

IFRS on point.

Financial Reporting Developments and Information: February 2014

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International headlines

IASB work plan update for February 2014

The International Accounting Standards Board (IASB) has updated its work plan following its recent meeting. The final IFRS on revenue recognition is now expected in the second quarter of 2014. The Exposure Drafts on the elimination of gains arising from 'downstream' transactions and on the unit of account have been delayed to the second quarter of 2014, as has been the final IFRS on sale or contribution of assets between an investor and its associate or joint venture. The expected redeliberation periods for a number of projects have been clarified and a public consultation on the post implementation review of IFRS 3 has been added to the agenda. Click [here](#) for the updated work plan.

Trustees announce membership update and upcoming review of IASB size

The Trustees of the IFRS Foundation reappointed Amaro Gomes and Pat Finnegan to serve as IASB members for another five years and also deferred any appointments of IASB members that replace retiring members until the completion of its 2015 Constitution Review. In 2015, the Trustees will conduct a review of the overall structure and effectiveness of the IFRS Foundation. In particular, the review will seek public input on the appropriate size of the IASB. The Trustees have deferred the replacement of retiring board members in an effort to reduce any prejudgement when considering the size of the IASB and its geographical diversity. In June 2014, Jan Engström and Patricia McConnell will be leaving the IASB. Jan Engström will have completed his second full term and will no longer be eligible for reappointment. Ms McConnell has decided not to seek a second term. Click [here](#) for the press release.

IASB decides on final effective date of IFRS 9

In its February meeting, the IASB decided in an 11-5 vote that the effective date for IFRS 9 shall be 1 January 2018. The original effective date of IFRS 9 was 1 January 2013 which was later amended to be 1 January 2015. In November 2013, the IASB removed the mandatory effective date completely and decided to revisit the effective date when all phases of the project are complete and a final version of IFRS 9 is issued. Click [here](#) for more information.

2014 IFRS 'Red Book' coming in soon

The IASB announced that the 2014 edition of the Bound Volume of International Financial Reporting Standards (the 'Red Book') is expected to be available in March. The 'Red Book' contains all official pronouncements issued at 1 January 2014, including all pronouncements with an effective date after 1 January 2014, but not the pronouncements that will be replaced or superseded. Accordingly, the 2014 edition contains pronouncements as a result of amendments from IFRS 9 (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39), amendments to IAS 19, IAS 36, and IAS 39, two sets of Annual Improvements to IFRSs (2011-2013 and 2010-2012), one new Interpretation (IFRIC 21 *Levies*), and the IFRS Foundation Constitution and Due

For more useful information please see the following websites:

www.iasplus.com

www.deloitte.com

Process Handbook. Click [here](#) for more information.

IASB issues investor webcasts series

As part of its Investor Education Initiative, the IASB has published a new series of investor-focused education webcasts to keep the investor community informed on recent accounting matters. The webcasts are done in collaboration with the CFA Institute.

The following webcasts are available:

- What should investors expect? – Reviews the goals, priorities, and intended outreach of the IASB Investor Education Programme.
- Off balance sheet accounting: plugging the loopholes – Discusses off balance sheet transactions issues during the financial crisis, amendments resulting from those issues, and what investors should expect from these changes.

The IASB plans to issue additional webcasts discussing how the amendments made to joint arrangement and employee benefits may affect investors. Click [here](#) for the press release and [here](#) to access the Investor Education Programme.

IFRS Foundation adds jurisdiction profiles for Panama and Suriname and updates Taiwan profile

The IFRS Foundation has added Panama and Suriname to its jurisdiction profiles on the use of IFRS. In addition, the profile for Taiwan has been updated. With these recent additions, the total number of countries surveyed has reached 124. Both Panama and Suriname allow IFRS to be used for all listed companies. The Taiwan profile has been updated to clarify which Standards have been endorsed by the Financial Supervisory Commission. Click [here](#) to access the profiles and analyses.

Maarika Paul appointed to the IFRS Advisory Council

The Trustees of the IFRS Foundation have announced the appointment of Maarika Paul to the IFRS Advisory Council. Maarika Paul currently serves as the Executive Vice-President and Chief Financial Officer of the Caisse de Dépôt et Placement du Québec. Her appointment to the IFRS Advisory Council begins immediately. Click [here](#) for the press release.

