

IFRS on point.

Financial Reporting Developments and Information: November 2013

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International headlines

IASB updates its work plan

The International Accounting Standards Board (IASB) has updated its work plan following its recent meeting. The redeliberations on insurance contracts have been deferred to the first quarter of 2014 and the discussion paper on rate regulation is now expected in the second quarter of 2014. Next steps in the narrow scope project on put options will be determined in the first quarter of 2014. Click [here](#) for the updated work plan.

IFRS Foundation appoints Trustees

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. Click [here](#) to access the IFRS Foundation press release.

IFRS Advisory Council membership update

The Trustees of the IFRS Foundation have announced the appointments of 14 new members to the IFRS Advisory Council. The new Advisory Council members are Peter Chambers from Investment Management Association, Micheline Dionne from International Actuarial Association, Egbert Eeftink from KPMG, Stephenie Fox from International Federation of Accountants, Dr Jens Freiberg from BDO, Jake Green from Grant Thornton, Markus Grund from International Association of Insurance Supervisors (re-appointment), John Hitchins from PwC (re-appointment), Igor Kozyrev from Lukoil, Goro Kumagai from The Securities Analysts Association of Japan, Danita Ostling from EY, Lynda Sullivan from HUB Global Insurance Group, Stephen Taylor from Deloitte, Dr Lothar Weniger from Corporate Reporting Users' Forum. The new members will replace retiring members Norbert Barth, Andrew Buchanan, Gerard Ee, Sei-Ichi Kaneko, April Mackenzie, Liz Murrall, Joel Osness, Francis Ruygt, Jerry de St. Paer, Jim Sylph, Leo van der Tas and Mark Vaessen as of 1 January 2014. From the Deloitte point of view, Stephen Taylor, Leader of Deloitte's Asia Pacific IFRS Centre of Excellence in Hong Kong, will replace retiring Advisory Council member Joel Osness, Deloitte's Global Leader IFRS Clients and Markets. Click [here](#) for the press release.

The conceptual framework should be 'aspirational'

Former IASB member Warren McGregor has coauthored a recent paper on the conceptual framework arguing that the conceptual framework is the cornerstone of high quality financial reporting and claiming that the new framework should be 'aspirational'. The paper offers an overview of the history of frameworks from standard-setting before the advent of frameworks to the present state of play in the IASB's project on the conceptual framework. The authors explain that the introduction of frameworks has a disciplining effect on standard-setters leading to improved consistency by providing them with a common frame of reference for their decision-making, but also to the fact that standard-setters can now be held accountable for their decisions.

For more useful information please see the following websites:

www.iasplus.com

www.deloitte.com

They have also given practitioners deeper understanding of standard-setters' decision-making and a fallback solution for issues not dealt with in standards. However, to fulfil such an important role a framework must be complete and up-to-date, which, as the reactivation of the IASB's project has shown, is not the case with the current IASB Framework. Click [here](#) for more information and [here](#) to access the full paper.

IASB clarifies accounting for employee contributions to defined benefit plans

The IASB has issued 'Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 'Employee Benefits')'. The amendments relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. The amendment permits a practical expedient if the amount of the contributions is independent of the number of years of service. The amendments are effective for annual periods beginning on or after 1 July 2014, with earlier application being permitted. Click [here](#) for the IASB's press release.

IASB finalises IFRS 9 chapter on general hedge accounting

The IASB has published an amendment to IFRS 9 'Financial Instruments' incorporating its new general hedge accounting model. This represents a significant milestone as it completes another phase of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new general hedge accounting model will allow reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. The amendment removed the mandatory effective date for IFRS 9 which will be set once the standard is complete with a new impairment model and finalisation of any limited amendments to classification and measurement, both of which are due to be finalised in 2014. The standard is available for early adoption but subject to local endorsement requirements. However, if an entity elects to apply it, it must apply all of the requirements in the standard at the same time. On transition the hedge accounting requirements are generally applied prospectively with some limited retrospective application. Click [here](#) for more information and [here](#) for IASB's press release.

