

IFRS on point.

Financial Reporting Developments and Information: October 2014

Contents

[International headlines](#)

[Deloitte IFRS communications and publications](#)

[IASB and IFRS Interpretations Committee meetings](#)

[Hot topics on IFRS](#)

[Comment letters](#)

International headlines

IASB issues work plan update for October 2014

The International Accounting Standards Board (IASB) has updated its work plan following its October meeting. The revised plan adds an expected date for the finalisation of the IFRS on leases which is second half of 2015 and for the amendment on investment entities which is the fourth quarter of 2014. It also narrows the target range for the Discussion Paper on principles of disclosure to the second quarter of 2015 and moves the target date for an Exposure Draft on the classification of liabilities to the first quarter of 2015. Further, the revised plan provides an updated date for the feedback statement on the post-implementation review of IFRS 3 which is first quarter of 2015. Lastly, it includes updates to the expected timing of Board discussions for the research project on inflation which is now the first quarter of 2015 and adds a new research topic on performance reporting to be discussed during the first quarter of 2015. Click [here](#) for the updated work plan.

Case study-based teaching material for the IFRS for SMEs

The IFRS Foundation Education Initiative is developing a series of comprehensive framework-based IFRS teaching materials to assist IFRS teachers to educate IFRS learners more effectively. The material is designed for students to develop the ability to make the judgments that are necessary to apply IFRSs. The first two case studies adapted for the IFRS for SMEs have been made available. Click [here](#) and [here](#) to access the two case study-based teaching materials for IFRS for SMEs.

IFRS Foundation and Monitoring Board update their Memorandum of Understanding

The IFRS Foundation and the Monitoring Board have agreed an update to their Memorandum of Understanding (MoU). The revised MoU reflects a technical change regarding the increase in membership of the Monitoring Board, following the appointment in January 2014 of the Comissão de Valores Mobiliários (CVM) of Brazil and the Financial Services Commission (FSC) of Korea, and to accommodate any further changes in membership. The Monitoring Board has also updated its Charter to reflect the increase in membership. Click [here](#) for the press release and [here](#) to access the updated MoU.

For more useful information please see the following websites:

www.iasplus.com

www.deloitte.com

IFRS Foundation appoints Trustee

The IFRS Foundation has announced the appointment of Takafumi Sato as Trustee of the IFRS Foundation. The appointment will begin on 1 November 2014 and will expire on 31 December 2017. Dr Sato's appointment follows the retirement of Tsuguoki (Aki) Fujinuma, Vice-Chairman of the Trustees. Dr Sato is currently President of Japan Exchange Regulation. He served as Commissioner of the Financial Services Agency (FSA) from 2007 to 2009 and during his tenure directed the agency in drawing its roadmap towards the application of IFRS in Japan, which included allowing domestic corporations to voluntarily apply IFRS. Dr Sato also served as a founding member of the IFRS Foundation Monitoring Board. Click [here](#) for the press release.

SMEIG provides recommendations on IASB's IFRS for SMEs Exposure Draft

The SME Implementation Group (SMEIG) has issued a final report that outlines its recommendations to the IASB on questions concerning Exposure Draft, '*Proposed amendments to the IFRS for SMEs*'. Click [here](#) to access the report.

IFRS Foundation responds to the EC consultation on the impact of IFRS in the EU

In a response letter to the European Commission (EC) on its consultation on the impact of IFRS in the European Union (EU), the IFRS Foundation has provided its views on how the adoption of IFRS has brought positive effects to financial reporting in the EU and noted the importance of the IFRS in achieving the objectives of the new Commission. The IFRS Foundation notes that the adoption of IFRS has brought positive effects in terms of the quality, transparency and comparability of financial reporting, not only within the Union, but also globally. IFRS therefore provides a global language. The IFRS Foundation noted that IFRS is critical in achieving the objectives of the new Commission. With the global nature of capital markets and the need for comparability within the EU market to mirror internationally-accepted best practice, only IFRS can provide those requirements. The transparent financial reporting provided by companies reporting under IFRS helps participants in capital markets to make more efficient and informed resource allocation and other economic decisions, and makes investment more attractive to capital providers. Click [here](#) for more information and [here](#) to access the response letter.

