



Αύγουστος | Σεπτέμβριος 2018

IFRS Pulse



IFR Bulletins & IFRS News

BDO IFR Bulletins

IFRB 2018/02 Inflation in Argentina - Applicability of IAS 29 Financial Reporting in Hyperinflationary Economies

Inflation in Argentina has increased sharply in recent months. The IFR Bulletin sets out the background, and concludes that accounting in accordance with IAS 29 will be required in the second half of 2018.

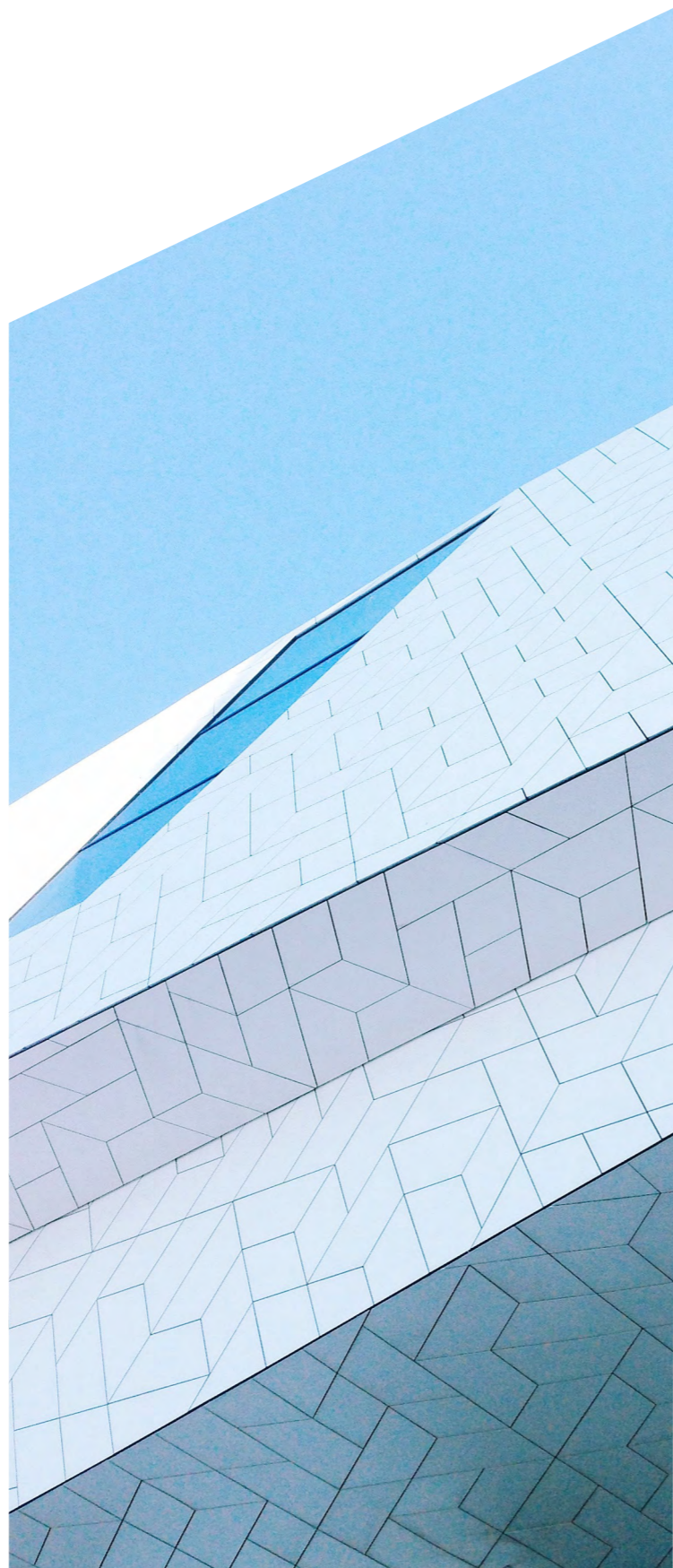
BDO has issued IFR Bulletin 2018/03 IFRS Interpretations Committee Agenda Decisions June 2018, which summarises the finalised and tentative agenda decisions reached by the IFRS Interpretations Committee at its meeting in June 2018.

One decision was finalised on dealing with the Classification of short-term loans and credit facilities under IAS 7 Statement of Cash Flows.

Tentative decisions were reached on the following standards:

- IAS 21 The Effects of Changes in Foreign Exchange Rates - Determination of the exchange rate when there is a long-term lack of exchangeability;
- IAS 23 Borrowing Costs - Expenditures on a qualifying asset; and
- IAS 23 Borrowing Costs - Borrowing costs on land

BDO has issued International Financial Reporting Bulletin (IFRB) 2018/04, which summarises the European Securities and Markets Authority's (ESMA's) 22nd extract from the European Enforcers Co-ordination Sessions (EECS's) database of enforcement.



