

# EY Ireland

Financial Reporting Update

April 2023

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## Foreword

At EY, we strive to simplify complex accounting and reporting requirements for our clients. With that in mind, this publication brings together the significant changes in accounting standards, regulatory requirements, as well as key enablers, to help you respond to the changing landscape.

In this edition, we cover recent IFRS updates and emerging accounting and reporting issues including, among other matters:

- ▶ Accounting for SPACs
- ▶ International Accounting Standard Board (IASB) and International Financial Reporting Standards Interpretation Committee (IFRS IC) amendments, exposure drafts and agenda decisions
- ▶ International Sustainability Standards Board (ISSB) transition reliefs
- ▶ IAASA's and ESMA's reports on financial statement examinations.

If you have any questions or would like to discuss how your company is impacted by any of the topics in this publication, please get in touch with your EY contact, who will be supported by the individuals below.



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# Section 01

## International Financial Reporting Standards (IFRS)

### Accounting for SPACs

Acquisition by a special purpose acquisition company (SPAC) offers private companies a way to go public without a traditional initial public offering.

As the volume of SPAC transactions continues to grow, stakeholders, including regulators, continue to expect high quality financial reporting which appropriately addresses relevant accounting and disclosure matters.

Throughout the life cycle of a SPAC transaction, there are many complex financial reporting issues such as the identification of the accounting acquirer in the transaction and the accounting for financial instruments and share-based payment transactions.

Our updated publication supports entities in accounting for SPACs. We have made the following changes to our previous publication to address evolving issues :

- ▶ *Section 2.3.2- Target is also legal acquirer - Accounting for warrants and other financial instruments included in the net assets of the acquiree.* We added the discussion on the ratified IFRS IC agenda decision related to the accounting for warrants in a SPAC acquisition.
- ▶ *Section 4.1.2 - Public shares.* We added the discussion on the ratified IFRS IC agenda decision related to the classification of public shares under IAS 32 Financial Instruments: Presentation when public shareholders have the individual contractual right to demand a reimbursement of their shares if the SPAC's shareholders approve the acquisition of a target entity.



[Accounting for SPACs \(Updated January 2023\)](#)

## Other IFRS reference material

### IFRS Update of standards and interpretations in issue at 31 March 2023

Our publication provides an overview of the upcoming changes in standards and interpretations (pronouncements). It also provides an update on selected active projects. It does not attempt to provide an in-depth analysis or discussion of the topics. Rather, the objective is to highlight key aspects of these changes. Reference should be made to the text of the pronouncements before taking any decisions or actions.



[IFRS Update](#)

### IFRS adopted by the European Union 31 December 2022

Our most recent publication provides an overview of the status of the EU endorsement process for IFRS at 31 December 2022 based on the official EFRAG endorsement status report available as at 31 December 2022.

Some IFRS standards and amendments are adopted by the European Union (EU) with an effective date later than that established by the IASB and as a result, we have separately listed the effective date of application in the EU.



[IFRS adopted by the European Union 31 December 2022](#)

### EU Endorsement status report

The Report provides an overview of IFRS Standards and IFRS interpretations pending endorsement. It also contains a list of all IFRS, amendments to IFRS and IFRS Interpretations endorsed in the EU, providing for each of them the date when it became effective in the EU, the date the endorsement decision was made and the date when it was published in the Official Journal of the European Union.

IASB/IFRIC documents not yet endorsed (Documents to be endorsed are marked in bold and steps marked in green have been completed)	EFRAG endorsement status	IFRS endorsement status	IASB Effective date	Endorsement status (before the effective date)
<b>AMENDMENTS</b>				
<b>Amendments to IAS 1 Presentation of Financial Statements:</b>				
• Classification of Liabilities as Current or Non-current - Deferral of Effective Date (Issued on 12 July 2020); and	- 2019-09-01	- 01/01/2024	01/01/2024	*
• Non-current Liabilities with Contingent Interest (Issued on 31 October 2022)	- 2022-10-31	- 01/01/2024	01/01/2024	*
<b>Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Issued on 22 September 2022)</b>	- 2022-09-22	- 01/01/2024	01/01/2024	*

[EU Endorsement status report](#)

# EY IFRS core tools

## EY IFRS illustrative financial statements and disclosure checklists

EY publishes a series of illustrative financial statements to assist reporting entities in the preparation of their own financial statements. The illustrative financial statements are intended to reflect transactions, events and circumstances that we consider to be most common for a broad range of companies across a wide variety of industries. Certain disclosures are included in these financial statements merely for illustrative purposes. Commentaries are also provided to explain the basis for the disclosure or to address alternative disclosures not included in the illustrative financial statements. For a more comprehensive list of disclosure requirements, do refer to [EY's Online International GAAP® Disclosure Checklist](#).