IFRS Foundation revamps eIFRS portal

The IFRS Foundation has updated its eIFRS suite of online resources and now includes three levels of subscription which include:

- eIFRS Professional: Provides access to authoritative, annotated versions of IFRS and supporting materials. A new "standards comparison tool" allows users to view changes to a Standard between current, prior and subsequent years. Existing subscribers to eIFRS will automatically be upgraded to eIFRS Professional.
- eIFRS Comprehensive: Includes a subscription to eIFRS Professional as well as offline, print editions of the Standards and other materials.
- eIFRS Basic: Provides users with limited access to the basic IFRS Standards.

Click [here](#) for the press release.

IFRSs reduce friction in the global financial system

At the thirty-first session of the United Nations Conference on Trade and Development (UNCTAD) Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) that was held in Geneva, the Chairman of the IFRS Foundation, Michel Prada, spoke about the importance of global accounting standards, how they are applied around the world, and what the IFRS Foundation, with the help of other organisations, is doing to ensure that they are implemented rigorously and consistently. Mr Prada made the case for global reporting standards by stressing that these liberate companies from the burden of complying with different, and often incompatible, national accounting requirements, give investors access to revenue and profit numbers all calculated on the same basis regardless of the country they are calculated in, and provide market supervisors and government leaders around the world with a standardised set of performance metrics on which to build globally consistent regulatory initiatives. Click [here](#) for more information and [here](#) for the full text of Mr Prada's speech.

Papers presented at the IASB Research Forum

The first IASB Research Forum was held on 2 October 2014 in Oxford. The meeting offered two panel discussions and saw the presentation of six academic papers. Topics focused on areas in financial reporting that are either already on the IASB's research agenda for consideration that have been brought to the IASB's attention by stakeholders as areas that the IASB should consider addressing or as research that focuses on issues related to the implementation of IFRS. Click [here](#) for more information.

Hans Hoogervorst speaks on corporate governance

During the 2014 IOSCO Conference held in October, IASB Chairman Hans Hoogervorst provided his comments on the role global accounting standards play in strengthening corporate governance in the capital markets. Mr Hoogervorst highlighted that in a recent IASB survey on the use of IFRS around the world, 114 out of 138 jurisdictions have adopted IFRS with another 12 allowing the use of IFRS. He noted that with the increasing use of IFRS globally, investors are better prepared to effectively evaluate and compare the performance of companies. Click [here](#) for the full text of Mr Hoogervorst's speech.

FASB announces outreach plan to assess effective date of new revenue guidance

During the recent meeting of the Financial Accounting Standards Board (FASB) and the IASB joint transition resource group for revenue recognition, James Kroeker, the FASB vice chairman, announced that the FASB and its staff plan to conduct further outreach with both public and private companies over the next several months to gauge their progress in preparing to implement the guidance in ASU 2014-09 *Revenue From Contracts with Customers* which is the equivalent to the IASB's IFRS 15 *Revenue from Contracts with Customers*. Mr. Kroeker emphasized that the Board is considering whether to defer the effective date of the new revenue guidance and noted that a decision will be made no later than the second quarter of 2015. Click [here](#) for more information.

FASB and KASB hold joint meeting

Representatives of the FASB and the Korea Accounting Standards Board (KASB) held a meeting on 16 October 2014 in Seoul, Korea. The participants of the meeting discussed issues relating to the recent activities and key projects of the two Boards. In particular, the KASB presented issues relating to the equity method, linked presentation, and rate-regulated activities. On two of these matters, the KASB has recently published research reports. The two Boards agreed to continue their bilateral cooperation into the future. Please click [here](#) for the press release published on the KASB website.

Summary of joint outreach event on macro hedging

The European Financial Reporting Advisory Group (EFRAG), the European Federation of Financial Analysts Societies (EFFAS), the Association Belge des Analystes Financiers (ABAF), and the IASB have made available a summary of the discussions held during their outreach event held on 7 July 2014, which discussed the proposals and the potential impact of the IASB's Discussion Paper '*Accounting For Dynamic Risk Management: A Portfolio Revaluation Approach*'. The topics discussed at the meeting included a view of current practices in the banking and insurance industries and from analysts on how the information is understood and used, initial thoughts from IASB member Martin Edelmann and EFRAG Chairman Françoise Flores concerning the Discussion Paper, and initial thoughts from attendees on the Discussion Paper and the view given by EFRAG. Click [here](#) for the press release and [here](#) to access the report.

