

Monthly roundup - May 2014

Staying on top of financial reporting developments

Author: Wendy Wang and Moana Overton, Accounting Technical Group

May 2014 edition (Issued 5 May 2014)

In this edition:

- **Monthly highlights**
- **New pronouncements**
- **Standard setter meetings**
- **New Deloitte publications**
- **Other developments**

Monthly highlights

Updated Corporate Governance Principles and Recommendations

The ASX Corporate Governance Council has released the third edition of its Corporate Governance Principles and Recommendations. The new edition reflects developments in corporate governance which aim to elevate sustainability risks and disclosures, which is consistent with an increasing global focus on sustainability reporting and disclosures.

The third edition of the Corporate Governance Principles and Recommendations, which among others include a new recommendation 7.4 that deals with sustainability risks is as follows:

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages those risks or intends to manage those risks.

In order to comply with Recommendation 7.4 listed entities should review the enhanced risk recommendations carefully to consider whether their existing process need to be improved or a new formal process need to be implemented.

The ASX principles and recommendations continue to be applied on an 'adopt or explain' basis and is applicable for the first full financial year commencing on or after 1 July 2014. However the ASX Corporate Governance Council encourages listed entities to adopt the third edition earlier.

Please click for:

- [ASX Press release](#)
- [Corporate Governance Principles and Recommendations \(Third Edition\)](#) (PDF)
- [IAS Plus Sustainability and integrated reporting.](#)

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.)

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

© 2014 Deloitte Touche Tohmatsu

Australian Accounting Standards Board (AASB)

Pronouncement	Key dates	More information
<p>Tier 2 Supplement to ED 249 Disclosure Initiative (Proposed Amendments to AASB 101).</p> <p>Sets out the disclosures proposed in ED 249 Disclosure Initiative (Proposed amendments to AASB 101) which incorporates IASB ED/2014/1 from which it is proposed entities applying Tier 2 reporting requirements should be exempt.</p>	Comments due by 30 June 2014	Tier 2 supplement (PDF)

International Accounting Standards Board (IASB)

Pronouncement	Key dates	More information
No major accounting pronouncements released by the IASB in April 2014.		

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>AASB regular meeting</p> <p>8 – 9 April 2014</p>	<p>Key issues discussed include:</p> <ul style="list-style-type: none"> • Disclosure Initiative and related IAS 1 projects • Equity method: Share of other Net Asset Changes • Leases • Insurance • Financial Instruments • Annual Improvements • Update on IFRS Interpretations Committee activities. 	<p>AASB action alert (PDF)</p>
<p>IASB regular meeting</p> <p>22 – 25 April 2014</p>	<p>Agenda for the meeting was as follows (click on the links for direct access to the Deloitte observer notes for that topic)</p> <ul style="list-style-type: none"> • Research Programme • Bearer Plants • Rate regulated activities • Narrow-scope amendments to IFRS 10 and IAS 28: Investment Entities 	<p>Deloitte observer notes</p> <p>IASB update (PDF)</p>

- [Insurance contracts](#)
- [Equity method in separate financial statements](#)
- [IFRS Interpretations Committee issues.](#)

The IFRS IC did not hold a regular meeting in April 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 issues macro hedging discussion paper](#) (PDF) highlights IASB's April 2014 discussion paper 'Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging
- [IFRS in Focus — Decisions reached on leases project at March 2014 joint IASB and FASB meeting](#) outlines the diverging decisions reached on number of aspects of lessee and lessor accounting
- [IFRS on Point - March 2014](#) highlights critical IFRS-related financial reporting developments for the month
- [IASB Project Insights - Insurance contracts](#) provides a summary of the IASB's project on insurance contracts.

Deloitte Comment letter

- Deloitte [comment letter](#) on tentative agenda decision on IFRS 11 – Classification of joint arrangements
- Deloitte [comment letter](#) on tentative agenda decision on IFRS 3 – identification of the acquirer in accordance with IFRS 3 and the parent in accordance with IFRS 10 in a stapling arrangement
- Deloitte [comment letter](#) on tentative agenda decision on IAS 37 – Measurement of liabilities arising from emission trading schemes
- Deloitte [comment letter](#) on tentative agenda decision on IAS 32 – Accounting for a financial instrument mandatorily convertible into a variable number of shares subject to cap and a floor
- Deloitte [comment letter](#) on tentative agenda decision on IAS 19 – Employee benefit plans with a guaranteed return on contributions or notional contributions
- Deloitte [comment letter](#) on tentative agenda decision on IAS 16 – Disclosure of carrying amounts under the cost model
- Deloitte [comment letter](#) on tentative agenda decision on IAS 12 – Threshold of recognition of an asset in the situation in which tax position is uncertain
- Deloitte [comment letter](#) on tentative agenda decision on IAS 12 – Impact of an internal reorganization on deferred tax amounts related to goodwill
- Deloitte [comment letter](#) on tentative agenda decision on IAS 12 – Recognition and measurement of deferred tax assets when the entity is loss making
- Deloitte [comment letter](#) on tentative agenda decision on IAS 1 – Issues relating to application of IAS 1

- Deloitte [comment letter](#) to the IPSASB Governance Review Group's consultation paper on the future governance of the International Public Sector Accounting Standards Board (IPSASB).

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 updated its [standard –setting work program](#).
- The AASB has published [Essay 2014-1](#) “The Critical Role of the Reporting Entity Concept in Australian Financial Reporting”.

International Accounting Standards Board

- The International Accounting Standards Board (IASB) has published a [staff paper](#) on insurance contracts
- The IASB has published for public comment a [Discussion Paper](#) (PDF) on macro hedging, which explores an approach to better reflect entities' dynamic risk management activities in their financial statements
- [Investor Perspective: Dynamic risk management-accounting in an age of complexity](#) (PDF), discusses an accounting approach for dynamic risk management
- The IFRS Foundation has published 'Proposed Interim Release 1 to the IFRS Taxonomy 2014' for public comment ([IASB Press release](#)).
- The IASB has announced the launch of a web-based IFRS Research Centre designed to facilitate communication between the IASB and the research community ([IAS Plus article](#))
- The IASB has announced the membership and Chair/Vice-Chair for its IFRS Taxonomy Consultative Group ([IAS Plus article](#))
- The IASB has updated its [work programme](#) as at 30 April 2014.

Other global news

- The Federation of European Accountants has commented on the Conceptual Framework bulletin on complexity published by EFRAG and the National Standard Setters of France, Germany, Italy and the UK in February 2014 ([IAS plus article](#))
- The European Financial Reporting Advisory Group (EFRAG) has issued a draft comment letter on the IASB's Exposure Draft ED/2014/01 'Disclosure Initiative (Amendments to IAS 1)' that was issued on 25 March 2014 ([IAS plus article](#)).