

Monthly roundup - September 2013

Staying on top of financial reporting developments

Author: Wendy Wang and Moana Overton, Accounting Technical Group

September 2013 edition

Issued 09 October 2013

In this edition:

- **Monthly highlights**
- **New pronouncements**
- **Standard setter meetings**
- **New Deloitte publications**
- **Other developments**

Monthly highlights

Deloitte responds to the Joint IASB-FASB Exposure Draft on leases

Deloitte's comment letter agrees that conceptually the right-of-use (ROU) asset approach depicts the rights and obligations for lessees and should serve as the foundation for changes to the existing lease standard.

However Deloitte has significant concerns with the approach currently included in the proposal, specifically:

- The concept of the Type B lessee approach, specifically, this may result in an increasing amount of amortisation over the lease term and the proposed dual-model approach may also be more costly and complex for preparers as compared to the current lease standards, and may not result in sufficiently improved information for users
- Combination of the proposed measurement and disclosure requirements for the lease liability may not provide financial statement users with sufficient information about a lessee's future lease payments; and
- IASB have not yet sufficiently developed the ROU model for lessors and the proposed lessor accounting did not show a significant improvement over the existing lessor accounting model.

The comment letter also questions whether the cost-benefit analysis of introducing this new model continues to support the case for change at this stage of the development of the ROU concept.

Please refer to [full comment letter](#) on IAS Plus website.

New pronouncements

(A listing of new accounting standards, interpretations, exposure drafts, discussion papers and similar documents issued during the month by the AASB and IASB/IFRIC, along with other IFRS-related documents by other bodies that may be of interest and related links to Deloitte publications and alerts).

Australian Accounting Standards Board (AASB)

| Pronouncement | Key dates | More information |
|---------------|-----------|------------------|
|---------------|-----------|------------------|

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

© 2014 Deloitte Touche Tohmatsu

Tier 2 Supplement to ED 242 'Leases'

Sets out the disclosures proposed in AASB ED 242 from which it is proposed entities applying Tier 2 reporting requirements should be exempt

Comments to the AASB [Tier 2 supplement](#)(PDF) due by 15 November 2013

International Accounting Standards Board (IASB)

Pronouncement

Key dates

More information

No major accounting pronouncements released by the IASB in September 2013

Standard setter meetings

(A listing of meetings of various standard setters during the month or where documents were issued during the month in respect of the previous month's meetings, with links to our analysis, agenda papers and so on)

Meeting

Highlights

More information

AASB regular meeting

4 – 5 September 2013

Key issues discussed include:

- AASB ED 238 Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities
- Emissions Trading Schemes
- Withdrawal of AASB 1031 Materiality
- AASB ED 242 Leases
- Outcomes of IASB's post-implementation review of IFRS 8 Operating Segments
- Tier 2 Supplement - ED 235 Recoverable Amount Disclosures for Non-Financial Assets
- Update on IASB's Financial Instruments project
- Accounting for stapled entities
- Update on IFRS Interpretations Committee activities

[AASB action alert](#)
(PDF)

IFRIC regular meeting

10 – 11 September 2013

Key issues discussed include:

- IAS 19 Employee Benefits—
 - Employee benefit plans with a guaranteed return on contributions or notional contributions
- IFRS 2 Share-based Payment—
 - Transactions in which the manner of settlement is contingent on future events
 - Accounting for cash-settled share-based payment transactions that include a performance condition
 - Price difference between the institutional offer price and the retail offer price for shares in an initial public offering
- IAS 32 Financial Instruments: Presentation - Classification of financial instruments that gives the issuer the contractual right to choose the form of settlement
- IFRS 10 Consolidated Financial Statements - Protective rights and continuous assessment of control under IFRS 10
- IFRS 5 Non-current Assets Held for Sale and

[Deloitte observer notes](#)

[IFRIC update](#) (PDF)

- Discontinued Operations –
 - Classification in conjunction with a planned IPO, but the prospectus has not been approved by the securities regulator
 - Write-down of a disposal group and reversal of a disposal group impairment losses relating to goodwill
- Deliberation of comments received on proposals for narrow-scope amendments
 - ED/2012/5 Clarification of acceptable methods of depreciation and amortisation—Proposed amendments to IAS 16 and IAS 38
 - ED/2013/4 Defined Benefit Plans: Employee Contributions—Proposed amendment to IAS 19

IASB regular meeting

13 – 18 September 2013

Topics discussed were as follows (click on the links for direct access to the Deloitte observer notes for that topic)

[Deloitte observer notes](#)

- [IAS 19 - Comment letter analysis on ED 'Employee Contributions'](#)
- [IAS 1 - Narrow focus amendments](#)
- [Annual Improvements \(2010 - 2012 and 2011- 2013 cycle\)](#)
- [IFRIC Update](#)
- [Revenue Recognition](#)
- [Financial Instruments - Impairment](#)
- [Business combination under common control](#)
- [IFRS 11 - The separate financial statement of a joint operator](#)
- [Rate-regulated activities](#)
- [Financial Instruments - Limited reconsideration of IFRS 9](#)

[IASB update](#) (PDF)

IFRS publications

- [IFRS on Point — IFRS Accounting Developments and Information: August 2013](#) (PDF) highlights critical IFRS-related financial reporting developments for the month
- [IFRS industry insights - Accounting for joint arrangements in the energy and resources sector](#) discusses the impacts of IFRS 11 'Joint Arrangements' in the energy and resources sector, outlining the accounting changes and providing some practical examples of how these changes are applied
- [IASB Project Insights](#) provide a quick overview of the current status of the key projects of the IASB. No new updates posted in September 2013.

