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Accounting

News

Discussion

IFRS News

Quarter 2 2018

IFRS News is your quarterly update on all things relating to International Financial Reporting Standards. We'll bring you up to speed on topical issues, provide comment and points of view and give you a summary of any significant developments.

We begin this second edition of 2018 with the revised 'Conceptual Framework for Financial Reporting'. We then move on to look at two other recent IASB publications: Amendments to IAS 19 'Employee Benefits' and an Exposure Draft on 'Accounting Policy Changes (Proposed amendments to IAS 8)'. We then consider ESMA's recent report on what European accounting enforcers have been doing during the past year, and an EFRAG Discussion Paper on 'Equity Instruments – Impairment and Recycling'.

Further on in the newsletter, you will find IFRS-related news at Grant Thornton and a general round-up of financial reporting developments.

We finish with a summary of the implementation dates of newer Standards that are not yet mandatory, and a list of IASB publications that are out for comment.

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IASB publishes 'Conceptual Framework for Financial Reporting'

The International Accounting Standards Board (IASB) has published a revised 'Conceptual Framework for Financial Reporting' (Conceptual Framework) concluding its long-running project in this area. Although it is not a Standard and will not immediately change or override any existing Standards, it may affect entities that develop or select accounting policies in accordance with the previous version of the Conceptual Framework that was issued in 2010.

Background

The Conceptual Framework describes the objective of, and the concepts for, general purpose financial reporting. It is mainly a tool for the IASB to develop and revise Standards that are based on consistent concepts, but entities might also use it when they have to develop accounting policies when no Standard applies or when a Standard allows a choice of accounting policy.

The original Conceptual Framework was issued in 1989 and was updated on several occasions, the last being in 2010. The 2010 version included two revised chapters on the objective of financial reporting and the qualitative characteristics of useful financial information but, for example, did not contain a chapter on the reporting entity or guidance on measurement or reporting financial performance. In addition to lacking guidance in certain areas, some existing guidance was not as clear as desired or was outdated.

A public consultation on the IASB's workplan in 2012 therefore highlighted the need for a revision of the 2010 Conceptual Framework and in an effort to make the Conceptual Framework a complete and overarching set of concepts, the project was added to the IASB's agenda. Before issuing a revised Conceptual Framework in 2018, the IASB sought input by publishing a Discussion Paper in 2013 and an Exposure Draft in 2015.

Main issues addressed by the revised Conceptual Framework

The revised Conceptual Framework now sets out a more complete set of concepts in eight chapters:

1. The objective of general purpose financial reporting
2. The qualitative characteristics of useful financial information
3. Financial statements and the reporting entity
4. The elements of financial statements
5. Recognition and derecognition
6. Measurement
7. Presentation and disclosure
8. Concepts of capital and capital maintenance

The guidance on measurement, financial performance, derecognition, and the reporting entity is new to the Conceptual Framework. In addition, some of the existing guidance was updated. For example, the IASB has reintroduced the concept of prudence to support a faithful representation and clarified that measurement uncertainty can impact a faithful representation.

The revised Conceptual Framework also updates some existing concepts like the definitions of assets and liabilities. Although both definitions worked well in the past, the revised definitions now focus more on describing an asset as an economic resource and a liability as an obligation to transfer an economic resource rather than describing both in terms of a flow of benefits.

Consequential amendments and effects on preparers

Alongside the revised Conceptual Framework, the IASB has published 'Amendments to References to the Conceptual Framework in IFRS Standards'. This publication updates nearly all of the references to previous versions with references to the 2018 Conceptual Framework. The IASB is confident that the updated references will have no impact on preparers of financial statements and reminds them, that the Conceptual Framework is not a Standard and does not change or override requirements of any existing Standards.

However, some references have not been updated or allow preparers to continue applying the 2010 Conceptual Framework. To avoid unintended consequences, preparers are required to apply the definitions of assets and liabilities from the 2010 Conceptual Framework when accounting for business combinations under IFRS 3. The IASB plans to explore in due course how those references can be updated without having any effects on preparers of financial statements.

