

## Monthly roundup - February 2013

### Staying on top of developments

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#### February 2013 edition

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In this edition:

- [Monthly highlights](#)
- [New pronouncements](#)
- [Standard setter meetings](#)
- [New Deloitte publications](#)
- [Other developments](#)

## Monthly highlights

### New 'revenue recognition standard' – transition and effective date

The IASB and the FASB tentatively decided at the February 2013 Board meeting that the revised revenue standard will be effective for annual reporting periods beginning on or after 1 January 2017, with early application not permitted. For an Australian company with a June year-end, this will result in first time application for the year ended 30 June 2018.

In an interesting departure from the norm, unless an entity elects to retrospectively apply the standard, re-statement of prior year comparatives will not be required.

The Boards tentatively decided that an entity will be permitted to either apply the final standard retrospectively or elect an alternative transition method requiring an entity to:

- apply the final standard to all contracts not completed under legacy IFRSs/US GAAP at the date of initial application (1 July 2017 for an Australian company with a June year end);
- recognise the cumulative effect of initially applying the final standard as an adjustment to the opening balance of retained earnings on the effective date; and
- disclose the financial statement impact, by line item, of applying the final standard rather than legacy revenue guidance in the period the standard is adopted.

The updated IASB [work plan](#) suggests the new revenue standard will be finalised and issued by June 2013.

Please refer to our [Revenue recognition project insights](#) page and [Deloitte observer notes](#) for the February 2013 IASB meeting for further details.

## 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.)

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## International Accounting Standards Board (IASB)

Pronouncement	Key dates	More information
<p><b>Exposure Draft ED/2013/2 <i>Novation of Derivatives and Continuation of Hedge Accounting</i></b></p> <p>Proposes changes to IAS 39 <i>Financial Instruments: Recognition and Measurement</i> and the forthcoming hedge accounting chapter of IFRS 9 <i>Financial Instruments</i> to permit the continuation of hedge accounting where hedging instruments are novated to a central counterparty in accordance with laws or regulations introduced by jurisdictions to implement the G20's agreed reforms around over the counter (OTC) derivatives.</p>	<p>Comments due by 02 April 2013</p>	<p><a href="#">IAS Plus article</a> <a href="#">ED 2013/2</a>(PDF)</p>

## Australian Accounting Standards Board (AASB)

Pronouncement	Key dates	More information
<p>No new significant pronouncements were issued by the AASB in February 2013.</p>		

## 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
<p><b>IASB regular meeting 18-22 February 2013</b></p>	<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"> <li>• <a href="#">Unit of account for fair value measurements</a></li> <li>• <a href="#">IFRIC update</a></li> <li>• <a href="#">Annual improvements 2010-2012</a> <ul style="list-style-type: none"> <li>○ IFRS 2 <i>Share-based Payment</i>: Definition of 'vesting conditions'</li> <li>○ IFRS 8 <i>Operating Segments</i>: Aggregation of operating segments; Reconciliation of the total of the reportable segments' assets to the entity's assets</li> <li>○ IFRS 13 <i>Fair Value Measurement</i>: Short-term receivables and payables</li> </ul> </li> <li>• <a href="#">Novation of derivatives</a></li> <li>• <a href="#">Insurance contracts</a></li> <li>• Leases (<a href="#">18th Feb</a>; <a href="#">20th Feb</a>)</li> <li>• <a href="#">Revenue recognition</a></li> <li>• <a href="#">Guide for micro entities in applying the IFRS for SMEs</a></li> <li>• Matters arising from IFRS Interpretations Committee           <ul style="list-style-type: none"> <li>○ <a href="#">IAS 19 Employee Benefits</a></li> <li>○ - Discount rate; Narrow scope amendments</li> <li>○ <a href="#">Servicing assets and liabilities — Scope of IFRS 7 disclosures</a></li> </ul> </li> <li>• <a href="#">Rate regulated activities</a></li> <li>• <a href="#">Conceptual framework</a> <ul style="list-style-type: none"> <li>○ <a href="#">ASBJ research on the use of OCI</a></li> <li>○ <a href="#">Definition of elements</a></li> <li>○ <a href="#">Reporting entity</a></li> <li>○ <a href="#">Purpose and status</a></li> </ul> </li> </ul>	<p><a href="#">Deloitte Observer notes</a></p>