New EFRAG governance structure becomes effective, EFRAG Board members announced

In June 2014, the EFRAG General Assembly approved the new EFRAG Statutes and EFRAG Internal Rules with an effective date of 31 October and established a temporary Nominating Committee to select and recommend candidates for the new EFRAG Board. The Nominating Committee submitted a report to the General Assembly with a proposed composition of the Board and the General Assembly accepted the proposed composition. The EFRAG General Assembly convened on 31 October, first in its old composition, then in its new composition thus rendering the new EFRAG structure effective. Click [here](#) for more information.

EFRAG draft comment letter on the IASB's Exposure Draft regarding the unit of account

EFRAG has issued a draft comment letter on the IASB Exposure Draft proposing amendments to six standards regarding the unit of account for investments in subsidiaries, joint ventures and associates. The amendments would confirm that the unit of account for investments in subsidiaries, joint ventures and associates is the investment as a whole, but that the fair value measurement of quoted investments in subsidiaries, joint ventures and associates should be the product of the quoted price multiplied by the quantity of financial instruments held, without adjustments. EFRAG is concerned that these proposals will not always result in relevant information because where the unit of account is the investment in a subsidiary, joint venture or associate, the price paid may include control premiums or discounts and consequently differ from the mathematical product of price multiplied by quantity. EFRAG believes that the resulting financial information would lack relevance, impair the assessment of management stewardship and would not faithfully represent the substance of the transaction. Comments on the draft comment letter are due by 31 December 2014. Click [here](#) to access EFRAG's draft comment letter.

Pan-European study of financial information usage

EFRAG and the Institute of Chartered Accountants of Scotland (ICAS) are looking for users of financial statements that make investment decisions to participate in a study on the usage of financial information. The study aims to inform the debate on the IASB Conceptual Framework by assessing professional investors' opinions of financial reporting information. For the study, EFRAG and ICAS are looking for users who are either currently working, or have had experience in the recent past, as buy-side analysts, fund managers or, by other means, have had experience with investment decisions. Click [here](#) for more information.

EFRAG draft comment letter on the IASB's Discussion Paper on rate regulation

EFRAG has issued a draft comment letter on the IASB Discussion Paper soliciting feedback from constituents whether, and under which circumstances, financial effects arising from rate regulation should be accommodated in financial reporting. EFRAG welcomes the publication of the Discussion Paper, *Reporting the Financial Effects of Rate Regulation*, and supports the IASB's decision to initially examine a generic type of rate regulation called 'defined rate regulation'. However, EFRAG stresses that the DP can only represent a starting point in the discussion. EFRAG also believes that the IASB may need to consider whether it should widen the scope of a potential future standard to require disclosures of the effects of rate regulation other than those where assets and liabilities are recognised. Comments on the draft comment letter are due by 31 December 2014. Click [here](#) for more information and [here](#) to access the draft comment letter.

EFRAG reports on the additional public consultation and outreach on leases

In July and August 2014, EFRAG and the National Standard Setters from France, Germany, Italy and the UK performed additional public consultations on the two different approaches for lessees proposed by the IASB and the FASB. The objective of the two consultations, one focused on preparers and one focused on users, was to obtain constituents' views on examples of transactions that would qualify as leases under the proposals, but that in the constituents' view are in substance services, and the two alternative approaches proposed by the IASB and the FASB, particularly which is more appropriate or less costly to apply. The consultations were complemented by an outreach event in September 2015. Reports with the insights from the consultations and the outreach event are now available. Click [here](#) to access the feedback report from the public consultations and [here](#) to access the summary report on the outreach event.

EFRAG's recent activities

EFRAG has released a new issue of its *EFRAG Update* newsletter, summarising the discussions held at the EFRAG CFSS meeting of 18 September 2014, the EFRAG TEG conference calls of 16 September and 1 October 2014 and the EFRAG TEG meeting of 8 and 9 October 2014. Click [here](#) for more information and [here](#) for *EFRAG Update* newsletter.

EFRAG's updated Endorsement Status Report

EFRAG has updated its Endorsement Status Report:

- To include its draft endorsement advice letter on 'Annual Improvements to IFRSs 2012–2014 Cycle', published on 25 September 2014. The amendments affect IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 *Financial Instruments: Disclosures*, IAS 19 *Employee Benefits*, and IAS 34 *Interim Financial Reporting*. Endorsement for the use in Europe is currently expected in the third quarter of 2015.
- To include its draft endorsement advice letter on 'Equity Method in Separate Financial Statements (Amendments to IAS 27)'. The amendments were issued in August 2014 and reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. Endorsement of the amendments is currently expected in the third quarter of 2015.
- To include its draft endorsement advice letter on IFRS 15 *Revenue from Contracts with Customers*.

