

Monthly roundup - August 2013

Staying on top of financial reporting developments

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Monthly highlights

Australia adopts investment entity amendments

The Australian Accounting Standards Board (AASB) has finally issued [AASB 2013-5](#) 'Amendments to Australian Accounting Standards – Investment Entities', which implements the International Accounting Standards Board's 'Investment Entities' amendments in the Australian context. The issue of the Amending Standard follows a long debate about the investment entities amendments in Australia, with divergent views being expressed, including the possibility of not adopting the amendments at all. However, the final Amending Standard adopts the IASB's amendments without modification and represents a change from original proposals which may have required additional Australian disclosures requiring consolidated financial information to be included in Australian financial reports.

In developing the Amending Standard, the AASB decided they should reject "the approach of not adopting the IASB's amendments for Australian investment entities as this would result in Australian investment entities not being able to assert IFRS compliance".

The decision to adopt the IASB's amendments without additional disclosures responds to constituent feedback, the vast majority of which did not support the proposed disclosures. The AASB was persuaded by constituent arguments that fair value information was the most relevant to investors in investment entities and that the costs of preparing additional disclosure requirements proposed would disadvantage Australian entities by comparison to their international counterparts.

The AASB further concluded, again on the basis of constituent feedback, that the existing disclosure requirements in AASB 12 Disclosure of Interests in Other Entities (equivalent to IFRS 12) would be sufficient to meet the needs of users of financial statements of investment entities, but that it would undertake a post-implementation review at a later time to determine if additional disclosures are warranted.

As a result of the amendments, Australian investment entities are provided with an exception to consolidation, and they are required to measure unconsolidated subsidiaries at fair value through profit or loss.

New pronouncements

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(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.)

Australian Accounting Standards Board (AASB)

Pronouncement	Key dates	More information
<p>AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities</p> <p>Provides an exemption from consolidation of subsidiaries under AASB 10 'Consolidated Financial Statements' for entities which meet the definition of an 'investment entity', such as certain investment funds. Instead, such entities would measure their investment in particular subsidiaries at fair value through profit or loss in accordance with AASB 9 'Financial Instruments' or AASB 139 'Financial Instruments: Recognition and Measurement'.</p> <p>It follows similar guidance 'Investment Entities' (Amendments to IFRS 10, IFRS 12 and IAS 27) issued by the International Accounting Standards Board in October 2012.</p> <p><i>Note: Applicable, on a modified retrospective basis, to annual periods beginning on or after 1 January 2014, a year later than AASB 10 which is applicable to annual periods beginning on or after 1 January 2013. The amendments can be applied early, and accordingly entities can elect to apply them from when they first apply AASB 10, avoiding the need for investment entities to consolidate subsidiaries only in the first year of applying AASB 10)</i></p>	<p>Effective for annual periods beginning on or after 1 January 2014</p>	<p>IFRS in focus(PDF)</p> <p>AASB 2013-5(PDF)</p>

International Accounting Standards Board (IASB)

Pronouncement	Key dates	More information
<p><i>No major accounting pronouncements released by the IASB in August 2013</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
<p><i>The IASB/AASB did not hold any regular standard setting meeting in August 2013</i></p>		

IFRS publications

- [IFRS on Point — IFRS Accounting Developments and Information: July 2013](#) (PDF) highlights critical IFRS-related financial reporting developments for the month
- [IFRS industry insights: Implications of the revised leasing exposure draft on the power and utilities sectors](#) (PDF) highlights issues from the revised exposure draft on leases that will be of interest to those in the power and utilities industries

- [Insurance Accounting Newsletter — Issue 28, August 2013](#) (PDF) provides an overview the IASB's June 2013 revised exposure draft ED/2013/7 on Insurance Contracts
- [IASB Project Insights](#) provide a quick overview of the current status of the key projects of the IASB. No new updates posted in August 2013
- [IFRS in your pocket 2013](#) (PDF) provides an update on developments up to the first quarter of 2013. It covers background information on the structure and workings of the IASB, analysis of the use of IFRSs around the world, summaries of all current Standards and Interpretations, and up-to-date details of IASB and IFRIC agenda projects.

Deloitte webinar/podcast

- [Stay Tuned Online – IFRS and UK GAAP update](#) (July 2013 webinar) - financial reporting updates series run by the Deloitte London IFRS Centre of Excellence, aimed at helping finance teams keep up to speed with IFRSs and other financial reporting issues.

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 [August 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 [essay](#) (PDF) discussing disclosure and presentation in the context of conceptual frameworks. The essay suggests a possible broader focus on 'stocks' and 'flows' and a resultant new approach to presentation and disclosure which would move away from topic based disclosure.

International Accounting Standards Board

- The IASB will hold live [web presentations](#) over the next few months on the issues raised in the Discussion Paper '[A Review of the Conceptual Framework for Financial Reporting](#)'.

Other global news

- The European Financial Reporting Advisory Group (EFRAG) has issued a draft comment letter on the IASB's revised Exposure Draft (ED) on insurance contracts ([IAS Plus article](#)).