- [Feedback on survey and Discussion Forum](#)
- [Measurement principles](#)
- [Recognition and derecognition](#)
- [Initial and subsequent measurement](#)
- [Elements of financial statements](#)

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**AASB regular meeting** Key issues discussed include:  
20-21 February 2013

[AASB alert](#)(PDF)

- Possible Policy Implications of the Results Emerging from the Research into Special Purpose Financial Reporting
- Budgetary Reporting by NFP Public Sector Entities
- Implementation Guidance for NFP Entities re AASB 10
- Service Concession Arrangements: Grantor's Perspective
- IASB Proposals for Limited Amendments to IFRS
- Revenue from Contracts with Customers
- Financial Instruments
- IFRS Interpretations Committee
- Accounting Standards Advisory Forum (ASAF)

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## IFRS publications

- [IFRS on Point — IFRS Accounting Developments and Information: January 2013](#)(PDF) highlights the month's important IFRS developments and information
- [A Closer Look — Fair value measurement of financial instruments under IFRS 13](#)(PDF) considers both practical and technical aspects of applying IFRS 13 'Fair Value Measurement' to four specific areas affecting financial instruments valuations and disclosures
- [IFRS in Focus: IASB proposes limited scope amendments to IAS 36](#) describes the IASB's proposed changes to the disclosure requirements in IAS 36 'Impairment of Assets' on the impairment of non-financial assets
- [IFRS in Focus: IASB issues exposure draft on accounting for the sale or contribution of assets between an investor and its associate or joint venture](#) describes the IASB's proposed amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (2011) to clarify the accounting for the sale or contribution of assets by an investor to its associate or joint venture
- [IFRS in Focus: IASB proposes limited scope amendment to IFRS 11](#) describes the IASB's proposed guidance on the accounting by joint operators for the acquisition of an interest in a joint operation, as defined in IFRS 11 'Joint Arrangements', when the activities underlying the joint operation constitute a business
- [IASB Project Insights](#) provide a quick overview of the current status of the key projects of the IASB. New updates posted in February 2013: [Revenue recognition](#); [Financial Instruments: Hedge accounting](#); [Rate regulated activities](#); [Insurance contracts](#); and [Leases](#).

## Deloitte Podcasts

- [Deloitte IFRS podcast](#) discusses the IASB's and FASB's proposed reforms to classification and measurement of financial instruments, considering the similarities as well as the differences between their proposals.

## Deloitte comment letters

- [Deloitte comment letter](#) on IASB Exposure Draft 2012/2 — Annual improvements to IFRSs 2011–2013 Cycle.

## 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 [February 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 released a [staff paper](#) (PDF) dealing with government sector accounting for Australia's carbon pricing mechanism.

## International Accounting Standards Board

- The International Accounting Standards Board (IASB) has updated its [work plan](#). A number of due process milestones have been deferred, including the finalisation of the hedge accounting section of IFRS 9 and the re-exposure of the lease proposals
- [IASB podcast](#) (mp3) clarifies certain aspects of Exposure Draft 'Limited Amendments to IFRS 9 (proposed amendments to IFRS 9 (2010)'. It answers the most frequently asked questions that the IASB staff has received on the proposal.

## Other global news

- The European Financial Reporting Advisory Group (EFRAG) recommends adoption of investment entities amendments, and updated its endorsement status report ([IAS Plus article](#))
- The International Accounting Standards Board (IASB) and International Integrated Reporting Council (IIRC) have announced a Memorandum of Understanding (MoU), to strengthen their cooperation on the development of the IIRC's integrated corporate reporting framework ([IAS Plus article](#)).