The extracts summarised in the IFRB includes decisions dealing with the application of:

- IFRS 5 to the classification of an asset that is not expected to be sold within one year;
- IAS 7 to the presentation and disclosure of restricted cash balances;
- IAS 32 to perpetual notes classified as liabilities;
- IAS 1 and IAS 36 to the disclosure of quantitative commodity price assumptions;
- IFRS 3, IFRS 13 and IAS 38 to the purchase price allocation of a group of acquired assets;
- IFRIC 17 to the demerger and distribution of a segment to the issuer's shareholders
- IAS 1 to revaluation losses of assets used in operating activities;
- IFRS 10 to the determination of when power is obtained over an investee following a tender offer;
- IAS 8, IAS 21 and IAS 29 to the lack of foreign currency exchangeability and hyperinflation in Venezuela; and
- IAS 38 to the amortisation of content rights for film and television programmes.

Please click [here](#) to access the new publication and the full library of BDO's IFR Bulletins.

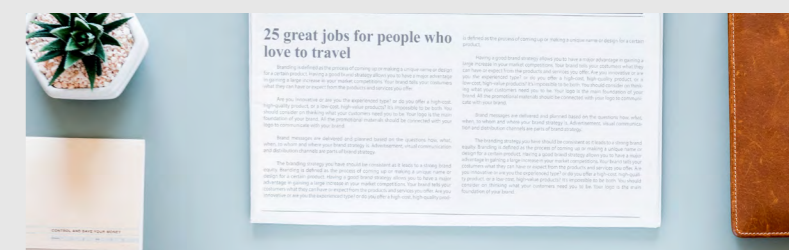


BDO Comment Letters

BDO Responds to ED/2018/1: Accounting Policy Changes - Proposed amendments to IAS 8

BDO has submitted its comment letter in response to the International Accounting Standard Board's (IASB's) Exposure Draft (ED) 2018/1: Accounting Policy Changes - Proposed amendments to IAS 8 issued in March 2018.

Please click [here](#) to access BDO's full library of comment letters posted on the BDO Global website.



IASB News

The IASB has published a pocket guide explaining the accounting under IFRS 17 Insurance Contracts for reinsurance contracts held, along with an example illustrating proportionate reinsurance coverage.

As well as summarising the requirements of IFRS 17 in relation to reinsurance contracts, the pocket also includes relevant discussions of the IFRS 17 Transition Resource Group.

The example of proportionate reinsurance illustrates the requirements of IFRS 17 applied to a group of underlying insurance contracts and to a group of reinsurance contracts that provides proportionate coverage to that group of underlying insurance contracts. The example demonstrates that:

- the measurement of a group of reinsurance contracts held is consistent with the measurement of any underlying insurance contracts; and
- the timing of cash flows do not directly affect the recognition of reinsurance income or expenses

Both the pocket Guide and the illustrative example are available for download from the IFRS 17 education material page of the IASB web site [here](#)

IASB Update July 2018

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

Rate-regulated Activities

- Implementation Issues-Transactions Involving Commodities and Cryptocurrencies
- Goodwill and Impairment
- Disclosure Initiative

The full version of the July 2018 edition of IASB Update is available from the IASB's web site [here](#).

IASB Update September 2018

The IASB has published the September 2018 edition of IASB Update, which summarises its September 2018 Meeting:

- Dynamic risk management (DRM)
- Costs considered in assessing whether a contract is onerous
- Primary Financial Statements
- Disclosure Initiative

For further details, the full version of the September edition of IASB Update is available from the IASB's web site [here](#).

IFRIC Update September 2018

The IASB has published the September 2018 edition of IFRIC Update, which summarises decisions made at the September 2018 Meeting. At the meeting, the Interpretations Committee finalised decisions on the following standards and topics:

- IAS 23 - Expenditures on a qualifying asset & Borrowing Costs on Land;
- IAS 21 - Determination of the exchange rate when there is a long-term lack of exchangeability; and
- IFRS 9 - Classification of a particular type of dual currency bond.

The Interpretations Committee also reached tentative decisions on the following standards and topics:

- IFRS 15 - Assessment of promised goods and services
- IFRS 11 - Liabilities in relation to a joint operator's interest in a joint operation;
- IAS 27 - Investment in a subsidiary accounted for at cost: partial disposal & step acquisition;
- IAS 37 - Deposits relating to taxes other than income tax; and
- IFRS 9 & IAS 39 - Application of the highly probable requirement in a cash flow hedging requirement using a 'load following swap' as the hedging instrument.

The September edition of IFRIC Update is available from the IASB's web site [here](#).



IFRS Intelligence & IFRS in Practice

IFRS at a Glance

A new issue of BDO IFRS at a Glance summarising all standards in issue at 1 July 2018 has been updated to the BDO Global website [here](#):

The following key changes have been made to the previous version:

- Inclusion of a summary of IFRS 17 Insurance Contracts;
- Changes to the summaries of IFRS 3, IAS 12 and IAS 23 to reflect amendments to those standards as a result of the Annual Improvements to IFRS 2015-2017 Cycle;
- Changes to the summaries of IAS 7, IAS 28, and IAS 40 to reflect the fact that certain requirements have now become effective; and
- Amending the summary of IFRS 16 Leases to reflect that it is now endorsed for use in the European Union.

IFRS in Practice - Applying IFRS 9 to Related Party 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.

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



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