

Monthly roundup - November 2013

Staying on top of financial reporting developments

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November 2013 edition

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Monthly highlights

IASB finalises IFRS 9 Chapter on general hedge accounting, allows for the new 'own credit risk' guidance to be applied in isolation and removes the mandatory effective date from IFRS 9

The International Accounting Standards Board (IASB) has published an amendment to IFRS 9 'Financial Instruments' which introduces a new general hedge accounting model. This represents a significant milestone in the reformation of financial instrument accounting.

IAS 39 had long been criticised as being too rules-based and viewed by many as unnecessarily preventing hedge accounting from being applied in reasonable circumstances. This has led to more volatility in profit or loss from risk management activities. The new model represents a substantial overhaul of hedge accounting that will "enable companies to better reflect their risk management activities", as Hans Hoogervorst, Chairman of the IASB has pointed out.

The amendments issued also introduced the so-called 'own credit' issue which allow entities to present changes in its own credit risk on liabilities that they have elected to measure at fair value, before applying any of the other requirements in IFRS 9 in other comprehensive income.

In addition to introduce a new general hedge accounting model, the IASB has removed the mandatory effective date for IFRS 9 as the impairment model is not yet finalised. However the option for early-adoption remains. Australian entities can refer to the [AASB work program](#) for the expected issuance date of the Australian equivalent pronouncement on IFRS 9 amendments.

Please click for:

- [IASB Press release](#)
- [IAS Plus article](#)

New pronouncements

Australian Accounting Standards Board (AASB)

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Pronouncement	Key dates	More information
<p>AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities</p> <p>The amendments provide significant guidance to assist not-for-profit entities in the private sector and in the public sector to apply AASB 10 Consolidated Financial Statements and AASB 12 Disclosure of Interests in Other Entities. The guidance does not amend or deviate from the principles underlying the Standards. The guidance illustrates the principles with a range of comprehensive examples.</p>	<p>Effective for annual periods beginning on or after 1 January 2014</p>	<p>AASB 2013-8(PDF)</p>

International Accounting Standards Board (IASB)

Pronouncement	Key dates	More information
<p>Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)</p> <p>The amendments:</p> <ul style="list-style-type: none"> bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements allow the changes to address the so-called 'own credit' issue that were already included in IFRS 9 Financial Instruments to be applied in isolation without the need to change any other accounting for financial instrument remove the 1 January 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements. 	<p>Mandatory effective date of IFRS 9 has been removed. However, entities may still choose to early adopt IFRS 9.</p>	<p>IAS Plus article</p> <p>IASB press release</p> <p>IFRS in Focus (PDF)</p>
<p>Narrow-scope amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)</p> <p>The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary</p>	<p>Applicable to annual reporting periods beginning on or after 1 July 2014 with early adoption allowed.</p>	<p>IAS Plus article</p> <p>IASB press release</p> <p>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
<p>IASB regular meeting</p> <p>28 October – 1 November</p>	<p>Topics discussed were as follows (click on the links for direct access to the Deloitte observer notes for that topic)</p>	<p>Deloitte observer note</p> <p>IASB update (PDF)</p>

2013

- [IFRS 10/IAS 27 - Sale or contribution of assets between an investor and its associate or joint venture](#)
- [IAS 28 — Equity method: Share of other net asset changes](#)
- [IAS 19 — Defined benefit plans: Employee contributions](#)
- [IFRS 7 — Servicing contracts](#)
- [Rate-regulated activities: Interim IFRS](#)
- [Revenue recognition \(IASB-FASB\)](#)
- [IFRIC update](#)
- [IAS 16/IAS 38 — Clarification of acceptable methods of depreciation and amortisation](#)
- [IFRS 11 — Acquisition of an interest in a joint operation](#)
- [IFRS 5 — Change of disposal method](#)
- [IFRS 2 — Definition of performance condition: performance target achieved after the service period](#)
- [IAS 19 — Determination of the discount rate in a regional market consisting of multiple countries sharing the same currency](#)
- [IFRS 7 — Applicability of the Amendments to IFRS 7 to condensed interim financial statements](#)
- [IAS 27 — Equity method in separate financial statements](#)
- [Rate regulated activities — Research project update](#)
- [Financial instruments — Macro hedge accounting](#)
- [Financial instruments — Impairment](#)
- [IAS 1 — Disclosure initiative](#)
- [IAS 1 — Current/non-current classification of liabilities](#)

IFRIC regular meeting

Key issues discussed include:

[Deloitte observer notes](#)

12-13 November 2013

- IAS 19 Employee Benefits –
 - Employee benefit plans with a guaranteed return on contributions or notional contributions
 - Determination of discount rate
- IFRS 2 Share-based Payment –
 - Accounting for cash-settled share-based payment transactions that include a performance condition
 - Price difference between the institutional offer price and

[IFRIC update](#) (PDF)

