

Monthly roundup - June 2013

Staying on top of developments

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June 2013 edition

Issued 08 July 2013

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Monthly highlights

ASIC focus areas

The Australian Securities and Investments Commission (ASIC) has [released](#) its findings from its review of 31 December 2012 financial reports and announced its areas of focus for 30 June 2013.

ASIC have continued to highlight the importance of reporting performance, including addressing the impact of new accounting standard requirements and focus on asset values in light of the current economic climate. Directors should focus on disclosures of useful and meaningful information for investors and other users.

Some of the key areas of focus are:

- disclosure in the operating and financial review for listed entities;
- impact of new accounting standards relating to consolidated financial statements and joint arrangements;
- impairment of goodwill and other non-current assets;
- the value of financial instruments that are not traded in an active market;
- going concern assessment; and
- revenue recognition and expense deferral policies.

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/2013/7 <i>Insurance Contracts</i>	Comments due by 25 October 2013	IFRS in focus (PDF) Deloitte Podcasts

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Revised proposals (based on feedback received on ED/2010/8 'Insurance Contracts') focus on five key aspects:

[IAS Plus article](#)

- adjusting the unearned profit from insurance contracts
- accounting for contracts that specify a link to the returns on underlying items that the entity is required to hold
- presentation of insurance contract revenue and expenses
- presentation of interest expense between profit or loss and the other comprehensive income
- full retrospective approach to transition

Exposure Draft ED/2013/8 *Agriculture: Bearer Plants*

Comments due by 28 October 2013

[IFRS in focus](#) (PDF) [IAS Plus article](#)

Proposed amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' to include bearer plants which no longer undergo significant biological transformation into the scope of IAS 16. (Note: Currently, IAS 41 requires that all biological assets that are related to agricultural activity must be measured at fair value less costs to sell)

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39 Financial Instruments: Recognition and Measurement)

Effective for annual periods beginning on or after 1 January 2014

[IFRS in focus](#) (PDF) [IAS Plus article](#)

Under the amendments there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met.

1 Australian Accounting Standards Board (AASB)

Pronouncement

Key dates

More information

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

Effective for annual periods beginning on or after 1 January 2014

[IFRS in focus](#) (PDF) [AASB 2013-3](#)

Narrow-scope amendments to AAS 136 'Impairment of Assets' address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. It follows similar guidance issued by the IASB in May 2013

Interpretation 21 Levies

Effective for annual periods beginning on or after 1 January 2014

[IFRS in focus](#) (PDF) [INT 21](#)

Clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time

Exposure Draft ED 243 *Withdrawal of AASB 1031 Materiality*

Comments to the AASB [ED 243](#) (PDF) are requested by 23 August 2013

Proposes withdrawing AASB 1031 and making consequential amendments in other Australian Accounting Standards (including Interpretations).

ED 244 *Insurance Contracts*

Comments to the AASB [ED 244](#) (PDF) due by 27 September 2013 and to the IASB by 25 October 2013

Incorporates the IASB ED/2013/7, discussed above

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 18 - 19 June 2013	Topics discussed were as follows (click on the links for direct access to the Deloitte observer notes for that topic): <ul style="list-style-type: none">• Classification and Measurement• Comprehensive Review of the IFRS for SMEs• IFRIC Update• Annual improvements: Cycle 2011-2013• Annual improvements: Cycle 2010-2012	Deloitte Observer notes

IFRS publications

- [IFRS on Point — IFRS Accounting Developments and Information: May 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 updates posted in June 2013
- [IFRS in Focus — Amendments to IAS 36: Recoverable amount disclosures](#) (PDF) outlines the recent amendments to the recoverable amount disclosures required by IAS 36 'Impairment of Assets'
- [IFRS in Focus — IASB re-exposes proposals on insurance contracts accounting](#) (PDF) discusses the recently issued a revised Exposure Draft on insurance
- [IFRS in Focus — IASB publishes an amendment to IAS 39 on novation of derivatives](#) (PDF) outlines the recent amendments to IAS 39 'Financial Instruments: Recognition and Measurement' clarifying that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met
- [IFRS in Focus — IASB proposes amendments to IAS 16 and IAS 41 for bearer plants](#) (PDF) outlines the proposed amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' set out in the recently published Exposure Draft ED/2013/8 issued by the IASB.

Other publications

- [Telecoms Revenue Recognition Survey](#) (PDF) - a survey of telecommunications operators has shown a wide variation of readiness for the forthcoming standard on revenue, and revealed a number of concerns in relation to its adoption. ([IAS Plus article](#))
- [The Bruce Column — Bringing Long-Term Order to Insurance Reporting](#) discusses the new exposure draft on insurance contracts and how it will help bring long-needed consistency and transparency to the industry.

Deloitte podcasts

- [Deloitte IFRS podcast](#) on the latest exposure draft on insurance contracts (ED/2013/7).

Deloitte comment letters

- [Deloitte comment letter](#) to IFRS Interpretations Committee (IFRIC) on draft agenda decision on IAS 19 — pre-tax or post-tax discount rate.

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 [June 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 Securities and Investments Commission (ASIC) has released its [areas of focus](#) for 30 June 2013 financial reports
- The Australian Accounting Standards Board (AASB) has published on its [website](#) the new compiled versions of Standards and Interpretations that apply to annual reporting periods beginning on or after 1 January 2013.

International Accounting Standards Board

- IASB has issued guidance to help micro-sized entities apply the IFRS for Small and Medium-sized Entities (IFRS for SMEs). The Guide accompanies, but is not part of, the IFRS for SMEs ([IAS Plus article](#))
- IASB has updated its work plan - the expected timing of the classification and measurement, impairment, and macro hedge accounting projects has been pushed back ([IAS Plus article](#))
- IASB chairman announces 10-point plan in relation to disclosures ([IAS Plus article](#))
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Other global news

- The European Financial Reporting Group (EFRAG) has issued a report containing the results of the field test conducted by the EFRAG and National Standard Setters (NSS) ANC, ASCG, FRC and the OIC, on how the new requirements in IFRS 9, as amended by Exposure Draft (ED) 'Classification and Measurement: Limited Amendments to IFRS 9', would affect the current classification and measurement of financial assets ([IAS Plus article](#))
- The EFRAG has issued a feedback statement on the questionnaire on subsequent measurement of goodwill. The results of the study indicate that information on goodwill is used in many different manners and that there are many different views on how to measure goodwill after initial recognition ([IAS Plus article](#)).