

# IFRS on point.

## IFRS Accounting Developments and Information: January 2011

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## International headlines

### IASB publishes supplement to exposure draft on the impairment of financial assets

The International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) have published for public comment joint proposals on the impairment of financial assets, a supplementary document ('the supplement') to the November 2009 exposure draft *Financial Instruments: Amortised Cost and Impairment* ('the ED'). The supplement proposes to amend the application of the expected loss impairment model proposed in the ED for assets in an open portfolio by introducing separate approaches to the recognition of expected losses for performing assets in a 'good book' and for troubled assets in a 'bad book'. The supplement also includes an IASB-only appendix, including separate proposals on impairment of financial assets specifically addressing scope, presentation and disclosure.

The supplement has a 60-day comment period with comments due on 1 April 2011. Click [here](#) to access the supplement.

### IASB publishes an exposure draft on offsetting financial assets and financial liabilities

The IASB and FASB have published exposure draft ED/2011/01 *Offsetting Financial Assets and Financial Liabilities*. The exposure draft proposes new guidance under IFRSs and US GAAP on the offsetting of financial assets and financial liabilities in the statement of financial position. The proposals would require offsetting if and only if an entity has the right to set-off a financial asset and financial liability and intends to either settle on a net basis or simultaneously. Although the proposals are broadly comparable to the requirements contained in IAS 32, they would modify the offsetting criteria by clarifying that the right of set-off need not be currently enforceable. Additionally, the proposals would enhance the disclosures by requiring information about the assets and liabilities subject to set-off and the related arrangements.

The exposure draft has a 90-day comment period with comments due on 28 April 2011. Click [here](#) to access the exposure draft.

### IFRS Foundation publishes proposed IFRS Taxonomy 2011

The IFRS Foundation has published for public comment an exposure draft of the IFRS Taxonomy 2011. The proposed taxonomy is a translation of pronouncements as issued at 1 January 2011 into XBRL (eXtensible Business Reporting Language).

The exposure draft is open for comment until 18 March 2011. Click [here](#) to access the exposure draft.

For more useful information please see the following websites:

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

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

### **New issues of the IASB's Investor Perspectives**

In April 2010, the Trustees of the IFRS Foundation and the IASB launched a programme to enhance investors' participation in the development of IFRSs. One of the enhancements is a newsletter for investors entitled *Investor Perspectives*. Two new editions are now available:

- Stephen Cooper: **Reforming hedge accounting.**
- Patricia McConnell: **The objective of financial reporting and the qualitative characteristics of useful information – what investors should know.**

### **IASB releases podcast on the Insurance project**

The IASB has released a downloadable podcast in which IASB member Warren McGregor takes stock of the joint IASB/FASB project on Insurance Contracts. He summarises the discussions at the joint board meeting in January, considers the feedback received in the comment letters and provides an overview of the planned discussions at the next joint board meeting in February. Click [here](#) to access the podcast.

### **Financial Accounting Foundation Appoints Daryl E. Buck and R. Harold Schroeder to the FASB**

The US Financial Accounting Foundation (FAF) announced the appointments of Daryl E. Buck and R. Harold Schroeder to FASB. Mr. Buck and Mr. Schroeder will fill the two additional seats the FASB announced in August 2010, increasing the FASB from five to seven members. Mr. Buck is currently Senior Vice President and CFO of Reasor's Holding Company in Tahlequah, Oklahoma. He was a member of the Private Company Financial Reporting Committee, an advisory board to the FASB, and member of the 'Blue Ribbon' panel on Standard Setting for Private Companies. Mr. Schroeder is currently a partner at Carlson Capital, LP in Greenwich, Connecticut and served as a member of the FASB's Emerging Issues Task Force. Click [here](#) to access the FAF press release.

### **IVSC issues exposure draft on real property and business valuations**

The International Valuation Professional Board, an independent technical body of the International Valuation Standards Council (IVSC), has released for comment an exposure draft of Technical Information Paper 1: The Discounted Cash Flow (DCF) Method – Real Property and Business Valuations. Technical Information Papers (TIPs) are designed to provide technical guidance for valuation professionals on generally accepted best practice, but do not provide valuation training or instruction.

Comments on the exposure draft are due on 30 April 2011. Click [here](#) to access the exposure draft.

### **IAASB issues two new documents**

The International Auditing and Assurance Standards Board (IAASB) released two new documents. The first document is a Discussion Paper, *The Evolving Nature of Financial Reporting: Disclosure and its Audit Implications*, which highlights recent trends in the range, volume and complexity of financial statement disclosures and explores issues and practical challenges in their preparation, audit and use. The Discussion Paper has been prepared using the disclosures required by IFRSs as a frame of reference. Comments on the Discussion Paper are due on 1 June 2011. The second document is a publication, *Audit Quality: An IAASB Perspective*, designed to stimulate further debate on audit quality and further the IAASB's efforts to facilitate robust audits in the public interest. Click [here](#) to access the IAASB documents.

