

Monthly roundup - July 2014

Staying on top of financial reporting developments

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Monthly highlights

ASIC's focus area for June year ends

ASIC has announced its areas of focus for 30 June 2014 financial reporting season.

Consistent with prior periods, ASIC is focused on the quality of financial reporting and disclosures that provide useful and meaningful information for investors and other users.

ASIC continues to encourage preparers of financial reports to focus on the appropriateness of key accounting policy choices that can significantly affect reported results. ASIC also emphasised the importance of evaluating the need to impair goodwill and other assets.

Key areas of focus for this financial season include

- accounting estimates – impairment testing, asset values and amortisation of intangible assets
- accounting policy choices – off balance sheet exposures and new accounting standards; revenue recognition, expense deferral policies and tax accounting; and
- related disclosures.

Please click for:

- [ASIC press release](#)
- **Deloitte Accounting alert** (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 June 2014 financial reporting cycle** summary.)

Australian Accounting Standards Board (AASB)

Pronouncement	Key dates	More information
<p>AASB 1056 <i>Superannuation Entities</i></p> <p>Sets out the requirements for the general purpose financial statements of superannuation entities and replaces AAS 25</p>	<p>Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted</p>	<p>AASB 1056 (PDF)</p>
<p>ED 250 <i>Investment entities: Applying the consolidation exception</i></p> <p>The AASB ED (which incorporates the IASB ED 2014/2) proposes to amend AASB 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures to clarify three issues related to the implementation of the investment entities exception</p>	<p>Comments due by 15 August 2014</p>	<p>IFRS in Focus PDF)</p> <p>ED 250 (PDF)</p>
<p>AASB 2014-1 <i>Amendments to Australian Accounting Standards</i></p> <p>AASB 2014-1 is an omnibus Amending standard comprising five distinct parts addressing a range of topics, including those affected by annual improvements, defined benefit plans – employee contributions, and financial instruments</p>		<p>AASB 2014-1 (PDF)</p> <p>AASB press release (PDF)</p>
<p>Part A – Annual Improvements 2010 – 2012 and 2011 – 2013 Cycles makes amendments to various Australian Accounting Standards arising from issuance by the IASB of IFRS Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle</p>	<p>Part A is effective for annual reporting periods beginning on or after 1 July 2014, except that the amendments to AASB 9 <i>Financial Instruments</i> apply only when that Standard is applied or operative</p>	
<p>Part B – Defined Benefit Plans: Employee contributions (Amendments to AASB 119) makes amendments relating to the requirement for contribution from employees or third parties that are linked to service</p>	<p>Part B is effective for annual reporting periods beginning on or after 1 July 2014 with earlier application permitted</p>	
<p>Part C – Materiality makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality, which historically has been referenced in each Australian Accounting Standards</p>	<p>Part C is effective for annual reporting periods beginning on or after 1 July 2014, with limited early application permitted</p>	
<p>Part D – Consequential Amendments arising from AASB 14</p>	<p>Part D is effective for annual reporting periods beginning on or after 1</p>	

January 2016, with early application permitted

Part E – Financial Instruments makes amendments to Australian Accounting Standards to reflect the AASB’s decision to defer the mandatory application date of AASB 9 *Financial Instruments* to annual reporting periods beginning on or after 1 January 2018

Part E is effective for annual reporting periods beginning on or after 1 January 2015, with early application permitted (subject to conditions)

AASB 14 *Regulatory Deferral Accounts*

AASB 14 is an interim standard, and only applies to first time- adopters of Australian Accounting Standards who conduct rate regulated activities

Effective for annual reporting periods beginning on or after 1 January 2016 with earlier application permitted

[AASB 14](#) (PDF)

AASB 2014-2 *Amendments to AASB 1053 – Transition to and between Tiers, and related Tier Disclosure Requirements*

This standard makes various amendments to clarify that AASB 1053 relates to general purpose financial statements only and make the standard consistent with AASB 108 and AASB 1 and makes certain disclosure requirements when an entity resumes Tier 2 reporting requirements

Effective for annual reporting periods beginning on or after 1 July 2014, with earlier application permitted

[AASB 2014-2](#) (PDF)

International Accounting Standards Board (IASB)

Pronouncement	Key dates	More information
<p>ED/2014/2 <i>Investment Entities: Applying the Consolidation Exception</i></p> <p>This amendment aims at addressing the issues that have arisen in relation to the exemption from consolidation for investment entities and proposed amendments to IFRS10 “Consolidated Financial statements” and IAS 28 “Investments in Associates and Joint Ventures”</p>	<p>Comments due by 15 September 2014</p>	<p>ED/2014/2 (PDF) IAS Plus article IFRS in Focus (PDF)</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 17 –19 June 2014	Agenda for the meeting was as follows (click on the links for direct access to the Deloitte observer notes for that topic): <ul style="list-style-type: none"> • Insurance Contracts • Leases • Annual improvements (2012-2014 cycle) • IFRS Interpretations Committee issues • Business Combinations under common control • Conceptual Framework • Research Projects on discount rates- review of existing requirements 	Deloitte observer notes IASB updates (PDF)

