

Monthly roundup - April 2013

Staying on top of developments

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April 2013 edition

Issued 06 May 2013

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Monthly highlights

Key considerations for financial reporting at June 2013

June 2013 Annual financial reports

New and amended reporting requirements that must be applied for the first time for the June 2013 year-end include:

- Amendment to AASB 112 *Income taxes*, that may affect measurement of deferred taxes in relation to Investment properties (Fair value model), as the amendments establish a rebuttable presumption that the carrying amount of an investment property will be recovered entirely through sale
- Amendments regarding the presentation of items of other comprehensive income (OCI) with the requirement to split items of OCI (and tax thereon) between those that will or will not be recycled to profit or loss
- Minor amendments to AASB 1049 *Whole of government and general government sector financial reporting*

June 2013 Interim financial reports – New mandatory requirements

2013 is a challenging year from the point of view of new accounting changes that will see application of new standards in some major areas like consolidation, joint arrangements, fair value measurements, and employee benefits, including extensive disclosure requirements. Some of the new standards/interpretations with a mandatory effective date of 1 January 2013 are:

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurements*
- AASB 119 (2011) *Employee Benefits*
- AASB 127 (2011) *Separate Financial Statements*
- AASB 128 (2011) *Investments in Associates and Joint Ventures*
- INT 20 *Stripping Costs in the Production Phase of a Surface Mine*

For most Australian companies with **June year-ends**, it would mean that the first time application will be for year ending 30 June 2014 with comparatives required for 30 June 2013. For companies with **December year-ends**, the new changes have to be accounted for in their interim June 2013 reporting. It is imperative that entities understand, assess and ensure that relevant policies and functionalities are in place to implement and comply with the changes.

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Preparing for the June reporting season

For those preparing for the June reporting season, Deloitte has released

- **Illustrative financial reports (June 2013)** that illustrates disclosures required in annual financial statements under Australian Accounting Standards and related Australian reporting requirements, for financial years ending on or after 30 June 2013
- **What's new in the June 2013 reporting period** that provides a high level overview of new and revised financial reporting requirements that need to be considered for financial reporting periods ending on 30 June 2013. Entities can use this listing to perform a quick check that all the new financial reporting requirements have been fully considered as part of their June reporting close process.

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.)

International Accounting Standards Board (IASB)

Pronouncement	Key dates	More information
Exposure Draft ED/2013/5 <i>Regulatory Deferral Accounts</i> Proposed interim standard - intended to allow entities that currently recognise regulatory assets and regulatory liabilities in accordance with their previous GAAP to continue to recognise the effects of rate regulation under IFRSs until the longer term rate-regulated activities project is completed	Comments due by 4 September 2013	IFRS in focus (PDF)

Australian Accounting Standards Board (AASB)

Pronouncement	Key dates	More information
No new significant pronouncements were issued by the AASB in April 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 10 April 2013	Key issues discussed include: <ul style="list-style-type: none"> • Possible Policy Implications of Research into SPFSs and a Road Map to Implementation • Superannuation Entities • IASB Proposals for Limited Amendments to IFRSs • Revenue from Contracts with Customers 	AASB alert (PDF)

- IFRS Interpretations Committee Update
- IASB Conceptual Framework Project Update
- IPSASB Public Sector Conceptual Framework Proposals
- Investment Entities

IASB regular meeting 23-25 April 2013

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

[Deloitte Observer notes](#)

- Conceptual framework:
 - [Discussion paper](#)
 - [Purpose and status](#)
 - [Definition of equity and distinction between liabilities and equity instruments](#)
 - [Use of 'business model](#)
 - [Elements of financial statements](#)
 - [Additional guidance to support the asset and liability](#)
 - [Measurement](#)
 - [Recognition and derecognition](#)
 - [Presentation and disclosure](#)
 - [Presentation in the statement of comprehensive income — profit or loss and OCI](#)
- [Comprehensive review of the IFRS for SMEs \(education session\)](#)
- [Comprehensive review of the IFRS for SMEs](#)
- [IAS 36 — narrow-scope amendment](#)
- [Annual improvements — 2012-2014 cycle \(IFRS 7\)](#)
- [Hedge accounting](#)
- [Annual improvements 2012-2014 cycle — IAS 7](#)
- [Post-implementation review of IFRS 8](#)
- [IFRS Interpretation on Levies](#)
- [Annual improvements 2010-2012 cycle — IAS 16 and 38](#)

