

IFRS on point.

Financial Reporting Developments and Information: July 2015

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International headlines

IASB proposes clarifications to IFRS 15

The International Accounting Standards Board (IASB) has published an exposure draft (ED/2015/6) with proposed clarifications of IFRS 15 *Revenue from Contracts with Customers*.

The amendments proposed in ED/2015/6 *Clarifications to IFRS 15 (proposed amendments to IFRS 15)* address three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and aim at transition relief for modified contracts and completed contracts. The IASB concluded that it was not necessary to amend IFRS 15 with respect to collectability or measuring non-cash consideration. In all its decisions, the IASB considered the need to balance helping entities with implementing IFRS 15 and not disrupting the implementation process.

Comments are requested by 28 October 2015.

Click [here](#) for more information.

IASB votes to defer the effective date of IFRS 15

The IASB has unanimously affirmed its proposal to defer the effective date of IFRS 15 *Revenue from Contracts with Customers* to 1 January 2018. Earlier application of IFRS 15 continues to be permitted.

The IASB had proposed the deferral as it has tentatively decided to propose some targeted amendments to IFRS 15 that some entities may wish to apply at the same time as they first apply IFRS 15. The IASB also acknowledges that IFRS 15 was issued later than had been intended, so implementation time was shorter than anticipated.

Earlier this month, the FASB affirmed its proposal to defer for one year the effective date of its new revenue standard ASU 2014-09 *Revenue From Contracts With Customers*.

Click [here](#) for more information to see the press release on the IASB's website.

EFRAG supports the IASB's deferral of IFRS 15

On 17 March 2015, the European Financial Reporting Advisory Group (EFRAG) submitted an endorsement advice letter to the European Commission (EC) that recommended IFRS 15 be adopted "with the effective date set by the IASB". This phrase means that if the IASB should at a future point of time decide to delay the effective date, it will also be delayed in Europe. With the IASB's decision at its 22 July 2015 meeting to defer the effective date of IFRS 15 by one year; the EFRAG has notified the EC that it recommends the 1 January 2018 effective date, as set by the IASB, for application in Europe.

Click [here](#) to see the press release and click [here](#) to access the endorsement advice letter on the EFRAG website.

For more useful information please see the following websites:

www.iasplus.com

www.deloitte.com

EFRAG draft comment letter on the IASB's exposure draft on amendments to IAS 19 and IFRIC 14 on pension accounting

The European Financial Reporting Advisory Group (EFRAG) has issued a draft comment letter on IASB exposure draft ED/2015/5 *Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund from a Defined Benefit Plan (Proposed amendments to IAS 19 and IFRIC 14)*.

On 18 June 2015, the IASB issued ED/2015/5 to address two issues submitted to the IFRS Interpretations Committee. The two issues are to clarify (1) the calculation of current service cost and net interest when an entity remeasures the net defined benefit liability (asset) when a plan amendment, curtailment or settlement occurs; and (2) whether a trustee's power to augment benefits or to wind up a plan affects the employer's unconditional right to a refund and thus, in accordance with IFRIC 14, restricts recognition of an asset.

In its draft comment letter, EFRAG supports the proposed amendments; however, EFRAG would like input from constituents regarding any impediments concerning the limited retrospective application proposals.

Comments on the draft comment letter are due by 9 October 2015.

Click [here](#) to see the press release and click [here](#) to access the draft comment letter on the EFRAG's website.

Latest 'IASB Investor Update' issued

The IASB has issued the sixth edition of its newsletter 'IASB Investor Update' to provide investors with quick access to information on current accounting and financial reporting issues. The newsletter aims to keep investors informed on new and changing guidance.

This issue features:

- current projects that need input from the investment community;
- Spotlight: *The Essentials* – discussing how investors can use note disclosures to understand bank leverage;
- *In profile*: An interview with Anne Simpson, *Investment Director at the Global Governance division at California Public Employees' Retirement System*, discussing her views on financial reporting, integrated reporting and corporate governance; and
- Stay up-to-date: current events calendar.

