IFAC Applauds IFRS Consultation on Sustainability Standards Board

IFAC, the global voice of the accounting profession, applauds the IFRS Foundation Trustees in issuing their Consultation Paper on Sustainability Reporting. This marks a critical step on the path towards a *global* solution to sustainability reporting, called for earlier this month by IFAC in its *Enhancing Corporate Reporting: The Way Forward* roadmap. IFAC believes that the demand is urgent and real—from investors, policymakers and other stakeholders—for a sustainability reporting system that delivers consistent, comparable, reliable, and assurable information. The IFRS Foundation is optimally positioned to establish a new sustainability standards board that leverages the expertise and disclosure requirements of existing leading initiatives. Under the IFRS umbrella, the work of this new board can connect with the investor focus of the IASB, while also collaborating with respect to reporting requirements designed to address broader stakeholder interests.

(Source: https://www.ifac.org/)

Stablecoins and Fair Value Measurement Feature in Updated Guidance from AICPA Digital Assets Working Group

The AICPA recently added 13 questions and answers to its Practice Aid, Accounting for and Auditing of Digital Assets. The nonauthoritative guidance focuses on how investment companies and broker dealers should account for digital assets, in addition to providing answers on topics such as fair value and stablecoins. It's based on professional literature and experience from members of the AICPA Digital Assets Working Group and AICPA staff.

The Practice Aid was originally issued in 2019 and updated in 2020, to provide nonauthoritative guidance on how to account for and audit digital assets under U.S. generally accepted accounting principles (GAAP) for nongovernmental entities and generally accepted auditing standards (GAAS), respectively.The AICPA will host a webcast to provide CPAs with a deeper understanding of how to account for investments in, or transactions involving, crypto assets and other digital assets under U.S. GAAP.

(Source: https://www.aicpa.org)

IASB Research Forum 2020

The International Accounting Standards Board (Board) will hold a Research Forum in conjunction with *Accounting and Business Research* (ABR) on 3-2 November 2020. The Research Forum is held annually in conjunction with an academic journal. It brings together academics to discuss research relevant to the Board's projects. Below are the papers that will be discussed during the Forum. The Forum will be held virtually.

(Source: https://www.ifrs.org/)

New Digital First Bank - Monument - Receives Banking Licence from UK Regulators

Monument has received an 'authorisation with restriction' (AWR) banking licence from the UK regulatory authorities, the Prudential Regulation Authority and the Financial Conduct Authority. It has achieved this milestone in just over 18 months, which is believed to be one of the fastest rates of progress for any new bank

Despite the challenges of the Covid-19 pandemic, Monument is in the process of successfully completing a Series A funding round backed by a combination of existing and new experienced investors, and demand has exceeded expectations. Since inception, Monument has raised circa £20m in funding, with more in progress, providing sufficient capital and operational resources to complete the Bank's build for launch.

During the current COVID-19 pandemic, demand for digital interaction has soared. Monument's culture and IT architecture will ensure ongoing flexibility so that frequent enhancements can quickly be made to its service offering and client experience, and to respond to the developing needs of, and feedback from, its clients.

Monument will be the only bank to offer its clients an entirely digital journey for buy-to-let and property investment lending of up to £2million. It will offer market leading, top quartile savings rates and its model is designed to reward loyalty. So, if a saver deposits money for a subsequent fixed term, they will get a better rate than a new customer. And a borrower who renews their loan will also get a favourable rate. Monument is also seeking to be contrarian in its approach by carefully entering the market at a point in time when it believes that geopolitical and pandemic risks are reasonably priced in the market.

(Source: http://www.internationalaccountingbulletin.com/)

FASB Clarifies Callable Debt Securities Accounting

FASB recently issued rules amendments to clarify an entity's accounting responsibilities related to callable debt securities. Accounting Standards Update

(ASU) No. 2020-08, *Codification Improvements to Subtopic 310-20, Receivables — Nonrefundable Fees and Other Costs*, states that an entity should reevaluate whether a callable debt security is within the scope of Paragraph 310-20-35-33 for each reporting period. The standard is not expected to have a significant effect on current practice or create a large administrative cost for most entities. The amendments in the standard are intended to make FASB's Accounting Standards Codification easier to understand and apply. For public business entities, the amendments take effect for fiscal years, and interim periods within those fiscal years, beginning after Dec. 15, 2020. Early application is not permitted. For all other entities, the amendments are effective for fiscal years beginning after Dec. 15, 2021, and interim periods within fiscal years beginning after Dec. 15, 2022. Early application is permitted for all other entities for fiscal years, and interim periods within those fiscal years, beginning after Dec. 15, 2020. All entities are required to apply the amendments on a prospective basis as of the beginning of the period of adoption for existing or newly purchased callable debt securities. The standard issued Thursday does not change the effective dates of ASU No. 2017-08, *Receivables — Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities.*

(Source: https://www.journalofaccountancy.com)

Hope for a New Paradigm—Sustainability Reporting

Sustainability and climate change are the global challenges of our time. In the world of capital markets, asset management and investing, and amongst investors, preparers, financial markets regulators and policymakers alike, there is a growing and urgent demand to improve the consistency and comparability of the figures, data and information in sustainability reporting. Over the last decade or so, we have seen many sustainability standards initiatives across numerous sectors. Some say there are actually more than 1,700 different metrics available for companies to use, including initiatives from governments and international organisations that promote climate change reporting. On 30 September 2020, the Trustees of the IFRS Foundation published a Consultation Paper to assess demands for a global set of internationally-recognised sustainability standards focusing initially on climate-related risks disclosure, and whether the IFRS Foundation should play a role in developing such standards.

This proposed new Sustainability Standards Board is not expected to compete with existing regional or national initiatives, but to collaborate with those organisations and bodies who are working in this field and to leverage the deep experience of the IFRS Foundation in developing global standards. This would help to harmonise, standardise and/or consolidate the proliferation of metrics, frameworks and disclosure requirements that exists today.

The Consultation Paper invites detailed comments from stakeholders on a number of issues, including how the IFRS could aid the adoption and consistent application of Sustainability Standard Board standards globally; whether to have a focused definition of climate-related risk or consider broader environmental factors; whether sustainability information should be auditable or subject to external assurance and whether to adopt a gradual approach or commence with a double materiality approach. The consultation period ends on 31 December 2020.

(Source: https://www.ifrs.org/)

FASB Proposes 3 Targeted Lease Accounting Changes

FASB recently issued a proposal that is designed to improve three targeted areas of its lease accounting guidance. The proposed amendments are designed to represent FASB's commitment to take timely action based on what the board learns during its post-implementation review process of major standards. The proposed amendments:

- Would amend for lessors the lease classification requirements for leases in which the lease payments are predominantly variable, by requiring lessors to classify and account for those leases as operating leases. In doing so, a FASB media advisory states that the risk of lessors recognizing losses at lease commencement for sales-type leases that are expected to be profitable would be mitigated and the resulting financial reporting would more faithfully represent the economics underlying the lease.
- Would provide the option for lessors to remeasure lease liabilities for changes in a reference index or a rate affecting future lease payments at the date that those changes take effect. The option would be available as an entity-wide accounting policy decision.
- Would change for lessees and lessors the requirements when there is an early termination from some leases within a contract that does not economically affect the remaining leases in that contract. In those circumstances, entities would be exempt from applying modification accounting to the remaining leases.

Comments are sought by December 04, 2020 and can be made on FASB's website.

(Source: https://www.journalofaccountancy.com)