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IFRS Global Office
August 2012

IFRS on point.

IFRS Accounting Developments and Information: July 2012

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For more useful information please see the following websites:

www.iasplus.com

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International headlines

SEC staff releases final report on incorporation of IFRSs

The US Securities and Exchange Commission (SEC) staff published its final report on its work plan intended to aid the SEC in evaluating the implications of incorporating IFRSs into the US financial reporting system. The report emphasises that the SEC has not made "any policy decision as to whether [IFRSs] should be incorporated into the financial reporting system for U.S. issuers, or how any such incorporation, if it were to occur, should be implemented." The report also indicates that before making a decision, the SEC must further analyse and consider "the fundamental question of whether transitioning to IFRS is in the best interests of the U.S. securities markets generally and U.S. investors specifically." The report does not include a timetable for this effort. Click **here** for the SEC staff report and **here** for Deloitte's summary of and reactions to the report. Click **here** for the IFRS Foundation Trustees' response to the SEC staff report.

IASB initiates public consultation phase of IFRS 8 post-implementation review

The International Accounting Standards Board (IASB) initiated the public consultation phase of its IFRS 8 *Operating Segments* post-implementation review (PIR) by publishing a Request for Information (RFI) on the effect of implementing the standard. The review seeks feedback on whether IFRS 8 is functioning as intended, as well as more practical information on the challenges and costs associated with implementing the standard. Comments on the RFI are due by 16 November 2012. Click **here** for the RFI.

IFRS Foundation Trustees publish drafting review of IFRS Foundation Constitution

The Trustees of the IFRS Foundation published a drafting review of the IFRS Foundation Constitution which incorporates changes to the Constitution regarding the separation of the role of Chairman of the IASB and Chief Executive Officer (CEO) of the IFRS Foundation. This separation has already been implemented following an internal structural reorganisation at the end of 2011. The Chairman of the IASB no longer serves as CEO of the IFRS Foundation. Instead, this responsibility has been included in a new role of Executive Director. Yael Almog was appointed to this role in the first quarter of 2012. Comments on the drafting review are requested by 23 October 2012. Click **here** for the Trustees' press release.

IASB Chairman addresses FACPCE in Argentina

In a recent address to the Federacion Argentina de Consejos Profesionales de Ciencias Economicas (FACPCE) in Buenos Aires, IASB Chairman Hans Hoogervorst discussed the IASB's relationship with regulators and standard setters. With the increasing use of IFRS globally, Mr. Hoogervorst noted the importance of considering views from different parts of the world. He outlined that the IASB is in the process of developing a formal structure of working with national standard-setters and regional bodies, including the Group of Latin American Accounting Standard Setters (GLASS).

Mr. Hoogervorst went on to discuss convergence efforts with the US Financial Accounting Standards Board (FASB) and the IASB's future agenda. He noted that there is a 'light at the end of the convergence tunnel', and outlined that the IASB's future work programme would focus on only the most important areas that will require change and have constituent support, including:

- completing revisions to the conceptual framework;
- developing a disclosure framework;
- addressing the need for a conceptual analysis of other comprehensive income; and
- considering work on less ambitious projects, such as agriculture, business combinations under common control and equity accounting.

Click **here** for Deloitte's summary of the speech.

IASB releases working drafts on the insurance contracts project

The IASB published 'working drafts' of sections of the forthcoming standard on insurance contracts. The working drafts have been prepared by the IASB staff to reflect tentative decisions made by the Board and cover the definition of 'insurance contracts', the scope of the proposed standard, application of the premium-allocation approach and the accounting for non-insurance components. The IASB invites feedback on the working drafts. Click **here** to access the working drafts as well as summaries of tentative decisions taken to date on the project.

European project DP and FASB ITC on the development of a disclosure framework

The European Financial Reporting Advisory Group (EFRAG), the Autorité des Normes Comptables (ANC) in France and the Financial Reporting Council (FRC) in the UK issued a joint discussion paper (DP) which sets out the key principles that are required for an effective disclosure framework by considering "how to improve the quality of what is disclosed to better serve the objective of financial reporting". Comments on the joint DP are due by 31 December 2012. In developing the joint DP, the European project team worked with the FASB, which separately released an invitation to comment (ITC). Click **here** for the joint DP.

The FASB's ITC discusses its development of a disclosure framework to create "more effective, coordinated, and less redundant" financial statement disclosures. In the ITC, the FASB identifies improvements needed to the notes to the financial statements and explores potential solutions to address each need. Comments on the ITC are due by 16 November 2012. Click **here** for the FASB's ITC.

