

IFRS on point.

Financial Reporting Developments and Information: May 2013

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International headlines

IASB amends IAS 36 regarding recoverable amount disclosures for non-financial assets

The International Accounting Standards Board (IASB), on issuing IFRS 13 'Fair Value Measurement', modified some of the disclosure requirements in IAS 36 'Impairment of Assets' regarding measurement of the recoverable amount of assets tested for impairment. However, one of the amendments resulted in the disclosure requirements being broader than originally intended. The IASB has rectified this through the issue of 'Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)' and has also amended the requirements for disclosure of information about impaired assets measured at fair value less costs of disposal. The amendments apply on a retrospective basis for annual periods beginning on or after 1 January 2014. Early application is permitted in periods for which IFRS 13 is also applied. Click [here](#) for more information on the amendment.

New Interpretation on accounting for levies

The IASB has released IFRIC 21 'Levies'. IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 on a retrospective basis. Click [here](#) for the IASB press release and [here](#) for an IFRS in Focus newsletter outlining the implications of the new IFRIC.

IASB publishes highly anticipated lease accounting proposals

The IASB has re-exposed its proposed approach for the recognition and measurement of leases. For lessees, the Exposure Draft ED/2013/6 'Leases' proposes the recognition of a liability and a right-of-use asset for all leases with a profit or loss impact dependent on the classification of a lease. The lessor model in the ED is similar to current lease accounting with some nuances for the recognition of revenue and discounting of the residual asset. The proposals are only applicable for leases with a lease term of more than 12 months. Comments are due by 13 September 2013. Click [here](#) to access the IASB press release and [here](#) for publications and podcasts outlining the proposals and their implications for various industries.

For more useful information please see the following websites:

www.iasplus.com

www.deloitte.com

IASB releases Feedback Statement on disclosure

The IASB has published a Feedback Statement summarising the discussions at a forum hosted by the IASB on financial information disclosure, and outlining its response to the matters raised. The IASB wishes to act as a catalyst for collective action by preparers, regulators, the accounting profession, as well as the IASB, to address on-going concerns about the quality and quantity of financial reporting disclosure. In its response, the IASB has indicated it will consider a number of initiatives, including narrow scope amendments to IAS 1 'Presentation of Financial Statements', seeking to develop educational material on materiality, and considering a project as part of its research agenda to address broader challenges associated with disclosure. Click [here](#) for more information on the Feedback Statement.

IASB survey on proposals for limited amendments to IFRS 9

The IASB has conducted a survey on its exposure draft 'Classification and Measurement: Limited Amendments to IFRS 9 (Proposed amendments to IFRS 9 (2010))'. The survey requested financial statements users to provide input on the amendments proposed in the exposure draft and was closed on 31 May 2013. IASB was especially looking to gather information from users on the proposed third category in IFRS 9 known as Fair Value through Other Comprehensive Income (FVOCI). Click [here](#) for the IASB press release.

IASB Senior Director of Technical Activities appointed as Board member

The Trustees of the IFRS Foundation have announced the appointment of Sue Lloyd as an IASB member beginning 1 January 2014. She replaces Prabhakar Kalavacherla (PK) who will retire from the IASB on 31 December 2013 after having served a full, five-year term. Click [here](#) to access the IASB press release.

IFRS Interpretations Committee membership update

The Trustees of the IFRS Foundation have announced the appointments of Tony de Bell, Reinhard Dotzlaw, and Martin Schloemer as new members of the IFRS Interpretations Committee (IFRIC) and the reappointment of Feilong Li. Also, in an effort to broaden the number of accountancy firms represented in the IFRIC membership, the Trustees have appointed Andrew Watchman (Grant Thornton) and Andrew Buchanan (BDO) to serve on a single three-year rotating seat. Click [here](#) for the IASB press release.

IASB and ASBJ hold joint meeting

Representatives of the IASB and the Accounting Standards Board of Japan (ASBJ) held their seventeenth meeting in Tokyo on 9 and 10 May 2013. Due to the inception of the Accounting Standards Advisory Forum (ASAF), this meeting marked the end of the series of semi-annual bilateral meetings between the IASB and ASBJ. Click [here](#) for more information on the meeting.

IASB publishes updated work plan

The IASB has updated its work plan, following its recent meeting and the issue of a number of pronouncements. The timing of expected milestones have been deferred or clarified in relation to general hedge accounting, annual improvements and other narrow scope projects. Following the issue of the re-exposed leases proposals, the work plan formally schedules the expected commencement of re-deliberations in the fourth quarter of 2013. Click [here](#) for the IASB work plan.

Russell Golden outlines priorities for the FASB

In a speech delivered at the 32th Annual SEC and Financial Reporting Institute Conference in Pasadena, California on 30 May, upcoming Financial Accounting Standards Board (FASB) Chairman Russell Golden presented his views on the FASB's current and future tasks. Mr Golden noted the FASB's and IASB's convergence projects to be "critically important" and a top priority. Click [here](#) for a transcript of Mr. Golden's speech.

Outcomes from United States review of business combination accounting

The United States Financial Accounting Foundation (FAF) has announced the completion of its post-implementation review of FASB Statement No. 141 (revised 2007), 'Business Combinations' (Statement 141R). The review found that Statement 141R resolved some of the issues associated with the purchase method of accounting for business combinations, that its principles and requirements generally are understandable and can be applied as intended, and that investors generally find the resulting information to be useful. However, the review also noted a number of other issues and makes a number of recommendations for improvements to FASB's standard-setting process. Click [here](#) to access the FAF press release.