Other EY IFRS technical resources including practical technical guidance, latest thinking and tools from EY financial reporting professionals are available [here](#).



[Good Group \(International\) Limited \(December 2022\)](#)



[Financial Statements Disclosure Checklist \(December 2022\)](#)



[Interim Disclosure Checklist \(31 December 2023\)](#)



[Good Group: Interim Financial Statements \(30 June 2023\)](#)



[Disclosure Checklist \(30 June 2023\)](#)



[Good Bank \(International\) Limited \(December 2022\)](#)



[Good Mining \(International\) Limited \(December 2021\)](#)



[Good Real Estate Group 2021](#)



[Good Life Insurance \(International\) Limited](#)



[Good General Insurance \(International\) Limited](#)

## International GAAP®: Free access

EY's International GAAP® 2023, is now available online free of charge to clients and non-clients via the free content channel on EY Atlas Client Edition, EY Analysis: International Financial Reporting Standards (IFRS).

### About International GAAP® 2023

International GAAP® 2023, written by EY financial reporting professionals from around the world, is our detailed guide to interpreting and implementing International Financial Reporting Standards (IFRS). It sets IFRS in a relevant business context, provides insights on how complex practical issues could be resolved, and explains complex technical accounting issues clearly. This detailed guide includes numerous worked examples, excerpts from the relevant standard, extracts from the published financial reports of major listed companies from around the world and call out boxes clearly highlighting EY's views.

### About EY Atlas Client Edition

EY Atlas, used by thousands of EY employees daily, is a trusted online research platform for accounting and auditing information. Along with International GAAP® 2023, EY Atlas Client Edition also provides free access to other IFRS accounting thought leadership from EY teams (e.g., Applying IFRS and IFRS Developments) in one central, easy-to-navigate platform.

Optimized for mobile devices, EY Atlas Client Edition is accessible anytime and anywhere delivering the International GAAP® 2023 publication in a user-friendly, easy to browse and search, digital format.

### User-friendly style

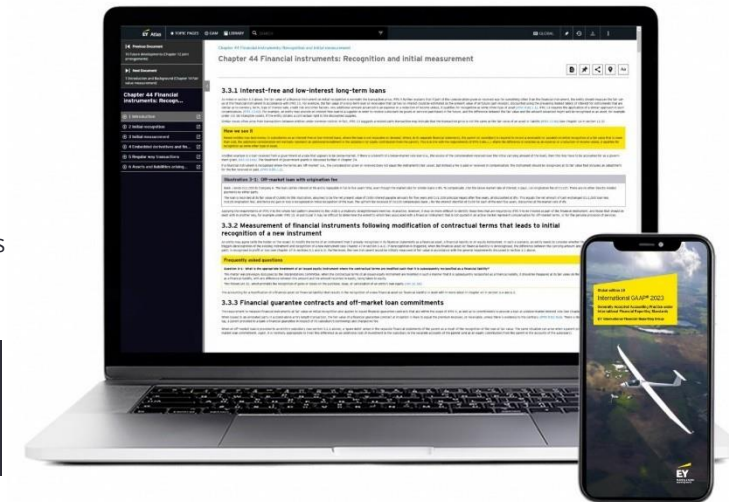
International GAAP® 2023 utilises a style layout that highlights excerpts from relevant standards, extracts from published financial statements and callout boxes clearly highlighting EY views.

### Free to all users on EY Atlas Client Edition

International GAAP® 2023 is available to access free of charge via the free content channel in EY Atlas Client Edition, showcasing the EY purpose of building a better working world. Additionally, International GAAP® 2023 is also included within the premium subscription channel in EY Atlas Client Edition.

To obtain free access to International GAAP® 2022 on EY Atlas Client Edition, please visit [ey.com/eyatlas](https://ey.com/eyatlas) to get started.

