

Monthly roundup - January 2014

Staying on top of financial reporting developments

Author: Maybelle Chia and Moana Overton, Accounting Technical Group

January 2014 edition (Issued 07 February 2014)

In this edition:

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

Monthly highlights

ASIC has extended Class Order [CO 13/1050] which allows issuers of stapled securities (stapled entities) to continue to present consolidated or combined financial statements.

The Australian Securities and Investments Commission (ASIC) has decided to extend Class Order [CO 13/1050] which allows issuers of stapled securities (stapled entities) to continue to present consolidated or combined financial statements. The amended class order extends the relief given to stapled entities for future financial years pending further consideration of reporting requirements by the IFRS Interpretations Committee.

Under AASB 10 *Consolidated Financial Statements*, it is not clear that stapled entities would be permitted to prepare consolidated financial statements in the absence of the class order. The amended class order provides certainty that entities can continue their previous consolidated or combined reporting. A stapled group which has not previously prepared a financial report under Chapter 2M can present consolidated financial statements under the class order.

Class Order [CO 13/1050] has also been amended to require disclosure:

- That the class order has been relied upon and whether consolidated financial statements or combined financial statements have been presented; and
- Where consolidated financial statements are presented, of the amounts of the non-controlling interests that are attributable to the stapled security holders.

ASIC has extended the application of class order [CO 13/1050] on the understanding that the presentation of consolidated financial statements by stapled entities may be considered by the IFRS Interpretations Committee in 2014. The class order is intended to provide relief until the matter is resolved by that committee. ASIC may review its position in response to any future developments, particularly if the IFRS Interpretations Committee decides not to address the matter.

Class Order [CO 13/1050] also allows stapled entities in a stapled group to present their respective financial statements together in a single financial report.

The class order is now operational (as of 14 January 2014).

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

Please click for:

- [ASIC media release](#)
- [ASIC Class Order \[CO 13/1050\]](#) (incorporates amendments by [CO 13/1646])
- [ASIC Class Order \[CO 13/1644\]](#) (amends [CO 13/1050]).

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. See also our **What's new in the December 2013 financial reporting cycle** summary.)

Australian Accounting Standards Board (AASB)

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

No new significant pronouncements were issued by the AASB in January 2014

International Accounting Standards Board (IASB)

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

IFRS 14 *Regulatory Deferral Accounts*

This Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS. The Standard is intended to be a short-term, interim solution while the longer term rate-regulated activities project is undertaken by the IASB. The IASB has stated that by publishing this Standard, they are not anticipating the outcome of the comprehensive rate-regulated activities project which is in its early stages.

Applicable to annual reporting periods beginning on or after 1 January 2016 with early adoption allowed.

[IAS Plus article](#)
[IASB press release](#)
[IFRS in Focus \(PDF\)](#)

Request for Information *Post-implementation Review: IFRS 3 Business Combinations*

This Request for Information (Rfi) seeks feedback on whether IFRS 3 *Business Combinations* provides information that is useful to users of financial statements, whether there are areas of the Standard that represent implementation challenges and whether unexpected costs have arisen when preparing, auditing or enforcing the requirements of the Standard.

Comments to the IASB due by 30 May 2014

[Rfi \(PDF\)](#)
[IASB press release](#)