FASB responds to post-implementation review of business combinations accounting

The FASB has issued a response that evaluates the outcome of the FAF Post-Implementation Review (PIR) of FASB Statement No 141(R), 'Business Combinations' (codified in FASB Accounting Standards Codification, Topic 805). In its response, the FASB acknowledges the PIR findings that some participants expressed difficulty in applying the definition of a business, accounting for purchased loans and separately reporting some intangibles and goodwill. Click [here](#) for the FASB press release.

Stakeholders are asked to provide input into the FASB's future agenda

The Financial Accounting Standards Advisory Council (FASAC), the FASB's primary advisory group, has issued a survey to solicit stakeholder views about the FASB's future agenda. The FASB will consider the input received through the survey as well as input received from other sources when deciding which projects to add to its technical agenda. Certain projects suggested could lead to further convergence between US GAAP and IFRSs. Click [here](#) to access the FASB press release.

US SEC Chair discusses regulation in a global context

In a speech given recently to the Investment Company Institute (ICI) in Washington, US Securities and Exchange Commission (SEC) Chair, Mary Jo White, has given a broad analysis of the impact of globalisation on regulation. In relation to accounting standards, Ms White highlights the need to "accommodate different but equally legitimate financial reporting standards". Click [here](#) for a transcript of Ms White's speech.

EFRAG does not support interim standard on rate regulation

The European Financial Reporting Advisory Group Technical Expert Group (EFRAG TEG) has published a draft comment letter on the IASB's exposure draft ED/2013/5 'Regulatory Deferral Accounts'. In the proposed comment letter the EFRAG makes clear that it does not agree with the pursuance of this interim project. Click [here](#) for the draft comment letter.

EFRAG Rate Regulated Activities Working Group composition announced

The EFRAG TEG in its May meeting has approved the composition and chairman for the EFRAG Rate Regulated Activities Working Group. The working group was created to advise and provide input on rate-regulated activities and its application within Europe to the EFRAG TEG and the EFRAG Consultative Forum of Standard Setters. Click [here](#) to access the EFRAG press release.

European field-test of the proposed accounting guidance for leases

The EFRAG and the national standard-setters of France (ANC), Germany (ASCG), Italy (OIC) and the United Kingdom (FRC) are performing a field-test in order to evaluate how the proposals contained in the IASB Exposure Draft ED/2013/6 'Leases' would affect European companies applying IFRS. The field-test starts on 3 June 2013 and is conducted with the help of a survey, which should be returned by 31 July 2013. Click [here](#) for the EFRAG press release.

EFRAG consultation on a "long-term investment" business model

Connecting a European green paper on possible ways for supporting long-term investment and the IASB's suggested new separate business model of "held to collect and sell", the European Financial Reporting Advisory Group (EFRAG) has launched a public consultation on long-term investing activities business models. The EFRAG consultation closed on 25 June 2013. Click [here](#) for the EFRAG press release.

EFRAG issues updated 'endorsement status report'

The EFRAG updated its report showing the status of endorsement, under the EU Accounting Regulation, of each IFRS twice during May. Since April, the EU published Commissions Regulations endorsing the amendments. The report now reflects the publication of both the IFRIC 21 'Levies' and 'Recoverable Amount Disclosures for Non-Financial Assets' (Amendments to IAS 36) by the IASB. Click [here](#) to access the updated endorsement status report.

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Deloitte IFRS communications and publications

Issuance Date	Description
31 May 2013	IFRS Project Insights: Revenue recognition
30 May 2013	IFRS in Focus: New IFRIC Interpretation on Levies
21 May 2013	Deloitte IFRS podcasts: Revised lease accounting proposals interviews
16 May 2013	IFRS in Focus: IASB re-exposes proposals on lease accounting
17 May 2013	IFRS industry insights: Energy and resources implications of the revised leasing exposure draft
17 May 2013	IFRS industry insights: Consumer business implications of the revised leasing exposure draft
17 May 2013	IFRS industry insights: Manufacturing implications of the revised leasing exposure draft
17 May 2013	IFRS industry insights: Real estate implications of the revised leasing exposure draft
17 May 2013	IFRS industry insights: Telecommunications implications of the revised leasing exposure draft
17 May 2013	IFRS industry insights: Financial services implications of the revised leasing exposure draft
1 May 2013	IFRS in Focus: IASB issues exposure draft on regulatory deferral accounts interim standard

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IASB and IFRS Interpretations Committee meetings

Description	
IASB meeting	Click here for the 21 – 24 May 2013 meeting notes.
IFRS Interpretations Committee meeting	Click here for the 14 – 15 May 2013 meeting notes.

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Comment letters

	Description	Receiving party	Comment deadline
Comment letters issued	Request for Information: Rate Regulation	IASB	30 May 2013
Comment letters pending	Exposure Draft/2013/5: <i>Regulatory Deferral Accounts</i>	IASB	4 September 2013
	Exposure Draft/2013/4: <i>Defined Benefit Plans: Employee Contributions (Proposed amendments to IAS 19)</i>	IASB	25 July 2013
	Exposure Draft/2013/3 <i>Financial Instruments: Expected Credit Losses</i>	IASB	5 July 2013

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