IFRS Foundation Trustees reappoint SMEIG members

The Trustees of the IFRS Foundation approved the reappointment of the members of the Small and Medium-sized Entities Implementation Group (SMEIG) for a further 2-year term ending 30 June 2014. Click **here** for the IFRS Foundation press release on the reappointments.

DPOC issues summary of its meeting

The IFRS Foundation Trustees' Due Process Oversight Committee (DPOC) issued a summary of its July 2012 meeting held in Washington DC, in which they discussed reports required by the *Due Process Handbook*, the reappointment of the members of the SMEIG, initial feedback from the draft *Due Process Handbook* currently being exposed, an update on technical activities and proposals for a consultative group on the methodology for field tests/fieldwork and effect analyses. Click **here** for the DPOC summary.

IASB issues latest batch of editorial corrections to IFRSs

The IASB posted to its website a new batch of editorial corrections to IFRSs that make changes to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 13 *Fair Value Measurement*, IAS 19 *Employee Benefits* (revised in 2011), IAS 27 *Separate Financial Statements* (revised in 2011), *Mandatory Effective Date of IFRS 9 and Transition Disclosures* (Amendments to IFRS 9 and IFRS 7) and *Annual Improvements: 2009-2011 Cycle*. Click **here** to access the editorial corrections.

IASB publishes updated work plan

The IASB published an updated work plan incorporating the impact of recently issued pronouncements and outlining a revised timeline for its projects. Deferred projects include the agenda consultation, general hedge accounting and the post-implementation review of IFRS 3 *Business Combinations* and more detail was provided on the next project milestone for projects on revenue recognition and the post-implementation review of IFRS 8. Click **here** for the IASB work plan.

IPSASB issues consultation document on future work programme

The International Public Sector Accounting Standards Board (IPSASB) issued a consultation document seeking input on its future work programme. The document describes the IPSASB's mission and current operating environment, identifies the development of the public sector conceptual framework as a priority, specifies projects commenced or committed to and seeks input on other projects that should be considered. Comments on the consultation document are due by 31 October 2012. Click **here** for the consultation document.

ESMA publishes review of accounting for Greek sovereign debt

The European Securities and Markets Authority (ESMA) published a review of the accounting for Greek Government Bonds (GGB) in Europe under IFRSs. The review focuses on IFRS financial statements for the year ended 31 December 2011 and considered a sample of 42 European financial institutions with significant exposures to GGB. The review found general consistency in the level of impairment losses. However, disclosure deficiencies were identified related to transparency of gross exposure, maturities, valuation methodologies and fair value levels used, as well as the impact of impairment on profit or loss. Click **here** for the ESMA press release and review report.

IASB issues press release on its joint meeting with EFRAG

The IASB issued a summary from its joint meeting with the EFRAG held on 16 July 2012. During the meeting, the IASB and EFRAG discussed the status of the IASB's ongoing projects, proposed revisions to the IASB's *Due Process Handbook*, post-implementation reviews of IFRS 8 and IFRS 3 and the future cooperation between the two organisations. Click **here** for a summary of the key messages expressed by the EFRAG delegation and **here** for the IASB press release following the meeting.

EFRAG and ASB publish position paper and feedback statement on the effects of accounting standards

The EFRAG and the Accounting Standards Board (ASB) of the FRC have jointly published Position Paper *Considering the Effects of Accounting Standards* and its related Feedback Statement. The Position Paper signifies the final positions of the EFRAG and ASB following the consultation period of Discussion Paper *Considering the Effects of Accounting Standards*. The Position Paper conveys the importance of integrating 'effect analysis' into the standard setting process to enhance the transparency of the due process and increase the accountability and credibility of the standard setter, and sets out an outline process (objective and key steps) for performing effect analyses. Click **here** for the EFRAG press release, Position Paper and Feedback Statement.

EFRAG issues updated 'endorsement status report'

The EFRAG updated its report showing the status of endorsement, under the EU Accounting Regulation, of each IFRS. Since the last report, draft endorsement advice has been issued for *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* (Amendments to IFRS 10, IFRS 11 and IFRS 12). 15 IASB pronouncements await endorsement action. Click **here** to access the updated endorsement status report.

BAC of Japan finalises interim discussion paper on IFRSs

The Business Accounting Council of Japan (BAC) finalised its interim discussion paper regarding the incorporation of IFRSs into the financial reporting system for Japanese companies. The discussion paper acknowledges divergent views on a few issues and notes that no final conclusion has been reached regarding the mandatory adoption of IFRSs. However, it expresses certain key messages including:

- The effort toward international harmonisation of accounting standards should be continued.
- The most appropriate approach of incorporating IFRSs should be explored, reflecting the institutions and economy of Japan.
- Voluntary application of IFRSs should continue to be permitted.
- Japan should continue to contribute to the development of IFRSs.

