

EY Ireland

Financial Reporting  
Update

May 2022



Building a better  
working world

## International GAAP® – The global perspective on IFRS

International GAAP® 2022 is a detailed guide to interpreting and implementing International Financial Reporting Standards (IFRS). By setting IFRS in a relevant business context, it provides insights on how complex practical issues should be resolved in the real world of global financial reporting. It is an important tool for anyone applying, auditing, interpreting, regulating, studying or teaching IFRS.

Written by EY financial reporting professionals from around the world, this detailed guide to reporting under IFRS provides a global perspective on the application of IFRS.

It explains complex technical accounting issues clearly by setting IFRS in a practical context with numerous worked examples, illustrations and extracts from the published financial reports of major listed companies from around the world.

### New digital platform

Upholding the EY commitment to carbon neutrality, International GAAP® 2022 will be published digitally on EY Atlas Client Edition, discontinuing the prior printed version. The online publication encompasses all the benefits of the International GAAP® in a user-friendly, easy to browse and search, digital format. Along with International GAAP® 2022, EY Atlas Client Edition also provides access to other IFRS accounting thought leadership from EY teams (e.g., Applying IFRS and IFRS Developments) in one central, easy-to-navigate platform.

Optimised for mobile devices, EY Atlas Client Edition is accessible anytime and anywhere. Combining leading class browse and search functionality, it focuses your efforts in understanding the content rather than looking for it.

### New content

The 2022 edition of International GAAP® has been fully revised to provide expanded guidance by:

- ▶ Extending the chapter on the new insurance contracts standard IFRS 17 (Insurance Contracts) to reflect the amendments to IFRS 17 issued by the International Accounting Standards Board (IASB) – the chapter also discusses implementation issues and explores other matters arising as insurers prepare for the adoption of the standard.
- ▶ Adding a new chapter discussing the IASB's amendments to IFRS 9 (Financial Instruments) and related standards to address the effects of the Interbank Offered Rates (IBOR) reform on financial reporting and the practical application issues that have emerged as IBOR reform is being implemented.
- ▶ Continuing investigations of the many application issues arising as entities apply IFRS 9, IFRS 15 (Revenue from Contracts with Customers) and IFRS 16 (Leases) including the narrow scope amendment issued by the IASB regarding rent concessions.
- ▶ Illustrating the application of IFRS to the accounting for natural disasters highlighted by the accounting issues related to the ongoing COVID-19 pandemic.
- ▶ Discussing the numerous agenda decisions issued by the IFRS Interpretations Committee and the narrow scope amendments proposed by the IASB since the preparation of the 2021 edition.

- ▶ Now digital-only
- ▶ Available, free of charge, to all users on EY Atlas Client Edition
- ▶ Enhanced user-friendly experience
- ▶ Important tool supporting the application of IFRS

### New user-friendly style

International GAAP® 2022 utilises a new style layout that highlights excerpts from relevant standards, extracts from published financial statements included in full-colour images and callout boxes clearly highlighting EY views.

### Now free to all users on EY Atlas Client Edition:

International GAAP® 2022 will be available to access free of charge via the new free content channel in EY Atlas Client Edition, showcasing the EY purpose of building a better working world. Additionally, International GAAP® will also be included within the premium subscription channel in EY Atlas Client Edition.

From the EY International Finance Reporting Group, this detailed reference guide illustrates hundreds of complex technical accounting topics and provides numerous worked examples and extracts from the published reports of companies.

This detailed guide provides a truly global perspective on IFRS.



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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 discuss recent IFRS updates and emerging accounting issues including, among other matters:

- ▶ Accounting considerations for the war in Ukraine
- ▶ IFRS 17 and IFRS 9 adoption by insurers- expected impact disclosures

- ▶ International Accounting Standard Board (IASB), International Sustainability Standards Board (ISSB) and International Financial Reporting Standards Interpretation Committee (IFRS IC) amendments, exposure drafts and agenda decisions

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 1: International Financial Reporting Standards (IFRS)

## Accounting considerations for the war in Ukraine

The war in Ukraine triggers several IFRS accounting considerations affecting both the annual and interim financial statements. A number of countries have imposed and continue to impose new sanctions on specified Russian entities and individuals. Sanctions have also been imposed on Belarus. The situation together with potential fluctuations in commodity prices, foreign exchange rates, restrictions to imports and exports, availability of local materials and services and access to local resources will directly impact entities that have significant operations or exposures in, or with Russia, Belarus, or Ukraine. The situation is fluid and may also have significant consequences for other entities that could be exposed to fluctuations in commodity prices and foreign exchange rates, as well as the possibility of a protracted economic downturn.