Also, preparers will continue using the 2010 definitions of assets and liabilities when accounting for regulatory account balances. This means preparers will not have to change their accounting for rate-regulated assets and liabilities twice within a short period of time as the IASB is planning to replace the interim Standard IFRS 14 'Regulatory Deferral Accounts' in the near future.

Effective date and transition

The Conceptual Framework is not a Standard and will not change or override any existing Standards. It is primarily a tool for the IASB to help them develop Standards based on consistent concepts. Over the last few years, the IASB has already started applying some of the new or revised concepts when developing or revising Standards.

However, entities that develop accounting policies using the Conceptual Framework, or that are in any other way affected by the amendments to IFRS Standards, will have to apply the changes from 1 January 2020.

Grant Thornton International Ltd comment

We welcome the publication of the IASB's long-running Conceptual Framework project and think it is a considerable improvement to the previous version. We understand that this is a living document that will be amended from time to time and we are looking forward to seeing more work being undertaken on items such as the definitions of equity (to be addressed through the 'Financial Instruments with Characteristics of Equity' project) and other comprehensive income.

IASB publishes amendments to IAS 19 'Employee Benefits'

The International Accounting Standards Board (IASB) has published 'Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)'. The amendments require companies to use updated actuarial assumptions to determine pension expenses following changes to a defined benefit pension plan.

IAS 19 'Employee Benefits' requires a company to remeasure its net defined benefit liability or asset when an amendment to, or a curtailment or settlement of a defined benefit plan takes place. However, IAS 19 was not explicit on how to determine the expenses incurred after the change to the defined benefit plan has taken place.

The amendments to IAS 19, published in February 2018, now require a company, when a defined benefit plan is amended, curtailed or settled during a period and the net defined benefit liability or asset is remeasured as a result of one of these transactions, to:

- determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and
- determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset.

These amendments could change whether and when an entity remeasures its net defined benefit liability or asset. When assessing whether remeasuring the net defined benefit liability or asset will have a material impact, an entity will not only consider the effect on past service cost, or a gain or loss on settlement, but also the effects of using the updated assumptions for determining current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement.

Effective date and transition

These amendments are effective for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

The amendments are only to be applied prospectively as the IASB concluded that the benefits of applying the amendments retrospectively would not exceed the cost of doing so as entities might need to revisit plan amendments, curtailments and settlements that occurred several years previously and remeasure the net defined benefit liability or asset as of those dates. Also, the IASB concluded that requiring a retrospective application would not provide useful trend information.

Grant Thornton International Ltd comment

We welcome the amendments to IAS 19 as we believe using updated assumptions to determine current service cost and net interest for the remainder of an annual reporting period following a change will provide more useful information to users of the financial statements.

These amendments could change whether and when an entity remeasures its net defined benefit liability or asset.

Accounting Policy Changes – Proposed Amendments to IAS 8

The IASB has issued an Exposure Draft 'Accounting Policy Changes (Proposed Amendments to IAS 8)'. It focuses on voluntary changes in accounting policy arising from IFRS Interpretations Committee (IFRIC) agenda decisions.

While IFRIC agenda decisions do not have the authority of IFRS Standards and are not mandatory requirements, they are nevertheless seen as "helpful, informative and persuasive" decisions (according to the IFRS Foundation's Due Process Handbook) and include explanatory material to facilitate greater consistency in the application of the Standards.

Following the publication of an IFRS agenda decision, entities might therefore change an accounting policy to reflect the explanatory material contained in it. Such a change would be a voluntary one however given that IFRIC agenda decisions do not represent mandatory requirements.

IAS 8 'Accounting policies, Changes in Accounting Estimates and Errors' requires an entity to apply a voluntary change in accounting policy retrospectively except to the extent that it is impracticable to determine the effect of the change. Currently, IAS 8 sets a high threshold for impracticability, stating that 'applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so'. The IASB feels that this could dissuade an entity from adopting an accounting policy that would improve the usefulness of information provided to users of its financial statements.

The Exposure Draft therefore seeks to improve the overall quality of financial reporting by promoting greater consistency in the application of IFRS Standards while reducing the burden on companies when they change an accounting policy as a result of an IFRIC agenda decision.