IASB publishes additional editorial corrections

The 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)". Editorial corrections do not change the meaning or application of pronouncements, but instead correct inadvertent errors. Click [here](#) to access the full details of the editorial corrections.

Chairman Michel Prada speaks in Japan on globally consistent standards

The Chairman of the Trustees, Michel Prada, gave a speech in Tokyo during the Financial Accounting Standards Foundation conference to discuss the importance of a single set of global accounting standards. In his speech, Michel Prada expressed his concerns with jurisdictions using the 'à la carte' approach when adopting IFRS. He explained the 'à la carte' approach as jurisdictions choosing certain aspects of an IFRS standard and altering others to meet local preferences. It is his belief that everyone should fully adopt a single set of global standards in order to offer 'true international comparability' to investors. In addition, Michel Prada commented on the progress towards IFRSs as global standards, which included an increase of 25 nations that required IFRS for all or most listed companies in the past five years. Regarding Japan, Michel Prada noticed the positive signals of the recent months, including the final BAC report recommending a wider use of IFRS in Japan and the ordinances that were published as a result, the strong backing for IFRS by the Liberal Democratic Party, and the new equity index the stock exchange of Tokyo and the Nikkei announced. He expressed a hope that these might lead to the adoption of full IFRSs in Japan. Click [here](#) to access the full text of his speech.

Seminar on the IASB's Conceptual Framework discussion paper

The New Zealand Accounting Standards Board (NZASB) has recently hosted seminars on the IASB Discussion Paper DP/2013/1 'A Review of the Conceptual Framework for Financial Reporting' and has made the recording of one of the seminars freely available online. The seminar featured a presentation by IASB member Patricia McConnell supported by the IASB's Research Director Peter Clark outlining the proposals in the Discussion Paper, comments from the NZASB's Deputy Chair Kimberley Crook, outlining some possible implications of the IASB's proposals, and a concluding question and answer session. Click [here](#) for the video recording and the slide deck for the IASB's presentation.

FSB discusses accounting and convergence

The Financial Stability Board (FSB) met on 8 November in Moscow. At the meeting, the FSB discussed vulnerabilities in the global financial system and reviewed work plans for completing core financial reforms. On accounting, the FSB heard updates from the Chairs of the IASB and the US Financial Accounting Standards Board (FASB) on their continuing work to improve and converge accounting standards. Two areas were considered to be especially important for financial stability that is, loan loss provisioning and insurance contracts. Members of the FSB stressed that they are expecting finalisation of these projects soon and urged the standard-setters to make further efforts to coordinate in that regard in the interest of convergence. Click [here](#) to access the FSB press release.

EFRAG strives to enlarge General Assembly

In reaction to the Maystadt report released earlier this month, which received the unanimous support of the European Union's Economic and Financial Affairs Council (ECOFIN) to transform the European Financial Reporting Advisory Group (EFRAG), EFRAG is beginning to implement the changes concerning its own governance. Enlarging EFRAG's General Assembly to include National Funding Mechanisms (NFM) and welcome other European organisations is aimed at satisfying an earlier request of NFM (more particularly those set in France, Germany, Italy and the UK) to gain greater ownership and responsibility in EFRAG and it is also intended as an encouragement for Member States that do not yet have such a mechanism to set up one up. Click [here](#) for the press release from EFRAG.

EFRAG updates endorsement status report

EFRAG has released an updated endorsement status report to reflect the recent issue by the IASB of amendments to IAS 19 'Employee Benefits'. The amendments are effective for annual periods beginning on or after 1 July 2014. However, the endorsement status report indicates that the endorsement process is currently expected in the third quarter of 2014. The latest report also reflects the European Commission endorsement of 'Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)'. Click [here](#) to access the most updated EFRAG endorsement status report.

