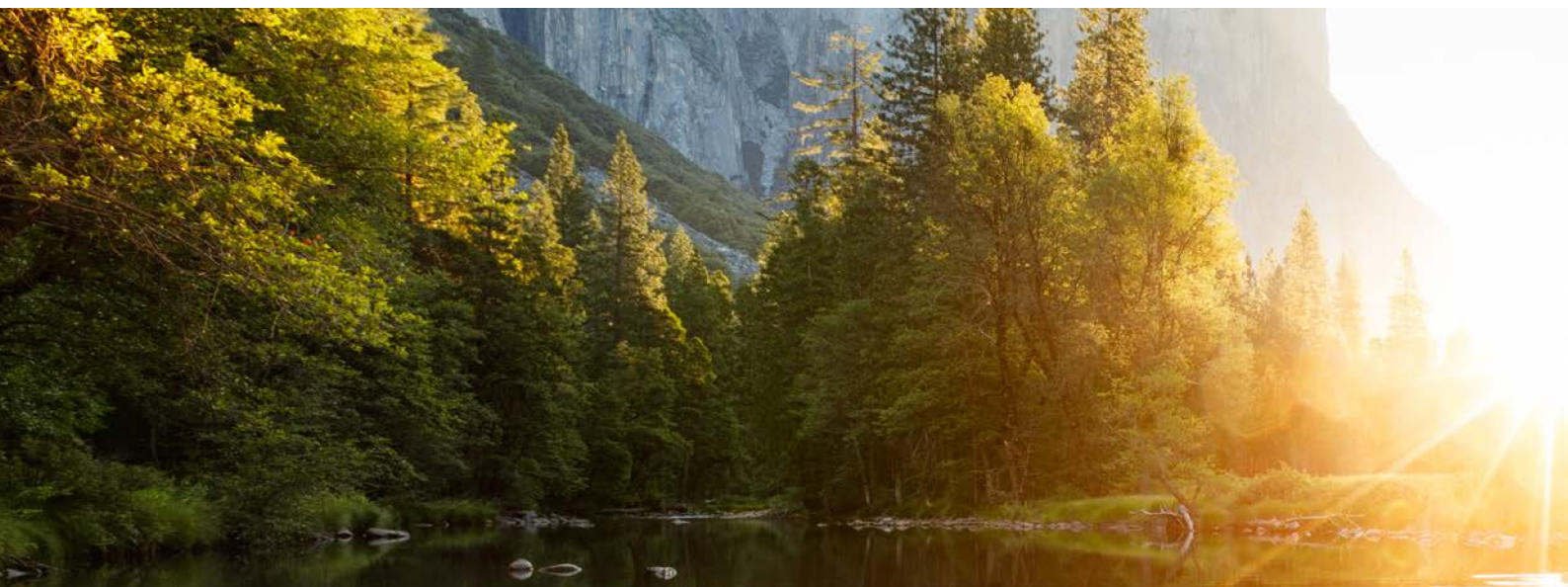
CDP, the not-for-profit which runs the global environmental disclosure platform for corporations, and the ISSB announced that CDP will incorporate the IFRS S2 Climate-related Disclosures requirements into its global environmental disclosure platform. As a result of this announcement, CDP's 17,000+ voluntary users will disclose data structured to IFRS S2 in the 2024 disclosure cycle. CDP's existing questionnaires are currently issued to companies annually on behalf of 680 financial institutions with over \$130 trillion in assets.

The announcements by the ISSB may be accessed [here](#).

ISSB confirms requirement to use climate-related scenario analysis

At its supplementary board meeting held on 1 November 2022, the ISSB voted to confirm that companies are required to use climate-related scenario analysis to report on climate resilience and to identify climate-related risks and opportunities to support their disclosures. The ISSB also agreed to provide application support to preparers including making use of materials developed by the TCFD to provide guidance to preparers on how to undertake scenario analysis.

The press release by the ISSB may be accessed [here](#).



EFRAG / EU / IPSASB / IOSCO / ESMA

Council of the European Union approves Corporate Sustainability Reporting Directive (CSRD)

The Council of the European Union gave its final approval to the Corporate Sustainability Reporting Directive (CSRD), following which the legislative act was adopted. After being signed by the President of the European Parliament and the President of the Council, it will be published in the Official Journal of the European Union and will enter into force 20 days afterwards. The new rules will need to be implemented by member states 18 months later.

The CSRD and requires large companies and listed SMEs to report on sustainability matters such as environmental rights, social rights, human rights and governance factors. For non-European companies, the requirement to provide a sustainability report applies to all companies generating a net turnover of EUR 150 million in the EU and which have at least one subsidiary or branch in the EU exceeding certain thresholds.

The regulation will become applicable from financial year 2024 (reporting in 2025) in a phased manner.

The press release by the Council may be accessed [here](#).

EFRAG submits the first set of draft ESRS to the European Commission

EFRAG has submitted the first set of draft ESRS to the European Commission.