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
IASB regular meeting 21-23 January 2014	<p>Topics discussed were as follows (click on the links for direct access to the Deloitte observer notes for that topic)</p> <ul style="list-style-type: none"> • Insurance contracts • IFRS Interpretations Committee issues • Amendments to IAS 1 • Leases (IASB/FASB) • Financial instruments - Limited amendments to IFRS 9 (classification and measurement) • Financial instruments - Impairment 	<p>Deloitte observer notes</p> <p>IASB update (PDF)</p>
IFRIC regular meeting 29 – 30 January 2014	<p>Key issues discussed include:</p> <ul style="list-style-type: none"> • IAS 12 — <ul style="list-style-type: none"> ○ Recognition and measurement for unrealised losses for debt instruments measured at FV ○ Recognition of deferred tax assets for unrealised losses ○ Impact of an internal reorganisation on deferred tax amounts related to goodwill ○ Threshold for recognition of an asset on uncertain tax position • IAS 19 — Employee benefit plans with a guaranteed return on contributions or notional contributions • IFRS 10 — <ul style="list-style-type: none"> ○ Investment entity subsidiary that provides investment-related services ○ Exemption from preparing consolidated financial statements ○ A non-investment entity's application of the equity method for investment entity investees • IAS 29 — Applicability of the concept of financial capital maintenance defined in constant purchasing power units • IAS 32 — <ul style="list-style-type: none"> ○ Classification of mandatorily convertible instruments subject to a cap and a floor with an issuer option 	<p>Deloitte observer notes</p>

- to convert into the maximum (fixed) number of shares
- Classification of instruments that mandatorily convert into a variable number of shares upon a 'non-viability' contingent event
- Classification of an instrument that is mandatorily convertible into a variable number of shares, subject to a cap and floor
- IFRS 11 — Analysis of Implementation issues
- IAS 1 —
 - Going concern disclosures
 - Issues related to the application of IAS 1
- IFRS 3 — Identification of the acquirer in accordance with IFRS 3 and the parent in accordance with IFRS 10 in a stapling arrangement
- IAS 16 — Disclosure of carrying amount information for assets stated at revalued amounts
- IAS 37 — Measurement of liabilities under IAS 37 within the context of emission trading schemes
- IAS 28 — Inconsistency of amendments with paragraph 31 of IAS 28
- IAS 34 — Condensed statement of cash flows

The AASB did not hold any regular standard setting meeting in January 2014

New Deloitte publications

(Key IFRS-related and other publications issued by Deloitte during the month, not covered elsewhere. You can find full details and back issues of our various publications by following these links:

Accounting alerts, [IAS Plus publications](#), [IFRS in Focus Newsletters](#), [Webcasts](#) and [Podcasts](#).)

IFRS publications

- [IFRS in Focus — IASB publishes IFRS 14 'Regulatory Deferral Accounts'](#) (PDF) outlines the requirements of IFRS 14 *Regulatory Deferral Accounts*
- [IFRS on Point — December 2013](#) (PDF) highlights critical IFRS-related financial reporting developments for the month.

Other publications

- 'iGAAP 2014 — A guide to IFRS reporting' - the latest edition in Deloitte's iGAAP series that provides comprehensive guidance on IFRS requirements with focus on practical issues faced by reporting entities ([IAS Plus article](#))

- **Model Managed Investment Scheme Half-Year Report - 31 December 2012 HYE (AIFRS)** illustrating compliance with the presentation and disclosure requirements of Australian Accounting Standards and other requirements for a managed investment scheme.

Deloitte Comment letter

- Deloitte [comment letter](#) on tentative agenda decision on IFRS 10 – Definition of investment-related services or activities
- Deloitte [comment letter](#) on tentative agenda decision on IFRS 2 — Price difference between the institutional offer price and the retail offer price for shares in an initial public offering
- Deloitte [comment letter](#) on tentative agenda decision on IFRIC 21 — Identification of a present obligation to pay a levy that is subject to a pro rata activity threshold as well as an annual activity threshold
- Deloitte [comment letter](#) on tentative agenda decision on IAS 39 — Accounting for term-structured repo transaction
- Deloitte [comment letter](#) on tentative agenda decision on IAS 17 — Meaning of ‘incremental costs’
- Deloitte [comment letter](#) on tentative agenda decision on IAS 8 — Distinction between a change in an accounting policy and a change in an accounting estimate
- Deloitte [comment letter](#) on IASB DP/2013/1 ‘A Review of the Conceptual Framework for Financial Reporting’.

