

IFRS on point.

Financial Reporting Developments and Information: November 2014

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International headlines

Report of the Effects Analysis Consultative Group published

The Effects Analysis Consultative Group (EACG) presented its final report to the Trustees of the IFRS Foundation. The report indicates how the International Accounting Standards Board (IASB) could strengthen how it assesses and reports the likely effects of proposed International Financial Reporting Standards. The EACG was established in 2013, as a result of the IFRS Foundation's strategy review in 2012, to provide independent advice to the IASB on how it should consider the effects of changes it develops to its financial reporting requirements. This was done with an objective of strengthening the standard-setting process. Membership of the EACG includes representatives from a geographically and professionally diverse group of stakeholders. The report has now been presented to the Trustees and is also publicly available. Click [here](#) for more information and [here](#) to access the full EACG report.

IFRS Advisory Council membership update

Trustees of the IFRS Foundation recently announced the appointments of 15 new members to the IFRS Advisory Council to replace the retiring members. The Advisory Council is the formal advisory body to the Trustees and the IASB. It advises the IFRS Foundation on its strategic direction, technical work plan and priorities. The new Advisory Council members are: Areewan Aimdilokwong of International Organization of Securities Commissions; Vania Borgerth of BNDES Brazilian Development Bank; Prasan Chuaphanich of Federation of Accounting Professions Thailand; Pascale Déprez of Association for the participation of French companies in international accounting harmonisation (ACTEO); Garth Coppin of Financial Reporting Standards Council of South Africa; Roxana Damianov of European Securities and Markets Authority; Holger Daske of The International Association for Accounting Education and Research; Paul Fitzsimon of PricewaterhouseCoopers; Hidetake Ishihara of Nippon Keidanren Japan; Ann Jorissen of European Accounting Association; Jürgen Kirchhof of European Central Bank; Robert Koethner of European Round Table of Industrialists and European Issuers; Ton Meershoek of International Organization of Securities Commissions; Pam O'Connell of World Bank; and Uğur Yaylaönü of Capital Markets Board of Turkey. Click [here](#) for the press release.

For more useful information please see the following websites:

www.iasplus.com

www.deloitte.com

IASB proposes amendments to IFRS 2 to clarify the classification and measurement of share-based payment transactions

The IASB published an Exposure Draft of proposed amendments to IFRS 2 *Share-based Payment* that clarifies the classification and measurement of share-based payment transactions. In the Exposure Draft, the IASB proposes to:

- Clarify that the accounting in the case of cash-settled share-based payments should follow the same approach as used for equity-settled share-based payments;
- Include an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net would be classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature;
- Clarify that in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions, the original liability recognised in respect of the cash-settled share-based payment is derecognised and the equity-settled share-based payment is recognised at the modification date fair value to the extent services have been rendered up to the modification date. Any difference between the carrying amount of the liability as at the modification date and the amount recognised in equity at the same date would be recognised in profit and loss immediately.

According to the Exposure Draft, amendments would be applied prospectively. However, retrospective application would also be permitted if an entity has all necessary information and if the information is available without the use of hindsight. Comments are requested by 25 March 2015. Click [here](#) for the press release, [here](#) for more information and [here](#) to access the Exposure Draft.

IASB issues work plan update for November 2014

The IASB has updated its work plan following its November meeting. The revised plan adds a target date for amendments to IFRS for SMEs which is first quarter of 2015 and a timeframe for the comment letter analysis on the Discussion Paper on macro hedging which is first quarter of 2015. Further, the IASB now expects to issue an Exposure Draft on the elimination of gains or losses arising from transactions between an entity and its associate or joint venture in the first quarter of 2015. Lastly, it includes updates to the expected timing of Board discussions for the short-term research projects on business combinations under common control which is the first quarter of 2015, discount rate which is the first quarter of 2015, emissions trading scheme which is fourth quarter of 2014 through to the first quarter of 2015, equity method which is fourth quarter of 2014 through second quarter of 2015, and financial instruments with characteristics of equity which is fourth quarter of 2014, as well as long-term research project on post-employment benefits which is the first quarter of 2015 and second quarter of 2015. Click [here](#) for the updated work plan.

IFRS Foundation updates its IFRS Research Centre site

IFRS Foundation has announced a revamp of its IFRS Research Centre web pages. The updates to the site include a more intuitive layout and new content for evidence-supported standard-setting, research opportunities, research impact, and news and events. As part of the IASB's Research Programme, the Research Centre was created to raise awareness with the research community of the work the IASB has done. It contains internal and external intellectual resources, including engagements with the academic community, as well as other resources related to the 2014 IASB Research Forum. Click [here](#) for the press release.