IFRS publications

- [IFRS on Point — IFRS Accounting Developments and Information: March 2013](#) (PDF) highlights the month's important IFRS developments and information
- [IASB Project Insights](#) provide a quick overview of the current status of the key projects of the IASB. No new update posted in April 2013
- [IFRS in Focus — IIRC consults on its International Integrated Reporting Framework](#) (PDF) discusses the 'Consultation draft of the International Integrated Reporting Framework' published by the International Integrated Reporting Council (IIRC)
- [IFRS in Focus — IASB proposes amendments to IAS 19 \(2011\)](#) (PDF) describes the IASB's proposed changes to IAS 19 'Employee Benefits' to clarify the accounting for contributions from employees or third parties to the plan.

Deloitte webcasts

- [Deloitte webcast - IFRS: Important Developments \(March 2013\)](#) discuss the latest standard-setting developments at the International Accounting Standards Board (IASB) and the potential effects on financial reporting and tax accounting.

Deloitte comment letters

- [Deloitte comment letter](#) on the IASB Exposure Draft ED/2012/7 'Acquisition of an Interest in a Joint Operation'
- [Deloitte comment letter](#) on the IASB Exposure Draft ED/2012/6 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'
- [Deloitte comment letter](#) on the IASB tentative agenda decision on IFRS 2 - Intercompany recharges

- [Deloitte comment letter](#) on the IASB tentative agenda decision on IAS 28 & IFRS 3 - Associates and common control
- [Deloitte comment letter](#) on the IASB tentative agenda decision on IAS 7 - Identification of cash equivalents
- [Deloitte comment letter](#) on the IASB Exposure Draft on novation of derivatives and continuation of hedge accounting (ED/2013/2)
- [Deloitte comment letter](#) on the IASB Exposure Draft on clarification of acceptable methods of depreciation and amortisation (ED/2012/5)

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 [April 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 published an updated version of staff paper on Accounting for Carbon Tax from the Emitters' Perspective - ['Possible Financial Reporting Implications of the Fixed Price Phase of the Carbon Pricing Mechanism for Emitter Entities'](#) (PDF)
- The AASB has issued [ITC 28](#) (PDF) 'Invitation to Comment on IASB Request for Information on Rate Regulation'. Comments to the AASB are requested by 7 May 2013 and to the IASB by 30 May 2013
- The Treasury has [released](#) a draft *Corporations Legislation Amendment Regulation 2013* and one major proposal is to insert the requirements of paragraph 'Aus 29' of AASB 124 'Related Party Transactions' into the *Corporations Regulations 2001* to ensure the disclosure requirements continue to be operative, after AASB 2011-4 comes into effect. (Note: AASB 2011-4 (issued July 2011) amends AASB 124 to remove the individual Key Management Personnel (KMP) disclosures required by Aus specific paragraphs, and is applicable to annual reporting periods beginning on or after 1 July 2013).

International Accounting Standards Board

- The IASB has updated its work plan. Following its April meeting, the IASB changed the timing of expected milestones in macro hedge accounting, rate-regulated activities, and revenue recognition ([IAS Plus article](#))
- The IASB has announced the members to its consultative group for the Rate-regulated Activities research project. Australia is represented by John Leotta of Deloitte ([IAS Plus article](#))
- [IASB podcast](#) (mp3, 43MB) on expected credit losses clarifies certain aspects of Exposure Draft 'Financial Instruments: Expected Credit Losses' and 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) has issued draft comment letter on the following:
 - IASB's Exposure Draft ED/2013/3 'Financial Instruments: Expected Credit Losses' ([IAS Plus article](#))
 - IASB's Exposure Draft ED/2013/4 'Defined Benefit Plans: Employee Contributions (Proposed amendments to IAS 19)' ([IAS Plus article](#))
- The International Public Sector Accounting Standards Board (IPSASB) has published a further exposure draft in its multi-phase Conceptual Framework project. The latest exposure draft deals with the concept of 'presentation' in general purpose financial reports (GPFRs) ([IAS Plus article](#))
- The European Commission has published proposed amendments to European accounting legislation in order to require certain large companies to provide additional information on social and environmental matters ([IAS Plus article](#))
- The International Integrated Reporting Council (IIRC) has released the Consultation Draft of its proposed International Integrated Reporting Framework ([IAS Plus article](#)).