Deloitte's digest

An overview of standard-setting activities

April 30, 2013

At a time when it has become a difficult task to keep up to date with the recent developments in standard-setting activities, the Deloitte Digest presents a useful single source of reference for current financial reporting developments.

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Summary by standard

From time to time, standard-setters and regulators issue new rules and standards that affect your financial reporting. This document briefly describes these pronouncements and other regulatory and professional developments and indicates their effective date, transition application and entities affected.

At the time of publication, the external links included in this page were active. However, if the documents on the hosting site have been subsequently modified, moved or archived, these external links may no longer work. If you need to locate a specific document and/or external site listed on this page that is no longer active, please contact us.

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Final standards

IFRS Foundation – Amendments to the Due Process Handbook

Effective date: February 2013

Standard:	Amendments to the Due Process Handbook
Transitional provisions:	Effective February 2013. As part of the process, the IFRS Foundation issued a Feedback Statement, detailing the comments received on its proposals and the response to each of these comments.
Published by:	The IFRS Foundation
Last updated:	February 2013
Applicable to:	All publicly accountable entities (and those other entities that choose to adopt IFRS)

Recent activities

On February 18, 2013, the IFRS Foundation issued amendments to the Due Process Handbook.

In summary

Overview

The revised Handbook fully incorporates the necessary due process enhancements recommended by the 2012 Monitoring Board Governance Review and Trustees' Strategy Review, as well as recommendations from the Trustees' Review of the Efficiency and Effectiveness of the IFRIC.

The revised Handbook: (i) consolidates the due process requirements of the IASB and the IFRIC into a single document; (ii) outlines the responsibilities and activities of the Trustees' Due Process Oversight Committee (DPOC), together with the process for handling perceived breaches of due process; (iii) includes a more extensive discussion of the process of assessing the likely effects of an IFRS; (iv) describes the research programme, which has become the development base from which potential standards-level projects will be identified; (v) outlines the practice that the IASB and IFRIC follow for addressing matters that are narrow in scope; (vi) describes how the IASB expects to conduct and complete post implementation reviews; and (vii) includes consideration of due process requirements related to the extensive programme of outreach activities that is now routinely conducted by the IASB as part of its standard-setting activities.

Available resources and links

- IFRS Foundation Press Release (February 2013)
- Due Process Handbook (February 2013)
- Feedback Statement (February 2013)

AcSB Adoption of IFRSs by Entities with Rate-regulated Activities

Effective date: Fiscal years commencing on or after January 1, 2015

Standard:	Amendment to the Introduction to Part I of the Handbook
Transitional provisions:	Eligible qualifying entities are permitted by the AcSB to defer mandatory adoption of IFRSs until fiscal years commencing on or after January 1, 2015.
Published by:	AcSB
Last updated:	February 2013
Applicable to:	Publicly accountable enterprises with rate-regulated activities

Recent activities

In February 2013, noting the IASB's intention to issue an interim standard by the end of 2013, the AcSB decided to extend the existing deferral of the mandatory IFRS changeover date for entities with qualifying rate-regulated activities by an additional year to January 1, 2015 (from January 1, 2014).

At their meeting on September 5-6, 2012, AcSB decided to extend the deferral of the mandatory IFRS changeover date for entities with rate-regulated activities by an additional year to January 1, 2014.

At its meeting on March 20-21, 2012, the AcSB decided to extend the deferral of the mandatory IFRS changeover date for entities with rate-regulated activities by a further year to January 1, 2013.

At its September 2010 meeting, the AcSB decided to require entities with rate-regulated activities to adopt IFRSs for the first time no later than annual periods beginning on or after January 1, 2012.

In summary

Overview

Note that these optional deferrals in respect of the adoption of IFRSs apply to the consolidated financial statements of the parent company of a qualifying entity that is subject to rate regulation and to the qualifying rate-regulated subsidiary itself but not to the stand alone financial statements of other subsidiaries of the parent which do not, themselves, qualify for the deferral.

As a reminder, a qualifying entity is an entity that is subject to cost of service rate regulation that has recognized regulatory assets or regulatory liabilities in its financial statements as a result of rate regulation. These entities will also have made the appropriate disclosures required under AcG-19 *Disclosures by Entities Subject to Rate Regulation.*

The AcSB requires that an entity choosing to defer its IFRS changeover date disclose that fact, and when it will first present financial statements in accordance with IFRSs.

Available resources and links

- AcSB News (February 2013
- AcSB Decision Summary (September 2012
- AcSB Bulletin, July 2012
- AcSB Decision Summary (March 2012)
- AcSB Staff FAQ (April 2012)
- CICA Handbook – Accounting, Part I: Highlight Summary No. I.5 (October 2010)

IFRS Foundation: Accounting Standards Advisory Forum

Effective date: March 2013

Standard:	N/A – Formation of the inaugural Accounting Standards Advisory Forum
Transitional provisions:	N/A
Published by:	IASB
Last updated:	March 2013
Applicable to:	All publicly accountable entities (and those other entities that choose to adopt IFRS)

Recent activities

On March 19, 2013, the Trustees of the IFRS Foundation announced the inaugural membership of the Accounting Standards Advisory Forum (ASAF).

In summary

Overview

The principal purpose of the new advisory group, to be known as the Accounting Standards Advisory Forum (ASAF), is to provide technical advice and feedback to the IASB.

The establishment of the ASAF responds to the widespread international acceptance of IFRSs. Much of the existing bilateral dialogue between the IASB and major national standard-setters (such as the FASB and the AcSB) and regional bodies will be subsumed into the activities of the Forum, resulting in a more streamlined and effective dialogue between the IASB and this important group of stakeholders from the standard-setting community.

Further relevant information re the inaugural ASAF: (i) Size and geographical balance – The inaugural 12 members of the ASAF consist of the following representatives: Africa - 1 seat; Americas - 3 seats (including both the AcSB and the FASB); Asia-Oceania - 3 seats; Europe (including non-EU) - 3 seats; and World at large - 2 seats. It is proposed that the membership of the ASAF will be reviewed every two years. (ii) Number of meetings per annum - The ASAF is expected to meet four times a year with the IASB. Each meeting would be for 1.5 days, with the first such meeting being in April 2013.

Available resources and links

- IFRS Foundation Press Release (March 2013)
- ASAF Website page

IFRS Foundation: Taxonomy 2013

Effective date: Immediately

Standard:	IFRS Taxonomy 2013
Transitional provisions:	N/A
Published by:	IFRS Foundation
Last updated:	March 2013
Applicable to:	All entities required to file XBRL exhibits with the SEC

Recent activities

On March 28, 2013, the IFRS Foundation has published the IFRS Taxonomy 2013.

In summary

Overview

The architecture framework of the 2013 taxonomy is consistent with previous versions and consolidates all IFRS Taxonomy interim releases that were published in 2012. In addition, the IFRS Taxonomy 2013 includes concepts that reflect some industry practices. These concepts have been derived from an analysis of financial statements prepared by companies' representatives from the banking, insurance and extractive (mining and energy) industries.

In accordance with the IFRS Foundation's due process for its XBRL activities, the IFRS Taxonomy 2013 has undergone a comprehensive review by the XBRL Quality Review Team which is an external advisory committee that supports the IFRS Foundation by reviewing taxonomy drafts. Furthermore, a public review that ended on March 18, 2013 resulted in the submission of comments, which were analysed and, where relevant, integrated into the final version.

Available resources and links

- Press release
- IFRS Taxonomy 2013

Proposed standards

IASB/AcSB Amendment to IAS 19, Defined Benefit Plans: Employee Contributions UPDATED

Comment period ends July 25, 2013

Proposed standard:	Amendment to IAS 19, *Defined Benefit Plans*: Employee Contributions
Proposed effective date:	The IASB expects to finalize the amendment in Q4/2013
Published by:	IASB and AcSB
Last updated:	April 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

On April 16, 2013, the AcSB issued an ED that corresponds to the IASB's ED.

On March 25, 2013, the IASB issued for public comment an ED of a proposed narrow- scope amendment to IAS 19.

In summary

Overview

The IASB proposes to amend IAS 19 to specify that contributions from employees or third parties set out in the formal terms of a defined benefit plan are recognized as a reduction in the service cost in the same period in which they are paid, if the contributions are linked solely to the employee's service rendered in that period. An example would be if the contributions are a fixed percentage of salary and that percentage of salary does not change regardless of the number of years of service or any other factors.

The project arose out of a request to the IFRIC.

Available resources and links

- Deloitte Project Insights Summary
- IASB Press Release (March 2013)
- IASB ED (March 2013)
- Deloitte IFRS in Focus (April 2013)
- IASB Project Summary
- AcSB ED (April 2013)

IASB/AcSB - Amendments to IAS 28, Equity method: Share of Other Net Asset Changes

Comment period ends on March 22, 2013

Proposed standard:	Amendments to IAS 28, *Investments in Associates and Joint Ventures*
Proposed effective date:	The IASB expects to finalize the amendments to IAS 28 in Q4/2013.
Published by:	IASB and AcSB
Last updated:	March 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

On December 10, 2012, the AcSB issued an ED that corresponds to the IASB's ED.

On November 22, 2012, the IASB published for public comment an ED of proposed amendments to IAS 28, *Investments in Associates and Joint Ventures*.

In summary

Overview

The objective of the proposed amendments is to provide additional guidance in IAS 28. Specifically, it aims to provide guidance on how investors should recognize their share of the changes in the net assets of an investee that are not recognized in profit or loss or other comprehensive income of the investee, and that are not distributions received (i.e. 'other net asset changes').

