



Deloitte Australia
Assurance & Advisory
18 November 2015

Monthly roundup

Staying on top of financial reporting developments

IASB issues Practice Statement on materiality,
IASB tentatively decide an effective date for the
new leasing standard.

November 2015 edition

In this edition:

Monthly highlights

New pronouncements

Standard setter meetings

New Deloitte publications

Other developments

Monthly highlights

The IASB have recently issued their Practice Statement on the application of materiality to financial statements. This draft guidance is been developed in response to concerns that materiality is not necessarily applied appropriately and consistently. This has led to disclosures as required by accounting standards being treated as a checklist, and this can result in the disclosure of immaterial information that obscures relevant, useful information.

Following the recommendation by staff, the IASB have tentatively voted for an effective date of 1 January 2019 for IFRS 16, the new standard on leases. Early adoption will be permitted but only in conjunction with the application of IFRS 15 *Revenue from Contracts with Customers*.

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.

Australian Accounting Standards Board (AASB)

Pronouncement	Key dates	More information
<i>ED 271 IFRS Practice Statement: Application of Materiality to Financial Statements</i>		
<i>The draft guidance incorporates the IASB's ED of the same name, please see below for details.</i>	Comments due by 25 January 2016	ED 271 (PDF)

International Accounting Standards Board (IASB)

Pronouncement	Key dates	More information
<i>Exposure Draft ED/2015/8 IFRS Practice Statement: Application of Materiality to Financial Statements</i>		
<p>The draft guidance, in the form of a draft Practice Statement, has been developed in response to concerns that management are often uncertain about how to apply the concept of materiality and therefore use the disclosure requirements in the Standards as a checklist. This can result in excessive disclosure of immaterial information that can obscure useful information and also make financial statements cluttered and less understandable. It can also lead to useful information being left out.</p> <p>Whether information is material or not depends on a range of factors and entity-specific circumstances, and is a matter of judgement. Determining what information is material also requires an understanding of the users of the financial statements and the decisions that they make based on those financial statements. Improving the quality and quantity of disclosures requires joint efforts by auditors, regulators, companies and standard-setters. The IASB has therefore consulted with the International Auditing and Assurance Standards Board (IAASB) and the International Organization of Securities Commissions (IOSCO) during the development of the draft Practice Statement.</p> <p>The draft guidance on materiality complements an amendment made to IAS 1 <i>Presentation of Financial Statements</i> by the IASB in 2014, which clarified that companies do not need to apply the specific disclosure requirements in Standards if the related information is not material. It also specified that a company should consider whether to provide additional disclosures when compliance with the specific requirements would be insufficient in disclosing material information.</p>	Comments due by 26 February 2016	ED 2015/8 (PDF)

IFRS Interpretation Committee

Pronouncement	Key dates	More information
<i>Interpretation DI/2015/1</i>		
The IFRS Interpretation Committee proposed a draft interpretation providing requirements on when current or deferred tax assets and liabilities should be recognised and how they should be measured when an entity has made a tax payment in respect of a disputed amount.	Comments due by 19 January 2016	DI/2015/1 (PDF)

Pronouncement**Key dates****More information*****Interpretation DI/2015/2***

The IFRS Interpretation Committee proposed a draft interpretation to provide clarity regarding which exchange rate to use when accounting for payments made in advance in respect of a transaction that is denominated in a foreign currency other than the entity's functional currency.

Comments due by
19 January 2016

[DI/2015/2](#) (PDF)

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**

The IFRS Interpretations Committee did not hold a regular meeting in October 2015.

AASB regular meeting

21-22 October 2015

Key issues discussed include:

- Income of Not-for-Profit Entities
- Reduced Disclosure Requirements (Tier 2) principles
- Service concession Arrangements : Grantor
- Conceptual Framework
- Financial Reporting by Not-for-Profit entities
- Income Tax Equivalentents
- IFRS Foundation Review
- AASB Agenda Consultation
- International Meetings Update
- International Projects Update
- Financial Reporting Framework
- Clarifications to IFRS 15 *Revenue from Contracts with Customers*
- Scope Paragraphs for AASB 8 and AASB 133
- Deferral of Effective date of AASB 15
- Research Update
- Strategic Plan Update

[AASB Action Alert](#) (PDF)

IASB regular meeting

20 - 22 October 2015

Agenda for the meeting was as follows (click on the links for direct access to the Deloitte observer notes for that topic):

- [Leases](#)
- [Pollutant pricing mechanisms \(education session\)](#)
- [Update on Impairment Transition Group](#)
- [Financial instruments with characteristics of equity](#)
- [Disclosure initiative — Cash restrictions](#)
- [Insurance contracts](#)
- [Insurance and IFRS 9](#)
- [IFRS implementation issues](#)
- [Goodwill and impairment](#)
- [Definition of a business](#)

[Deloitte observer notes](#)

[IASB update](#)(PDF)

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](#) (PDF) –IFRS Interpretations Committee publishes a draft Interpretation of IAS 12 Income Taxes – Uncertainty over income tax treatments
- [IFRS in Focus](#) – IFRS Interpretations Committee issues draft interpretation on foreign currency transactions and advance consideration
- [IFRS on Point](#) (PDF) – September 2015 highlights critical IFRS-related financial reporting developments for the month
- [IFRS Project Insights](#) (PDF) — Insurance contracts
- [IFRS industry insights](#) (PDF): Mining sector — IFRS 15, the new revenue Standard could impact profile of revenue and profit recognition