IFRS Foundation appoints two Trustees

The IFRS Foundation has announced the appointments of Alan Beller and Werner Brandt as Trustees of the IFRS Foundation. The appointments will begin on 1 January 2015 and will expire on 31 December 2017. Alan Beller was Director of the Division of Corporation Finance of the US Securities and Exchange Commission (SEC) and a Senior Counsellor to the SEC from January 2002 until February 2006. His tenure at the SEC saw far-reaching corporate governance, financial disclosure and securities offering reforms, including the implementation of the corporate provisions of the Sarbanes-Oxley Act of 2002. Werner Brandt is the Chairman of the Board of the German Financial Reporting Enforcement Panel (FREP) and was a member of the Board of the Accounting Standards Committee of Germany (DRSC) from 2003 to 2011, in which he played a leading role in defining the future positioning and structure of the DRSC. Click [here](#) for more information.

2015 IFRS Blue Book coming soon

The IFRS Foundation has announced that the '2015 IFRS Consolidated without early application', known as the Blue Book will be published in December 2014. This volume will contain all official pronouncements that are mandatory on 1 January 2015. It does not include IFRSs with an effective date after 1 January 2015. The Blue Book differs from the traditional Bound Volume, the Red Book, which includes all pronouncements issued at the publication date, including those that do not become mandatory until a future date. Click [here](#) for more information.

Prada reiterates the case for global accounting standards

The Chairman of the IFRS Foundation Trustees, Michel Prada, delivered a speech entitled 'Korea and IFRS' at a seminar hosted by the Korean Accounting Standards Board (KASB). In his speech, he praised the efforts of the KASB and provided an update on the progress of achieving a single set of global accounting standards. Michel Prada stated that businesses in Korea benefit from full adoption of IFRS because they can report a set of financial statements that are familiar with investors around the world. According to a recent KASB review of the consequences of the move to IFRS, the introduction of IFRS has led to an improvement in the quality of earnings, as well as improving comparability between different Korean companies as well as their international peers. Michel Prada noted that other jurisdictions have experienced similar conclusions. He also stated that the continued economic and financial globalisation has caused the G20, International Monetary Fund, World Bank and IOSCO to support the work of the IFRS Foundation and the IASB. In addition, Michel Prada commented on progress made in the development of high quality, global accounting standards, which included IFRS Foundation's study on the use of IFRS around the world and the requirement of 114 out of 138 countries to require the use of IFRS for all or most public companies. Significant progress has been made in jurisdictions that have not yet required the use of IFRS, such as China, India, Japan and United States. Click [here](#) for the full text of Michel Prada's speech.

Prada warns that modification of IFRSs will lead to lack of international recognition

The Chairman of the IFRS Foundation Trustees, Michel Prada, delivered a speech entitled 'Accounting, markets and global economic growth' at the Shanghai National Accounting Institute. In his speech, he explained how the application of global standards is interrelated with economic growth. He praised IFRSs as global standards for financial information that can help to power the global economy, which would be especially important, more particularly because every major jurisdiction seeks to maintain a level of economic growth, to provide further time to heal the wounds from the global financial crisis and to facilitate a continued economic recovery. From the world economy Michel Prada turned to the role of efficient markets in China in connection with the 2020 reform programme that identifies the decisive role of markets and the need to facilitate overseas companies' entry to China and Chinese companies' expansion abroad. He stressed that the IFRS Foundation is very willing to work with the Chinese authorities to achieve this goal and he also included the hope, that a funding mechanism might be found that allows China to fully contribute to the costs of the IFRS Foundation and would see increased Chinese support for the Asia-Oceania office of the IFRS Foundation in Tokyo. However, Michel Prada identified the modification of IFRSs as the major challenge China is facing. He pointed out that international investors are wary when the IASB's standards are modified, even if only in small ways. Click [here](#) for the full text of Michel Prada's speech.

IFRS Foundation updates the IFRS Taxonomy

The IFRS Foundation recently published IFRS Taxonomy 2014 Interim Release 2 which updates the taxonomy for IFRS 15 *Revenue from Contracts with Customers* and common reporting practice in transport and pharmaceuticals sectors. The interim release provides additional taxonomy concepts that support the consistent adoption and implementation of IFRS. Click [here](#) for more information on the interim release.

Chairman Michel Prada explains that only full use of IFRSs will bring needed familiarity

The Chairman of the IFRS Foundation Trustees, Michel Prada, delivered a speech entitled 'Japan and global standards' at a meeting of the Financial Accounting Standards Foundation's (FASF) stakeholders in Tokyo, Japan. In his speech, he took stock of the adoption of IFRS around the world and commented on the situation in Japan. Michel Prada commented on the ever growing number of jurisdictions adopting IFRS and explained that for most industry sectors in the world, IFRS is now the predominant basis on which companies' financial statements are prepared. As part of the reason for this success, he indicated that investors have a clear bias for the familiar and that IFRS have by now become the means to provide that familiarity to international investors. Michel Prada then looked at the large economies that still have not adopted IFRS (China, India, the US, and Japan). Among these jurisdictions, he especially noted the careful and considered approach to the use of IFRS in Japan that has been chosen. He claimed that the option of voluntary adoption of IFRS was being watched carefully by other jurisdictions as it would allow larger, multinational companies to benefit from IFRS without immediately forcing smaller, more domestically focused companies to adopt a new system. Click [here](#) for more information and [here](#) for the full text of Michel Prada's speech.