As a result of a consequential amendment made by the 2007 revision to IAS 1 *Presentation of Financial Statements*, paragraph 10 of IAS 28 no longer states whether, and if so, where, the investor should account for its share of other net asset changes of the investee that are not recognized in profit or loss or other comprehensive income (OCI) of the investee, or that are not distributions received ('other net asset changes'). As a result of that consequential amendment, some view paragraphs 3 and 10 as being inconsistent with each other, or at least unclear.

To address this issue, the ED proposes to amend IAS 28 so that: (i) an investor should recognize in the investor's equity its share of the changes in the net assets of the investee that are not recognized in profit or loss or OCI of the investee, and that are not distributions received; and (ii) an investor should reclassify to profit or loss the cumulative amount of equity that the investor had previously recognized when the investor discontinues the use of the equity method.

The ED includes (i) a markup of the proposed amended wording of IAS 28, and (ii) a Basis of Conclusions for the proposed amendments.

Available resources and links

- Deloitte Project Insights Summary
- Press Release (November 2012)
- IASB ED (November 2012)
- AcSB ED (December 2012)
- Deloitte IFRS in Focus (December 2012)

IASB Amendments to IAS 36, Recoverable Amount Disclosures for Non-financial Assets UPDATED

Comment period ends on March 19, 2013

Proposed standard:	Amendments to IAS 36, *Recoverable Amount Disclosures for Non-financial Assets*
Proposed effective date:	The IASB proposes that the amendments should be applied retrospectively for annual periods beginning on or after January 1, 2014. The IASB also proposes to permit earlier application, but will not require an entity to apply those amendments in periods (including comparative periods) in which the entity does not also apply IFRS 13. The IASB expects to finalize these amendments in Q2/2013.
Published by:	IASB and AcSB
Last updated:	April 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

At its meeting on April 23-25, 2013, the IASB considered respondents' comments to the ED and tentatively decided to proceed with the final amendments subject to only minor drafting modifications. The IASB expects to issue these amendments to IAS 36 in May 2013.

On January31, 2013, the AcSB issued an ED that corresponds to the IASB's ED.

On January 18, 2013, the IASB published for public comment an ED entitled *Recoverable Amount Disclosures for Non-financial Assets (Proposed Amendments to IAS 36)*

In summary

Overview

When developing IFRS 13, the IASB decided to amend IAS 36 to require the disclosure of information about the recoverable amount of impaired assets, particularly if that amount is based on fair value less costs of disposal.

However, it has come to the IASB's attention that some of the amendments made to IAS 36 have resulted in the requirement being more broadly applicable than the IASB intended. In particular, the IASB had originally intended that the amendment would require an entity to disclose the recoverable amount of an asset (including goodwill) for which an impairment loss was recognized or reversed during the reporting period. However, instead, an entity is now required to disclose the recoverable amount of each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant when compared to the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives.

Accordingly, the ED proposes to amend IAS 36 to reflect the IASB's original intentions.

Available resources and links

- Deloitte Project Insights Summary
- Deloitte IFRS in Focus (February 2013)
- IASB Press Release (January 18, 2013)
- IASD ED (January 2013)
- AcSB ED (January 2013)

IASB/AcSB Amendment to IAS 39, Financial Instruments: Recognition and Measurement, and IFRS 9, Financial Instruments - Novation of derivatives and continuation of hedge accounting

Comment period ends July 25, 2013

Proposed standard:	Amendment to IAS 39*, Financial Instruments: Recognition and Measurement* and IFRS 9*, Financial Instruments*
Proposed effective date:	The IASB expects to finalize the amendment in Q2/2013 or Q3/2013
Published by:	IASB and AcSB
Last updated:	March 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

On February 28, 2013, the IASB issued for public comment an ED of a proposed narrow-scope amendment to IAS 39 and IFRS 9. On March 12, 2013, the AcSB issued an ED that corresponds to the IASB's ED.

In summary

Overview

The objective of the amendment is to provide an exception to the requirement for the discontinuation of hedge accounting in IAS 39 and IFRS 9 in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations.

The project arose out of a request to the IFRIC.

Engagement team's insights

Available resources and links

- Deloitte Project Insights Summary
- IASB Press Release (February 2013)
- IASB ED (February 2013)
- AcSB ED (March 2013)
- IASB Project Summary

IASB/AcSB - Amendments to IFRS 9, Financial Instruments: Classification and Measurement

Comment period ends on March 28, 2013

Proposed standard:	Amendments to IFRS 9, *Financial Instruments: Classification and Measurement*
Proposed effective date:	The IASB plans to make these limited amendments to IFRS 9 on an expedited basis. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2015, with early application permitted.
Published by:	IASB
Last updated:	February 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

On February 11, 2013, the AcSB issued an ED that corresponds to the IASB's ED.

On November 29, 2012, the IASB published for public comment an ED of proposed limited amendments to IFRS 9, *Financial Instruments: Classification and Measurement.*

In summary

Overview

The proposals form part of a wider project to reform accounting for financial instruments, and are part of the Classification and Measurement phase of that project. The IASB published new classification and measurement requirements for financial assets in 2009 and for financial liabilities in 2010. However, in January 2012 the IASB decided to consider limited amendments in order to: (i) clarify a narrow range of application questions; (ii) reduce key differences with the FASB's tentative classification and measurement model to achieve increased comparability internationally in the accounting for financial instruments; and (iii) take into account the interaction between the classification and measurement of financial assets and the accounting for insurance contract liabilities.

Because IASB believes that IFRS 9 is fundamentally sound and because some entities have already adopted or prepared to adopt IFRS 9 as previously published, the IASB sought to minimize changes to the requirements. The amendments are therefore consistent with the business model driven classification structure in IFRS 9.

Of note, the ED proposes the introduction of a fair value through other comprehensive income (FVOCI) measurement category for debt instruments that would be based on an entity's business model.

Available resources and links

- Deloitte Project Insights Summary
- Press Release (November 2012)
- IASB Snapshot (November 2012)
- IASB ED (November 2012)
- AcSB ED (February 2013)
- Deloitte IFRS In Focus (December 2012)
- IASB Project Summary

IASB/AcSB Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Comment period ends April 23, 2013

Proposed standard:	Proposed narrow-scope amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*.
Proposed effective date:	The IASB expects to finalize these amendments in Q4/2013.
Published by:	IASB and AcSB
Last updated:	March 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

On January30, 2013, the AcSB issued an ED that corresponds to the IASB's ED.

On December 13, 2012, the IASB published for public comment an ED of proposed narrow-scope amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures.*

In summary

Overview

The objective of the proposed amendments is to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of a subsidiary. The main consequence of the proposed amendments is that a full gain or loss would be recognised on the loss of control of a business (whether it is housed in a subsidiary or not), including cases in which the investor retains joint control of, or significant influence over, the investee.

The issue originated from a submission to the IFRIC. As a result, the IFRIC recommended that the IASB should amend IFRS 10 and IAS 28.

Available resources and links

- Deloitte Project Insights Summary
- Deloitte IFRS in Focus (February 2013)
- IASB Press Release (December 2012)
- IASB ED (December 2012)
- AcSB ED (January 2013)

IASB/AcSB Annual Improvements to IFRSs: 2010-2012 Cycle (To be effective 2014) UPDATED

Comment period ends on September 5, 2012

Proposed standard:	The proposed amendments reflect issues discussed by the IASB in the project cycle that began in 2010 and relate to the following eleven standards: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 1, IAS 7, IAS 12, IAS 16, IAS 24, IAS 36 and IAS 38.
Proposed effective date:	The IASB expects to finalize the annual improvements in Q3/2013. The proposed effective date for the amendments is generally for annual periods beginning on or after January 1, 2014, while the amendment to IFRS 3 and the proposed consequential amendment to IFRS 9 are for annual periods beginning on or after January 1, 2015. Early adoption is to be permitted for all the proposed amendments.
Published by:	IASB and AcSB
Last updated:	April 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

Most recently, at its meeting on April 23-25, 2013, the IASB discussed comments received on two of the items included in the ED (namely the item under IAS 16 and 36 relating to proportionate restatement of accumulated depreciation using the revaluation method and the item under IAS 7 relating to Interest paid that is capitalized).

At its meeting on December 13-17, 2012, the IASB tentatively decided that the accounting for deferred tax assets for unrealised losses on debt instruments should be clarified by a separate narrow-scope amendment to IAS 12.

On June 19, 2012, the AcSB issued a similar ED for comment.

On May 3, 2012, the IASB published for public comment an ED of proposed amendments to eleven IFRSs under its annual improvements project.

In summary

Overview

Details of the proposed amendments are as follows:

- IFRS 2, *Share-based Payment* : Definition of 'vesting conditions'

Clarifies the definition of 'vesting conditions' by separately defining a 'performance condition' and a 'service condition' in Appendix A of IFRS 2.

- IFRS 3, *Business Combinations:* Accounting for contingent consideration in a business combination

Clarifies that: (a) classification of contingent consideration in a business combination as either a liability or an equity instrument is based solely on the requirements of IAS 32, Financial Instruments: Presentation; and (b) contingent consideration in a business combination that is not classified as an equity instrument is subsequently measured at fair value, with the corresponding gain or loss recognized either in profit or loss or other comprehensive income in accordance with IFRS 9, Financial Instruments.

- IFRS 8, *Operating Segments:* Aggregation of operating segments

Requires entities to disclose the judgments made in identifying its reportable segments when operating segments have been aggregated, including a description of the operating segments that have been aggregated.