Deloitte Comment Letters

- Deloitte [Comment Letter](#) on IASB ED/2015/7 'Effective Date of Amendments to IFRS 10 and IAS 28'.
- Deloitte [Comment Letter](#) on IASB ED/2015/5 'Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund from a Defined Benefit Plan' - Proposed Amendments to IAS 19 and IFRIC 14.
- Deloitte [Comment Letter](#) on IAS ED/2015/6 'Clarifications to IFRS 15'

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 [October 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 AASB will be hosting [educational sessions](#) and roundtables to engage with constituents on ED 270 (*Reporting Service Performance Information*).
- The AASB issued the [summary document](#) for [ED 270](#) (*Reporting Service Performance Information*).
- The AASB issued an [agenda discussion](#) for the applicability of AASB 112 *Income Taxes*.
- The AASB has updated its [standard-setting work program](#) as at 27 October 2015.

International Accounting Standards Board

- An agenda paper for the next meeting of the IASB, which will be held from 19 to 22 October 2015, explains the IASB staff's expected timetable for finalising potential amendments to IFRS 4 'Insurance Contracts' that would address the interaction between IFRS 9 'Financial Instruments' and the forthcoming standard on accounting for insurance contracts ([IAS Plus article](#)).
- The Transition Resource Group for Impairment of Financial Instruments [meeting summary](#) is now available.
- The IASB has published notes to the IFRS Taxonomy Consultative Group (ITCG) meeting held on 16 September 2015 ([IAS Plus article](#)).
- Deloitte notes that based on comment letters made available publicly so far on the IASB website, constituents appear split over IASB's proposed deferral of effective date for amendments to IFRS 10 and IAS 28 ([IAS Plus article](#)).
- The IASB has released a survey to gather input from investors and analysts about its future work plan and priorities ([IAS Plus article](#)).
- The IASB has issued the seventh edition of its [newsletter](#) 'IASB Investor Update' ([IAS Plus article](#)).
- The IASB has issued the latest "Investor Perspectives" article on its future work plan ([IAS Plus article](#)).
- The IASB has published an update on its investor programme which focuses on greater investor participation in the development of IFRS ([IAS Plus article](#)).
- The IASB has tentatively decided on an effective date for IFRS 16, the new standard for leases, of 1 January 2019 ([IAS Plus article](#)).
- The IASB staff has published an update on the definition of a lease ([IAS Plus article](#)).

- The IASB has updated its work plan as at 30 October 2015 ([IAS Plus article](#))

Other global news

- The EFRAG has issued a [draft comment letter](#) on the 2015 IASB Agenda Consultation ([IAS Plus article](#)).
- Pakistan's SECP approves international financial reporting for SMEs ([IAS Plus article](#)).
- The EFRAG believes the IASB should not extend its remit beyond the current focus of the organization ([IAS Plus article](#)).
- The ESMA has issued final guidelines on alternative performance measures available in all EU languages ([IAS Plus article](#)).
- The ESMA have commented on the IASB's exposure draft ED/2015/6 Clarifications to IFRS 15 that the IASB has identified the right issues and calls for clear documentation of impacts of differences between IASB and FASB with respect to IFRS 15 ([IAS Plus article](#)).
- The IPSASB released a multimedia presentation on its consultation paper on recognition and measurement requirements for social benefits ([IAS Plus article](#)).
- The IPSASB has proposed two exposure drafts, being [ED 57](#) 'Impairment of Revalued Assets' and [ED 58](#) 'Improvements to IPSASs 2015' ([IAS Plus article](#)).
- The EFRAG have issued a questionnaire to test the interpretation of IASB's ED/2015/3 ([IAS Plus article](#)).
- The Association of Chartered Certified Accountants (ACCA) issued guidance to help entities operating in the not-for-profit sector to produce more meaningful reports using IFRS ([IAS Plus article](#)).
- The ESMA has published documents to support the implementation of the amended European Union Transparency Directive ([IAS Plus article](#)).
- The Malaysian Accounting Standards Board (MASB) has launched a financial reporting framework for private entities ([IAS Plus article](#)).
- The ESMA (European Securities and Markets Authority) has published a Public Statement aimed at improving the quality of disclosures in financial statements ([IAS Plus article](#)).
- The ESMA (European Securities and Markets Authority) has announced the priority issues that their assessment of listed companies' 2015 financial statements will focus on ([IAS Plus article](#)).
- The GRI has published a second analysis on sustainability and reporting trends in 2025 ([IAS Plus article](#)).
- A FEE paper proposes the idea of 'CORE & MORE' for corporate reporting ([IAS Plus article](#)).
- The EC have announced that they will propose not to endorse the interim standard on rate regulated activities, IFRS 14 ([IAS Plus article](#)).

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively the "Deloitte Network") is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

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.

About Deloitte

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's approximately 170,000 professionals are committed to becoming the standard of excellence.

About Deloitte Australia

In Australia, the member firm is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 5,700 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit Deloitte's website at www.deloitte.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

© 2015 Deloitte Touche Tohmatsu