

# IFRS on point.

## Financial Reporting Developments and Information: June 2013

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## International headlines

### **IASB issues amendments to IAS 39 regarding novations of derivatives**

On 27 June 2013 the International Accounting Standards Board (IASB) issued 'Novation of Derivatives and Continuation of Hedge Accounting' (Amendments to IAS 39 'Financial Instruments: Recognition and Measurement'). The amendments clarify that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2014, with earlier application permitted. Click [here](#) for more information on the amendment and [here](#) for the IASB press release.

### **IASB Chairman announces 10-point plan in relation to disclosures**

At the recent IFRS Foundation conference held in Amsterdam, Hans Hoogervorst, the IASB Chairman, spoke about the adoption of IFRSs around the world, the current work programme of the IASB and necessary changes required to improve financial disclosures. On global accounting standards, Hoogervorst noted the posting of 66 'jurisdiction profiles' detailing information about the adoption of International Financial Reporting Standards (IFRSs) in all of the G20 jurisdictions and 46 other jurisdictions. Concerning disclosures, Hoogervorst outlined the need to break the boilerplate approach as there was a risk that annual reports were becoming simply compliance documents, rather than instruments of communication. Click [here](#) for a transcript of Hans Hoogervorst's speech.

### **IASB publishes guidance for micro entities**

The IASB issued guidance to help micro-sized entities apply the IFRS for Small and Medium-sized Entities (IFRS for SMEs). As many requirements of the IFRS for SMEs are not relevant to micro-sized entities, the IASB has developed this guidance that extracts from the IFRS for SMEs only those requirements that are likely to be necessary for a typical micro-sized entity, without modifying any of the principles for recognising and measuring assets, liabilities, income and expenses. Accordingly, it helps those entities to identify more easily the requirements of the IFRS for SMEs that are relevant to them. The Guide accompanies, but is not part of, the IFRS for SMEs.

Click [here](#) for more information on the guide and [here](#) to access the guide.

### **IASB issues Exposure Draft of proposed amendments to IAS 16 and IAS 41**

The IASB has published an Exposure Draft (ED) of proposed amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' to include bearer plants within the scope of IAS 16. Currently, IAS 41 requires that all biological assets that are related to agricultural activity must be measured at fair value less costs to sell. The amendments issued would bring bearer plants into the scope of IAS 16 so that they would be accounted for in the same way as property, plant and equipment. Comments on ED/2013/8 'Agriculture: Bearer Plants' are requested by 28 October 2013. Click [here](#) for more information on the ED.

For more useful information please see the following websites:

[www.iasplus.com](http://www.iasplus.com)

[www.deloitte.com](http://www.deloitte.com)

### **Latest IASB work plan shows extended deliberation phases for financial instruments projects**

Following its June meeting, the IASB has updated its work plan. The expected timing of financial instruments projects on classification and measurement, impairment, and macro hedge accounting have been pushed back. However, general hedge accounting is still expected in the third quarter of 2013. Additionally, the timing of some narrow scope projects has been clarified. Click [here](#) for the IASB work plan.

### **IASB re-exposes proposals for insurance contracts**

The IASB has issued a revised exposure draft (ED) on insurance contracts. The revised ED seeks constituent comment on five key areas of insurance contract accounting which include: adjusting the unearned profit from insurance contracts, accounting for contracts that specify a link to the returns on underlying items that the entity is required to hold, presentation of insurance contract revenue and expenses, presentation of interest expense between profit or loss and the other comprehensive income and the full retrospective approach to transition. Comments on the ED close on 25 October 2013. The ED does not contain a proposed effective date as the IASB will decide on the effective date only upon completion of its redeliberations. The expectation is that the standard will become effective approximately three years after being published in its finalised form. Click [here](#) for more information on the revised exposure draft.

### **FASB issues amendments concerning investment companies**

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) No. 2013-08, 'Financial Services – Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements'. The ASU clarifies the characteristics for determining whether a public or private company is an investment company and sets measurement and disclosure requirements for an investment company. On convergence with IFRSs, the ASU guidance is generally similar to the IASB Investment Entities (Amendments to IFRS 10 Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)); though there are some differences in relation to scope and specific requirements. Click [here](#) for more information on the amendment.

### **SEC representatives stress importance of international standard-setting**

At the 32th Annual Securities and Exchange Commission (SEC) and Financial Reporting Institute Conference in Pasadena, the SEC's Commissioner Elisse B. Walter and Paul A. Beswick, the Chief Accountant, spoke about why the U.S. needs a strong IASB to drive high-quality financial reporting. In his remarks, Beswick claimed that the U.S. has a vested interest in IFRSs simply because it is heavily invested in companies that prepare their financial statements using IFRS. Elisse Walter, among other things, also commented on the FASB-IASB convergence projects were a positive development that will serve investors the world over. Click [here](#) for a transcript of Paul A Beswick's speech and [here](#) for a transcript of Elisse Walter's speech, both on the SEC website.

