

# IFRS UPDATE



## MOORE IFRS NEWS

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Moore IFRS News provides you with the technical updates and tips in financial reporting.

### IFRS Updates

#### ➤ **IASB Recent Decisions on IFRS 16 Leases - Covid-19-Related Rent Concessions**

A supplementary IASB meeting was held on 15 May 2020 to consider feedback in response to the **Exposure Draft on Covid-19-Related Rent Concessions** and redeliberate the project proposal in the light of that feedback. The IASB has tentatively decided to finalise the proposal in the Exposure Draft with the following changes:

- a. extend the condition proposed in paragraph 46B(b) to capture covid-19-related rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021;
- b. require a lessee applying the practical expedient to disclose the amount recognised in profit or loss to reflect changes in lease payments that arise from covid-19-related rent concessions; and
- c. specify that in the reporting period in which a lessee first applies the amendment, the lessee is not required to disclose the information required by paragraph 28(f) of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The amendment to IFRS 16 is expected to be issued on or around 28 May 2020.

Moore Global has submitted its feedback in response to the Exposure Draft. Full content of the Network Response can be found [Here](#).

#### ➤ **IASB Narrow-Scope Amendments and Annual Improvements**

IASB has recently issued the following narrow-scope amendments to three Standards and the Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards. All amendments are effective from 1 January 2022.

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- **Amendments to IFRS 3 *Business Combinations*** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to IAS 16 *Property, Plant and Equipment*** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*** specify which costs a company includes when assessing whether a contract will be loss-making.
- **Annual Improvements** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases

Find out more [Here](#).

## ➤ **IFRS 17 *Insurance Contracts*—Why annual cohorts?**

IFRS 17 requires to use annual cohorts as part of the process of accounting for insurance contracts, there are voices to advocate the removal or amendment of the annual cohort requirement for some or all insurance contracts.

In February 2020, the IASB has decided annual cohorts are necessary to provide useful information about an insurance company's financial performance, in particular about changes in profitability over time. Any exemption from the requirement, even if aimed at the very limited population of contracts for which the costs and benefits of the requirement might be open to question, runs too great a risk of an unacceptable loss of information.

Hans Hoogervorst, the chair of the IASB, explains the reasons for such IASB's decision. Full article is available [Here](#).

- IASB May 2020 [Update](#)
- IASB April 2020 [Podcast](#)
- IFRIC April 2020 [Update](#)
- [Webcast](#) on Request for Information on the second comprehensive review of the *IFRS for SMEs* Standard

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## Useful Guidance

- Additional company guidance on COVID-19 issued by the UK regulator (FRC) – [View Here](#).

## IASB Consultations

IASB invitations to comment:

- **Exposure Draft ED/2019/7** – *General Presentation and Disclosures (Primary Financial Statements)* by **30 September 2020**
- **Request for Information** – *Comprehensive Review of the IFRS for SMEs Standard* by **27 October 2020**
- **Discussion Paper DP/2020/1** – *Business Combinations—Disclosures, Goodwill and Impairment* by **31 December 2020**
- **Exposure Draft ED/2020/1** – *Interest Rate Benchmark Reform—Phase 2 Proposed amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16* by **25 May 2020**
- **Exposure Draft ED/2020/3** – *Classification of Liabilities – Deferral of Effective Date* by **3 June 2020**

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