Terms of Reference and Operating Procedures for the SME Implementation Group updated

The IFRS Foundation Trustees have updated the Terms of Reference and Operating Procedures for the SME Implementation Group (SMEIG). The mission of the SMEIG is to support the international adoption of the IFRS for SMEs and to monitor its implementation. The Terms of Reference and Operating Procedures are updated by the Trustees of the IFRS Foundation from time to time to reflect changes in circumstances, due process or requirements. In October 2012, the Trustees approved an expansion of the membership of the SMEIG from 22 to a maximum of approximately 30 as of 1 July 2014, together with proposals to stagger the terms of membership from that date. And in April 2013, the IASB decided that the current SMEIG Q&A programme would continue as a two-tier system which will result in 'authoritative guidance' and non-mandatory 'educational material'. The Terms of Reference and Operating Procedures have therefore been updated to reflect these decisions. Click [here](#) for the press release and [here](#) for the updated Terms of Reference and Operating Procedures.

Applicants invited for IFRIC membership

The Trustees of the IFRS Foundation have invited applications for candidates to fill up to four vacancies on the International Financial Reporting Interpretations Committee (IFRIC) for terms that will expire on 30 June 2014. IFRIC is the interpretative body of the IASB. Members are expected to attend approximately six two-day meetings each year held in London. Terms of membership will begin on 1 July 2014 and will expire on 30 June 2017. Membership is unpaid, but the IFRS Foundation meets members' expenses of travel on IFRIC business. Applications are accepted until 8 March 2014. Click [here](#) for more information.

Speech by Hans Hoogervorst on Profit or Loss and OCI

At an Accounting Standards Board of Japan (ASBJ) seminar in Tokyo, the IASB Chairman Hans Hoogervorst gave a speech entitled 'Defining Profit or Loss and OCI... can it be done?' in which he detailed some of the main topics in the IASB's review of the conceptual framework. Mr Hoogervorst opened his speech by commenting on the situation in Japan and the relationship between the ASBJ and the IASB. Japanese representatives serve in all levels of the IASB's governance structure and Japan is among the top financial contributors and intellectual contributors to the IASB's work. As before, Hans Hoogervorst took this as an opportunity to invite Japan to fully embrace IFRSs. The IASB Chairman then turned to the current work programme and mentioned that an end is in sight on three major standards many constituents have been waiting for: revenue recognition, leases and financial instruments. The main topic of Hans Hoogervorst's speech was the IASB's work on the conceptual framework. Feedback on the IASB's discussion paper published in July 2013 had made very clear that there is still work to be done on measurement. Hans Hoogervorst admitted that another hotly-debated topic in the comment letters was the question of Profit or Loss versus Other Comprehensive Income (OCI).

Many constituents asked the IASB to define Profit or Loss as an element and to draw a clear distinction with OCI. Yet while many constituents asked for such a definition very few had suggestions as to how that might be achieved. Click [here](#) for the full text of Hans Hoogervorst's speech.

FASB diverges from the insurance project

At its recent meeting, the Financial Accounting Standards Board (FASB) tentatively decided to abandon its convergence efforts with the IASB on insurance contracts. The FASB tentatively decided to focus its future efforts on making targeted improvements to the existing U.S. GAAP insurance accounting model instead. Factors the Board considered in this decision included constituent feedback, implementation costs, and the likelihood that the FASB and IASB would be unable to agree on a converged accounting model. For short-duration contracts, the FASB tentatively decided that its targeted improvements should focus only on disclosure requirements and for long-duration contracts, the targeted improvements will take into account the requirements for recognition, measurement and disclosure. This decision would result in a U.S. insurance accounting model that would diverge significantly from the insurance accounting model proposed by the IASB. Several FASB members indicated that its targeted improvement efforts could possibly result in a long-duration accounting model similar to the building block approach being pursued by the IASB. However, such an outcome is not the primary objective of such improvements. Click [here](#) to access the webcast recording of the meeting and [here](#) to access the meeting minutes.