Click [here](#) to access the IASB Investor Update newsletter available on the IASB's website.

Survey on the impact of the forthcoming new IFRS on leases on financial covenants in loan agreements

EFRAG, the IASB and the national standard-setters of France, Germany, Italy, Lithuania, and the UK invite companies to participate in a public survey on impact of the forthcoming new IFRS on leases on financial covenants in loan agreements.

The objective of the survey is:

- to assess the possible impact of the new IFRS on leases on lenders' business practices;
- to increase the awareness of the effects of the new IFRS on financial covenants; and
- to better understand the extent to which covenants are based on figures reported in accordance with IFRS.

Click [here](#) for more information, a link to the survey and a list of contacts in the different countries are available in the press release on the EFRAG website. Participants are requested to answer the survey questions and submit their replies not later than 30 September 2015.

IASB tentatively decides to amend IFRS 4

At its meeting, the International Accounting Standards Board (IASB) followed a staff recommendation to amend IFRS 4 *Insurance Contracts* to address the consequences of different effective dates of IFRS 9 *Financial Instruments* and the new insurance contracts standard expected to be published in 2016.

The amendments would permit an entity to exclude from profit or loss and recognise in other comprehensive income the difference between the amounts that would be recognised in profit or loss in accordance with IFRS 9 and the amounts recognised in profit or loss in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* provided that the entity issues contracts accounted for under IFRS 4, applies IFRS 9 in conjunction with IFRS 4, and classifies financial assets as fair value through profit or loss in accordance with IFRS 9 when those assets were previously classified at amortised cost or as available-for-sale in accordance with IAS 39.

The IASB intends to discuss the scope of the amendments to IFRS 4 and whether the effective date of IFRS 9 should be deferred for the insurance industry during its September meeting.

Click [here](#) for our Deloitte observer notes for details of the IASB's discussion.

Report on the June 2015 IFRS Advisory Council meeting

The IFRS Advisory Council met in London on 9–10 June 2015. Topics discussed at the meeting included the 2015 agenda consultation, the review of the structure and effectiveness of the IFRS Foundation, and an overview of the IFRS Foundation's strategy for 2015–2017. The council also considered the latest developments related to the IFRS adoption experience in Japan, profiles of IFRS filing requirements by jurisdiction, and items on the IASB's technical agenda related to the research programme and leases.

- *2015 agenda consultation* – Council members provided feedback concerning the method of presentation in the request for views.
- *Review of the structure and effectiveness of the IFRS Foundation* – The council made suggestions regarding the draft consultation document.
- *2015–2017 IFRS Foundation strategy* – The staff gave an overview presentation to the council.
- *IFRS adoption in Japan* – The council noted the increasing number of companies adopting IFRSs in Japan because of the perceived benefits of doing so and discussed the implementation of the Japanese corporate governance code.
- *Profiles of IFRS filing requirements by jurisdiction* – The council requested that the staff consider whether there are additional strategic uses for the profiles.
- *Research programme* – The council supported this programme and provided several considerations. In addition, the council indicated that it supports changing rate regulation from a research project to a standards-level project.
- *Leases* – The council proposed steps to be taken after the issuance of the leases standard. Specifically, the council suggested that (1) there is no need to form a transition resource group; (2) educational meetings with national standard-setters, investors, and regulators should be held; (3) the effects-analysis document should explain the differences between IFRSs and US GAAP; and (4) the IASB should monitor implementation issues.

The next meeting of the IFRS Advisory Council is scheduled for 2–3 November 2015, in London.

Click [here](#) to access the full report on the council's June meeting that is available on the IASB's website.

TRG discusses implementation of new revenue standard

At its July meeting, the FASB's and IASB's joint revenue transition resource group (TRG) discussed potential issues related to implementing the boards' new revenue standard.

Topics discussed at the meeting included:

- consideration payable to a customer;
- credit cards;
- the portfolio practical expedient and application of the variable consideration constraint;
- completed contracts at transition;
- application of the series provision and allocation of variable consideration;
- the practical expedient for measuring progress toward complete satisfaction of a performance obligation;
- measuring progress when multiple goods or services are included in a single performance obligation;
- determining when control of a commodity is transferred; and
- accounting for restocking fees and related costs.