It proposes to do this by stating that where a voluntary change in accounting policy arises from an IFRIC agenda decision, an entity is not required to apply it retrospectively to the extent that the cost to the entity of determining either the period-specific effects or the cumulative effect of the change exceeds the expected benefits to users.

Under the IASB's proposed requirements, paragraphs providing guidance on assessing the expected benefits and cost would be added to the Standard. It notes that assessing the expected benefits to users is an entity-specific consideration which requires judgement. However, examples of some of the factors to consider include:

- the nature of the change
- the magnitude of the change
- the pervasiveness of the change across the financial statements
- the effect of the change on trend information
- the extent of departure from retrospective application.

Similarly, in assessing the additional cost and effort to determine the period-specific effects or the cumulative effect of the change, proposed additional text guides that an entity considers among other things:

- whether the information necessary to apply the new accounting policy retrospectively and/or restate prior period information is reasonably available without undue cost or effort
- the extent of the departure from retrospective application.

The Exposure Draft also includes proposed disclosure requirements to deal with situations where an entity chooses not to retrospectively apply a voluntary change in accounting policy following the publication of an IFRIC agenda decision. For example, the circumstances that led to the cost to the entity exceeding the expected benefits to users, and a description of how and from when the change in accounting policy has been applied.

EFRAG publishes discussion paper on the impairment and recycling of equity instruments

The European Financial Reporting Advisory Group (EFRAG) is seeking views on their Discussion Paper 'Equity Instruments – impairment and recycling'.

To provide advice to the European Commission's question on whether and how the requirements in IFRS 9 'Financial Instruments' on accounting for holdings of equity instruments could be improved, EFRAG has published the Discussion Paper to hear views on recycling and impairment of equity instruments designated at fair value through other comprehensive income (FVOCI). Unusually for a Discussion Paper, EFRAG has not included any preliminary views on the issues discussed but will consider constituents' feedback when developing its technical advice to the European Commission.

In its endorsement advice on IFRS 9, EFRAG had expressed the view that measuring equity instruments at fair value through profit or loss might not reflect the business model of long-term investors. EFRAG also noted that the FVOCI election was not likely to be attractive to long-term investors because the prohibition on recycling might not properly reflect their performance. The Discussion Paper therefore analyses the relevance of recycling in the context of a long-term investment business model and sets out arguments on the conceptual relationship between recycling gains and losses on derecognition and impairment.

For example, the Discussion Paper argues that recycling might enhance the relevance and faithful representation of profit or loss as both dividend receipts (which are included in profit or loss) and gains on disposal from the sale of an equity instrument could be seen as a form of realisation of the fair value of the instrument. The Discussion Paper also explores why there might be a need for an impairment model should gains and loss be recycled under a FVOCI model.

One of the arguments brought forward is consistency with other IFRS Standards as most of these require some sort of impairment assessment for assets other than those valued at fair value through profit or loss.

The Discussion Paper also considers two different approaches to addressing some of the application problems that were encountered when using the impairment model for available-for-sale equity instruments in IAS 39 'Financial Instruments: Recognition and Measurement':

- an impairment model
- a revaluation model.

It further introduces a third model which, however, has not been fully developed.

The impairment model

While the impairment model is similar to IAS 39's model for financial instruments that were classified as available-for-sale, provides additional guidance aimed at reducing subjectivity.

IAS 39 stated that 'a significant or prolonged decline in the fair value of an investment in an equity investment below its cost is also objective evidence of impairment'. However, the term 'significant or prolonged' was open to interpretation and resulted in diversity in practice. The Discussion Paper therefore suggests three possible ways of making these terms less subjective:

1. by introducing specifically defined thresholds into the IFRS Standards
2. by requiring entities to define quantitative thresholds for both 'significant' and 'prolonged'
3. by introducing a mixture of the above where IFRS Standards set an upper limit for both terms and an entity chooses a threshold within the limit.

The revaluation model

Under this model, the equity instrument is carried at fair value in the statement of financial position and:

- changes in fair value below the original acquisition cost (both declines in value and subsequent recoveries) are recognised in profit or loss; and
- changes in fair value above the original acquisition cost are recognised in OCI.