- IFRS 8, *Operating Segments:* Reconciliation of the total of the reportable segments' assets to the entity's assets

Clarifies the requirement to provide a reconciliation between the total reportable segments' assets and the entity's assets if segment assets are regularly provided to the chief operating decision maker.

- IFRS 13, *Fair Value Measurement:* Short-term receivables and payables

Clarifies that an entity is not required to discount short-term receivables and payables without a stated interest rate below their invoice amount when the effect of discounting is immaterial.

- IAS 1, *Presentation of Financial Statements:* Current/non-current classification of liabilities

Clarifies that a liability is classified as non-current if an entity expects, and has the discretion, to refinance or roll over the obligation for at least 12 months after the reporting period under an existing loan facility with the same lender and on the same or similar terms.

- IAS 7, *Statement of Cash Flows*: Interest paid that is capitalized

Clarifies that capitalized interest payments should have a consistent classification in the statement of cash flows with other payments for the underlying asset into which those payments were capitalized.

- IAS 12, *Income Taxes*: Recognition of deferred tax assets for unrealized losses

Clarifies that: (a) the assessment of whether to recognize the tax effect of a deductible temporary difference as a deferred tax asset should be made as a combined assessment of all temporary differences that, when they reverse, will give rise to deductions against the same type of taxable income; (b) taxable profit against which an entity assesses a deferred tax asset for recognition is the amount preceding any reversal of deductible temporary differences; and (c) only actions that create or increase taxable profit are representative of tax planning opportunities.

- IAS 16, *Property, Plant and Equipment*, and IAS 38, *Intangible Assets:* Revaluation method – proportionate restatement of accumulated depreciation

Clarifies that accumulated depreciation should be computed as the difference between the gross and the net carrying amounts after restating the gross carrying amount in a manner consistent with the revaluation of the net carrying amount when an item of property, plant and equipment or an intangible asset is revalued. The computation of accumulated depreciation is independent of the selection of a valuation technique.

- IAS 24, *Related Party Disclosures:* Key management personnel

Clarifies the identification and disclosure requirements for related party transactions that take place when key management personnel services are provided by a management entity that is not otherwise a related party of the reporting entity by extending the definition of a 'related party' to include management entities, extending the disclosure requirements of IAS 24 to require the separate disclosure of transactions for the provisions of key management personnel services and excluding from the disclosure requirements of IAS 24 key management personnel compensation that is provided by a management entity to its own employees.

- IAS 36, *Impairment of Assets:* Harmonization of disclosures for value in use and fair value less costs of disposal

Clarifies that the disclosure requirements in IAS 36 which are applicable to value in use are also applicable to fair value less costs of disposal when a present value technique is used to estimate the recoverable amount and there has been a material impairment loss or impairment reversal in the period.

Available resources and links

- Deloitte Project Insights Summary
- IFRS Press Release
- Deloitte IFRS in Focus, May 2012
- IASB ED
- AcSB ED
- IFRS Project Summary

IASB/AcSB Annual Improvements to IFRSs: 2011-2013 Cycle (to be effective 2014) UPDATED

Comment period ends on February 18, 2013

Proposed standard:	The proposed amendments reflect issues discussed by the IASB in the project cycle that began in 2011 and relate to the following four standards: IFRS 1, IFRS 3, IFRS 13, and IAS 40.
Proposed effective date:	The IASB currently expects to finalize the annual improvements in Q4/2013. The proposed effective date for the amendments is for annual periods beginning on or after January 1, 2014. Early adoption is to be permitted for all the proposed amendments.
Published by:	IASB and AcSB
Last updated:	April 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

On December 12, 2012, the AcSB issued an ED that corresponds to the IASB's ED.

On November 20, 2012, the IFRS published for public comment an ED of proposed amendments to four IFRSs (IFRS 1, *First-time Adoption of International Financial Reporting Standards*; IFRS 3, *Business Combinations*; IFRS 13, *Fair Value Measurement*; and IAS 40, *Investment Property*) under its annual improvements project.

In summary

Overview

Details of the proposed amendments are as follows:

- IFRS 1, *First-time Adoption of International Financial Reporting Standards*: Meaning of "each IFRS effective at the end of an entity's first IFRS reporting period"

The IASB was asked to consider the meaning of "each IFRS effective at the end of an entity's first IFRS reporting period" as used in paragraph 7 of IFRS 1. The IASB had been informed that there was uncertainty about which version of an IFRS should be applied in an entity's first IFRS financial statements in circumstances where a new or a revised IFRS that is not yet mandatory, but that can be adopted early, has been issued. The IASB had been asked to clarify which version of the IFRS should be applied.

Accordingly the IASB proposes to amend paragraph BC11 and add paragraph BC11A to clarify that if a new IFRS is not yet mandatory but permits early application, that IFRS is permitted, but not required, to be applied in the entity's first IFRS financial statements.

- IFRS 3, *Business Combinations:* Scope exceptions for joint ventures

IFRIC observed that there was uncertainty about whether paragraph 2(a) of IFRS 3, which excludes the formation of joint ventures from the scope of IFRS 3, should have been amended to refer to joint arrangements when IFRS 11 was issued. The IASB did not change the wording of the scope exclusion in paragraph 2(a) of IFRS 3 for 'the formation of a joint venture' when it replaced IAS 31, *Interests in Joint Ventures,* with IFRS 11, *Joint Arrangements.* There was also uncertainty about whether the scope exclusion in paragraph 2(a) of IFRS 3 only addresses:(a) the accounting by the joint arrangements themselves in their financial statements; or (b) the accounting by the parties to the joint arrangement for their interests in the joint arrangement.

The IASB concluded that paragraph 2(a) of IFRS 3 should be amended to address all types of joint arrangements and to remove uncertainty about the financial statements to which it applies. Consequently, the IASB proposes to amend paragraph 2(a) of IFRS 3 to:

a) exclude the formation of all types of joint arrangements from the scope of IFRS 3 by replacing 'joint venture' with 'joint arrangement'; and
b) clarify that it only excludes the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself from the scope of IFRS 3.

- IFRS 13, *Fair Value Measurement:* Scope of paragraph 52 (portfolio exception)

Paragraph 52 of IFRS 13 defines the scope of the exception that permits an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis if the entity manages that group of financial assets and financial liabilities on the basis of its net exposure to either market risk or credit risk. This is referred to as the "portfolio exception".

The IASB proposes to amend paragraph 52 to clarify that the "portfolio exception" applies to all contracts within the scope of IAS 39, *Financial Instruments: Recognition and Measurement,* or IFRS 9, *Financial Instruments*, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32, *Financial Instruments: Presentation*.

- IAS 40, *Investment Property:* Acquisition of investment property: interrelationship with IFRS 3

IFRIC reported to the IASB that practice differed in delineating the scope of IFRS 3, *Business Combinations*, and IAS 40, *Investment Property,* as follows*:*

a) Some considered both Standards as mutually exclusive if investment property with associated insignificant ancillary services, as specified in paragraph 11 of IAS 40, is acquired. They view property, together with any associated insignificant ancillary services, as being a single 'unit of account' and they consider this unit of account to be one asset called 'investment property'.
b) Others did not view IFRS 3 and IAS 40 as being mutually exclusive if investment property with associated insignificant ancillary services, as specified in paragraph 11 of IAS 40, is acquired; nor did they view the definitions of a business as defined in Appendix A of IFRS 3 and investment property as defined in paragraph 5 of IAS 40 as being interrelated. They think that an entity acquiring investment property has to determine whether it meets both definitions.

The IASB agrees with the proponents of the view presented in paragraph (b) above that IFRS 3 and IAS 40 are not mutually exclusive. It proposes to amend IAS 40 to state explicitly that judgment is also needed to determine whether the transaction is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of IFRS 3 that includes an investment property. That judgment is not based on paragraphs 7–15 of IAS 40 but is instead based on the guidance in IFRS 3. Only the judgment needed to distinguish investment property from owner-occupied property is based on these paragraphs. Consequently, the IASB proposes to clarify the interrelationship of the two Standards by adding paragraph 14A and a heading before paragraph 6 to IAS 40.

Engagement team's insights

Available resources and links

- Deloitte Project Insights Summary
- Press Release (November 2012)
- IASB ED (November 2012)
- AcSB ED (December 2012)
- Deloitte IFRS in Focus (December 2012)
- IASB Project Summary

IASB/AcSB Conceptual Framework UPDATED

Comment period ended on July 16, 2010

Proposed standard:	This is a project of the IASB to develop a conceptual framework for the development of future accounting standards.
Proposed effective date:	The IASB currently expects to issue a DP in July 2013
Published by:	IASB and AcSB
Last updated:	April 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

Most recently, at its meeting on April 23-25, 2013, the IASB continued its discussions on the Conceptual Framework project by providing comments on a series of staff papers that taken together comprise an early draft of the Conceptual Framework DP.

In summary

Overview

At their meeting on September 20-28, 2012, the IASB discussed how to restart the project on the Conceptual Framework and agreed unanimously with the following approach:

a) the project should focus on elements of financial statements (including recognition and derecognition), measurement, reporting entity, presentation and disclosure.
b) the aim should be to work towards a single DP covering all of these areas and then a single ED, rather than separate documents for each area.
c) the IASB will conduct this project as an IASB project, not as a joint project with any other standard-setter.
d) the IASB should have a consultative group for this project. National standard-setters, or regional organisations of standard-setters, should constitute a significant proportion of the membership of the group.
e) the IASB should complete the project by September 2015.

