

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

- **FASB Proposed Accounting Standards Update**

Some stakeholders noted that Topic 820 on Fair Value Measurement contains conflicting guidance on what the unit of account is when measuring the fair value of an equity security. This has resulted in diversity in practice on whether the effects of a contractual restriction that prohibits the sale of an equity security should be considered in measuring that equity security's fair value.

In response to this, the FASB issued a **proposed Accounting Standards Update (ASU)** that would improve financial reporting for investors and other financial statement users by increasing comparability of financial information across reporting entities that have investments in equity securities measured at fair value that are subject to contractual restrictions preventing the sale of those securities.

The amendments therein would clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value.

The amendments are open for comment by 14 November 2021.

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- **Article on Business Combinations under Common Control—filling a gap in IFRS Standards**

Ann Tarca, a member of the IASB, explained the Board's preliminary views for accounting for business combinations under common control, an issue not currently addressed in IFRS Standards. Such combinations are widespread and the accounting for them is diverse. The Board's preliminary views aim to reduce diversity in practice and to improve the information provided to investors so they can understand the effects of these transactions and compare companies that undertake them.

In the IASB's view, all BCUCC have economic substance for the receiving company. Furthermore, if a BCUCC affects existing non-controlling shareholders of the receiving company then in the IASB's view the BCUCC is similar to a business combination between unrelated parties covered by IFRS 3. If a BCUCC does not affect non-controlling shareholders of the receiving company, then in the IASB's view a book-value method should apply.

The article states the criteria that would determine when a receiving company should use the acquisition method or a book-value method:

- (1) Does the combination affect non-controlling shareholders of the receiving company?
- (2) Are the receiving company's shares traded in a public market?
- (3) Are all non-controlling shareholders related parties of the receiving company?
- (4) Has the receiving company chosen to use a book-value method, and have its non-controlling shareholders not objected?

Read more [here](#).

- **Video on Overview of Exposure Draft Subsidiaries without Public Accountability: Disclosures**

The IASB is requesting feedback on proposals for a new accounting standard that would permit eligible subsidiaries to apply IFRS Standards with reduced disclosure requirements in their financial statements. In the short video, Jianqiao Lu, a member of IASB, introduces the Board's proposals set out in the [Exposure Draft](#). Watch the video [here](#).

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- **October 2021 IFRS Interpretations Committee Podcast Available**

In this podcast, Sue Lloyd, IFRS Interpretations Committee Chair and Vice-Chair of the IASB, and Patrina Buchanan talk about the recent activities to support the consistent application of IFRS Standards during the third quarter of 2021.

Topics discussed include:

- Non-refundable VAT on lease payments
- Accounting for warrants that are financial liabilities on initial recognition
- Demand deposits with restrictions on use
- Cash received via electronic transfer as settlement for a financial asset

Access the podcast [here](#).

Corporate / Sustainability Reporting

- **Accountancy Europe Corporate Reporting Podcasts**

Accountancy Europe has published several podcasts covering various aspects of corporate reporting. [Read more](#).

- **Environmental, Social and Governance (ESG) risk: Webinars & resources**

The ICAEW Financial Services Faculty published a series of events and resources to assist firms with the challenges and opportunities of better understanding the ESG risks. [Read more](#).

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