

# IFRS on point.

## Financial Reporting Developments and Information: March 2013

### Contents

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- International headlines
  - Deloitte IFRS communications and publications
  - IASB and IFRS Interpretations Committee meetings
  - Comment letters
  - Effective dates
- 

## International headlines

### IASB proposes new impairment model

The International Accounting Standards Board (IASB) released Exposure Draft ED/2013/3 *Financial Instruments: Expected Credit Losses*. The proposals, which apply to financial assets measured at amortised cost or at fair value through other comprehensive income, introduce an expected loss impairment model that will replace the incurred loss model used today. Comments on the exposure draft are due by 5 July 2013. Click [here](#) to access the IASB press release and exposure draft. Click [here](#) to access Deloitte's IFRS in Focus newsletter summarising the proposals.

### IASB proposes limited scope amendments to IAS 19

The IASB released Exposure Draft ED/2013/4 *Defined Benefit Plans: Employee Contributions* (Proposed amendments to IAS 19). The proposals specify that contributions from employees or third parties set out in the formal terms of a defined benefit plan may be recognised as a reduction in service cost in the same period in which they are payable if the contributions are linked solely to the employee's service rendered in that period. The proposals also address an inconsistency in the requirements relating to how contributions from employees or third parties should be attributed. Comments on the exposure draft are due by 25 July 2013. Click [here](#) to access the IASB press release and exposure draft.

### IASB publishes Request for Information on Rate Regulation

The IASB issued a Request for Information (RFI) seeking comments from stakeholders to identify high-level overviews of rate-regulatory schemes that should be included as part of the scope in the development of a Discussion Paper with the stated aim to "identify what information about the consequences of rate regulation would be most useful for users of IFRS financial statements and whether the IASB should develop specific guidance for accounting for those consequences." The RFI asks for information about the objectives and operation of rate regulation mechanisms with responses due by 30 May 2013. Click [here](#) to access the IASB press release and the RFI.

### IASB Chair encourages Indonesia to fully adopt IFRS

In a recent speech at the Indonesian Institute of Accountants international seminar *IFRS Dynamics 2013 and Beyond: Impact to Indonesia*, IASB Chairman Hans Hoogervorst encouraged Indonesia to fully embrace IFRS. Indonesia's approach to IFRS adoption is to maintain its national GAAP (Indonesian Financial Accounting Standards, IFAS) and converge gradually with IFRS as much as possible. However, there is currently no timetable for a full adoption of IFRS. In his speech, Mr. Hoogervorst outlined the benefits he sees for Indonesia if IFRS are fully adopted. He described how Europe profited from adopting IFRS and invited Indonesia to consider the benefits that emerging economies could draw from the use of IFRS. He also highlighted the IASB's initiatives to provide assistance in the transition to IFRS. Click [here](#) for a transcript of Mr. Hoogervorst's speech.

For more useful information please see the following websites:

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

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

### **IFRS Foundation announces ASAF membership**

The IFRS Foundation announced the membership of the newly founded Accounting Standards Advisory Forum (ASAF) that is designed to formalise and streamline the relationships between the IFRS Foundation and IASB with the global standard-setting community, in order to bring important regional perspectives to the IASB's technical work and offer feedback on the most important issues of the day. The ASAF is comprised of 12 members and a non-voting chair. The 12 members are sourced from the following geographical regions: one from Africa, three from the Americas, three from Asia/Oceania, three from Europe, and two from the world at large (currently allocated to Asia/Oceania and Europe). The ASAF will replace the existing bi-lateral memoranda between the IASB and national standard-setters in Brazil, China, Japan and the United States. Click [here](#) to access the IFRS Foundation press release.

### **Monitoring Board announces final membership criteria and processes for review of existing members and selection of new ones**

The Monitoring Board of the IFRS Foundation announced the successful conclusion of its assessment approach for the membership criteria of the Monitoring Board. The criteria will be used in the selection of new members and in the periodic review of existing members that will take place every three years. The criteria include:

- use of IFRS in the jurisdiction;
- the jurisdiction can be regarded as a major market for capital-raising in the global context;
- the jurisdiction makes financial contributions to the setting of IFRS on a continuing basis;
- the jurisdiction has in place robust enforcement mechanisms; and
- the relevant national or regional standard-setting body actively contributes to the development of IFRS.

The Monitoring Board also announced the appointment of Masamichi Kono, current Acting Chair of the Monitoring Board, to serve as its Chairman. Click [here](#) to access the Monitoring Board press release.

### **IFRS Foundation Monitoring Board appoints Trustee**

The Monitoring Board of the IFRS Foundation approved the appointment of Dr. Abdulrahman Al-Humaid as a Trustee of the IFRS Foundation. He is the first Trustee from the Middle East region. Dr. Al-Humaid chairs the Committee for Adopting International Accounting Standards of the Saudi Organization of Certified Public Accountants (SOCPA). His term will expire on 31 December 2015 but is renewable. Click [here](#) to access the IFRS Foundation press release. Click [here](#) for the full list of IFRS Foundation Trustees.