Our Applying IFRS publication provides a reminder of some of the existing accounting requirements that should be considered. The following topics are addressed:

- ▶ Going concern
- ▶ Impairment assessment of non-financial assets
- ▶ Fair value measurement
- ▶ Financial instruments (IFRS 9)

- ▶ Insurance recoveries
- ▶ Leases
- ▶ Onerous contracts
- ▶ Assets held for sale, discontinued operations and restructurings
- ▶ Inventories
- ▶ Revenue recognition
- ▶ Investments in subsidiaries, associates and joint ventures
- ▶ Government grants
- ▶ Events after the reporting period
- ▶ Other financial statement presentation and disclosure requirements



[Accounting considerations for the war in Ukraine Updated March 2022 | EY - Global](#)

## IFRS 17 and IFRS 9 expected impact disclosures for Insurers

As insurers prepare for the effective date of 1 January 2023 for IFRS 17, most of them are also applying IFRS 9 then for the first time, and they are considering what to disclose in their upcoming financial statements. IFRS requires disclosure of the expected impacts that new standards issued but not yet effective will have on financial statements at initial application.

As we get closer to the date of initial application, there will be increasing focus from regulators and investors on understanding financial impacts. Entities need to determine what disclosures to include in any financial statements issued prior to 2023 to meet the requirements set by IAS 8 to provide useful information to users.

Insurers will need to apply judgement to determine whether to provide quantitative disclosure, qualitative disclosure, or both, depending on the information they know or they can reasonably estimate at the point of preparation.

In deciding whether quantitative information could be disclosed, some of the key criteria entities could evaluate include: whether figures have been reasonably estimated in accordance with the requirements of IFRSs; whether they have been subject to internal governance; and whether they are capable of audit by the external auditor. When quantitative information is available on this basis, entities would be expected to provide quantitative disclosures in their financial statements.

Our Insurance Accounting Alert publication discusses expected disclosures in more detail.



[Insurance Accounting Alert February 2022 | EY - Global](#)

## Other IFRS reference material

### Hyperinflationary economies

Our updated publication sets out a summary of the inflation data of countries that are considered to be hyperinflationary for IFRS purposes as at 30 June 2022, as well as economies that are not currently hyperinflationary for IFRS purposes, but which should be monitored. The inflation data is based on the International Monetary Fund World Economic Outlook that was published in April 2022.



[Hyperinflationary Economies April 2022](#)

### IFRS Update of standards and interpretations in issue at 31 March 2022

Our publication provides an overview of the upcoming changes in standards and interpretations (pronouncements) in issue at 31 March 2022. 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.



[IFRS Update \(31 March 2022\)](#)

### EU Endorsement status report

On 3 March 2022, the European Union published a Commission Regulation endorsing Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies as well as Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates. The Amendments are effective for annual periods beginning on or after 1 January 2023.

On 24 March, the Accounting Regulatory Committee voted in favour of the Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

On 20 April, the Accounting Regulatory Committee voted, by written procedure, in favour of the Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 - Comparative Information.

The above changes are now reflected in the latest EFRAG endorsement status report (the Report) as of 2 May 2022. 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.

The image shows the cover of the 'EFRAG THE EU ENDORSEMENT STATUS REPORT' dated '2 May 2022'. It features a table with columns for 'Standard', 'Effective date', 'Endorsement date', and 'Published in the Official Journal of the European Union'. The table lists various IFRS standards and amendments, with some cells highlighted in yellow.

[EU Endorsement Status Report \(2 May 2022\) EFRAG](#)

# 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](#).



[Good Group - Interim Financial Statements \(June 2022\)](#)



[Interim Financial Statements Disclosure Checklist \(28 February 2022\)](#)



[Good Real Estate Group 2021](#)



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



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



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

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



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



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

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

### Exposure Drafts on sustainability disclosure requirements

On 31 March 2022, the ISSB issued its first [Exposure Drafts \(EDs\) on IFRS Sustainability Disclosure Standards](#). The EDs, entitled General Requirements for Disclosure of Sustainability-related Financial Information and Climate-related Disclosures, are open for public comment. The comment period for these EDs will end on 29 July 2022 and the ISSB intends to redeliberate the EDs in the second half of 2022.

Refer our IFRS Sustainability Developments Issue 1 for more information on the EDs.



[Sustainability Development Issue 1](#)

### IFRS IC tentative agenda decision on IFRS 17 profit recognition

On 15 March 2022, the IFRS IC discussed a question regarding the interpretation of IFRS 17 Insurance Contracts (IFRS 17) about the service provided by a life contingent annuity and how to recognise that service through the release of the Contractual Service Margin (CSM).

The Committee agreed to publish a tentative agenda decision (TAD) for public comment that sets out the applicable requirements in IFRS 17 and explains how an entity determines the quantity of the benefits provided under the group of annuity contracts described in the submission.

Our Insurance Accounting Alert publication provides more information on the Agenda decision.