The revaluation model would have the advantage of effectively removing all judgement and would overcome concerns about the possible lack of objectivity and comparability. However, it does not attempt to distinguish those declines in fair value that are the result of adverse changes in the issuer's economic condition from other declines in fair value. Neither does it eliminate volatility in the profit or loss.

The 'strategic investment' approach

The Discussion Paper touches briefly on a 'strategic investment' approach which would require different approaches for different classes of equity instruments accounted for at FVOCI. In considering how to define categories, one of the criteria considered was the purpose of the investment. As mentioned before, EFRAG has not developed this approach further, mainly due to concerns that introducing categories of strategic investment could lead to too much judgement and complexity.

Other matters

The Discussion Paper also considers the following matters that are relevant to both the impairment model and the revaluation model:

- subsequent recoveries in fair value
- the use of rebuttable presumptions for recognising impairment losses instead of quantitative triggers
- the unit of account in applying the models
- interaction with hedging requirements and the effects of changes in foreign exchange rates
- the timing of impairment tests and interaction with interim reporting.

EFRAG is seeking comments on the Discussion Paper by 25 May 2018.

ESMA publishes 'Enforcement and Regulatory Activities of Accounting Enforcers in 2017'

The European Securities Markets Authority (ESMA) has published the report 'Enforcement and Regulatory Activities of Accounting Enforcers in 2017'. The report provides an overview of the activities of ESMA and the accounting enforcers in the European Economic Area (EEA) during the past year as well as ESMA's contribution to the development of the single rulebook (see below) for corporate reporting purposes.

Enforcers, both at European and national level, examine the compliance of financial information of listed entities on regulated markets with the applicable reporting framework. The report provides both an overview of and quantitative information of these activities.

Furthermore, ESMA carried out a peer review on selected aspects of the EFI Guidelines (Enforcement of Financial Information Guidelines) that were published in 2017.

Enforcement of financial information in 2017

European enforcers reviewed the interim and/or annual financial statements of 1,141 listed entities which is on average 19% of all listed entities preparing IFRS financial statements.

The number of ex-ante examinations, which often require more resources from European enforcers, increased by 25 to 136. On the other hand, ex-post examinations led to actions being taken towards 328 entities to address material departures from IFRS. The action rate – meaning entities being subject to action due to ex-post examination – increased from 27% to 32% with the main deficiencies stated as being:

- **financial statements presentation.** Examples of deficiencies identified included labelling sub-totals as 'exceptional', excluding items of an operating nature from sub-totals labelled 'operating activities' or 'operating results' or presenting items as non-recurring when those items affected past periods and/or are expected to affect future periods.
- **impairment of non-financial assets**
- **accounting for financial instruments.** Examples of deficiencies identified included not disclosing an accounting policy for instruments for which there is no or only unclear guidance in IFRS, failing to include information on the main characteristics of such instruments or only including generic or 'boilerplate' information, and the incorrect classification of certain financial instruments.

Other areas that ESMA and the European enforcers cited as causing difficulties include segment information, the reclassification of items from other comprehensive income to profit or loss (recycling), earnings per share and alternative performance measures (APMs).

Also in 2017, ESMA and European enforcers examined 204 financial statements for the level of IFRS compliance in the areas identified as common enforcement priorities for 2016 annual financial statements which were:

1. presentation of financial statements
2. distinction between equity instruments and financial liabilities
3. transitional disclosures of the expected impact of IFRS 9 'Financial Instruments' in the financial statements of non-financial institutions.

As a result, 76 enforcement actions were taken against 56 entities.

European Common Enforcement Priorities

For the latest financial statements, ESMA's and other European enforcers' priorities will focus on:

1. the disclosures related to the expected impact of the new Standards (IFRS 9 and IFRS 15 'Revenue from Contracts with Customers');
2. IFRS 3 'Business Combinations'; and
3. specific issues relating to IAS 7 'Statement of Cash Flows' as the reconciliation of liabilities arising from financing activities.

Further, ESMA and European enforcers stated that other issues such as the presentation of financial performance, the disclosures on the impact of Brexit and the disclosure of non-financial information and APMs will be assessed.

To assess the level of transparency and effectiveness of disclosure on the impact of the implementation of the new Standards IFRS 9 and IFRS 15, ESMA also undertook a fact-finding exercise on the 2016 annual and 2017 interim IFRS financial statements. The findings will be a useful reference point for companies adopting these Standards.

