Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

35th SESSION
24 - 26 October 2018
Room XVII, Palais des Nations, Geneva

Thursday, 25 October 2018
Afternoon Session

Agenda item 4.
Issues of practical implementation of international standards of accounting and reporting in the public and private sectors

Presented by

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Board Member
International Accounting Standards Board

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IFRS® Standards
Implementation
35th. Session of ISAR
Geneva, 25th. October 2018

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# New IFRS Standards

<table>
<thead>
<tr>
<th>Standard</th>
<th>Big change</th>
<th>Effective</th>
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</thead>
<tbody>
<tr>
<td>IFRS 9 <em>Financial Instruments</em></td>
<td>Expected loss model replaces incurred loss model</td>
<td>2018</td>
</tr>
<tr>
<td>IFRS 15 <em>Revenue from Contracts with Customers</em></td>
<td>Global Standard - IASB and FASB converged</td>
<td>2018</td>
</tr>
<tr>
<td>IFRS 16 <em>Leases</em></td>
<td>All leases onto balance sheet</td>
<td>2019</td>
</tr>
<tr>
<td>IFRS 17 <em>Insurance Contracts</em></td>
<td>Truly international, current measurement</td>
<td>2021</td>
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IFRS 9 at a glance

• Issued in 2014
• Effective 1 January 2018
• Replaces IAS 39

Key points:

• Classification and measurement
  – a logical, single classification approach driven by cash flow characteristics and how financial instruments are managed

• Impairment
  – forward-looking ‘expected loss’ model

• Hedge accounting
  – better aligns accounting with risk management
IFRS 15 at a glance

- Issued in 2014
- Effective 1 January 2018
- Replaces IAS 18 and IAS 11

Key points:
- Framework for all revenue recognition
- Developed jointly with FASB
IFRS 16 at a glance

- Issued in January 2016
- Effective 1 January 2019
- Replaces IAS 17

Key points:
- Brings leases onto the balance sheet
- Changes lessee accounting substantially; little change for lessors
- Early application permitted (only with application of IFRS 15)
# IFRS 17 at a glance

<table>
<thead>
<tr>
<th>One accounting model for all insurance contracts in all IFRS jurisdictions</th>
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### Who is affected?

| 450 listed insurers using IFRS Standards | $13 trillion total assets of those listed insurers |

### When?

| 2021 mandatory effective date of the new Standard | 3.5 years for companies to implement the new requirements |
Adoption of IFRS Standards

144 of 166 jurisdictions require IFRS Standards for all or most publicly accountable companies

87%
China

- More than 300 Mainland companies with dual listing in HK
- Over 200 of those = no difference in outcome IFRS Standards v Chinese GAAP
- Remaining companies = minimal differences:

<table>
<thead>
<tr>
<th></th>
<th>Net Assets</th>
<th></th>
<th>Net Profit</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net</td>
<td>Gross</td>
<td>Net</td>
<td>Gross</td>
</tr>
<tr>
<td>Based on 85 companies</td>
<td>0.10%</td>
<td>0.23%</td>
<td>-0.04%</td>
<td>0.30%</td>
</tr>
</tbody>
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Data from 2015
Japan

Japanese GAAP

JMIS

US GAAP

IFRS Standards

Voluntary application of IFRS Standards

Source: Japan Exchange Group, May 2018
Priorities

Better Communication in Financial Reporting

Content
- Financial statements
  - Primary Financial Statements
  - Disclosure Initiative
- Information outside the financial statements
  - Management Commentary

Delivery
- IFRS Taxonomy
Wider corporate reporting and the IASB

Financial Reporting

Broader Financial Reporting

Public Policy Reporting

ESG reporting
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