- ▶ Available, free of charge, to all users on EY Atlas Client Edition
- ▶ Numerous worked examples
- ▶ Extracts from the published financial reports of major listed companies
- ▶ Call out boxes clearly highlighting EY's views



# IASB and IFRS IC exposure drafts, agenda decisions and other guidance

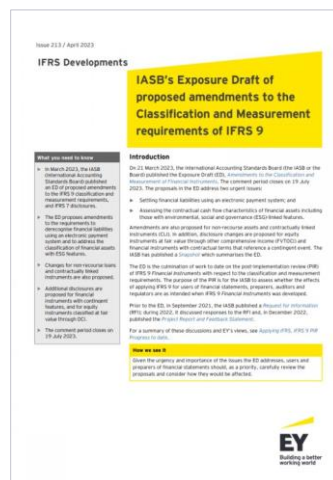
## Amendments to IFRS 9 and IFRS 7

In March 2023, the IASB published an exposure draft (ED) of proposed amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures.

The ED proposes amendments to the requirements to derecognize financial liabilities settled using an electronic payment system and to address the classification of financial assets with environmental, social and governance (ESG) linked features. Changes to the requirements for the classification of non-recourse loans and contractually linked instruments are also proposed.

The ED proposes additional disclosures for financial instruments with contingent features and for equity instruments classified at fair value through other comprehensive income.

The comment period closes on 19 July 2023. Our IFRS Developments issue 213 publication provides more detail on the ED.



[IFRS Developments Issue 213](#)

## Premiums receivable from an intermediary

At its March 2023 meeting, the IFRS IC discussed two related submissions regarding the application of IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments to premiums receivable from an intermediary by an entity that issues insurance contracts.

The Committee agreed to publish a tentative agenda decision for public comment that sets out the applicable requirements with regard to the fact pattern in the submissions.

The deadline for comments is 22 May 2023. Refer our Insurance Accounting Alert publication for more information.



[Insurance accounting alert](#)

# IASB, ISSB and IFRS IC exposure drafts, agenda decisions and other guidance

## ISSB prioritises climate disclosures with transition relief

On 4 April 2023, the ISSB tentatively decided to allow an entity an optional transition relief when applying IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) for the first time. The relief is intended to allow an entity to provide only climate-related disclosures in its first year of implementation of IFRS S1 and IFRS S2 Climate related Disclosures (IFRS S2). The transition relief is available to an entity when it applies IFRS S1 for the first time, including if it chooses to early adopt the Standard.

The transition relief will not affect the initial application dates of IFRS S1 and IFRS S2 which is for annual reporting periods beginning on or after 1 January 2024 and is subject to finalisation by the ISSB.

Our IFRS Sustainability Developments Issue 2 publication provides more information on the transition relief.

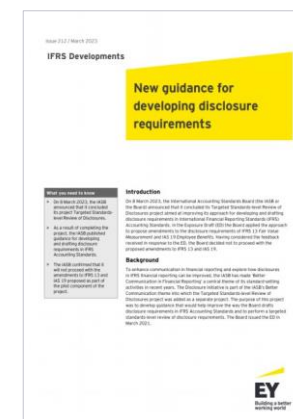


[IFRS Sustainability Developments Issue 2](#)

## Guidance for developing disclosure requirements

On 8 March 2023, the IASB announced that it concluded its Targeted Standards-level Review of Disclosures project. The project is aimed at improving the IASB's approach for developing and drafting disclosure requirements in IFRS Accounting Standards.

Refer our IFRS Developments Issue 211 publication for a summary of the guidance the IASB published following completion of the project.



[IFRS Developments Issue 211](#)



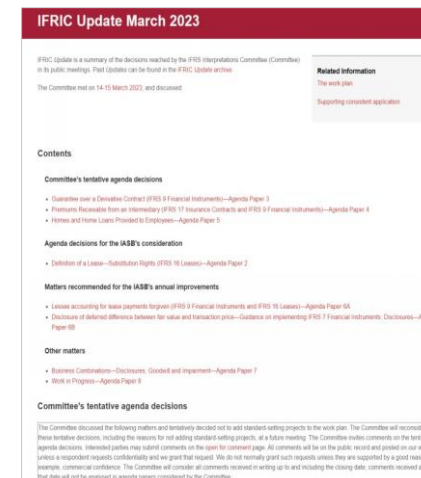
# IASB and IFRS IC exposure drafts, agenda decisions and other guidance

## IFRS IC Update March 2023

IFRIC Update is a summary of the decisions reached by the IFRS Interpretations Committee (Committee) in its public meetings. The Update can be found in the IFRIC Update archive. The Committee met on 14-15 March 2023, and discussed:

- ▶ Guarantee over a Derivative Contract (IFRS 9 Financial Instruments)
- ▶ Premiums Receivable from an Intermediary (IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments)
- ▶ Homes and Home Loans Provided to Employees
- ▶ Definition of a Lease - Substitution Rights (IFRS 16 Leases)
- ▶ Lessee accounting for lease payments forgiven (IFRS 9 Financial Instruments and IFRS 16 Leases)
- ▶ Disclosure of deferred difference between fair value and transaction price - Guidance on implementing IFRS 7 Financial Instruments: Disclosures
- ▶ Business Combinations - Disclosures, Goodwill and Impairment

Refer the IFRS IC Update for more information on the issues discussed and conclusions reached.



[IFRS IC Update March 2023](#)

## Section 02

### Regulator expectations and related guidance

## IAASA

### **Outcome of financial statement examinations completed in 2022**

On 14 March 2023, the Irish Auditing and Accounting Supervisory Authority (IAASA) published a summary of the outcomes of its examinations of financial reports completed in 2022.

The summary shows that the level of compliance by companies with financial reporting requirements is generally good particularly among equity issuers. However, certain companies, particularly some fund and debt issuers, have further progress to make in achieving consistently high-quality financial reports.

The summary illustrates the growing impact of climate change and climate impact mitigation initiatives on companies. It also reflects the increasing focus of IAASA and accounting enforcers generally on the financial reporting implications of climate change and climate commitments by companies.

Refer to IAASA's Report for more information.



[Outcome of financial statements examinations](#)

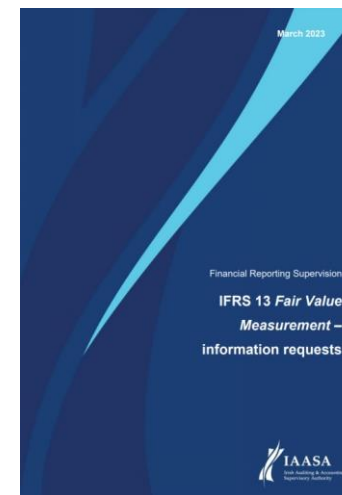
# IAASA

## **IFRS 13 Fair Value Measurement: Information requests**

On 28 March 2023, IAASA, published a Paper 'IFRS 13 Fair Value Measurement - information requests' to provide preparers, auditors, and users of financial statements with information to encourage discussion and stimulate debate as to whether or not issuers have adequately considered the requirements of IFRS 13 Fair Value Measurement in preparing periodic financial statements.

The Paper lists the fair value information requests that IAASA has made to entities during its previous financial statement examinations. Consideration by issuers and auditors as to how they might respond to such information requests and questioning may assist entities in providing high quality information to users of financial reports.

IAASA's Paper provides more information.



[IFRS 13 Fair Value Measurement-Information requests](#)

# ESMA

## Corporate Reporting Enforcement and Regulatory Activities Report

On 29 March 2023, the European Securities and Markets Authority (ESMA), published its 2022 Corporate Reporting Enforcement and Regulatory Activities Report (the Report). The Report provides an overview of activities carried out by ESMA and national enforcers in the European Economic Area when examining compliance of financial and non-financial information provided by issuers in 2022.

ESMA assessed how issuers complied with International Financial Reporting Standards (IFRS), ESMA's Guidelines on Alternative Performance Measures (APMs), non-financial reporting obligations and ESEF reporting requirements and adhered to ESMA's recommendations. The majority of the enforcement actions for financial and non-financial information concerned corrections in the future statements, while for ESEF reporting, most actions concerned the resubmission or re-dissemination of the ESEF annual financial reports.

In light of the recent market events linked to the banking sector, ESMA highlighted in particular the importance of disclosures by financial institutions that enable users of the financial statements to evaluate issuers' exposure to interest rate and liquidity risks. ESMA expects issuers, audit committees and auditors to consider the conclusions and recommendations of the Report when preparing and auditing financial reports. In 2023, ESMA and the European enforcers will focus on ensuring that adequate transparency is provided regarding the enforcement priorities outlined in its [2022 European Common Enforcement Priorities Statement](#).

Refer to ESMA's Report for more information.



[ESMA Report](#)

# Contact us

If you have any questions, or would like to discuss how your company is impacted by any of the topics in this publication, please get in touch with us, or with your EY contact.



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