Contribution to accounting standard-setting

ESMA continues to actively participate in the accounting standards-setting process. In addition to contributing to the IASB's and EFRAG's work, ESMA finalised its work on a European Single Electronic Format (ESEF) and submitted its draft Regulatory Technical Standard (RTS) to the European Commission for endorsement. The Final Report was published on 18 December 2017.

Work programme for 2018

In the report ESMA states that they are aiming, in addition to their regular activities, to start working on supervisory convergence on narrative reporting and the management report, and in particular on non-financial information including Alternative Performance Measures (APMs), and electronic reporting.

Also, ESMA and European enforcers are working to promote common supervisory approaches and enforcement practices on the new Standards IFRS 9 and IFRS 15. They are also aiming to contribute to the European endorsement process on IFRS 17 'Insurance Contracts' and other consultations from the IASB suggesting major changes to IFRS Standards.

Round up

IASB

Other IASB publications

As featured on pages 2-5, the IASB has published a revised Conceptual Framework, Amendments to IAS 19 and an Exposure Draft on Accounting Policy Changes. In addition, the IASB has published:

- a webinar on the scope of the IASB's project on business combinations under common control
- two webcasts on the level of aggregation in IFRS 17 'Insurance Contracts' and on recognising the contractual service margin (CSM) in profit or loss
- two Investor Updates
- the 2018 Red Book with all pronouncements issued as at 1 January 2018.

Transition Resource Group for insurance contracts holds first technical meeting

As featured in the quarter 4 2017 edition of IFRS News, Grant Thornton UK's Vasilka Bangeova has been appointed to the IASB's Transition Resource Group (TRG) for Insurance Contracts. The TRG was set up to identify and help solve implementation issues before IFRS 17 'Insurance Contracts' becomes mandatorily effective on 1 January 2021. The TRG has now held its first technical meeting; topics discussed included:

- questions on coverage units
- reinsurance contracts held
- contract boundaries and whether insurance components should be separated.

The next TRG meeting is scheduled for 2 May.

United States

Hyperinflationary economies – updated IPTF watch list available

The International Practices Task Force (IPTF) of the Centre for Audit Quality in the US has updated its watch list of countries that might be hyperinflationary.

Under US GAAP, a highly inflationary economy is one that has cumulative inflation of approximately 100% or more over a three-year period. While the requirements of US GAAP differ from IFRS (IAS 29 'Financial Reporting in Hyperinflationary Economies' does not establish an absolute rate at which hyperinflation is deemed to arise but provides a list of characteristics that might indicate hyperinflation), the IPTF's findings are nevertheless considered relevant as a cumulative three-year inflation rate that is approaching or exceeds 100% is viewed as a strong indicator of hyper-inflation under IFRS. In the notes from its November 2017 meeting (available at https://www.thecaq.org/discussion-document-monitoring-inflation-certain-countries-november-2017), the IPTF lists countries under the following headings:

1a Countries with three-year cumulative inflation rates exceeding 100%
1b Countries with projected three-year cumulative inflation rates greater than 100%
2 Countries with three-year cumulative inflation rates exceeding 100% in recent years, but with three-year cumulative inflation rates between 70% and 100% in the most recent calendar year
3 Countries with recent three-year cumulative inflation rates exceeding 100% after a spike in inflation in a discrete period
4 Countries with three-year cumulative inflation rates between 70% and 100%, or with a significant (25% or more) increase in inflation during the last calendar year or a significant increase in projected inflation in the current year.

The IPTF notes that their list is not exhaustive and there may be additional countries with three-year cumulative inflation rates exceeding 100% or countries that should be monitored. This is for example because the sources used to compile the list do not include inflation data for all countries or current inflation data (for example Syria). Further, countries that are not members of the International Monetary Fund (IMF) have not been considered.

Europe

European Commission publishes action plan on sustainable finance

The High-Level Expert Group (HLEG) on Sustainable Finance, established by the European Commission (EC), published its final report setting out strategic recommendations for a financial system that supports sustainable investments. Following on from this report, the EC is now proposing an EU strategy on sustainable finance setting out a roadmap for further work and upcoming actions covering all relevant actors in the financial system.