Other publications

- [A comparison between Latvian GAAP and IFRS](#) published and reprinted with permission by Balance [Issue 01/09/2013, pages 34 – 35.] Latvia is a member of the EU and follows IFRSs for consolidated statements of listed companies
- [The Bruce Column - Conserving the concept of stewardship](#) discusses IASB work on conceptual framework and takes a look at moves taken to ensure its return.

Deloitte Comment letter

- Deloitte [comment letter](#) on the International Accounting Standards Board's Exposure Draft, ED/2013/5 'Regulatory Deferral Accounts'

- Deloitte [comment letter](#) on the International Accounting Standards Board's and Financial Accounting Standards Board's Joint Exposure Draft on leases.

Other developments

(A brief listing of other financial reporting developments during the month. A full summary of all IFRS-related developments can be found in our [September historical summary on IAS Plus](#). You can also subscribe to our [Deloitte IAS Plus RSS feed](#) to be kept informed of developments as they happen)

Australian-specific topics

- The Australian Accounting Standards Board (AASB) will host [forums](#) to discuss the IASB's Discussion Paper '[A Review of the Conceptual Framework for Financial Reporting](#)'
- The AASB has updated its [work program](#) as at 25 September 2013.

International Accounting Standards Board

- The International Accounting Standards Board (IASB) has released a new edition in its 'Investor Perspectives' series. In this edition, Patrick Finnegan (IASB Board member) discusses the proposals in revised insurance contracts exposure draft ([IAS Plus article](#))
- The IFRS Foundation has launched a new web application (web app) for accessing IFRS content and related information from tablet computers and other mobile devices. The app currently supports Apple iPad and iPhone devices, with support for Android coming soon. ([IAS Plus article](#))
- The IASB has released its updated work plan. Changes include:
 - The work plan formalises plans for finalised requirements as being expected in the first or second quarter of 2014 in relation to the impairment of financial instruments and the limited reconsideration of IFRS 9 (classification and measurement)
 - Deferrals have been announced in the finalisation of the IFRS on revenue recognition, a discussion paper on rate regulation, and exposure drafts for a number of narrow scope projects ([IAS Plus article](#)).
- The IFRS Foundation has announced that 'A Guide through IFRS 2013' is now available. This volume (nicknamed the 'Green Book') includes the full text of the Standards and Interpretations and accompanying documents (such as the Basis for Conclusions) issued by the IASB as of 1 July 2013 with extensive cross-references and other annotations ([IAS Plus article](#)).
- The IFRS Foundation has published 'A Guide to the IFRS Education Initiative' highlighting the progress made in each of the IFRS Foundation Education Initiative's main projects ([IAS Plus article](#)).
- The IASB staff have published a summary of feedback from investors and analysts on the lessee accounting proposals. The outreach events summarised were held between May and September 2013 ([IAS Plus article](#)).

Other global news

- The European Financial Reporting Advisory Group (EFRAG) has published its final comment letter on the IASB's exposure draft ED/2013/5 'Regulatory Deferral Accounts.' The comment letter makes clear that EFRAG constituents do not support the pursuit of this interim project ([IAS Plus article](#)).
- The European Securities and Market Authority (ESMA) have published its final comment letter on the IASB's exposure draft ED/2013/5 'Regulatory Deferral Accounts.' The comment letter makes clear that ESMA agrees with EFRAG, does not support the pursuit of this interim standard ([IAS Plus article](#)).
- The EFRAG and the National Standard Setters of France, Germany, Italy and the United Kingdom have published two more issues of their joint publication series on the IASB's Conceptual Framework project relating to the role of the business model in financial reporting and the role of a Conceptual Framework ([IAS Plus article](#)).
- The European Financial Reporting Advisory Group (EFRAG) has submitted to the European Commission its endorsement advice letter and effects study report on IFRIC Interpretation 21 Levies ([IAS Plus article](#)).
- The Association of Chartered Certified Accountants (ACCA) has published the third report in a four-part project undertaken to understand the investor perspective on corporate reporting. This third report details findings from a survey carried out to gather feedback from investors on their views on 'real-time' reporting. The report highlights that there is a genuine demand for real-time reporting among investors who however also see a number of downsides that need to be taken into consideration before real-time reporting becomes a reality ([IAS Plus article](#)).
- The European Financial Reporting Advisory Group (EFRAG) has issued a draft comment letter on the IASB's Discussion Paper (DP) containing proposals for topical areas where the IASB considers a revision and amendment of the existing Conceptual Framework necessary ([IAS Plus article](#)).