Click **here** for Deloitte's summary of the interim discussion paper and **here** to access the full report (in Japanese only).

Malaysia defers IFRS adoption for agricultural and real estate entities

The Malaysian Accounting Standards Board (MASB) announced agriculture and real estate companies may defer the adoption of the IFRS compliant-Malaysian Financial Reporting Standards from annual periods beginning on or after 1 January 2013 to annual periods beginning on or after 1 January 2014. Consistent with previous deferrals, the deferral is the result of delays in the expected timing of the IASB's revenue recognition project and the possible addition of a project on agriculture to the IASB agenda. Click **here** for the MASB press release.

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Deloitte IFRS communications and publications

Issuance Date	Description
30 July 2012	**IFRS public policy briefing:** Newsletter summarising public policy developments including discussion of the SEC staff final report on the IFRS work plan and other public policy debates taking place worldwide.
30 July 2012	**Global Insurance Webcast – 'IASB takes stock with constituents and impact of the SEC final IFRS report':** Webcast providing an update of progress and key developments on the insurance project through July 2012.
25 July 2012	**Deloitte IFRS Webcast – 'Important IFRS Developments':** Webcast providing the IASB's timeline for the issuance of exposure drafts and new accounting standards, an update on the leases and revenue recognition projects and recent developments on the financial instruments project (link to external site, registration required).
20 July 2012	**IFRS in Focus:** IASB issues Amendments to IFRS 10, IFRS 11 and IFRS 12 Transition Guidance.
19 July 2012	**IFRS in Focus:** IASB issues a Request for Information on the *IFRS for SMEs*.
16 July 2012	**Global IFRS insurance survey – 'Winning the waiting game?':** Insurers' preparations for the new IFRS accounting rules' – an international and independent analysis of insurers' attitudes towards, and preparations for the new IFRS accounting rules.
11 July 2012	**Turbulent times:** Financial reporting considerations arising from the Eurozone crisis.
11 July 2012	**Exiting the Euro:** Financial reporting implications of a country's exit from the Eurozone.

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IASB, IFRS Foundation Trustees and IFRS Interpretations Committee meetings

Description	
IASB meeting	Click **here** for the 16 – 20 July 2012 meeting notes.
IFRS Foundation Trustees meeting	Click **here** for the 12 July 2012 meeting notes.
IFRS Interpretations Committee meeting	Click **here** for the 10 July 2012 meeting notes.

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Comment letters

	Description	Receiving party	Comment
Comment letters issued	IFRS Interpretations Committee tentative agenda decisions: **IAS 16 *Property, Plant and Equipment*, IAS 38 *Intangible Assets* and IAS 17 *Leases* – Purchase of right to use land** **IAS 19 *Employee Benefits* – Accounting for contribution-based promises – Impact of the 2011 amendments to IAS 19** **IAS 39 *Financial Instruments*: *Recognition and Measurement* – Accounting for different aspects of restructuring Greek Government Bonds**	IFRS Interpretations Committee	26 July 2012
Comment letters pending	Exposure Draft/2012/1, *Annual Improvements to IFRSs: 2010 – 2012 Cycle*	IASB	5 September 2012
	Invitation to Comment, *IASB and IFRS Interpretations Committee Due Process Handbook*	IFRS Foundation	5 September 2012
	Draft IFRIC Interpretation/2012/1, *Levies Charged by Public Authorities on Entities that Operate in a Specific Market*	IFRS Interpretations Committee	5 September 2012
	IFRS Interpretations Committee tentative agenda decisions: IAS 18 *Revenue,* IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and IAS 39 *Financial Instruments: Recognition and Measurement* – Regulatory assets and liabilities *IAS 39 Financial Instruments: Recognition and Measurement* – Scope of paragraph AG5	IFRS Interpretations Committee	17 September 2012
	Draft IFRIC Interpretation/2012/2, *Put Options Written on Non-controlling Interests*	IFRS Interpretations Committee	1 October 2012
	IFRS Foundation Constitution - Drafting Review, *Separating the role of the IASB Chair and the Executive Director*	IFRS Foundation	23 October 2012
	Request for Information, *Post-implementation Review: IFRS 8* Operating Segments	IASB	16 November 2012
	Request for Information, *Comprehensive Review of the* IFRS for SMEs	IASB	30 November 2012

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