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 [January 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) has submitted a [comment letter](#) to the IASB in relation to IASB Agenda decision - Disclosure requirements about an assessment of going concern. In the letter the AASB expresses concern with the decision made by the IASB to not develop the proposals further and thinks the IASB should provide an opportunity for constituents to express their thoughts and opinions in regards to this topic
- ASIC has decided to extend Class Order [CO 13/1050] which allows issuers of stapled securities (stapled entities) to continue to present consolidated or combined financial statements. The amended class order extends the relief given to stapled entities for future financial years pending further consideration of reporting requirements by the IFRS Interpretations Committee. Stapled entities are listed entities whose securities are traded together such that each investor has the same proportionate interest in each entity. The amended class order is now operative ([ASIC media release](#)).

International Accounting Standards Board

- The International Accounting Standards Board (IASB) has issued a Request for Information (RfI) seeking comments from stakeholders to identify whether IFRS 3 *Business Combinations* provides information that is useful to users of financial statements; whether there are areas of IFRS 3 that are difficult to implement and may prevent the consistent implementation of the standard; and whether unexpected costs have arisen in connection with applying or enforcing the standard ([IAS Plus article](#))

- The IASB has published IFRS 14 *Regulatory Deferral Accounts*. This Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS. The Standard is intended to be a short-term, interim solution while the longer term rate-regulated activities project is undertaken by the IASB ([IAS Plus article](#))
- The IFRS Foundation Monitoring Board decided to expand its membership by up to four permanent members, primarily from major emerging markets, and two rotating members. IFRS Foundation Monitoring Board announced the first two new permanent members; Comissão de Valores Mobiliários (CVM) of Brazil and the Financial Services Commission (FSC) of Korea will become effective once they become signatories of Charter of the IFRSF Monitoring Board ([IAS Plus article](#))
- The IASB has updated its [work programme](#) as at 27 January 2014
- The IFRS Foundation has published for public comment an exposure draft of the IFRS Taxonomy 2013 Interim Release Package 2 ([IAS Plus article](#))
- The IFRS Foundation has published the second part of its Education Initiative's comprehensive Framework-based IFRS teaching material. The free-to-download teaching material was designed to assist educators in teaching IFRS more effectively ([IAS Plus article](#))
- The Trustees of the IFRS Foundation have announced the appointments of three new members to the IFRS Advisory Council ([IAS Plus article](#))
- The IFRS Foundation Trustees held an open meeting on 28 January 2014 in Milan. Deloitte observer notes from the meeting has been released covering Mr Prada's summary of the joint IFRS Foundation Trustees / IFRSF Monitoring Board meeting held on 27 January 2014, and Mr Scott Evans report on an earlier meeting of the Due Process Oversight Committee ([IAS Plus article](#))
- The IASB has released a survey of investors and analysts to gather information about the usefulness of disclosures regarding debt, including changes in an entity's debt position. The survey results will assist the IASB in deciding whether to undertake a project on debt disclosures ([IAS Plus article](#)).

Other global news

- The European Financial Reporting Advisory Group (EFRAG) has issued a draft comment letter on the IASB's Exposure Draft ED/2013/11 *Annual Improvements to IFRSs 2012–2014 Cycle*. EFRAG agrees with most of the proposals in the Exposure Draft but has expressed concern about the proposed amendments to IAS 19 *Employee Benefits* ([IAS Plus article](#))
- The EFRAG has issued a draft comment letter on the IASB's Exposure Draft ED/2013/10 *Equity Method in Separate Financial Statements (proposed amendments to IAS 27)* ([IAS Plus article](#))
- The International Valuation Standards Council (IVSC) has published an Exposure Draft (ED) of guidance and illustrative examples to assist practitioners with the application of the valuation bases discussed in the International Valuation Standards (IVS) Framework ([IAS Plus article](#))
- The International Federation of Accountants (IFAC), along with the Institute of Chartered Accountants of Scotland (ICAS), has issued a paper which highlights some of the main themes and concerns that should be considered as the IASB updates its conceptual framework ([IAS Plus article](#))