### **Summary of redeliberations on the revenue recognition project**

The IASB staff released a staff summary outlining the decisions made by the IASB and U.S. Financial Accounting Standards Board (FASB) in redeliberating the 2011 Exposure Draft ED/2011/6 *Revenue from Contracts with Customers*. The staff summary contains a paragraph-by-paragraph synopsis of the impacts of the redeliberations on the proposals in the 2011 exposure draft. As substantive redeliberations are now complete, the staff will commence drafting the final revenue standard, which is currently expected to be finalised before the end of June 2013. Click [here](#) to access the staff redeliberation summary.

### **IASB issues latest batch of editorial corrections to IFRS**

The IASB posted to its website a new batch of editorial corrections to IFRS that make changes to IFRS 2013 (Blue Book) and IFRS 9 *Financial Instruments*. Click [here](#) to access the editorial corrections.

### IASB publishes updated work plan

The IASB published an updated work plan outlining clarified or revised timelines or due process steps for many of its projects and the introduction of three new projects.

Projects with clarified or revised timelines/due process steps	
Defined benefit plans: Employee contributions (Proposed amendments to IAS 19)	Financial Instruments: Impairment
Equity method: Share of other net asset changes (Proposed amendments to IAS 28)	Novation of derivatives and continuation of hedge accounting (Proposed amendments to IAS 39 and IFRS 9)
Financial instruments: Classification and measurement (Limited amendments)	Put options written on non-controlling interests (Proposed amendments to IAS 32)
Financial instruments: General hedge accounting	Sale or contribution of assets between an investor and its associate or joint venture (Proposed amendments to IFRS 10 and IAS 28)
Financial instruments: Macro hedge accounting	

Newly introduced projects	
Actuarial assumptions: Discount rate (Proposed amendments to IAS 19)	Fair value measurement: Unit of account (Proposed amendments to IFRS 13)
Disclosure requirements about assessment of going concern (Proposed amendments to IAS 1)	

Click [here](#) for the IASB work plan.

### FASB extends comment period for proposals on accounting for credit losses on financial assets

The U.S. Financial Accounting Standards Board (FASB) extended the deadline for comments on its proposed Accounting Standards Update (ASU) *Financial Assets – Credit Losses* (issued in December 2012) from 30 April 2013 to 31 May 2013 in response to requests from constituents to give them time to consider these proposals in parallel with the IASB's proposals on expected credit losses published in March 2013. Click [here](#) for the FASB press release.

### IIRC publishes background papers in lead up to consultation draft of integrated reporting framework

The International Integrated Reporting Council (IIRC) published 'background papers' on three aspects of integrated reporting: the concepts of 'capitals', 'materiality' and 'the business model'. The papers are a precursor to the publication of a consultation draft of the IIRC's Integrated Reporting Framework, which is expected in mid-April 2013. Both background papers are not designed as authoritative documents, but as guides and information. Accordingly, they outline a number of matters where debate is continuing, and also outline issues and areas for further development. Click [here](#) to access the background papers.

### IFAC releases survey regarding sovereign debt issues and confidence in international standards as key concerns

The International Federation of Accountants (IFAC) published its *2012 IFAC Global Leadership Survey of the Accounting Profession*, summarising survey results from 113 respondents across 72 countries and jurisdictions to questions regarding respondents' perceptions of the profession and the most significant issues facing global accountancy in 2013. Respondents outlined the importance of global adoption, implementation, and enforcement of IFRS as a priority in 2013. The volatile financial climate also continues to be a big area of concern, particularly as it relates to public sector financial management and sovereign debt issues. Click [here](#) for the IFAC press release.

### EMIR technical standards come into force

The European Market Infrastructure Regulation (EMIR) was passed in 2012, but most provisions only apply after technical standards come into force. Technical standards on over the counter derivatives, reporting to trade repositories, and requirements for trade repositories and central counterparties came into force on 15 March 2013. Click [here](#) for the EU Official Journal and [here](#) for further information on the main obligations, scope, exemptions, and notification requirements associated with EMIR.

### **Philippe Maystadt appointed as Special Advisor to enhance EU's role in promoting accounting standards**

European Commissioner for Internal Market and Services Michel Barnier has appointed Philippe Maystadt as Special Advisor. Philippe Maystadt, a former President of the European Investment Bank, has been tasked "to reinforce the [European Union's (EU)] contribution to [IFRS], and to improve the governance of the institutions developing these standards". In particular, he will "focus on a review of the governance of EU bodies in the field of financial reporting and accounting (the European Financial Reporting Advisory Group (EFRAG) and the Accounting Regulatory Committee)". Mr. Maystadt's report on his review will be presented to Commissioner Barnier and Finance Ministers during the November 2013 Economic and Financial Affairs Council (ECOFIN) Council meeting. Click [here](#) for the European Commission press release.