### **EFRAG summarises recent activities**

The European Financial Reporting Advisory Group (EFRAG) released a new issue of its *EFRAG Update* newsletter summarising the discussions held at the EFRAG TEG meeting of 12-14 June 2013, which was partly held with the EFRAG Consultative Forum of Standard Setters, and EFRAG TEG conference calls held on 21 and 31 May 2013. Click [here](#) for EFRAG updates

### **European field-test of the proposed accounting guidance for insurance contracts**

The EFRAG and the national standard-setters of France, Autorité des Normes Comptables (ANC), Germany, Accounting Standards Committee of Germany (ASCG), Italy, Organismo Italiano di Contabilita (OIC) and the United Kingdom Financial Reporting Council (FRC) are performing a field-test in order to evaluate how the proposals contained in the IASB's Exposure Draft 'Insurance Contracts' would affect European companies applying IFRS. Click [here](#) to access the EFRAG press release.

### **Updated EFRAG endorsement status report**

The EFRAG has updated its report showing the status of endorsement, under the EU Accounting Regulation, of each IFRS, including standards, interpretations, and amendments. The latest report reflects the Accounting Regulatory Committee (ARC) adoption of the 'Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities', which was issued by the IASB on 31 October 2012. Endorsement of these of the amendments for application in Europe might be expected in the fourth quarter of 2013. Click [here](#) for more information on the endorsement status report.

### **EFRAG field-test results on proposals to IFRS 9**

The EFRAG has issued a report containing the results of the field test conducted by the EFRAG and National Standard Setters ANC, ASCG, FRC and the OIC, on how the new requirements in IFRS 9, as amended by Exposure Draft 'Classification and Measurement: Limited Amendments to IFRS 9', would affect the current classification and measurement of financial assets. The field-test results will be used as input to the European Commission's endorsement process. Click [here](#) for information on the results of the field test.

### European Parliament approves new Accounting and Transparency Directives

The European Parliament has voted to approve the new Accounting and Transparency Directives. The reform of these Directives was predominantly aimed at reducing the administrative burden on small companies, enhancing the transparency of payments to governments by the extractive industry and loggers of primary forest by creating a mandatory country-by-country reporting requirement. Click [here](#) for more information on the new accounting and transparency directives.

### EFRAG issues feedback statement on the questionnaire on subsequent measurement of goodwill

In July 2012, the EFRAG and the OIC issued a questionnaire on impairment requirements for goodwill. The results of the survey, which are intended as input to the IASB's post-implementation review of IFRS 3 'Business Combinations', were have now been made available in the form of a feedback statement. EFRAG comes to the conclusion that the results of the study indicate that information on goodwill is used in many different manners and that there are many different views on how to measure goodwill after initial recognition. Click [here](#) for more information on the feedback and [here](#) to access the feedback statement.

### New issue of the European Conceptual Framework newsletter regarding the outcome of the ASAF meeting

The EFRAG, the ANC, the ASCG, the OIC and the UK FRC have published the fourth issue of their newsletter series 'Keep up with getting a better framework' informing European constituents on the latest developments regarding the progress of the Conceptual Framework project with the IASB and other stakeholders. Click [here](#) to access the EFRAG press release and the newsletter.

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## Deloitte IFRS communications and publications

Issuance Date	Description
21 June 2013	<b>IFRS in Focus:</b> IASB re-exposes proposals on insurance contracts accounting
20 June 2013	<b>Deloitte IFRS podcasts:</b> Insurance contracts proposals interviews
18 June 2013	<b>Telecoms revenue recognition survey 2013</b>
12 June 2013	<b>IFRS model financial statements 2013</b>
3 June 2013	<b>IFRS in Focus:</b> Amendments to IAS 36: Recoverable amount disclosures

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## IASB and IFRS Interpretations Committee meetings

Description	
IASB meeting	Click <a href="#">here</a> for the 18 – 19 June 2013 meeting notes.
IFRS Advisory Council meeting	Click <a href="#">here</a> for the 10 – 11 June 2013 meeting notes.

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## Hot topics on IFRS

Topic	
Use of IFRS by jurisdiction	Click <a href="#">here</a> for more information on use of IFRS within different jurisdictions
IFRS in Europe	Click <a href="#">here</a> for more information on IFRS in Europe.
Global financial crisis	Click <a href="#">here</a> for more information on global financial crisis
Research and education matters	Click <a href="#">here</a> for more information on research and education matters
eXtensible Business Reporting Language (XBRL)	Click <a href="#">here</a> for more information on XBRL

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## Comment letters

	Description	Receiving party	Comment deadline
Comment letters issued	<b>Draft agenda decision on IAS 19</b> – pre-tax or post-tax discount rate	IASB	4 June 2013
Comment letters pending	Exposure Draft/2013/8: <i>Agriculture: Bearer Plants</i> (Proposed amendments to IAS 16 and IAS 41)	IASB	25 July 2013
	Exposure Draft/2013/7: <i>Insurance Contracts</i>	IASB	28 October 2013
	Exposure Draft/2013/6: <i>Leases</i>	IASB	25 October 2013
	Exposure Draft/2013/5: <i>Regulatory Deferral Accounts</i>	IASB	13 September 2013
	Exposure Draft/2014/4: <i>Defined Benefit Plans: Employee Contributions</i> (Proposed amendments to IAS 19)	IASB	4 September 2013

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