On this basis, the IASB staff will begin to develop material for a DP. The IASB plans to begin discussing that material in early 2013 and to publish the DP in the first half of 2013.

Available resources and links

- Deloitte Project Insights Summary
- IASB Project Summary (including a copy of the current ED and related Comment Letters) (www.ifrs.org)
- IAS Plus Commentary (www.iasplus.com)
- AcSB's exposure draft (www.acsbcanada.org)
- IASB's exposure draft (www.ifrs.org)

IASB Comprehensive review of the IFRS for Small and Medium-Sized Entities (IFRS for SMEs) UPDATED

Comment period ends on November 30, 2012

Proposed standard:	N/A. The IASB has issued a Request for Information as the first step in its initial comprehensive review of the IFRS for SMEs.
Proposed effective date:	N/A
Published by:	IASB
Last updated:	April 2013
Applicable to:	Small and Medium-sized Entities (SMEs) that are not publicly accountable enterprises

Recent activities

Most recently, the IASB discussed this project at their meeting in April 2013, including a discussion as to whether to update IFRS for SMEs in the light of new and revised standards that have been issued since it was first published such as IFRS 3, IFRS 10, IFRS 11 and IFRS 13, and IAS 19.

On June 26, 2012, the IASB has issued a Request for Information as the first step in its initial comprehensive review of the IFRS for SMEs.

In summary

Overview

IFRS for SMEs do not represent Canadian accounting principles. The AcSB determined instead to develop Part II of the CICA Handbook – Accounting for use by Private Enterprises.

When the IASB issued the IFRS for SMEs in July 2009, it said that it would undertake an initial comprehensive review of the Standard to enable the IASB to assess the first two years' experience in implementing the Standard and consider whether there is a need for any amendments. Companies have been using the IFRS for SMEs in 2010 and 2011. Therefore, the initial comprehensive review has commenced in 2012.

The initial step in the comprehensive review is the issue of this Request for Information by the IASB. The IASB's SME Implementation Group (SMEIG) worked closely with IASB staff to develop the Request for Information. The objective of the document is to seek public views on whether there is a need to make any amendments to the IFRS for SMEs, and, if so, what amendments should be made.

The SMEIG approved and submitted the final draft of the Request for Information to the IASB Board for review at its June 2012 meeting with a recommendation for issue. At its June 2012 meeting, the IASB approved the publication of the Request for Information with a deadline for responses of November 30, 2012.

Available resources and links

- Deloitte Project Insights Summary
- Press release
- Request for information
- IASB Project Summary
- Deloitte IFRS IN Focus, July 2012

IASB Disclosure Survey

Comment period ends January 15, 2013

Proposed standard:	N/A - This is part of a project that is a 'short-term initiative' to explore opportunities to see how those applying IFRS can improve and simplify disclosures within existing disclosure requirements. The Survey is issued by the staff of the IASB and is aimed at assisting the IASB to gain a clearer picture on the perceived "disclosure problem" in advance of the IASB's public Discussion Forum held on January 28, 2013
Proposed effective date:	N/A
Published by:	IASB
Last updated:	February 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

On January 24, 2013, the IASB published the results of the Survey. Over 80% of the 225 respondents agreed that improvements could be made to the way financial information is disclosed. The IASB expects to publish a Feedback Statement on the Discussion Forum in Q2/2013.

On December 20, 2012 staff of the IASB issued a Disclosure Survey that is aimed at assisting the IASB to gain a clearer picture on the perceived "disclosure problem" in advance of the IASB's public Discussion Forum held on January 28, 2013.

In summary

Overview

This is part of a project that is a 'short-term initiative' to explore opportunities to see how those applying IFRS can improve and simplify disclosures within existing disclosure requirements. In implementing this initiative, the IASB announced a Disclosure Forum designed to bring together securities regulators, auditors, investors and preparers.

Information received from this process will be used as input in the disclosure parts of the IASB's *Conceptual Framework* project.

The disclosure survey is directed at preparers and users and others interested in or affected by disclosure requirements. It is aimed at assisting the IASB to gain a clearer picture on the perceived "disclosure problem" in advance of the IASB's forthcoming public Discussion Forum on that matter. The public forum will take place on January 28, 2013 in London, UK.

All responses to the survey will be confidential and no information published will be attributable to any individual or organisation. The survey will take around 10 minutes to complete (depending on the amount of additional information provided).

Available resources and links

- Deloitte Project Insights Summary
- IASB Results of Survey (January 2013)
- IASB Press Release (December 2012)
- IASB Disclosure Survey (December 2012)

IIRC International Integrated Reporting Framework

Comment period ends on July 15, 2013

Proposed standard:	International Integrated Reporting Framework
Proposed effective date:	The IIRC plans to issue its Framework in December 2013 and will update it periodically thereafter
Published by:	IIRC
Last updated:	April 2013
Applicable to:	The Framework is intended primarily for application by private sector, for-profit companies of any size but it can also be applied, adapted as necessary, by public sector and not-for-profit organizations.

Recent activities

On April 16, 2013, the IIRC issued for public comment a Consultation Draft of its proposed International Integrated Reporting Framework.

On February 7, 2013, the IASB and the IIRC announced the signing of a Memorandum of Understanding that will see the two organisations deepen their cooperation on the IIRC's work to develop an integrated corporate reporting framework.

On September 12, 2011, the International Integrated Reporting Committee (IIRC) published a Discussion Paper: *Towards Integrated Reporting – Communicating Value in the 21st Century*, for comment.

In summary

Overview

The purpose of the Framework is to assist organizations with the process of Integrated Reporting. In particular, the Framework establishes Guiding Principles and Content Elements that govern the overall content of an integrated report, helping organizations determine how best to express their unique value creation story in a meaningful and transparent way. The Framework does not, however, set benchmarks for such things as the quality of an organization's strategy or the level of its performance. Assessing these things is the role of the intended report users based on the information in an organization's integrated report.

Available resources and links

- IIRC Consultation Draft (April 2013)
- Deloitte IFRS in Focus (April 2013)
- IIRC and IASB Press Release (February 2013)
- IIRC Discussion Paper
- Deloitte IFRS in Focus in respect of the IIRC Discussion Paper
- Deloitte IFRS in Focus (September 2011)

IASB/AcSB Financial Instruments: Expected Credit Losses

Comment period ends July 5, 2013

Proposed standard:	A new IFRS standard that provides guidance on accounting for expected credit losses in respect of certain Financial Instruments under IFRS 9 and Lease Receivables under IAS 17
Proposed effective date:	The IASB expects to redeliberate these proposals in Q3/2013 based on comments received
Published by:	IASB
Last updated:	March 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

On March 7, 2013, the IASB issued for public comment a revised set of proposals for accounting for the impairment of financial instruments.

In summary

Overview

Financial reporting requirements both internationally and in the US currently use an incurred loss model to determine when impairment is recognized on financial instruments. The incurred loss model requires that a loss event must occur before a provision can be made. However, during the recent financial crisis the incurred loss model was criticized for delaying the recognition of losses and for not reflecting accurately credit losses that were expected to occur.

Consistent with requests from the G20, the Financial Crisis Advisory Group and others, the IASB and the FASB have been working jointly to develop a more forward-looking impairment model that reflects expected credit losses. The new proposals build upon the expected credit loss model previously agreed between the IASB and the FASB, but it has been simplified to reflect feedback received from interested parties. Of note, the FASB has published separately for public comment an alternative expected credit loss model and the two sets of proposals have overlapping comment periods.

The IASB's new expected credit loss model is designed to recognize credit losses on a more timely basis. Expected credit losses are recognized on all financial instruments within the scope of the proposals from the date that they are originated or purchased. Full lifetime expected credit losses are recognized when a financial instrument deteriorates significantly in credit quality. This is a significantly lower threshold for recognition than under the current incurred loss model which in practice has resulted in provisioning only when financial assets are close to default.

Hans Hoogervorst, Chairman of the IASB commented "Our proposals are a simplified version of the expected credit loss approach that we originally jointly developed with the FASB. We believe the model leads to a more timely recognition of credit losses. At the same time, it avoids excessive front-loading of losses, which we think would not properly reflect economic reality. We look forward to receiving feedback on these proposals and moving swiftly to finalize this important project, consistent with repeated requests of the G20."

Available resources and links

- Deloitte Project Insights Summary
- IASB Press Release (March 2013)
- IASB ED (March 2013)
- IASB Snapshot (March 2013)

- IASB Project Summary
- FASB ED (March 2013)
- FASB Project Summary (March 2013)
- Deloitte IFRS in Focus (March 2013)

IASB/AcSB Financial Instruments: General Hedge Accounting UPDATED

Comment period ended on March 9, 2011

Proposed changes:	The proposals would amend IFRS 9 by incorporating the amended hedge accounting guidance into this new financial instruments standard.
Next steps:	A review draft of the proposed final standard has been posted to the IASB website on September 7, 2012. A final IFRS is expected to be issued by the IASB in Q2 or Q3 of 2013.
Published by:	IASB and AcSB
Last updated:	April 2013
Applicable to:	All publicly accountable enterprises (and those entities that choose to adopt IFRSs)

Recent activities

Most recently, at their meeting on April 23-25, 2013, the IASB finalised its deliberations on general hedge accounting, including deciding to provide entities with an accounting policy choice between applying the new hedge accounting requirements (that will be part of IFRS 9) and retaining the existing requirements in IAS 39 - because the macro-hedging project is not yet complete. The IASB granted staff permission to proceed to draft the ballot draft of the new version of IFRS 9, incorporating the final version of the General Hedge Accounting chapter.