Click [here](#) to access the updated Endorsement Status Report.

[Back to top](#)

Deloitte IFRS communications and publications

| Issuance Date | Description |
|-----------------|---------------------------------------------------------------------|
| 27 October 2014 | IFRS Project Insights: Insurance contracts |
| 20 October 2014 | IAS 34 compliance checklist: 2014 |
| 20 October 2014 | IFRS compliance, presentation and disclosure checklist: 2014 |
| 02 October 2014 | IFRS model financial statements: 2014 |

[Back to top](#)

IASB and IFRS Interpretations Committee meetings

| Description |
|------------------------------------------------------------------------------------|
| IASB meeting Click here for the 22 – 24 October 2014 meeting notes |

[Back to top](#)

Hot topics on IFRS

| Topic |
|---------------------------------------------------------------------------------------------------------------------------|
| Use of IFRS by jurisdiction Click here for more information on use of IFRS within different jurisdictions |
| IFRS in Europe Click here for more information on IFRS in Europe |
| Global financial crisis Click here for more information on global financial crisis |
| Research and education matters Click here for more information on research and education matters |
| eXtensible Business Reporting Language (XBRL) Click here for more information on XBRL |

[Back to top](#)

Comment letters

| | Description | Receiving party | Date issued/ Comment deadline |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------------|
| Comment letters issued | Discussion Paper: <i>Accounting for Dynamic Risk Management: A Portfolio Revaluation Approach to Risk Management</i> | IASB | 20 October 2014 |
| Comment letters pending | Exposure Draft ED/2014/4: <i>Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value (Proposed amendments to IFRS 10, IFRS 12, IAS 27, IAS 28 and IAS 36 and Illustrative Examples for IFRS 13)</i> | IASB | 16 January 2014 |
| | Discussion Paper: <i>Reporting the Financial Effects of Rate Regulation</i> | IASB | 15 January 2015 |
| | Exposure Draft ED/2014/3: <i>Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to IAS 12)</i> | IASB | 18 December 2014 |
| | Four tentative agenda decisions from the <i>September IFRIC Update</i> | IFRS Interpretations Committee | 25 November 2014 |

[Back to top](#)

Key contacts

Global IFRS Leader
Veronica Poole
ifrsglobalofficeuk@deloitte.co.uk

IFRS Centres of Excellence

Americas

| | | |
|----------------------|------------------|-------------------------|
| <i>Canada</i> | Karen Higgins | ifrs@deloitte.ca |
| <i>LATCO</i> | Fermin del Valle | ifrs-LATCO@deloitte.com |
| <i>United States</i> | Robert Uhl | iasplus-us@deloitte.com |

Asia-Pacific

| | | |
|------------------|----------------|----------------------|
| <i>Australia</i> | Anna Crawford | ifrs@deloitte.com.au |
| <i>China</i> | Stephen Taylor | ifrs@deloitte.com.cn |
| <i>Japan</i> | Shinya Iwasaki | ifrs@tohatsu.co.jp |
| <i>Singapore</i> | Shariq Barmaky | ifrs-sg@deloitte.com |

Europe-Africa

| | | |
|-----------------------|-----------------------|-----------------------------|
| <i>Belgium</i> | Thomas Carlier | ifrs-belgium@deloitte.com |
| <i>Denmark</i> | Jan Peter Larsen | ifrs@deloitte.dk |
| <i>France</i> | Laurence Rivat | ifrs@deloitte.fr |
| <i>Germany</i> | Andreas Barckow | ifrs@deloitte.de |
| <i>Italy</i> | Massimiliano Semprini | ifrs-it@deloitte.it |
| <i>Luxembourg</i> | Eddy Termaten | ifrs@deloitte.lu |
| <i>Netherlands</i> | Ralph Ter Hoeven | ifrs@deloitte.nl |
| <i>Russia</i> | Michael Raikhman | ifrs@deloitte.ru |
| <i>South Africa</i> | Nita Ranchod | ifrs@deloitte.co.za |
| <i>Spain</i> | Cleber Custodio | ifrs@deloitte.es |
| <i>United Kingdom</i> | Elizabeth Chrispin | deloitteifrs@deloitte.co.uk |

[Back to top](#)

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 200,000 professionals are committed to becoming the standard of excellence.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2014. For information, contact Deloitte Touche Tohmatsu Limited.

Designed and produced by The Creative Studio at Deloitte, London. 39709A