Click [here](#) for more information and to see Deloitte's *TRG Snapshot*.

EFRAG says longer comment period is needed on the Conceptual Framework ED

As announced when publishing its consultation document on the proposed new *Conceptual Framework for Financial Reporting*, the European Financial Reporting Advisory Group (EFRAG) has requested the IASB to extend the comment period related to the exposure draft (ED) by two months.

EFRAG cites the following reasons:

- the *Conceptual Framework* project is very important and will have a profound and overarching effect on the outcomes of future standard-setting processes. It is essential that the IASB's constituents have sufficient time to study the proposals in the ED;
- the IASB argued that a 150-day comment period would suffice as constituents would already be familiar with the content of the ED as it is based on the July 2013 discussion paper. However, EFRAG argues that there have been significant changes since then;
- in EFRAG's view, the ED does not provide sufficient principle-based guidance on important issues such as the selection of measurement bases and what should be reported in OCI. EFRAG expects that constituents might want to develop and provide suggestions on how to deal with these issues, which would take additional time;
- in some jurisdictions, the period available for debating the ED would be shortened by the time it takes to translate the proposals; and
- the time available could also be reduced by the need to react to other documents issued by the IFRS Foundation for comment (the forthcoming agenda consultation and the IFRS Foundation review on structure and effectiveness).

Click [here](#) to access the letter sent to the IASB in the press release on the EFRAG website. Click [here](#) for more information on EFRAG's consultation document on the *Conceptual Framework ED*.

EFRAG issues 'Short Discussion Series' paper on the cash flow statements

The European Financial Reporting Group (EFRAG) has issued a '*Short Discussion Series*' paper that discusses the usefulness of the statement of cash flows for financial institutions and possible alternatives.

The EFRAG's '*Short Discussion Series*' are designed to address topical and problematic issues with the aim of stimulating debate among European constituents and of helping the IASB to address cross-cutting dilemmas in financial reporting.

In the paper, the EFRAG discusses the following topics:

- summary of requirements and intended benefits of IAS 7;
- requirements in IAS 7 specifically relevant to financial institutions, including views on the usefulness to financial institutions;
- discussion of alternatives related to:
 - information on liquidity;
 - information on changes in assets and liabilities;
 - specific aspects relevant to insurance companies; and
 - narrower amendments.

Comments are due by 31 March 2016.

Click [here](#) for more information to see the press release and click [here](#) for the discussion paper on the EFRAG website.

ICAEW and IFRS Foundation Financial Institutions IFRS Conference announced

The IFRS Foundation, along with the Institute of Chartered Accountants in England and Wales (ICAEW), will be hosting an IFRS conference for financial institutions in London on 15 September 2015 to discuss key standards and current IASB projects.

Speakers at the conference include Hans Hoogervorst, Chairman of the IASB, other IASB members, and other IFRS experts.

Click [here](#) for more information.

EFRAG issues *Conceptual Framework* bulletin on profit or loss versus OCI

The European Financial Reporting Advisory Group (EFRAG) has published the latest issue of their publication series on the IASB's *Conceptual Framework* project. This bulletin explores what additional guidance should be included when reporting for profit or loss and other comprehensive income (OCI).

The bulletin includes discussions on:

- various business models;
- how income and expenses are reported in profit or loss or OCI based on the business model; and
- potential effects to current IFRS if EFRAG's suggestions were to be applied.

Constituents wishing to comment on the views in the bulletins are invited to do so by 26 October 2015.

Click [here](#) to access the *Conceptual Framework* bulletin on profit or loss versus OCI.

Joint outreach event on the *Conceptual Framework*

On 16 September 2015, the European Financial Reporting Advisory Group (EFRAG), the Norwegian Accounting Standards Board (NRS), and the IASB will host a joint outreach event on the *Conceptual Framework* in Oslo.