With regards to accounting, the action plan includes the following points:

- to undertake a fitness check of EU legislation on public corporate reporting, including the Non-Financial Reporting Directive, and to assess whether public reporting requirements for listed and non-listed companies are fit for purpose
- by Q2 2019, to revise the guidelines on non-financial information to provide further guidance to companies on how to disclose climate-related information, in line with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD)
- by Q3 2018, to create a European Corporate Reporting Lab as part of the European Financial Reporting Advisory Group (EFRAG)
- to request EFRAG, where appropriate, to assess the impact of new or revised IFRS on sustainable investments
- to consider (as part of the fitness check evaluation of relevant aspects of the International Accounting Standards Regulation) how the adoption process of IFRS can allow for specific adjustments to standards where they are not conducive to the European public good.

European Commission launches 'fitness check' on public reporting by companies

The European Commission (EC) has published a consultation document 'Fitness Check on the EU Framework for Public Reporting by Companies'. The document features sections on:

- assessing the fitness of the EU public reporting framework overall
- the EU financial reporting framework applicable to all companies (Accounting Directive: companies with cross border activities, SMEs, and content of the information)
- the EU financial reporting framework for listed companies (IAS regulation, Transparency Directive)
- the EU financial reporting framework for banks and insurance companies (Sectoral Accounting Directives)
- the non-financial reporting framework (Non-Financial Reporting Directive, Country-by-Country Reporting for extractive and logging industries and integrated reporting)
- the digitalisation challenge.

Of particular interest is the section 'The EU financial reporting framework for listed companies', which asks constituents about their views on the appropriateness of the EU endorsement process and whether this could potentially interfere with sustainability and long-term investment. It also asks constituents whether they would prefer a modified ('European') version of IFRS. These are questions that could have consequences outside of Europe, as they could undermine IFRS' position as a truly international set of standards which allow comparison between companies around the world.

The consultation is also interesting in terms of some of the other sections which explore issues which are gathering increased attention, such as whether to encourage an integrated reporting framework and how to address the challenges of digitalisation.

The European Commission asks for comments by 21 July 2018.

EFRAG seeks views on their future agenda

The European Financial Reporting Advisory Group (EFRAG) has published a public consultation on their strategic direction for research activities.

EFRAG conducted its last agenda consultation in 2015. Projects that had been added to its agenda at that time will be reaching their final stage in 2018. Therefore, EFRAG is looking to gain insight into constituent's views on which research projects EFRAG should add to their agenda.

The consultation lists as potential projects:

- better information on intangible assets
- cryptocurrencies
- derecognition
- transaction-related costs
- variable and contingent payments.

Furthermore, EFRAG seeks views on how they could substantiate the influence of its research activities in general, and with individual projects in particular, on the IASB's work.

EFRAG seeks input from its constituents by 1 June 2018.

Europe (cont.)

EFRAG publishes feedback statement on Goodwill Discussion Paper

Last year the European Financial Reporting Advisory Group (EFRAG) issued a Discussion Paper on the goodwill impairment test and asked whether it can be improved, including suggestions how this could be achieved.

The now issued feedback statement summarises the response received from constituents which will be used when responding to any future IASB proposals arising from its Goodwill and Impairment research project.

The feedback indicates that the impairment test for goodwill can indeed be improved, with respondents welcoming the suggestion of inclusion of future restructurings in the calculation of value in use and allowing the use of a post-tax discount rate as they believe both suggestions would reduce complexity and application costs of current requirements. However, other proposals attracted less support and constituents also called for a cost-benefit analysis on any future changes.

Banking

World Gold Council publishes guidance on how to account for gold

The World Gold Council have published a paper 'Guidance for Monetary Authorities on the recommended practice in accounting for monetary gold'. The guidance in the paper is not mandatory in any way but looks to set out a common accounting framework for monetary gold (gold held by a monetary authority principally as an element of its foreign exchange reserves), stating that monetary gold is held for similar reasons among all central banks and therefore it seems appropriate for there to be a single method for the accounting and reporting of this asset by central banks.