[Insurance Accounting Alert](#)

## IFRS IC Update March 2022

IFRIC Update is a summary of the decisions reached by the IFRS IC in its public meetings. The Committee met from 15-16 March 2022 and discussed the following topics:

- ▶ Transfer of Insurance Coverage under a Group of Annuity Contracts (IFRS 17 Insurance Contracts)
- ▶ Lessor Forgiveness of Lease Payments (IFRS 9 Financial Instruments and IFRS 16 Leases)
- ▶ Special Purpose Acquisition Companies (SPAC): Classification of Public Shares as Financial Liabilities or Equity (IAS 32 Financial Instruments: Presentation)
- ▶ Special Purpose Acquisition Companies (SPAC): Accounting for Warrants at Acquisition.
- ▶ Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows) .

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



[IFRS - IFRIC Update March 2022](#)

# Section 2: Regulator expectations and related guidance

## ESMA and IAASA

### ESMA Corporate Reporting Enforcement and Regulatory Report

On 30 March 2022, ESMA, published its 2021 Corporate Reporting Enforcement and Regulatory Report.

The report provides an overview of the activities of ESMA and of national enforcers in the European Economic Area when examining compliance of financial and non-financial information provided by issuers in 2021. The report provides overarching messages to issuers and auditors to improve future financial and non-financial reports by assessing how issuers comply with IFRS and non-financial reporting obligations, and adhere to ESMA's recommendations, including European Common Enforcement Priorities.

Below are the highlights of the 2021 accounting enforcement:

- ▶ 711 financial statements drawn up under IFRS of issuers listed on European Union (EU) regulated markets were examined. The examinations led to enforcement actions against 250 issuers in order to address material departures from IFRS, representing an action rate of 40%

- ▶ 537 management reports were examined to assess whether the presentation and disclosure of alternative performance measures (APM) complied with ESMA's APM Guidelines. Based on these examinations, enforcement actions were taken in relation to 97 issuers, constituting an action rate of 18%
- ▶ European enforcers examined non-financial statements of 711 issuers, to assess disclosures in non-financial statements. Related enforcement actions against 72 issuers represented an action rate of 10%

ESMA expects issuers, audit committees and auditors to consider the conclusions and recommendations of the report when preparing and auditing financial reports.

In 2022, ESMA and the European enforcers will focus on ensuring that adequate transparency is provided regarding the enforcement priorities outlined in its [2021 European Common Enforcement Priorities Statement](#).

Refer the ESMA's report for more information.



[Corporate Reporting Enforcement](#)

## IAASA compendium of financial reporting decisions

On 7 February 2022, IAASA published a compendium of financial reporting decisions relating to accounting treatments applied by certain entities in their financial reports. The decisions cover a range of accounting treatments applied under accounting requirements including:

- ▶ IAS 1 Presentation of Financial Statements
- ▶ IAS 7 Statement of Cash Flows
- ▶ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- ▶ IAS 19 Employee Benefits
- ▶ IAS 32 Financial Instruments: Presentation
- ▶ IAS 36 Impairment of Assets
- ▶ IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- ▶ IFRS 7 Financial Instruments: Disclosures
- ▶ IFRS 8 Operating Segments

Refer IAASA's report for more information on the financial reporting decisions for each entity reviewed.



[Compendium of financial reporting decisions](#)

## IAASA Information Note - Reporting Climate Change

Users of financial reports are increasingly interested in the impacts that climate related matters have on an entity's financial performance as well as understanding factors and initiatives that mitigate the effects of climate change.

On 25 January 2022, IAASA published an Information Note setting out some considerations when reporting on climate change in financial reports.

Refer IAASA's Information note for more information.



[Reporting Climate Change](#)

## IAASA Information Note: Applying IFRS 9 Financial Instruments - expected credit losses

On 11 January 2022, IAASA published an Information Note on applying IFRS 9's expected credit losses by banks. The Information Note is based on observed trends in the application of IFRS 9 by banks and, in particular, since the start of the COVID-19 pandemic.

### IAASA

- ▶ Encourages banks to provide more entity-specific and granular quantitative and qualitative expected credit loss information to users of their reports.
- ▶ Encourages banks to strive for further improvements to the level of transparency for the topics identified in the Information Note.
- ▶ Expects that as COVID-19 pandemic relief measures and supports are withdrawn (and the longer-term impact of the pandemic on banks' ECLs become more apparent) additional disclosures and greater transparency of these impacts on ECLs will be disclosed in banks' financial reports

Refer IAASA's Information Note for more details.



[IAASA Information Note](#)

# Section 3: Irish Generally Accepted Accounting Practice (Irish GAAP)

## FRC's periodic review of UK and Ireland accounting standards

On 4 April 2022, the FRC issued an update on the progress of its periodic review of UK and Ireland accounting standards. The FRC will be holding a series of roundtables so that stakeholders can have their say on the following topics :

- ▶ Lease accounting
- ▶ Credit loss accounting
- ▶ Revenue accounting

Refer the FRC's periodic review of UK and Ireland accounting standards document for more information on the topics and the timing of the roundtables.



[FRC periodic review of UK and Ireland accounting standards](#)

# 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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