### **IAASB released for comment its Proposed Strategy and Work Program for 2012–2014**

The IAASB has released for comment its proposed strategy and work program for 2012–2014. The program is grouped into the following topic areas:

- developing and revising standards and pronouncements;
- monitoring and facilitating adoption of those standards; and
- responding to implementation concerns and improving the consistency of the standards' practical application.

Comments on the Consultation Paper are due on 4 April 2011. Click [here](#) to access the Consultation Paper.

### **IAASB proposes assurance standard to strengthen reporting on greenhouse gases**

The IAASB released for comment a proposed new International Standard on Assurance Engagements (ISAE) 3410 Assurance Engagements on Greenhouse Gas Statements. The proposed standard addresses the practitioner's responsibilities in identifying, assessing and responding to risks of material misstatement and contains illustrative assurance reports on greenhouse gas statements. The proposed requirements and guidance also recognise that most engagements will be undertaken by a multidisciplinary team, so they address the need for the assurance practitioner to integrate experts – in engineering or environmental science, for example – into various stages of the engagement.

Comments on the exposure draft are due by 10 June 2011. Click [here](#) to access the proposal.

### **IAASB proposes standard on engagements to review historical financial statements**

The IAASB has released for comment proposed International Standard on Review Engagements (ISRE) 2400, Engagements to Review Historical Financial Statements. The proposals would introduce robust standards for services that can be used by entities that are either not required or do not elect to be audited but elect instead for a review of their financial statements. A review of financial statements in accordance with the proposed ISRE consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures and evaluating the sufficiency and appropriateness of evidence obtained. These are substantially less than those performed in an audit and the practitioner does not express an audit opinion.

Comments on the exposure draft are requested by 20 May 2011. Click [here](#) to access the proposal.

### **IPSASB publishes revised guidance on transition to the accrual basis of accounting in the public sector**

The International Public Sector Accounting Standards Board (IPSASB) has released an updated and improved version of *Study 14, Transition to the Accrual Basis of Accounting: Guidance for Governments and Government Entities*. The third edition of Study 14 provides guidance on how to migrate to the accrual basis of accounting in accordance with International Public Sector Accounting Standards (IPSASs), and is relevant to governments and other public sector entities, including international governmental organisations. Click [here](#) to access the IPSASB press release.

### **EFRAG updates its endorsement status report**

The European Financial Reporting Advisory Group (EFRAG) has updated its report showing the status of endorsement under the EU Accounting Regulation of each IFRS, interpretation and amendment. Click [here](#) to access the Endorsement Status Report as of 17 January 2011.

### **European Commission recognises the equivalence of audit oversight systems in various countries**

The European Commission has adopted a first decision recognising the equivalence of the audit oversight systems in 10 third countries (countries outside the European Economic Area). This decision paves the way for reinforced cooperation between Member States and third countries which have been declared equivalent, so that they can mutually rely on each others' inspections of audit firms. The countries assessed as equivalent are Australia, Canada, China, Croatia, Japan, Singapore, South Africa, South Korea, Switzerland and the United States of America. The decision also grants a transitional period to auditors from 20 third countries allowing them to continue their audit activities in the EU while further assessments are carried out. Click [here](#) for the EC press release.

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## Deloitte IFRS communications and publications

Issuance Date	Description
18 January 2011	<b>IFRIC Review</b> – Summary of January meeting
10 January 2011	<b>IFRS in Focus</b> – Severe Hyperinflation
7 January 2011	<b>IFRS in Focus</b> – Removal of Fixed Dates for First-time Adopters
6 January 2011	<b>IFRS in Focus</b> – IAS 12 Amendments

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## IASB and IFRIC meetings

Description	
IASB meetings	Click <a href="#">here</a> for the notes of the January 2011 meetings
IFRIC meetings	Click <a href="#">here</a> for the notes of the January 2011 meetings

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## Comment letters to the IASB

	Description	Comment date
Comment letters issued	<b>Request for Views on Effective Dates and Transition</b>	31 January
	<b>Due process oversight: Review of IFRS Interpretations Committee</b>	24 January
Comment letters pending	Future strategy of the IFRS Foundation	24 February
	Hedge Accounting	9 March
	Impairment of Financial Assets	1 April
	Offsetting of Financial Assets and Financial Liabilities	28 April

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