On September 7, 2012, the IASB, having decided that re-exposure of its tentative decisions is not necessary, posted a review draft of the proposed final hedge accounting guidance to its website.

On December 9, 2010 the IASB published for public comment an ED on the accounting for hedging activities. On February 10, 2011, the AcSB issued an ED that corresponds to the IASB's ED.

Summary of project to date

For a summary of these proposed accounting changes, including the tentative decisions reached to date, refer to the attached link below to the Deloitte IFRS Project Insights Summary.

In summary

Overview

This is one part of the IASB's project to develop a new standard to replace IAS 39, *Financial Instruments: Recognition and Measurement*. The purpose of this part is to improve the accounting for hedges. The IASB has published for public comment an ED on the accounting for hedging activities. The ED proposes requirements designed to enable companies to better reflect their risk management activities in their financial statements, and, in turn, help investors to understand the effect of those activities on future cash flows.

The proposed model is principle-based, and is designed to more closely align hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures.

Summary of the proposals:

A new hedge accounting model which :

- combines a management view that aims to use information produced internally for risk management purposes and an accounting view that seeks to address risk management issue of the timing of recognition of gains and losses
- looks only at whether a risk component can be identified and measured, as opposed to

determining what can be hedged by type of item (financial or non-financial)

- bases qualification for hedge accounting on how entities design hedges for risk management purposes and permit hedging relationships to be adjusted without necessarily stopping and potentially restarting hedge accounting
- treats the time value premium of a purchased option as a cost of hedging, which will be presented in other comprehensive income (OCI)
- extends the use of hedge accounting to net positions (to improve the link to risk management)
- includes a comprehensive set of new disclosures that focus on the risks being hedged, how those risks are being managed and the effect of hedging those risks upon the primary financial statements

The ED forms part of the IASB's overall project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, and when its proposals are confirmed they will be incorporated into IFRS 9, *Financial Instruments*. The ED does not include consideration of portfolio macro hedge accounting which the IASB will continue to discuss as a separate project.

Available resources and links

- Review Draft of the Final standard (September 2012)
- Deloitte IFRS Project Insights Summary
- Deloitte IFRS in Focus (December 2012)
- Deloitte IFRS in Focus (September 2012)
- IASB's exposure draft (www.ifrs.org)
- IASB's basis of conclusions (www.ifrs.org)
- Effective Dates user survey (www.ifrs.org)
- IASB's questions and answers (www.ifrs.org)
- IASB's snapshot summary (www.ifrs.org)
- Deloitte Summary: IASB issues exposure draft on hedge accounting (www.iasplus.com)

IFRIC - Draft Interpretation: Put Options Written on Non-controlling Interests

Comment period ends on October 1, 2012

Proposed standard:	New Interpretation: Put Options Written on Non-controlling Interests
Next steps:	The finalization of the Draft Interpretation is targeted for Q4/2013
Published by:	IFRIC and AcSB
Last updated:	March 2013
Applicable to:	All publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

Most recently, at their meeting in March 2013, the IASB discussed the IFRIC's views and the feedback received in the comment letters. The IASB tentatively decided to re-consider the requirements in paragraph 23 of IAS 32, including whether all or particular put options and forward contracts written on an entity's own equity should be measured on a net basis at fair value.

On July 10, 2012, the AcSB issued a draft Interpretation that corresponds to the IFRIC's draft Interpretation.

On May 31, 2012, the IFRIC published for public comment proposed guidance on the accounting for a put option written by a parent entity on the shares of its subsidiary held by a non-controlling-interest shareholder

In summary

Overview

A put option is a contract that gives the holder of the option the right to sell a specified asset to the writer of the option at a specified price within a specified time.

If a parent entity is obliged to purchase the shares of its subsidiary for cash or for another financial asset, the parent must recognize a financial liability in its consolidated financial statements for the present value of the option exercise price. The IFRIC was asked to consider how to subsequently measure that financial liability, because diversity exists in practice.

In response to that request, the IFRIC has proposed that all changes in the measurement of that financial liability should be recognized in profit or loss in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*, and IFRS 9, *Financial Instruments*.

The draft Interpretation issued for comment includes a Basis for Conclusions section which details how the IFRIC reached its conclusions on this issue.

Available resources and links

- Deloitte Project Insights Summary
- Press Release
- Draft Interpretation
- AcSB Draft Interpretation
- Deloitte IFRS in Focus

IFRIC - Draft Interpretation: Levies Charged by Public Authorities on Entities that Operate in a Specific Market UPDATED

Comment period ends on September 5, 2012

Proposed standard:	New Interpretation: Levies Charged by Public Authorities on Entities that Operate in a Specific Market
Next steps:	The IASB expects to issue the final interpretation in May 2013.
Published by:	IFRIC and AcSB
Last updated:	April 2013
Applicable to:	All publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

The IASB ratified the draft Interpretation at its meeting on April 23-25, 2013. The IASB expects to issue the final interpretation in May 2013.

At its meeting in March 2013, the IFRIC concluded that the draft Interpretation, subject to minor drafting changes, should be submitted to the IASB for ratification.

On July 10, 2012, the AcSB issued a draft Interpretation that corresponds to the IFRIC's draft Interpretation.

On May 31, 2012, the IFRIC published for public comment proposed guidance on the accounting for levies charged by public authorities on entities that operate in a specific market.

In summary

Overview

A public authority may impose a levy on entities that operate in a specific market, such as a specific country, a specific region or a specific market in a specific country.

The IFRIC was asked to consider how an entity would account for the payment of levies, other than income taxes, in its financial statements; specifically, when the liability to pay a levy should be recognized. The proposed guidance clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy as identified by the legislation.

The draft Interpretation issued for comment includes Illustrative Examples and a Basis for Conclusions section which details how the IFRIC reached its conclusions on this issue.

Engagement team's insights

Available resources and links

- Deloitte Projects Insights Summary
- Press Release
- Draft Interpretation
- AcSB Draft Interpretation
- Deloitte IFRS in Focus

IASB/AcSB Insurance Contracts

Comment period ended on November 30, 2010

Proposed standard:	The IASB proposes a single IFRS that all insurers, in all jurisdictions, would apply to all contract types on a consistent basis. The proposed IFRS would apply to writers of both insurance and reinsurance contracts.
Next steps:	A re-exposure draft of the final proposed standard is expected in Q2/2013.
Published by:	IASB and AcSB
Last updated:	February 2013
Applicable to:	All publicly accountable enterprises (and those entities that choose to adopt IFRSs)

Recent activities

Most recently, the IASB met in January (with the FASB) and in February 2013 (IASB only) to continue discussions of the proposed *Insurance Contracts* standard. In January 2013, the Boards discussed (i) the presentation of insurance contract revenue when there are changes in the pattern of expected claims, and (ii) the transition proposals for insurance contract revenue. In addition, the IASB met to consider various sweep issues related to the project. In February 2013, the IASB (i) discussed the transition requirements for contracts acquired through a business combination and (ii) reviewed the due process necessary before beginning the balloting process. The IASB staff requested and obtained permission to begin the balloting process for the revised ED.

At its September 20-28, 2012 meeting, the IASB decided that a re-exposure draft should be issued. The targeted questions in the new ED will relate to proposed requirements for: (a) treatment of participating contracts; (b) presentation of premiums and claims in the statement of comprehensive income; (c) treatment of the unearned profit in an insurance contract; (d) presenting, in other comprehensive income, the effect of changes in the discount rate used to measure the insurance contract liability; and (e) the approach to transition.

On September 29, 2010, the AcSB issued an ED that corresponds to the IASB's ED.

On July 30, 2010, the IASB published for public comment an ED, *Insurance Contracts,* with a request for comments by November 30, 2010.

Summary of project to date

For a summary of these proposed accounting changes, including the tentative decisions reached to date, refer to the attached link below to the Deloitte IFRS Project Insights Summary

In summary

Overview

The IASB's ED, *Insurance Contracts*, represents an important milestone in Phase II of the IASB's project to revise fundamentally IFRS 4.

A project on insurance contract accounting has been ongoing since 1997 and the ED has finally proposed a consistent standard for all insurance and reinsurance contracts, both life and non-life. Since the FASB joined the project in October 2008, the landscape of Phase II has been rapidly evolving into a key convergence project, with the result that the FASB published the IASB's ED as a Discussion Paper to seek the views of US constituents on the proposed IFRS model.

The development of the IFRS 4 Phase II ED has been highly controversial as it includes the proposal for insurance liabilities to be measured on a current value basis with maximum use of market consistent inputs. Specifically, the ED requires insurance liabilities to be measured using a transparent 'building blocks' accounting model based on a discounted probability weighted estimate of future cash flows. The proposed 'building block' approach for recognition of the insurance contract obligation is very different to the approaches and methods used currently.

There are three building blocks:

- A current probability-weighted estimate of the future cash flows,
- Discount rate and a risk adjustment and
- A residual margin for uncertainty and future profits.

Insurers will be required to develop their own approach to determine appropriate estimates for each of the building blocks. Incremental acquisition costs would be included in the cash flows arising from the contract. Increased earnings volatility could result where there is a mismatch in measurement of the liability and any linked or associated assets, for example, where the discount rate of the liability differs from the expected return on assets. The pattern of profit recognition will also be affected by the release of the risk adjustment and residual margin over the contract term.

Of note:

- a loss could arise on initial recognition depending on how the insurance contract is priced.

- the ED includes requirements to 'unbundle' contracts where:

- The insurance coverage is combined with non-insurance obligations that are not closely related to it and
- For which revenue recognition must be considered individually, which could significantly affect the timing of revenue recognition.