The event is designed to offer an opportunity to discuss the proposals in the IASB exposure draft ED/2015/3 *Conceptual Framework for Financial Reporting*. The event will start with an introduction and an explanation of the key issues in the paper and will be followed by an open debate from the floor.

Click [here](#) to access the formal invitation on the EFRAG website.

IFRS Foundation Trustees hold June 2015 meeting

The IFRS Foundation trustees met in London on 18–19 June 2015.

Meeting activities included the following:

- *Executive session* – The trustees and IFRS Foundation Monitoring Board were updated on (1) governance developments, (2) due-process activities, (3) the IFRS Foundation's financial situation, and (4) the IASB's technical activities and mission statement. In addition, the trustees discussed significant international developments concerning use of IFRSs in Europe, the Americas, Asia-Oceania, Africa, and the Middle East. Further, the trustees were updated on the (1) progress of the IFRS Foundation's review of its structure and effectiveness and (2) nominations of new ASAF members;
- *IASB Chairman's report* – IASB Chairman Hans Hoogervorst gave an update on the IASB's progress on its *Conceptual Framework*, leases, disclosure initiative, and insurance projects;
- *Report of the Due Process Oversight Committee (DPOC)* – Jim Quigley led a discussion about the DPOC's June 2015 meeting. For more information, see our related news item; and
- *Tommaso Padoa-Schioppa lecture* – The IFRS Foundation jointly hosted an event with the European University Institute to discuss "systemic drivers of the 2008 financial crisis" and proposed reforms.

Click [here](#) for the full report on the IFRS Foundation trustees' meeting is available on the IASB's website.

EFRAG publishes consultation document on the IASB exposure draft of a new *Conceptual Framework*

The European Financial Reporting Advisory Group (EFRAG) has published a document for public consultation on the proposed new *Conceptual Framework for Financial Reporting*.

The International Accounting Standards Board (IASB) published the comprehensive exposure draft ED/2015/3 *Conceptual Framework for Financial Reporting* containing proposals for topical areas where it considers a revision and amendment of the existing *Conceptual Framework* necessary on 28 May 2015. Included in the ED are proposals to revise the definitions of an asset and a liability, to introduce guidance on measurement and derecognition, and to set a framework for presentation and disclosure.

The consultation document published by EFRAG seeks constituents' views on issues related to the ED. It contains preliminary positions of the EFRAG Board to facilitate discussion.

Generally, the view presented is that the *Conceptual Framework* as drafted in the ED would fail to meet European expectations. Cited are a lack of guidance, in particular on controversial issues that have discussed in the past (how to select a measurement basis and how to report performance, including what should be reported in profit or loss and when). EFRAG welcomes the greater emphasis given to stewardship and the reintroduction of prudence, however, it feels that more needs to be done in these two areas. EFRAG also disagrees with changing the qualitative characteristics of relevance and reliability instead of seeking a common understanding with constituents of what constitutes a reliable measurement.

The consultation document also indicates that EFRAG intends to request that the IASB extends its deadline for comments by 2 months (up to 26 December 2015) given the critical role the *Conceptual Framework* is intended to play in the effectiveness of the IASB standard-setting process in the future.

EFRAG requests comments on its consultation document by 26 October 2015 (possibly extended to 20 November if the IASB grants an extended comment period).

Click [here](#) to access the press release and click [here](#) for the consultation document on the EFRAG website.

Trustees launch review of aspects of the IFRS Foundation Constitution

The Trustees of the IFRS Foundation have published a Request for Views document with proposals for further enhancing the structure and effectiveness of the organisation.