EFRAG suggests the IASB addresses interests in joint operations structured through separate vehicles

In a letter to the IASB, the European Financial Reporting Advisory Group (EFRAG) requested the IASB to review the issues surrounding the accounting for interests in joint operations structured through a separate vehicle in separate financial statements. Specifically, the guidance in IFRS 11, which requires a joint operator to follow in its separate financial statements the same accounting method as in its consolidated financial statements when accounting for interests in a joint operation structured through a separate vehicle, provides different options than the guidance in IAS 27, which requires investments in subsidiaries, associates or joint ventures to be accounted for at cost or fair value in the separate financial statements of the investor. These differences have created issues for listed companies that present separate financial statements in accordance with IFRSs. Click [here](#) for the press release and [here](#) for the letter to the IASB.

EFRAG and the European National Standard Setters invite companies to share their experience with applying IFRS 3

The EFRAG and the standard-setters of France, Germany, Italy and the United Kingdom invite European companies to share their practical experiences with IFRS 3 'Business Combinations' (and any consequential amendments to other Standards) in order to learn whether IFRS 3 is working as intended for European companies applying IFRSs. The objective of the outreach is to obtain evidence about any aspect of the application of IFRS 3 but will focus on whether there are areas of IFRS 3 that represent implementation challenges and whether unexpected costs have arisen when meeting the requirements of the Standard. The feedback received will assist EFRAG and its partners to prepare a response to the Request for Information. Click [here](#) for the press release from EFRAG.

Update to the EFRAG TEG composition

The EFRAG recently announced the composition of the EFRAG Technical Expert Group (TEG) to take effect as of 1 April 2014. Mike Ashley has been reappointed as the EFRAG TEG Vice-Chairman. Existing EFRAG TEG members Joanna Frykowska, Nicklas Grip, Serge Pattyn and Andrea Toselli have been reappointed. Christian Chiarasini has been appointed as a new member. Outgoing members include Nicolas de Paillerets, Marios Cosma, and Bill Hicks. Click [here](#) for the press release.

Joint outreach series started by the EFRAG, EFFAS/ABAF, and IASB

The EFRAG, the European Federation of Financial Analysts Societies (EFFAS) and the Association Belge des Analystes Financiers (ABAF), and the IASB are initiating a series of joint outreach events to discuss relevant financial reporting matters with the user community. The first outreach event will discuss the post-implementation review of IFRS 3. It will provide users of financial statements the chance to provide their input on the usefulness of the information resulting from the implementation of IFRS 3. Registration for this event is requested by 20 March 2014. Additional events on macro hedging and a high level roundtable on topical developments in financial reporting are expected in the near future. Click [here](#) for the press release.

EFRAG updated endorsement status report reflects progress on IFRIC 21 endorsement

The EFRAG has updated its Endorsement Status Report to reflect the Accounting Regulatory Committee (ARC) voting in favour of IFRIC 21 'Levies'. IFRIC 21 was issued on 20 May 2013 and has a stated effective date of annual periods beginning on or after 1 January 2014. The updated report indicates final endorsement is currently expected in the second quarter of 2014. Click [here](#) for the endorsement status report.

New Conceptual Framework bulletin on complexity

The EFRAG and the National Standard Setters of France, Germany, Italy and the United Kingdom published the latest issue of their joint publication series on the IASB's Conceptual Framework project. This bulletin explores the complexity found in financial statements and what can be done to the conceptual framework to reduce some of these complexities. Constituents wishing to comment on the views in the bulletins are invited to do so by 30 April 2014. Click [here](#) to access the conceptual framework bulletin.

EFRAG Update detailing its January developments

The EFRAG has released a new issue of its *EFRAG Update* newsletter, summarising the discussions held on the EFRAG TEG conference call of 7 January 2014 and at the EFRAG TEG meeting of 27–29 January 2014. Click [here](#) for more information and [here](#) for the EFRAG update.

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Deloitte learning

IFRS Excellence 2014

IFRS Excellence 2014 will include just-in-time blended and flexible IFRS learning as driven by member firms' learning needs and performance expectations.

Planned content includes:

- **New standards (Hedge Accounting/Revenue/Impairment)**

- Three short Brainshark modules will provide a high-level overview of the key principles and differences in accounting requirements for the new standards on Hedge Accounting, Revenue and Impairment. The planned release of the Hedge Accounting module is early April 2014, and the release of the Revenue and Impairment modules is subject to the publication of the final standards.