As a next step, the European Commission will now consult EU bodies and Member States on the draft standards, before adopting the final standards as delegated acts in June 2023, followed by a scrutiny period by the European Parliament and Council.

The reporting requirements will be phased in over time for different kinds of companies. The first companies will be required to apply the standards in financial year 2024, for reports published in 2025. Listed SMEs are obliged to report as from 2026, with a further possibility of voluntary opt-out until 2028, and will be able to report according to separate, proportionate standards that EFRAG will develop next year.

The press release by EFRAG and the draft ESRS may be accessed [here](#)

EFRAG publishes Discussion Paper Accounting for Variable Consideration

EFRAG has published a Discussion Paper Accounting for Variable Consideration: From a Purchaser's Perspective.

The Discussion Paper focusses on two issues faced by purchaser entities on variable consideration:

- when to recognise a liability for variable consideration
- whether/when subsequent changes in the estimate of variable consideration should be reflected in the cost of the acquired asset.

The Discussion Paper also presents alternatives for accounting requirements for the two issues

The Discussion Paper may be accessed [here](#).



IPSASB releases updated IPSAS-IFRS Alignment Dashboard

The International Public Sector Accounting Standards Board (IPSASB) has released an updated IPSAS-IFRS alignment dashboard. IPSASB develops International Public Sector Accounting Standards (IPSAS) for financial reporting by governments and other public sector entities. The IPSAS-IFRS alignment dashboard depicts the extent to which IPSAS are aligned with corresponding IFRSs.

The dashboard may be accessed [here](#).

IPSASB issues Exposure Draft on Sustainability Reporting Implementation Guidance

The International Public Sector Accounting Standards Board (IPSASB) has issued an Exposure Draft proposing additional guidance on how two previously published Recommended Practice Guidelines (RPGs) can be applied now by governments and public sector entities to report on sustainability program information.

ED 83, Reporting Sustainability Program Information –RPGs 1 and 3: Additional Non-Authoritative Guidance aims to demonstrate how RPG 1, Reporting on the Long-Term Sustainability of an Entity's Finances and RPG 3, Reporting Service Performance Information can be immediately applied to report on sustainability program information.

Comments on the Exposure Draft are requested by 16 January 2023.

The Exposure Draft may be accessed [here](#).

ESMA announces Enforcement Priorities for 2022 annual financial reports

ESMA has issued its Public Statements on European Common Enforcement Priorities for the 2022 annual financial reports.

The enforcement priorities for this year include:

- the impact of Russia's invasion of Ukraine;
- the macroeconomic environment; and
- climate-related matters in financial and non-financial information.

The full public statement may be accessed [here](#).

IOSCO issues Public Statement on Financial Reporting and Disclosure during Economic Uncertainty

The International Organization of Securities Commissions (IOSCO) has issued a Public Statement on Financial Reporting and Disclosure during Economic Uncertainty.

The Statement notes that factors such as supply chain challenges, on-going impacts of the COVID-19 pandemic, evolving impacts of the conflict in Ukraine, escalating energy supply shortages and costs, inflationary pressures, rising interest rates etc. can increase economic uncertainty. These global challenges may result in increasing estimation uncertainty for those responsible for financial reporting.

The Statement encourages issuers to carefully evaluate how economic uncertainty and changes in assumptions affect amounts reported in the financial statements, including but not limited to the following:

- Going concern
- Events after the reporting period
- Updating and assessing significant judgments, estimates and estimation uncertainty
- Cybersecurity risks
- Non-GAAP financial measures

The Statement also discusses considerations for auditors and audit committees in times of economic uncertainty.

The Statement may be accessed [here](#).

BDO Publications & IFRS in Practice

IFRS in Practice

Illustrative financial statements as at 31 December 2022

BDO has published its 31 December 2022 Illustrative IFRS Financial Statements. This update includes disclosures relating to the adoption of amendments to IAS 16, IAS 37 as well as information about other standards that have been issued, but are not yet effective.

The publication may be accessed [here](#).

IFRS In Practice 2022/2023 - Accounting for Convertible Notes

BDO has published the 2022/2023 update to IFRS In Practice - Accounting for Convertible Notes. This publication sets out BDO's views on the application of IAS 32 and IFRS 9 to many complex fact patterns. It also includes a useful practice aid for classifying components of financial instruments - a classification flowchart.

The latest edition may be accessed [here](#).

Update to IFRS in Practice publication series - 2022/23

BDO has published the 2022/2023 update to many of the IFRS In Practice publications. IFRS In Practice is our in-depth series of publications on the application of IFRS Accounting Standards. These publications include dozens of worked examples and practical insights into how IFRS is applied in practice.

The updated publications may be accessed [here](#).

Update to IFRS At a Glance as at 30 June 2022

BDO has released an update to its IFRS At a Glance publication series.

IFRS At a Glance summarises all IFRS standards in a few pages and includes all IFRS standards and amendments issued up to 30 June 2022. The updated IFRS At a Glance also include a link to IFRS FAQs released by BDO. The FAQs cover IFRIC Agenda Decisions and other FAQs for respective standards.