Africa

Seventeen West and Central African countries to adopt IFRS

The Organisation for the Harmonisation of Corporate Law in Africa (OHADA) has introduced a requirement for listed or otherwise publicly accountable entities in its member countries to start using IFRS Standards. The requirement will come into effect for consolidated financial statements on 1 January 2019.

The requirement for these entities to start using IFRS Standards is part of a new Uniform Act on Accounting Law and Financial Reporting adopted by the Council of Ministers of OHADA in 2017. Entities which are not listed or otherwise publicly accountable are permitted, but not required, to use IFRS Standards.

The OHADA was established to foster economic development in West and Central Africa by creating a better climate for attracting investment and enhancing growth. OHADA has adopted business laws and formed institutions to implement those laws.

The jurisdictions that are members of the organisation are Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Côte d'Ivoire, Democratic Republic of Congo, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Niger, Republic of the Congo, Senegal and Togo.

Insurance

EFRAG publishes IFRS 17 briefing papers

The European Financial Reporting Advisory Group (EFRAG) has issued three background briefing papers on IFRS 17 'Insurance Contracts'.

The papers discuss the level of aggregation in IFRS 17, the release of the Contractual Service Margin (CSM) and IFRS 17's transition requirements.

The papers aim at providing simplified information on controversial areas of IFRS 17 to facilitate understanding the issues and to be in a position to comment on EFRAG's forthcoming draft endorsement advice.

Effective dates of new IFRS Standards and IFRIC Interpretations

The table below lists new IFRS Standards and IFRIC Interpretations with an effective date on or after 1 January 2017. Companies are required to make certain disclosures in respect of new Standards and Interpretations under IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

New IFRS Standards and IFRIC Interpretations with an effective date on or after 1 January 2017

Title	Full title of Standard or Interpretation	Effective for accounting periods beginning on or after	Early adoption permitted?
IFRS 17	Insurance Contracts	1 January 2021	Yes
Various	Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020	Yes (but need to apply all amendments)
IFRS 16	Leases	1 January 2019	Yes
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019	Yes
IFRS 9	Prepayment Features with Negative Compensation (Amendments to IFRS 9)	1 January 2019	Yes
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	1 January 2019	Yes
IAS 12/IAS 23/ IFRS 3/IFRS 11	Annual Improvements to IFRS Standards 2015–2017 Cycle	1 January 2019	Yes
IAS 19	Plan Amendment, Curtail or Settlement (Amendments to IAS 19)	1 January 2019	Yes
IAS 40	Transfers of Investment Property	1 January 2018	Yes
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018	Yes
IFRS 1/ IFRS 12/ IAS 28	Annual Improvements to IFRS Standards 2014-2016 Cycle	1 January 2018 However, the amendments to IFRS 12 are effective from 1 January 2017	IAS 28 – Yes

New IFRS Standards and IFRIC Interpretations with an effective date on or after 1 January 2017

Title	Full title of Standard or Interpretation	Effective for accounting periods beginning on or after	Early adoption permitted?
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)	• a temporary exemption from IFRS 9 is applied for accounting periods on or after 1 January 2018 • the overlay approach is applied when entities first apply IFRS 9	N/A
IFRS 9	Financial Instruments (2014)	1 January 2018	Yes (extensive transitional rules apply)
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2018	Yes
IFRS 15	Revenue from Contracts with Customers	1 January 2018*	Yes
N/A	Practice Statement 2: Making Materiality Judgements	14 September 2017	No
IAS 7	Disclosure Initiative – Amendments to IAS 7 Statement of Cash Flows	1 January 2017	Yes
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	Yes
IFRS for SMEs	Amendments to the International Financial Reporting Standard for Small and Medium Sized Entities	1 January 2017	Yes
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed (was 1 January 2016)	Yes
N/A	Conceptual Framework for Financial Reporting	Effective immediately	

* changed from 1 January 2017 following the publication of 'Effective Date of IFRS 15'

Open for comment

This table lists the documents that the IASB currently has out to comment and the comment deadline. Grant Thornton International Ltd aims to respond to each of these publications.

Current IASB documents

Document type	Title	Comment
Exposure Draft	Accounting Policy Changes (Amendments to IAS 8)	27 July 2018

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