### **Eurostat issues report on the suitability of IPSAS for EU Member States**

The Statistical Office of the European Union (Eurostat) issued a report assessing the suitability of the International Public Sector Accounting Standards (IPSAS) for the Member States of the EU. The report concludes that "...the IPSAS standards represent an indisputable reference for potential development of European Public Sector Accounting Standards (EPSAS), based on a strong EU governance system". The report also describes steps that will need to be taken in the development of EPSAS, including the establishment of EU governance that will clarify the conceptual framework and aim for common EU public sector accounting. Click [here](#) to access the European Commission press release.

### **EU formally adopts amendments to IFRS 1 and annual improvements to IFRSs**

The EU published Commission Regulation (EC) No 183/2013, endorsing the amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* (Government Loans) as published by the IASB on 13 March 2012 and Commission Regulation (EC) No 301/2013 endorsing the IASB's Annual Improvements to IFRSs 2009-2011 and amended five standards (IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34) and one interpretation of IFRSs (IFRIC 2). The amendments to IFRS 1 and the amendments arising from these annual improvements are effective for annual periods beginning on or after 1 January 2013. Click [here](#) for EC No 183/2013 and [here](#) for EC No 301/2013.

### **EFRAG issues updated 'endorsement status report'**

The EFRAG updated its report showing the status of endorsement, under the EU Accounting Regulation, of each IFRS. Since the last report, the EU published Commissions Regulations endorsing the amendments to IFRS 1 related to loans received from governments at a below market rate of interest and the amendments arising from the IASB's Annual Improvements to IFRSs 2009-2011. Click [here](#) to access the updated endorsement status report.

[Back to top](#)

## Deloitte IFRS communications and publications

Issuance Date	Description
8 March 2013	<b>IFRS in Focus:</b> Expected Credit Losses – Exposure Draft
6 March 2013	<b>IPSAS in your pocket 2013:</b> A guide providing an update of developments in International Public Sector Accounting Standards
5 March 2013	<b>IFRS in Focus:</b> IASB publishes exposure draft on novation of derivatives
5 March 2013	<b>IFRS industry insights:</b> Joint arrangements in the life sciences industry
1 March 2013	<b>Insurance Webcast:</b> Green light given for the balloting of the new revised Exposure Draft

[Back to top](#)

## IASB and IFRS Interpretations Committee meetings

Description	
IASB meeting	Click <a href="#">here</a> for the 19 – 21 March 2013 meeting notes. IFRS Project Insights summarising tentative decisions taken during the meeting: <ul style="list-style-type: none"><li>• <b>Revenue Recognition</b></li></ul>
IFRS Interpretations Committee meeting	Click <a href="#">here</a> for the 12 – 13 March 2013 meeting notes.

[Back to top](#)

## Comment letters

	Description	Receiving party	Comment deadline
Comment letters issued	Exposure Draft/2013/1, <b><i>Recoverable Amount Disclosures for Non-Financial Assets (Proposed amendments to IAS 36)</i></b>	IASB	19 March 2013
	Exposure Draft/2012/3, <b><i>Equity Method: Share of Other Net Asset Changes (Proposed amendments to IAS 28)</i></b>	IASB	22 March 2013
	Exposure Draft/2012/4, <b><i>Classification and Measurement: Limited Amendments to IFRS 9 (Proposed amendments to IFRS 9 (2010))</i></b>	IASB	28 March 2013
Comment letters pending	Exposure Draft/2012/5 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> (Proposed amendments to IAS 16 and IAS 38)	IASB	2 April 2013
	Exposure Draft/2013/2, <i>Novation of Derivatives and Continuation of Hedge Accounting</i> (Proposed amendments to IAS 39 and IFRS 9)	IASB	2 April 2013
	Exposure Draft/2012/6, <i>Sale or Contributions of Assets between an Investor and its Associate or Joint Venture</i> (Proposed amendments to IFRS 10 and IAS 28)	IASB	23 April 2013
	Exposure Draft/2012/7, <i>Acquisition of an Interest in a Joint Operation</i> (Proposed amendment to IFRS 11)	IASB	23 April 2013
	IFRS Interpretations Committee tentative agenda decision: IAS 19 <i>Employee Benefits</i> – Pre-tax or post-tax discount rate	IFRS Interpretations Committee	27 May 2013
	Exposure Draft/2013/3, <i>Financial Instruments: Expected Credit Losses</i>	IASB	5 July 2013

[Back to top](#)

## Effective dates

Click [here](#) for upcoming and recent effective dates.

[Back to top](#)

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[Back to top](#)

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