The complete IFRS At a Glance publication and each individual IFRS At a Glance may be accessed [here](#).

IFRS resource - IFRS FAQs

BDO has released a new IFRS resource in the form of IFRS FAQs. IFRS FAQs provide insights on frequently asked questions on a variety of IFRS topics, incorporating BDO's expertise as well as IFRS Interpretations Committee agenda decisions. The FAQs are organised into topics and sub-topics to facilitate ease of navigation for users. The FAQs will be updated regularly on an ongoing basis as BDO publishes new guidance and as the IFRS Interpretations Committee issues new agenda decisions.

The FAQs may be accessed [here](#).



BDO Resources

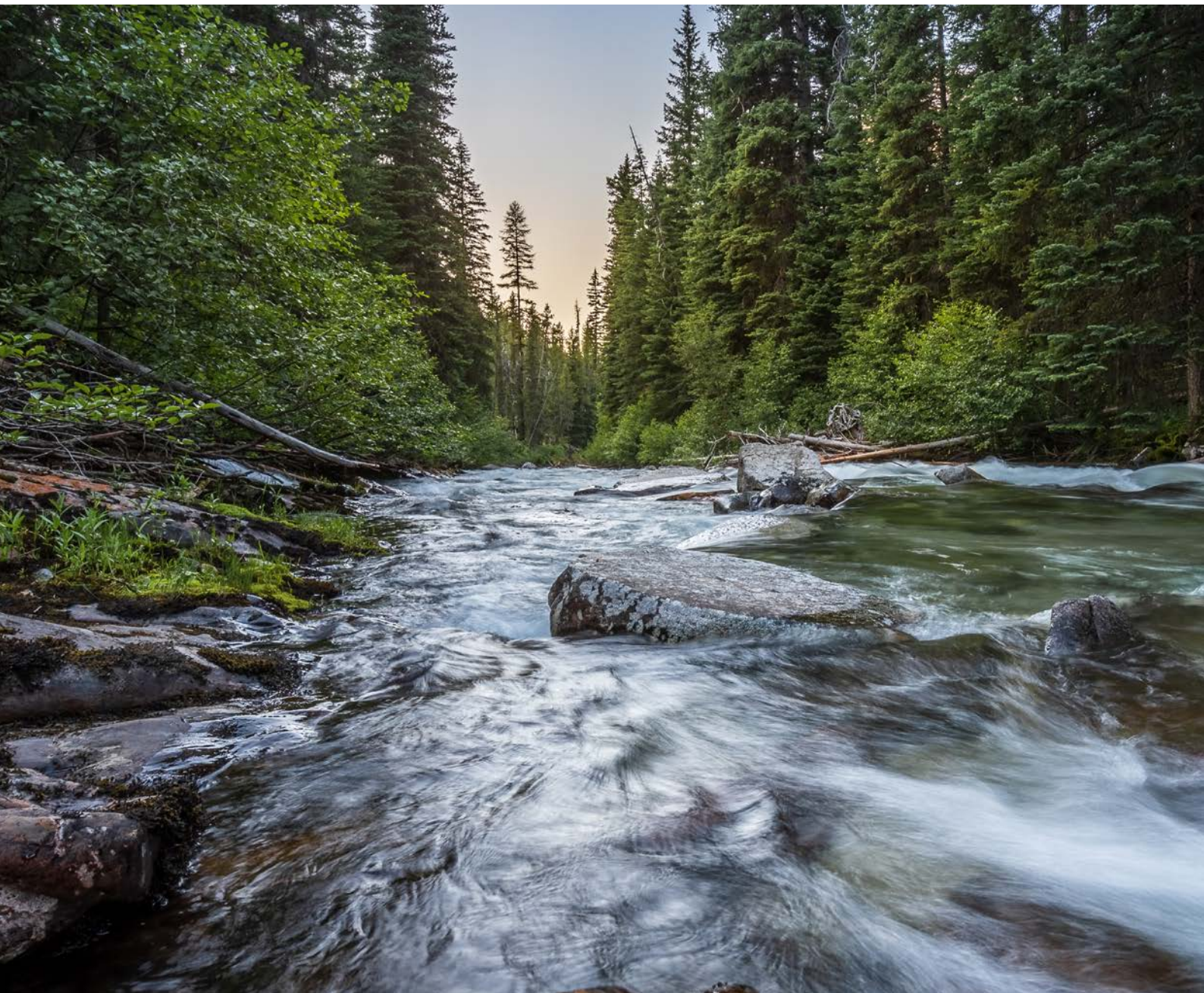
BDO Global's LinkedIn page can be accessed [here](#).


BDO's e-learning site can be accessed [here](#).

BDO's IFR Bulletins may be accessed [here](#).

BDO's IFRS In Practice publications may be accessed [here](#).

BDO's illustrative financial statements may be accessed [here](#).





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