Significant system changes may be required to allow for the determination and tracking of the probability-weighted cash flows, relevant acquisition costs, the date of recognition (as defined under the ED) of the obligation, probability distribution models for portfolio measurement and the appropriate discount rate

Available resources and links

- Deloitte IFRS Project Insights Summary
- Exposure Draft (www.ifrs.org)
- Project overview (www.ifrs.org)
- Deloitte's press release (www.deloitte.com)
- Deloitte US Heads Up IASB Issues Exposure Draft on Insurance Contracts (www.deloitte.com)
- Deloitte IFRS in Focus (August 2010)
- Deloitte USA Heads Up (August 2010)

IASB/AcSB Leases

Comment period ended December 15, 2010

Proposed standard:	A new accounting standard in respect of leases for both lessees and lessors
Next steps:	A re-exposure draft is expected in Q2/2013.
Published by:	IASB and AcSB
Last updated:	February 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

Recent activities

Most recently, at their joint meetings in January and February 2013, the IASB and the FASB discussed questions that have arisen during the drafting of the revised Leases ED about the identification of lease components and the classification of leases, including in February 2013 (i) (IASB only) how to account for right-of-use assets that meet the definition of investment property in accordance with IAS 40 and (ii) transition proposals relating to leases that are classified as finance, capital, sales-type or direct financing leases in accordance with the existing requirements.

On July 2011, the Boards unanimously agreed to re-expose the revised proposals for a common Leases standard. The main areas of change include the lessee accounting model-specifically, how the lessee recognises lease expense in its statement of comprehensive income for some leases; the lessor accounting model; the accounting for variable lease payments and renewal options; and the definition of a lease.

In October 2010, the AcSB issued an ED that corresponds to the IASB's ED.

On August 17, 2010, the IASB and the FASB published for public comment an ED of joint proposals to improve the reporting of lease contracts.

Summary of project to date

For a summary of these proposed accounting changes, including the tentative decisions reached to date, refer to the attached link to the Deloitte IFRS Project Insights Summary.

In summary

Overview

The ED proposes that lessees and lessors should apply a right-of-use model in accounting for all leases i.e. the proposals would result in operating leases being reported on the balance sheet of the lessee.

More specifically, the ED proposes that:

a) a lessee would recognize an asset representing its right to use the leased ('underlying') asset for the lease term (the 'right-of-use' asset) and a liability to make lease payments.
b) a lessor would recognize an asset representing its right to receive lease payments and, depending on its exposure to risks or benefits associated with the underlying asset, would either: (i) recognize a lease liability while continuing to recognize the underlying asset (a performance obligation approach); or (ii) derecognize the rights in the underlying asset that it transfers to the lessee and continue to recognize a residual asset representing its rights to the underlying asset at the end of the lease term (a derecognition approach).

For leases of 12 months or less, lessees and lessors would be permitted to apply simplified requirements.

The ED also proposes increased disclosures based on stated objectives, including disclosures about the amounts recognized in the financial statements arising from leases and the amount, timing and uncertainty of cash flows arising from those contracts.

For the substantial majority of leases of equipment or vehicles (e.g. aircraft, ships, mining equipment, cars, trucks), the balance sheet, income statement and cash flow statement of the lessee would change, potentially significantly. For example, the balance sheet would now be grossed up by the amount of a "right of use" asset and a liability to make lease payments for all operating leases of such equipment for more than 12 months. In the income statement, the lessee would report amortization/depreciation of such assets separately from interest on the lease liability over the lease term; and, in the cash flow statement, the lessee would separate the total amount of cash paid in respect of such assets into a principal portion (presented within financing activities) and interest (presented within either operating or financing activities).

For the substantial majority of leases of property (e.g. land and buildings), only the balance sheet of the lessee would change.

The financial statements of lessors would be also be amended to reflect this new basis of accounting for leases.

As a result of these changes and increased disclosure requirements, there would be greater transparency about the true leverage of an entity, resulting in better information for users of its financial statements. Investors and analysts would no longer be forced to spend time estimating the value of an entity's off balance sheet obligations in respect of leases.

Available resources and links

- Deloitte IFRS Project Insights Summary
- Deloitte IFRS in Focus (October 2012)
- AcSB's exposure draft (www.acsbcanada.org)
- IASB's exposure draft (www.ifrs.org)
- IASB's basis for conclusions (www.ifrs.org)
- DTT IFRS in Focus: IASB issues Exposure Draft on Lease Accounting (www.iasplus.com)
- Deloitte USA Heads Up (August 2010)
- IASB Project summary (including the Discussion Paper and the related Comment Letters)
- IAS Plus Commentary
- IASB's Snapshot summary (www.ifrs.org)
- IASB's Webinar (Morning and Afternoon) (www.ifrs.org)

IASB/AcSB Post-implementation Review of IFRS 8, Operating Segments UPDATED

Comment period ends on November 16, 2012

Proposed standard:	N/A. Request for Information on the effect of implementing the standard. The review seeks feedback on whether the standard is functioning as intended, as well as more practical information on the challenges and costs associated with implementing the standard.
Proposed effective date:	N/A – The IASB currently expects to publish a Feedback Statement and a Report on the Post-implementation Review of IFRS 8 in June 2013.
Published by:	IASB and AcSB
Last updated:	April 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

Most recently, at its meeting on April 23-25, 2013, the IASB concluded that it had properly completed its post-implementation review of IFRS 8.

At its meeting in January 2013, the IASB reviewed a staff summary of responses to the RFI and other documents and concluded that sufficient information had now been gathered for it to be able to report on the implementation of IFRS 8.

On August 9, 2012, the AcSB issued an ITC that corresponds to the IASB's Request for Information.

On July 19, 2012, the IASB began the public part of its review of IFRS 8, *Operating Segments*, by publishing for comment a Request for Information (RFI) on the effect of implementing the standard.

In summary

Overview

The purpose of the project is to conduct a post-implementation review of IFRS 8, two years after its effective date. IFRS 8 is the first to be reviewed under this new process. The IASB will use this review to refine its methodology for undertaking future reviews.

The structure of the RFI is based on the key decisions that were made when the IASB developed IFRS 8. These decisions were: (a) to identify segments based on the management approach; (b) to measure disclosed line items on the basis used for internal reporting; and (c) disclose only those line items regularly reviewed by the chief operating decision maker (CODM).

The RFI also includes further questions on the identification of implementation issues and unexpected costs; the disclosure requirements of IFRS 8; and information about respondents.

Available resources and links

- Deloitte Project Insights Summary
- Press release
- IASB RFI (July 2012)
- Deloitte IFRS in Focus (September 2012)
- IASB Project Summary
- AcSB ITC (August 2012)

IASB/AcSB Revenue from Contracts with Customers

Comment period : March 13, 2012 for the revised ED (the comment period for the original ED ended on October 22, 2010)

Next steps:	A new standard, *Revenue from Contracts with Customers*, which would supersede IAS 11, Construction Contracts, and IAS 18, Revenue, and related interpretations
Proposed effective date:	A final standard is expected in Q2/2013 after the comments on the revised ED are received and considered by the IASB and the FASB.
Published by:	IASB and AcSB
Last updated:	March 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

Recent activities

Most recently, the IASB met on March 21, 2013 and discussed further the issue of early application of the new Revenue Standard for IFRS preparers. The IASB tentatively decided to reverse its decision in February 2013 and instead permit early application of the new Revenue Standard.

On November 17, 2011, the IASB and FASB issued a revised ED that is based on the same underlying principles as the original ED; however, the Boards have simplified and clarified several aspects of the original ED in response to feedback received. On February 1, 2012, the AcSB issued a revised ED that corresponds to the IASB's revised ED.

On July 6, 2010, the IASB issued an ED proposing a single revenue recognition standard that would be applied across various industries and capital markets. On August 5, 2010, the AcSB issued an ED that corresponds to the IASB's ED.

Summary of project to date

For a summary of these proposed accounting changes, including the tentative decisions reached to date, refer to the attached link to the Deloitte IFRS Project Insights Summary.

In summary

Revised Exposure Draft – November 2011

The core principle of this revised ED issued in November 2011 is the same as that of the original June 2010 ED: that an entity would recognise revenue from contracts with customers when it transfers promised goods or services to the customer. The amount of revenue recognised would be the amount of consideration promised by the customer in exchange for the transferred goods or services. However, in response to feedback received from nearly 1000 comment letters on the original June 2010 ED and extensive outreach activities, the Boards further refined their original proposals.

In particular the Boards, with respect to the November 2011 revised ED:

- Added guidance on how to determine when a good or service is transferred over time;
- Simplified the proposals on warranties;
- Simplified how an entity would determine a transaction price (including collectability, time value of money, and variable consideration);
- Modified the scope of the onerous test to apply to long-term services only;
- Added a practical expedient that permits an entity to recognise as an expense costs of obtaining a contract (if one year or less); and
- Provided exemption from some disclosures for non-public entities that apply US GAAP.

The IASB Snapshot (November 2011) and the Deloitte IFRS In Focus (November 2011) provide a more detailed summary of the revised ED. Refer to the attached links below.