The AASB did not hold any meeting in June 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 proposes amendments to IFRS 10 and IAS 28 related to the implementation of the investment entities exemption](#) (PDF) addresses the issues that have arisen in relation to the exemption from consolidation for investment entities
- [FRS project insights – Leases](#) (PDF) summaries the tentative decisions made to the publication date by the IASB, and areas of divergence between the IASB and FASB
- [IFRS project insights – Insurance contracts](#) (PDF) provides a summary of the IASB's projects on insurance contracts and includes tentative decisions on insurance reached during the IASB meetings in 2014
- Deloitte has issued several IFRS industry insights that highlights the issues from the new revenue recognition standard on various industries, include; [banking and securities sector](#), [power sector](#), [chemical sector](#), [consumer products sector](#), and [industrial products sector](#)
- [IFRS on point](#) (PDF) – May 2014 highlights critical IFRS- related financial reporting developments
- Deloitte has issued its '[Fourth Global IFRS Banking Survey – Ready to Land](#)' (PDF) captures the current views of 54 major banking groups on recent accounting and regulatory changes.

Deloitte Comment letter

- Deloitte [comment letter](#) on tentative agenda discussion on IAS1 – Disclosure requirements relating to assessment of going concern
- Deloitte [comment letter](#) on tentative agenda discussion on IAS12 – Recognition of deferred tax for a single asset in a corporate wrapper
- Deloitte [comment letter](#) on tentative agenda discussion on IAS34 – Condensed statement of cash flows
- Deloitte [comment letter](#) on tentative agenda discussion on IAS39 – Classification of a hybrid financial instrument by the holder.

Deloitte Podcasts

- [Deloitte podcast](#) takes a detailed look at the new revenue framework IFRS 15 'Revenue from Contracts with Customers'.

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 Accounting Standards Board (AASB) has submitted a [comment letter](#) to the International Public Sector Accounting Standards Board in response to its Exposure Draft ED 54 '*Reporting Service Performance Information*'
- The AASB has updated its [standard –setting work program](#). The AASB Research Centre has published [Research Report No. 1](#) *Application of the Reporting Entity Concept and Lodgement of Special Purpose Financial Statements*, to inform public debate about requirements to lodge financial statements and their quality.

International Accounting Standards Board

- The International Accounting Standards Board (IASB) staff has prepared a [staff paper](#) discussing how the tentative decisions made by the IASB would affect the proposals in the Discussion paper 'A Review of the Conceptual Framework for Financial Reporting'
- The IASB has published an exposure draft of proposed amendments to IFRS10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' ([IAS Plus article](#))
- The IASB has issued an update highlighting recent discussions of disclosure initiative projects ([IAS plus Article](#))
- The IFRS Foundation has announced the appointment of Jin Liqun as Trustee of the IFRS Foundation ([IAS Plus article](#))
- The IASB has announced the creation of a transition resource group that will focus on the upcoming new requirements for impairment of financial instruments ([IAS Plus Article](#))
- The IASB has updated its [work plan](#) as at June 2014
- The IASB has launched a newsletter, "IASB Investor Update," to provide investors with quick access to information on current accounting and financial reporting issues ([IAS Plus Article](#))
- The IASB has issued its latest edition of '[Investor Perspectives](#)' on the new accounting requirements for revenue recognition.

Other global news

- The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) have announced the formation of a Joint Transition Resource Group (TRG) that will focus on potential implementation issues associated with their new revenue recognition standard ([IAS Plus article](#))
- The European Financial Reporting Advisory Group (EFRAG) has updated its Endorsement Status Report to:
 - Include IFRS 15 'Revenue from Contracts with Customers' ([IAS Plus article](#))
 - Reflect the issuance of a draft endorsement advice letter on amendments to IAS 16 and IAS 38 ([IAS Plus article](#))
 - Reflect that the Accounting Regulatory Committee (ARC) has voted in favour of 'Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)' ([IAS Plus article](#))
- The European Union has published a Commission Regulation endorsing IFRIC 21 'Levies' ([IAS Plus article](#))
- The EFRAG has submitted the reports of feedback received from various outreach activities and events to the IASB in response to the IASB's Request for Information regarding IFRS 3 'Business Combinations' ([IAS Plus article](#)).