IASB Vice-Chairman reflects on the progress of the IFRS

The IASB Vice-Chairman, Ian Mackintosh, recently gave a speech on how significant changes that occurred in IFRS over the past decade may be coming to an end and what should be expected from the IASB in the future. Ian Mackintosh began by stating that most of Europe and many other parts of the world have already made the transition to IFRS and that "IFRS is a decade-old news story." He noted the European Union's adoption of IFRS on 1 January 2005, with Australia, New Zealand, Hong Kong and South Africa adopting soon after; IFRS becoming the predominant reporting language for most global industry sectors; and a survey of 138 countries that showed that 114 countries require the use of IFRS, while the remaining countries surveyed have shown positive progress towards IFRS. Next, he commented on the more than 12 year collaboration by the IASB with the FASB to develop converged high quality standards. He mentioned that the convergence project has had several achievements which include segment reporting, business combinations, fair value measurement, and revenue recognition, as well as setbacks e.g. on financial instruments. Further, he provided his expectation for the IASB for the next decade. He believes there would be a "period of calm" in the standard-setting process after the IASB completes its Leases, Insurance and Conceptual Framework projects. However, he noted with next year's agenda consultation, constituents will have a chance to comment on the future path the IASB will take. Click [here](#) for more information and [here](#) for the full text of Ian Mackintosh's speech.

IFRS Foundation begins its review of the ASAF

The IFRS Foundation recently published a questionnaire to assess the Accounting Standards Advisory Forum (ASAF). The questionnaire intends to gain views from those in the accounting standard-setting community that are not members of the ASAF. As stated in the Terms of Reference, all aspects of ASAF and its operations shall be reviewed by the IFRS Foundation two years after the establishment of the group i.e. as from the date of signing the Memorandum of Understanding (MOU). The questionnaire is the first step in assessing how the ASAF has performed in relation to its Terms of Reference and Memorandum of Understanding. The IFRS Foundation expects to publish a feedback statement detailing the findings and actions from the review after the Trustees and the IASB have had time to consider the findings. It is expected to be issued mid-2015. Participants are requested to complete the questionnaire by 9 January 2015. Click [here](#) for the press release.

Latest edition of EFRAG Insider

The European Financial Reporting Advisory Group (EFRAG) has published a new edition of the EFRAG Insider newsletter. In the section "Building Europe's Accounting View" the new issue discusses: amortisation of goodwill; use of separate financial statements; classification of claims; lessee accounting; and equity method of accounting. Click [here](#) to access the new edition of EFRAG Insider.

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Deloitte IFRS communications and publications

Issuance Date	Description
25 November 2014	IFRS in Focus: IASB proposes amendments to IFRS 2 related to the classification and measurement of share-based payment transactions
10 November 2014	IFRS in Focus: Joint meeting on Revenue (October 2014)
10 November 2014	IFRS in Focus: Joint meeting on Revenue (July 2014)
21 November 2014	IFRS Project Insights: Insurance contracts

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IASB and IFRS Interpretations Committee meetings

Description	
IASB meeting	Click here for the 19 – 20 November 2014 meeting notes
IFRS Interpretations Committee	Click here for the 11 November 2014 meeting notes

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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

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Comment letters

	Description	Receiving party	Date issued/ Comment deadline
Comment letters issued	Tentative agenda decision on IFRS 13: <i>The fair value hierarchy when third-party consensus prices are used</i>	IFRS Interpretations Committee	25 November 2014
	Tentative agenda decision on IFRIC 21: <i>Levies raised on production property, plant and equipment</i>	IFRS Interpretations Committee	25 November 2014
	Tentative agenda decision on IAS 39: <i>Accounting for embedded foreign currency derivatives in host contracts</i>	IFRS Interpretations Committee	25 November 2014
	Tentative agenda decision on IFRS 12: <i>Disclosures for a subsidiary with a material non-controlling interest and for a material joint venture or associate</i>	IFRS Interpretations Committee	25 November 2014
	Tentative agenda decision on IAS 28: <i>Fund manager's significant influence over a fund</i>	IFRS Interpretations Committee	25 November 2014
Comment letters pending	Exposure Draft ED/2014/5: <i>Classification and Measurement of Share-based Payment Transactions (Proposed amendments to IFRS 2)</i>	IASB	25 March 2015
	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 2015
	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

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