Original Exposure Draft – June 2010

The core principle proposed in the ED would require an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it receives, or expects to receive, in exchange for those goods or services. To apply that principle, an entity would:

- **Identify the contract(s) with a customer.** Normally each revenue transaction is a single contract, but sometimes the elements of a multiple-element contract must be accounted for separately or, less commonly, two contracts are combined.
- **Identify the separate performance obligations in the contract.** If an entity promises to provide more than one good or service, it would account for each promised good or service as a separate performance obligation only if the good or service is distinct – that is, it is or could be sold separately.
- **Determine the transaction price.** Transaction price is the probability-weighted amount of consideration that an entity expects to receive. This would take into account collectability, the time value of money, the fair value of non-cash consideration, and consideration payable to a customer.
- **Allocate the transaction price** to the separate performance obligations in proportion to the standalone selling prices of the goods or services underlying each performance obligation at contract inception.
- **Recognize revenue when the customer obtains control of the goods or services.** A customer obtains control when of a good or service when the customer has the ability to direct the use of, and receive the benefit from, the good or service. A customer has obtained control if it has the present right to use the asset for its remaining economic life or to consume the asset in the customer's activities, together with the present right to obtain substantially all of the potential cash flows from that asset.

The ED also specifies the accounting for contract costs. Costs of obtaining a contract are charged to expense when incurred. If the costs incurred in fulfilling a contract are not eligible for capitalization in accordance with other standards (for example, IAS 2 Inventories), an entity would recognize an asset only if those costs:

- Relate directly to a contract (or a specific contract under negotiation);
- Generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and
- Are expected to be recovered.

Engagement team's insights

Available resources and links

- IASB Press release
- IASB's Revised exposure draft (November 2011)
- IASB Basis of conclusions (November 2011)
- IASB Snapshot (November 2011)
- Deloitte IFRS in Focus (November 2011)
- Deloitte IFRS Project Insights Summary
- IASB Exposure draft (June 2010)
- IASB Basis for conclusions (June 2010)
- Deloitte IFRS in Focus (June 2010)
- AcSB Exposure Draft (February 2012)
- AcSB Exposure draft (August 2010)

IASB/AcSB Rate-regulated activities UPDATED

Comment period ends: RFI – May 30, 2013; Interim Standard – September 4, 2013

Standard:	Amendment to IFRSs for entities that have Rate-regulated Activities
Next steps:	The IASB plans to issue for comment a comprehensive DP in Q4/2013
Published by:	IASB and AcSB
Last updated:	April 2013
Applicable to:	Publicly accountable enterprises with rate-regulated activities

Recent activities

Most recently, on April 25, 2013, the IASB issued an ED for an Interim Standard in respect of entities with rate-regulated activities.

On March 28, 2013, the IASB issued a Request for Information (RFI), which asks specific questions about the objectives of rate regulation and how those objectives are reflected in the rate-setting mechanisms employed by rate regulators. The fact patterns identified through this RFI and other research will be used to develop the comprehensive DP.

At its meeting on December 17, 2013, the IASB tentatively decided to develop an ED for an Interim Standard that will: (i) permit 'grandfathering' of existing recognition and measurement policies for those entities that currently recognise regulatory assets or regulatory liabilities in accordance with their local accounting requirements; (ii) require that such regulatory amounts are identified as separate regulatory accounts and be presented as separate line items in the financial statements with additional disclosure requirements; and (iii) contain similar impairment test requirements to those required by IFRS 6 *Exploration for and Evaluation of Mineral Resources*.

At their meeting on September 20-28, 2012, the IASB decided to restart this project with the development of a comprehensive DP. Responses to the 2009 ED highlighted a diversity of strongly held views which demonstrated differences of interpretation of the Conceptual Framework. Developing such a DP will provide the opportunity for a broader debate on the circumstances in which rate-regulated activities may give rise to assets or liabilities.

In July 2009, the IASB issued an ED proposing an IFRS on rate-regulated activities In September 2009, the AcSB issued an ED that corresponds to the IASB's ED.

In summary

Overview

Rate regulation is a restriction in the setting of prices that can be charged to customers for services or products. Generally, it is imposed by regulatory bodies or governments when an entity has a monopoly or a dominant market position that gives it excessive market power.

The objective of the IASB's Rate-regulated Activities research project is to develop a DP to consider whether rate regulation creates assets or liabilities, in addition to those already recognised in accordance with IFRS for non-rate-regulated activities. If so, the project will also consider how such assets and liabilities should be accounted for, and whether (or how) IFRSs should consequently be amended.

Implications for Canada

Similar to IFRSs, Canadian GAAP does not currently include a comprehensive standard on accounting for rate-regulated activities. However, several Sections in the CICA Handbook – Accounting prescribe the recognition and measurement requirements for such activities. These Sections permit or require the recognition of regulatory assets and regulatory liabilities, when certain criteria are met, and produce the same results in each area as would result by applying U.S. Statement of Financial Accounting Standards No. 71, *Accounting for the Effects of Certain Types of Regulation* (or Accounting Standards Codification Topic 980). When dealing with issues outside these Sections, Canadian entities with regulated operating activities have often analogized from the requirements of these Sections or looked to Section 1000, Financial Statement Concepts, or US GAAP for guidance. The IASB's project would make this unnecessary by establishing a core principle for the recognition, measurement and disclosure of regulatory assets and regulatory liabilities that would apply in all circumstances for operations meeting the scope criteria.

Interim Standard

The IASB's April 2013 ED's proposals (a) permit an entity that adopts IFRS to continue to use its previous GAAP accounting policies, as accepted in their local jurisdiction, for the recognition, measurement and impairment of regulatory deferral account balances without specifically considering the requirements of paragraph 11 of IAS 8; (b) require entities to present regulatory deferral account balances as separate line items in the statement of financial position and to present movements in those account balances as a separate line item in the statement of profit or loss and other comprehensive income; and (c) require specific disclosures to identify clearly the nature of, and risks associated with, the rate regulation that has resulted in the recognition of regulatory deferral account balances in accordance with the Interim Standard.

Available resources and links

- Deloitte IFRS Project Insights Summary
- IASB Press Release re Interim Standard ED (April 2013)
- IASB Interim Standard ED (April 2013)
- IASB Snapshot re Interim Standard ED (April 2013)
- IASB Press Release (March 2013)
- IASB RFI (March 2013)
- IASB ED (July 2009)
- AcSB ED (September 2009)
- IASB Project Summary
- Deloitte IFRS in Focus (September 2009)

Projects

IASB/AcSB Amendment to IAS 1, Presentation of Financial Statements: Disclosures about going concern UPDATED

Proposed changes:	A narrow-scope project to amend IAS 1, *Presentation of Financial Statements*
Next steps:	An ED is currently expected to be issued by the IASB in Q3/2013 or Q4/2013
Published by:	IASB and AcSB
Last updated:	April 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

Recent activities

Most recently, this project was discussed by the IASB at their meeting in March 2013.

In summary

Overview

This is a narrow-scope project to clarify the disclosure requirements about the assessment of going concern in IAS 1, *Presentation of Financial Statements.*

Available resources and links

- Deloitte Project Insights Summary

IASB/AcSB Amendment to IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses

Proposed changes:	A narrow-scope project to amend IAS 12
Next steps:	An ED is expected to be issued by the IASB in Q4/2013
Published by:	IASB and AcSB
Last updated:	February 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

Recent activities

This is a narrow-scope project that arose out of the 2010-2012 cycle of Annual Improvements. In response to constituent feedback, the IASB decided at its December 2012 meeting that the accounting for deferred tax assets for unrealized losses on debt instruments should instead be clarified by a separate narrow-scope project to amend IAS 12.

In summary

Overview

Clarifying this issue requires addressing the question of whether an unrealized loss on a debt instrument measured at fair value gives rise to a deductible temporary difference specifically in the situation where the holder expects to recover the carrying amount of the asset by holding it to maturity and collecting all the contractual cash flows.

Available resources and links

- IASB Project Insights Summary
- IASB Project Summary

IASB/AcSB Amendment to IAS 19, Employee Benefits: Actuarial Assumption – Discount Rate

Proposed changes:	A narrow-scope project to amend IAS 19, *Employee Benefits*
Next steps:	An ED is expected to be issued by the IASB in Q3/2013
Published by:	IASB and AcSB
Last updated:	March 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

Recent activities

Most recently, this project was discussed by the IFRIC at its meeting in March 2013.

In summary

Overview

This is a narrow-scope project to clarify the determination of the discount rate to be used when applying IAS 19, *Employee Benefits*, particularly around the requirement to use market yields on high quality corporate bonds or government bonds.

Available resources and links

- Deloitte Project Insights Summary

IASB/AcSB Amendment to IAS 27 - Equity method in separate financial statements UPDATED

Proposed changes:	The purpose of this project to consider the restoring of the option to use the equity method of accounting in the separate financial statements of an investor, and to clarify some matters related to balances with subsidiaries and joint arrangements.
Next steps:	An ED is currently expected to be issued by the IASB in Q3/2013
Published by:	IASB and AcSB
Last updated:	April 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

Recent activities

This project arose out of comments received during the Agenda Consultation in 2011.

In summary

Overview

As part of its improvements process in preparation for the adoption of IFRS in Europe and other countries from 2005, the IASB removed the option to use the equity method of accounting in measuring investments in subsidiaries, joint ventures and associates in the separate financial statements of the investor. Accordingly, such investments can be measured either at cost (IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* where relevant), or in accordance with IAS 39 or IFRS 9, *Financial Instruments*. These requirements were carried over into IAS 27, *Separate Financial Statements* (2011).

Constituent feedback in the Agenda Consultation 2011 revealed that in some countries, corporate law requires the use of the equity method in separate financial statements to measure investments in subsidiaries, joint ventures and associates. Accordingly, in these countries, two sets of financial statements are required to be prepared to meet the requirements of both IAS 27 and local laws. As a result, the IASB agreed to add this project to its active agenda.