The IFRS Foundation constitution requires the IFRS Foundation Trustees to undertake a review of the entire structure of the IFRS Foundation and its effectiveness every five years. As announced last year, the Trustees are convinced that the last strategy review (2010-2012) already covered many issues that would be part of a constitution review. Therefore, the Trustees have limited this review to three strategic areas:

- relevance of IFRS:
 - to consider whether the IASB should extend its remit beyond the current focus of the organisation, either in terms of the types of entity covered or the types of reporting;
 - to seek views on the Foundation’s strategy for the IFRS Taxonomy; and
 - to consider the impact of developments in technology on maintaining the relevance of IFRS;
- consistent application of IFRS:
 - to consider whether the Foundation is doing the right things to support the consistent application of IFRS and whether there is anything more it could and should be doing in this area;
- governance and financing of the IFRS Foundation:
 - to consider the current governance structure of the Foundation, including the functioning of the three-tier structure;
 - to review the provisions in the constitution that relate to the Trustees’ geographical distribution, how to ensure an appropriate balance of professional backgrounds, and their terms of appointment;
 - to consider the focus and the frequency of the reviews of structure and effectiveness specified in the constitution;
 - to review the provisions in the constitution that relate to the IASB, including the optimum size of the Board and its geographical distribution, the balance between full-time and part-time members and their professional backgrounds, and their terms of appointment; and
 - seeking views on the Foundation’s funding model and how its functioning might be strengthened.

The Trustees believe that it is not necessary to open up all aspects of the Foundation for consultation and decided not to cover the primary objective of the Foundation and the processes and procedures in support of that objective, including the IASB’s due process; what the Foundation and the IASB are doing in support of its commitment to the long-term goal of the adoption of IFRS; and the operations and performance of the Advisory Council.

Comments on the Request for Views document are requested by 30 November 2015.

Please click [here](#) for the press release and click [here](#) to access the Request for Views document on the IASB website.

Videos from the IFRS Foundation's IFRS conference in Paris

Video recordings of the speeches given at the IFRS Foundation's IFRS conference held in Paris on 29 and 30 June 2015 have been made available.

The speakers at the conference were:

- Michel Prada, Chairman of the Trustees of the IFRS Foundation;
- Hans Hoogervorst, Chairman of the IASB;
- Patrick de Cambourg, Chairman, Autorité des Normes Comptables (ANC);
- Gérard Rameix, Chairman, Autorité des Marchés Financiers (AMF); and
- Steven Maijoor, Chair, European Securities and Markets Authority (ESMA).

Click [here](#) for the recordings of the above speakers speeches available on the IASB website.

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Deloitte IFRS communications and publications

Issuance date	Description
01 July 2015	IFRS Project Insights : Insurance contracts
23 July 2015	IFRS in Focus : The Greek debt crisis: Financial reporting implications for 30 June

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IASB and IFRS Interpretations Committee meetings

Description	
IASB meeting	Click here for the 20 and 22 – 23 July 2015 meeting notes
IFRS IC meeting	Click here for the 14 July 2015 meeting notes

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Hot topics on IFRS

Topic	
Country by country reporting	Click here for more information on the developments related to proposals to require the publishing of financial information by country or jurisdiction
Differential reporting	Click here for more information dealing with the financial reporting needs and requirements of different categories of entities (listed, public, private).
Global financial crisis	Click here for more information on global financial crisis
Islamic accounting	Click here for more information responding to concerns that existing accounting Standards such as IFRSs or local GAAP may be perceived to be insufficient to account for and report Islamic financial transactions.
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
Research and education matters	Click here for more information on research and education matters

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Comment letters

	Description	Receiving party	Date issued/ Comment deadline
Comment letters issued	Exposure draft ED/2015/2: <i>Effective Date of IFRS 15</i>	IASB	06 July 2015
Comment letters pending	Exposure draft ED/2015/5: <i>Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund from a Defined Benefit Plan (Proposed amendments to IAS 19 and IFRIC 14)</i>	IASB	19 October 2015
	Exposure draft ED/2015/3: <i>Conceptual Framework for Financial Reporting</i>	IASB	26 October 2015
	Exposure draft ED/2015/4: <i>Updating References to the Conceptual Framework</i>	IASB	26 October 2015
	Exposure draft ED/2015/6: <i>Clarifications to IFRS 15</i>	IASB	28 October 2015

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Effective dates

Click [here](http://www.iasplus.com/standard/effect.htm) for upcoming and recent effective dates. <http://www.iasplus.com/standard/effect.htm>

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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>	Claudio Giaimo	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>	Jens Berger	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

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