- **Application of standards**

- **IFRS 13 Fair Value Measurement (2 hours)** – This is facilitator-led learning covering key post-implementation issues related to IFRS 13. The planned release is in early April 2014.

- **IFRS 9 Hedge Accounting (3.5 hours)** – This is an updated version of PM316-6 Hedge Accounting (a facilitator-led unit developed for IFRS Excellence 2013) following the release of the final standard on Hedge Accounting in November 2013. The planned release is early April 2014.

- **Consolidation (1 hour)** – This is a webcast covering key post-implementation issues related to consolidation standards. The planned release is by the end of June 2014.

- **Changes on IFRS environment** – This is an ongoing regular webcast covering overviews of the key changes on IFRSs and key IASB projects. The planned release of the first webcast is early April 2014. The duration of the webcasts is approximately one hour each.

Current content development is well underway and we shall provide more updates later as and when materials are released.

If you have any questions related to IFRS Learning please contact **Llewellyn Jackson** at +27 11 806 5597.

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International accounting manual updates

International Accounting Manual (including IFRS Bound Volume)

Amended Q&As

- *IFRS 2: 34-2: Consolidation of Employee Share Trusts (Entities Applying IAS 27(2008) Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities)*

Added Q&As

- *IFRS 2: 2-11: Scope – Share Options Purchased by Employees at Fair Value but Including a Service Condition*
- *IFRS 2: 34-5: Consolidation of Employee Share Trusts (Entities Applying IFRS 10 Consolidated Financial Statements)*
- *IFRS 10: B2-1: Consolidation of Employee Share Trusts (Entities Applying IFRS 10)*
- *IAS 7: 11-1: Cash Flow Classification of Decommissioning Payments*
- *IFRS 10: 4(c)-1: Investment Entity That Is Required to Measure All of Its Subsidiaries at Fair Value Not Permitted to Present Consolidated Financial Statements*
- *IFRS 10: 27-1: Investment Entities – Summary of Requirements*
- *IFRS 10: 28-EX-1: Investment Entity Status Determined by Considering the Structure as a Whole – Example*
- *IFRS 10: 31-1: Investment Entities With Both Direct and Indirect Subsidiaries*
- *IFRS 10: 31-EX-1: Investment Entity With Both Direct and Indirect Subsidiaries – Example*
- *IFRS 10: 33-1: Non-investment Entity Parent of an Investment Entity*
- *IFRS 10: B85F-1: Exit Strategy for Equity Investments Holding Fixed-term Assets*
- *IFRS 10: B85F-2: Exit Not Required to Be Achieved in a Single Transaction or Within a Short Time Period*
- *IFRS 10: C3E-EX-1: Subsidiary Disposed of Prior to Adopting the Investment Entities Amendments – Example*

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IASB and IFRS Interpretations Committee meetings

Description

IASB meeting	Click here for the 19 – 20 February 2014 meeting notes
IFRS Advisory Council	Click here for the 24 – 25 February 2014 meeting notes

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Hot topics on IFRS

Topic

Use of IFRS by jurisdiction	Click here for more information on use of IFRS within different jurisdictions
IFRS in Europe	Click here for more information on IFRS in Europe
Global financial crisis	Click here for more information on global financial crisis
Research and education matters	Click here for more information on research and education matters
eXtensible Business Reporting Language (XBRL)	Click here for more information on XBRL

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Comment letters

	Description	Receiving party	Date issues/ Comment deadline
Comment letters issued	Exposure Draft ED/2013/9: Proposed amendments to the IFRS for SMEs	IASB	28 February 2014
	Exposure Draft ED/2013/10: Equity Method in Separate Financial Statements (Proposed amendments to IAS 27)	IASB	10 February 2014
Comment letters pending	Request for Information: Post Implementation Review on IFRS 3 Business Combinations	IASB	30 May 2014
	Exposure Draft ED/2013/11: Annual Improvements to IFRSs 2012-2014 Cycle	IASB	13 March 2014
	Ten tentative agenda decisions from the January IFRIC Update	IFRS Interpretations Committee	14 April 2014

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Effective dates

Click [here](#) for upcoming and recent effective dates.

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