Available resources and links

- Deloitte Project Insights Summary
- IASB Project Summary

IASB/AcSB Amendment to IFRS 13, Fair Value Measurement: Unit of Account

Proposed changes:	A narrow-scope project to amend IFRS 13, *Fair Value Measurement*
Next steps:	An ED is expected to be issued by the IASB in Q2/2013
Published by:	IASB and AcSB
Last updated:	March 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

Recent activities

Most recently, at their meeting in March 2013, the IASB discussed this issue and tentatively decided (i) that the unit of account for investments in subsidiaries, joint ventures and associates is the investment as a whole; and (ii) that the fair value measurement of an investment composed of quoted financial instruments should be the product of the quoted price of the financial instrument multiplied by the quantity of instruments held.

In summary

Overview

This is a narrow-scope project to consider the unit of account for financial assets that are investments in subsidiaries, joint ventures and associates measured at fair value, in particular, whether the fair value of such investments should reflect the measurement of the investment as a whole or of the individual financial instruments included within that investment.

Available resources and links

- Deloitte Project Insights Summary

IASB/AcSB Amendments to IAS 41, Agriculture – Bearer biological assets

Proposed changes:	A limited-scope project to amend IAS 41, *Agriculture*
Next steps:	An ED is expected to be issued by the IASB in Q3/2013
Published by:	IASB
Last updated:	March 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

Recent activities

Most recently, the IASB discussed this project at their meeting on March 19-21, 2013.

At their meeting in February 2013, the IASB discussed various issues in respect of this project including related to (i) recognition; (ii) measurement; (iii) disclosure; and (iv) transition. The IASB also tentatively decided that bearer biological assets should be accounted for under IAS 16, rather than IAS 41.

At their meeting in May 2012, the IASB decided to give priority in their agenda to a new project re IAS 41, *Agriculture*, in respect of accounting for bearer biological assets.

In summary

Overview

This project is a limited-scope project re IAS 41, *Agriculture*, to address bearer biological assets. IAS 41 measures biological assets related to agricultural activity at fair value less costs to sell, based on the principle that biological transformation is best reflected by fair value measurement. IAS 41 uses a single treatment for both consumable biological assets and bearer biological assets. Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets. Examples include wheat, trees for wood pulp in a plantation forest, beef cattle, etc. Other biological assets are bearer biological assets. Bearer biological assets are used to produce agricultural produce over several periods. Examples include grape vines, oil palms, dairy cows, etc.

Some stakeholders are of the view that fair value measurement is not appropriate for bearer biological assets, because the biological transformation associated with mature bearer biological assets occurs principally in the produce growing in/on the bearer biological asset. Once mature, instead of being growing assets, bearer biological assets are productive assets. These commentators believe the operation of mature bearer biological assets is similar to that of manufacturing and, consequently, such assets should be accounted for in accordance with the requirements in IAS 16 *Property, Plant and Equipment,* rather than IAS 41.

Available resources and links

- Deloitte Project Insights Summary
- IASB Project Summary

IFRIC Amendment to IFRIC 12 – Contractual payments related to a service concession arrangement

Proposed changes:	An issue that is related to contractual payments to be made by an operator under a service concession arrangement within the scope of IFRIC 12.
Next steps:	At its meeting in March 2013, the IFRIC decided to recommend to the IASB that it should amend IAS 16, IAS 38 and IAS 39 and IFRIC 12 as part of a narrow-scope project.
Published by:	IASB
Last updated:	March 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

Recent activities

Most recently, the IFRIC discussed this issue at its meeting in March 2013 and decided to recommend to the IASB that it should amend IAS 16, IAS 38 and IAS 39 and IFRIC 12 as part of a narrow-scope project. The staff will prepare a paper to present at a future IASB meeting.

At its meeting on May 15-16, 2012, the IFRIC discussed variable concession fees and a draft amendment to IFRIC 12 to incorporate the principles that were tentatively agreed at its previous meetings. At this meeting, the majority of the Committee members agreed that the principles that the IASB is developing in the Leases project should be used as the basis for the accounting for contingent payments for the separate purchase of PPE and intangible assets.

In summary

Overview

The IFRIC received a request to address an issue that is related to contractual payments to be made by an operator under a service concession arrangement within the scope of IFRIC 12. Specifically, the submitter requested that the Committee should clarify in what circumstances (if any) those payments should:

a) be recognised at the start of the concession as an asset with a liability to make the related payments; or
b) be accounted for as executory in nature (i.e. be recognised as expenses as they are incurred over the term of the concession arrangement).

Available resources and links

- IFRIC Project Summary
- IFRIC Meeting – November 2012
- IFRIC Meeting – May 2012

IASB Financial Instruments: Macro-hedging UPDATED

Proposed changes:	The objective is to address risk management strategies referring to open portfolios (macro-hedging) which were not covered by the ED issued in December 2010 for general hedge accounting.
Next steps:	The IASB currently plans to issue a DP in Q3 of 2013.
Published by:	IASB
Last updated:	April 2013
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

Most recently, at their meeting on December 13-17, 2012, the IASB continued their discussions on the proposed revaluation approach for macro-hedging activity. Previous meetings have considered the revaluation approach within the context of financial institutions' dynamic management of interest rate risk. At this meeting the IASB discussed the application of the proposed revaluation approach for other risks.

In May 2012, this project was established as a separate project from the General Hedging project that is part of FRS 9 Phase III. Separating the two facilitates the completion of IFRS 9 whilst allowing the staff to elicit a broader range of accounting alternatives from a broader range of constituents on the accounting of macro hedging.

In summary

Overview

The objective of this project is to address risk management strategies referring to open portfolios (macro-hedging) which were not covered by the ED issued in December 2010 for general hedge accounting. The deliberation considers the feedback received on the general hedge accounting model.

The IASB received views from financial institutions and also from entities outside the financial sector that addressing situations in which entities use a dynamic risk management strategy was important. Dynamic risk management of open portfolios introduces complexity to the accounting for such hedges that cannot be accommodated within the IFRS 9 hedge accounting guidance for closed portfolios.

In line with the direction of the IASB discussions, a valuation approach is being explored, in which for accounting purposes the hedged risk position is identified and remeasured for changes in the hedged risk, recognising the gain or loss in profit or loss. The project aims to develop an accounting solution that both reflects how businesses manage risk dynamically, and helps users to understand these risk management activities.

Available resources and links

- Deloitte Project Insights Summary
- IASB Project Summary

Abbreviations, a list of most commonly used acronyms

AASB	Auditing and Assurance Standards Board
AASOC	Auditing and Assurance Standards Oversight Council
AcSOC	Accounting Standards Oversight Council
AcSB	Accounting Standards Board
ASC	Alberta Securities Commission
AMF	Autorité des marchés financiers
BCSC	British Columbia Securities Commission
CAS	Canadian Auditing Standard
CPRB	Canadian Performance Reporting Board
CSA	Canadian Securities Administrators
DP	Discussion Paper
DTI	Deposit-taking Institution
ED	Exposure Draft
EIC	Emerging Issues Committee
FAQ	Frequently Asked Questions
FRE	Federally Regulated Entities
FRFI	Federally Regulated Financial Institution
OSC	Ontario Securities Commission
OSFI	Office of the Superintendent of Financial Institutions Canada
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IAASB	International Auditing and Assurance Standards Board
IASC	International Accounting Standards Committee
IFAC	International Federation of Accountants
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
IIROC	Investment Industry Regulatory Organization of Canada
IPSAS	International Public Sector Accounting Standard
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standard on Auditing
ITC	Invitation to Comment
NFPO	Not-for-profit Organization
PSAB	Public Sector Accounting Board
RFI	Request for Information
SOP	Statement of Principles

Additional resources

The following Deloitte resources will assist you in maintaining your financial literacy throughout the year. To obtain more information about any of these resources, please communicate with your Deloitte partner or one of our contacts listed at the end of the publication.

Thought Leadership

Centre for Corporate Governance
This Web site is specifically designed to help board members with their responsibilities. It provides the latest information on regulatory and legislative developments, accounting and financial reporting, board roles and responsibilities, and best practices.
(www.CorpGov.Deloitte.ca)

Deloitte IFRS e-Learning Program for Directors ™
This learning program provides the flexibility of individual self-study, with the option of group sessions facilitated by a Deloitte IFRS professional.
(http://www.corpgov.deloitte.com/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/CanEng/Page%20Copy/Financial%20Reporting/IFRS/IFRS_eLearningForDirectors.pdf)

Financial Reporting Assessment Tools
Comprehensive assessment tools to help management and Directors determine whether or not their organizations' financial statements and other financial filings meet all of the continuous disclosure obligations.
(http://www.corpgov.deloitte.com/site/CanEng/self-assessments-tools-and-other-resources/financial-reporting-tools/)

Periodicals

IFRS in Focus

We publish *IFRS in Focus* newsletters at the time of release of new and revised Standards and Interpretations, Exposure Drafts and discussion documents, including summaries of the documents and consideration of the principal amendments/proposals.

(http://www.iasplus.com/en/tag-types/global-publications/ifrs-in-focus-newsletters)

DeloitteLINK
A weekly e-newsletter that helps you stay on top of standard-setting initiatives.
(http://www.corpgov.deloitte.com/site/CanEng/deloitte-periodicals/deloittelink/)

Deloitte Update
Our new live webcast series featuring our professionals discussing critical issues that affect your business.
(http://www.corpgov.deloitte.com/site/CanEng/financial-reporting/deloitte-update/)

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