- the retail offer price for shares in an initial public offering
- IFRS 10 Consolidated Financial Statements – Puttable instruments that are non-controlling interests
- IFRS 10 Consolidated Financial Statements/ IFRS 11 Joint Arrangements –
 - Transitional provisions; Impairment, foreign exchange and borrowing costs
 - Investment entity subsidiary that provides investment related services
 - The definition of investment-related services or activities
 - The exemption from preparing consolidated financial statements requirements in IFRS 10
 - IAS 39 Financial Instruments: Recognition and Measurement – Accounting for repo transactions
 - IFRIC 21 – Levies that are subject to a pro-rata threshold as well as an annual threshold
 - IAS 8 Operating Segments – Distinction between a change in accounting policy and a change in accounting estimate
- IFRS 11 Joint Arrangements –
 - Summary of outreach on implementation issues
 - Accounting for interests in joint operations structured through separate vehicles
- IAS 17 Leases – Meaning of incremental costs
- IAS 12 Income Taxes – Recognition and measurement of deferred tax when an entity is loss making

IASB regular meeting

20-23 November 2013

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

[Deloitte observer note](#)

[IASB update](#) (PDF)

- [IFRS 10/IAS 28 — Sale or contribution of assets between an investor and its associate or joint venture](#)
- [IFRS 11 — Acquisition of an Interest in a Joint Operation](#)
- [IAS 16/IAS 38 — Acceptable methods of depreciation and amortisation](#)
- [Annual improvements 2010-2012 cycle — IFRS 2: Vesting conditions](#)
- [Rate-regulated activities — Interim IFRS](#)
- [IAS 1 — Disclosure initiative](#)
- [IAS 1 — Disclosures about going concern](#)
- [Revenue recognition](#)
- [Leases \(IASB/FASB\)](#)
- [Annual improvements 2012-2014 cycle](#)
- [Post-implementation review of IFRS 3](#)

- [Rate-regulated activities — Research project](#)
- [Financial instruments — Limited amendments to IFRS 9 \(classification and measurement\) \(IASB/FASB\)](#)
- [Financial instruments — Impairment](#)

The AASB did not hold any regular standard setting meeting in November 2013

IFRS publications

- [IFRS in Focus — Hedge accounting reforms: A closer reflection of risk management](#) (PDF) provides an overview of the IASB's guidance on hedge accounting
- [IFRS in Focus — Amendments to IAS 19 \(2011\) to clarify the accounting for contributions that are linked to service](#) (PDF) outlines recent amendments to the accounting under IAS 19 (2011) 'Employee Benefits' for contributions from employees or third parties that are linked to service
- Deloitte has issued several IFRS industry insights that discuss the implications of the new IFRS 9 general hedge accounting model in various industries, include; [consumer business industry](#), [manufacturing industry](#), [retail industry](#), [travel industry](#), [energy and resources](#), and [financial services](#)
- [IFRS on Point — October 2013](#) (PDF) highlights critical IFRS-related financial reporting developments for the month
- [IFRS Project Insight – Revenue recognition](#) (PDF) reflect discussions at the October 2013 IASB meeting, which included constraint on estimates of variable consideration, implementation guidance for licences and collectability
- Deloitte's IFRS Global Office has issued updated versions of the IFRS compliance, presentation and [disclosure checklist](#) and the IAS 34 compliance checklist for 2013.

Deloitte podcasts

- [Deloitte podcast](#) on the new general hedge accounting model in IFRS 9 Financial Instruments.

Deloitte Comment letter

- Deloitte [comment letter](#) on IFRS Interpretations Committee agenda decisions on IAS 29, as published in the September IFRIC Update.

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 [November 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)

International Accounting Standards Board

- The IFRS Foundation has announced the appointment of Maria Helena Santana and Lynn Wood as Trustees of the IFRS Foundation. Both replace retiring Trustees with similar background. The appointments will begin on 1 January 2014 and will expire on 31 December 2016 ([IAS Plus article](#))
- The Trustees of the IFRS Foundation have announced the appointments of 14 new members to the IFRS Advisory Council ([IAS Plus article](#))
- The International Accounting Standards Board (IASB) has issued 'Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 'Employee Benefits')'. The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service ([IAS Plus article](#))

- The International Accounting Standards Board (IASB) has published its next scheduled batch of editorial corrections for 2013. The corrections impact the IASB's "A Guide Through IFRS 2013", "2013 IFRS (Blue Book)", and "2013 IFRS (Red Book)" ([IAS Plus article](#))
- The IASB has updated its [work programme](#) as at 26 November 2013.

Other global news

- This sustainability and integrated reporting update provide a brief overview of recent topics related to sustainability reporting and integrated reporting with a focus on a FAQ on sustainability reporting, International Integrated Reporting Council (IIRC) developments, and a recent United Nations Environment Programme Finance Initiative (UNEP FI) conference ([IAS Plus article](#))
- The European Financial Reporting Advisory Group has released an updated endorsement status report to reflect the recent issue by the International Accounting Standards Board (IASB) of amendments to IAS 19 'Employee Benefits' ([IAS Plus article](#))
- The Global Reporting Initiative (GRI) has announced several new developments on the "G4 Online" tool, monitoring program, G4 XBRL taxonomy, and sustainability ([IAS Plus article](#))
- The European Financial Reporting Advisory Group (EFRAG) has released a feedback statement on their draft comment paper on accounting for Emission Trading Schemes. Eleven comment letters were received with most respondents agreeing that specific accounting guidance is needed for emission trading schemes ([IAS Plus article](#))
- The European Financial Reporting Advisory Group (EFRAG) has issued a feedback statement to summarise the comments received by the EFRAG on its draft comment letter on bearer plants ([IAS Plus article](#))
- The European Union has published a Commission Regulation endorsing 'Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)' ([IAS Plus article](#)).