

**Australia
Assurance & Advisory Services**

Monthly roundup
Staying on top of financial reporting developments

February 2015 edition

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Monthly highlights

Financial Instruments standard completed

The International Accounting Standard Board (IASB) published its complete version of IFRS 9 'Financial Instruments' on 24 July 2014 which is a replacement of IAS 39 'Financial Instruments: Recognition and Measurement'. The Australian Accounting Standards Board (AASB) has finally approved the equivalent standard, AASB 9 (2014) 'Financial Instruments' in January 2015.

The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The IASB has previously issued piecemeal of the standard as when each phase of the project is completed. The complete version now supersedes all the previous versions. Some of the key changes introduced by the complete version of AASB 9 included:

- requirement for impairment of financial assets based on a three stage 'expected loss' approach;
- limited amendments to classification and measurement of financial assets to add a third measurement category for debt instruments; and
- amendments to AASB 7 'Financial Instruments: Disclosures' that significantly expand the disclosures required in relation to credit risk.

The mandatorily effective date of AASB 9 is 1 January 2018 with early application permitted, however specific conditions apply:

- for annual reporting periods beginning on or after 1 January 2015, an entity may elect to early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards if the entity's relevant date of initial application is before 1 February 2015; and
- from 1 February 2015 onwards, if an entity wishes to early adopted AASB 9, it must adopt the AASB 9 (December 2014) version.

Please click for:

- [IASB press release](#)
- [IAS Plus article](#)
- [AASB 9 \(2014\)](#) (PDF)

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 2014 financial reporting cycle](#) summary.)

Australian Accounting Standards Board (AASB)

Pronouncement	Key dates	More information
<p><i>AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'</i></p> <p>Amends AASB 127 'Separate Financial Statements', and consequentially amends AASB 1 'First-time Adoption of Australian Accounting Standards' and AASB 128 'Investments in Associates and Joint Ventures', to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements</p>	<p>Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted</p>	<p>AASB 2014-9 (PDF)</p>
<p><i>AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an investor and its Associate or Joint Venture'</i></p> <p>Amends AASB 10 'Consolidated Financial Statements' and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture</p>	<p>Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted</p>	<p>AASB 2014-10 (PDF)</p>
<p><i>AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'</i></p> <p>Incorporates IASB's Annual Improvements to IFRSs 2012-2014 Cycle and editorial corrections</p>	<p>Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted</p>	<p>AASB 2015-1 (PDF)</p>
<p><i>AASB 9 'Financial Instruments'</i></p> <p>Refer to monthly highlights for details</p>	<p>Effective for annual periods beginning on or after 1 January 2018 (early application permitted, refer to monthly highlights for specific details)</p>	<p>AASB 9 (December 2014) (PDF)</p>

International Accounting Standards Board (IASB)

Pronouncement	Key dates	More information
<p><i>No major accounting pronouncements released by the IASB in January 2015</i></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
IASB regular meeting	Agenda for the meeting was as follows (click on the links for direct access to the Deloitte observer notes for that topic):	Deloitte observer notes
20 - 22 January 2015	<ul style="list-style-type: none">• Leases (education session)• Conceptual framework• IFRS for SMEs• Leases disclosures by lessees• Disclosure initiative (education session)• IFRS implementation issues• Insurance contracts• Emission trading schemes	IASB updates (PDF)
IFRS IC meeting	Key issues discussed was as follows:	Deloitte observer notes
27 January 2015	<ul style="list-style-type: none">• IAS 12 – Impact of uncertainty when an entity recognises and measures a current tax liability or asset and principles of the draft Interpretation• IAS 32 – Classification of liability for prepaid cards issued by a Bank in the Bank's financial statements• IAS 28 – Assessment of significant influence• IFRIC 21 – Accounting for cost of levy on PPE of service provider• IAS 39 – Accounting for embedded foreign currency derivatives in host contracts – request for guidance on applying the 'closely related' criterion• IAS 21 – The effects of changes in foreign exchange rates• IFRS 13 – Fair value hierarchy• IFRS 12 – Disclosures for a subsidiary with a material non-controlling interest and for a material joint venture or associate• IAS 40 – Can a property under construction be transferred from inventory to investment property, when there is an evident change in use?• IAS 24 – Definition of close members of the family of a person• Review of IFRS Interpretations Committee activity in 2014	

The AASB did not hold a regular meeting in January 2015.

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 Project Insights](#) (PDF) – Insurance Contracts provides a summary of the IASB's project on insurance contracts and discusses recent tentative decisions reached by the Board
- [IFRS Project Insights](#) (PDF) – Leases provide a quick overview of the key projects of the IASB, with a summary of the current status, key discussions and proposals, key considerations for entities, and the next steps expected in the project
- [IFRS on point](#) (PDF) – December 2014 highlights critical IFRS- related financial reporting developments.

Deloitte Comment letters

- Deloitte [comment letter](#) on tentative agenda decision on IAS 12 – Selection of applicable tax rate for measurement of deferred tax relating to investment in associate
- Deloitte [comment letter](#) on tentative agenda decision on IFRS 10 – Control of a structured entity by a junior lender
- Deloitte [comment letter](#) on tentative agenda decision on IFRS 10 – Controlled operating lease
- Deloitte [comment letter](#) on tentative agenda decision on IFRS 11 – Application issues
- Deloitte [comment letter](#) on tentative agenda decision on IAS 19 – Longevity swaps
- Deloitte [comment letter](#) on IASB ED/2014/4 'Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value'
- Deloitte [comment letter](#) on IASB DP/2014/2 'Reporting the Financial Effects of Rate Regulation'.

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

- Standard -Setters honoured in [Australia Day Awards](#).

International Accounting Standards Board

- The IASB has issued the latest edition of its newsletter, '[IASB Investor Update](#)' to provide investors with quick access to information on current accounting and financial reporting issues
- The Trustees of the IFRS Foundation have invited applications for candidates to fill up to four vacancies on the International IFRS Interpretations Committee for terms that will expire on 30 June 2015 ([IAS Plus article](#))
- The IFRS Foundation has announced the appointment of Kurt Schacht as Trustee of the IFRS Foundation ([IAS Plus article](#))
- The IASB has issued the fourth edition of its newsletter '[IASB Investor Update](#)', to investors with quick access to information on current accounting and financial reporting issues
- The IASB has update its [work plan](#) as at 27 January 2015
- IASB member Takatsugu Ochi has published an article in KEIRIJOUHOU, an accounting journal issued by Chuokeizaisha. He writes about ASAF, Japanese contributions to the Conceptual Framework and the post-implementation review of IFRS 3 and adoption of IFRS in Japan ([IAS Plus article](#)).

Other global news

- The International Public Sector Accounting Standards Board (IPSASB) has finalised 'Improvements to IPSASs 2014' ([IAS Plus article](#))
- The IPSASB has issued three videos as part of a series examining the challenges and benefits of governments adopting International Public Sector Accounting Standards (IPSASs) and accrual accounting ([IAS Plus article](#))
- The IPSASB has released IPSAS 33 'First-time Adoption of Accrual Basis IPSASs' ([IAS Plus article](#))
- The IPSASB has published five IPSAS on accounting for interests in other entities based on the 'package of five' standards issued by the IASB in May 2011 dealing with consolidation, joint arrangements, the equity method, separate financial statements and disclosure ([IAS Plus article](#))
- The US Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2015-01 'Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items' ([IAS Plus article](#))
- The European Union has published Commission Regulations endorsing 'Annual Improvements to IFRSs 2010–2012 Cycle' and 'Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)' ([IAS Plus article](#)).