EFRAG's recent activities

EFRAG has released a new issue of its *EFRAG Update* newsletter, summarising the discussions held at the 6 to 8 November EFRAG Technical Experts Group (TEG) meeting and the EFRAG TEG conference calls held on 23 October and 29 October 2013. Click [here](#) for more information on the EFRAG update.

Results of the European field-test on the IASB's proposed leasing model

EFRAG and the National Standard Setters of France, Germany, Italy and the United Kingdom have conducted a field-test designed to evaluate how the proposals contained in the IASB Exposure Draft ED/2013/6 'Leases' would affect European companies applying IFRS. The field-test, conducted through a questionnaire developed by EFRAG and National Standard Setters, was focused on the practical application of the new requirements. Forty preparers participated in the field-test with almost half of the respondents from Germany. Industry wise, respondents from the retail industry were the biggest group. Regarding the practical implications, the main findings were that the most common areas of concern were assessment of the lease term where 67% of the respondents reported difficulties in applying the proposed guidance and disclosure requirements where the majority of respondents, also 67%, expect difficulties in applying the disclosure requirements as they consider them to be complex, too extensive and too detailed. Apart from the practical implications, respondents also commented on other issues. Click [here](#) to access the field test results.

EFRAG issues feedback statement on its draft comment letter for bearer plants

EFRAG has issued a feedback statement to summarise the comments received by the EFRAG on its draft comment letter on bearer plants. EFRAG's feedback statement provides the main comments received from constituents on its draft comment letter. The general consensus from constituents was that the main principle of IAS 41 was not appropriate for bearer plants and that the cost model or the revaluation model of IAS 16 applied to bearer plants would provide more useful financial information. Click [here](#) to access the EFRAG's press release.

EFRAG issues feedback statement on their draft comment paper on accounting for Emission Trading Schemes

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. Many of the respondents agreed that although Emission Trading Schemes exhibit similar characteristics to inventory and intangible assets, "no perfect analogy can be drawn from existing IFRSs". Many agreed that due to the existence of diverging accounting practices, reducing comparability of information disclosed, specific guidance would be required. Click [here](#) for more information and [here](#) for the EFRAG's press release.

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Deloitte IFRS communications and publications

Issuance Date	Description
15 November 2013	IFRS Project Insights: Revenue recognition.
19 November 2013	IFRS in Focus: Hedge accounting reforms: A closer reflection of risk management.
19 November 2013	IFRS industry insights: Financial services industry implications of the new IFRS 9 general hedge accounting model.
19 November 2013	IFRS industry insights: Energy and resources industry implications of the new IFRS 9 general hedge accounting model.
19 November 2013	IFRS industry insights: Travel industry implications of the new IFRS 9 general hedge accounting model.
19 November 2013	IFRS industry insights: Retail industry implications of the new IFRS 9 general hedge accounting model.
19 November 2013	IFRS industry insights: Manufacturing industry implications of the new IFRS 9 general hedge accounting model.
19 November 2013	IFRS industry insights: Consumer business industry implications of the new IFRS 9 general hedge accounting model.
21 November 2013	IFRS in Focus: Amendments to IAS 19 (2011) to clarify the accounting for contributions that are linked to service.

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IASB and IFRS Interpretations Committee meetings

Description	
IASB meeting	Click here for the 20 to 22 November meeting notes.
IASB meeting	Click here for the 28 October to 1 November meeting notes.
IFRS Interpretations Committee	Click here for the 12 to 13 November 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	Tentative agenda decision on IAS 29: Applicability of the concept of financial capital maintenance defined in terms of constant purchasing power units.	IFRS Interpretations Committee	20 November 2013
Comment letters pending	Exposure Draft ED/2013/9: Proposed amendments to the IFRS for SMEs.	IASB	03 March 2014
	Six tentative agenda decisions from the November IFRIC Update.	IFRS Interpretations Committee	20 January 2014
	The Discussion Paper: A review of the Conceptual Framework for the Financial Reporting.	IASB	14 January 2014

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