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IFRS Global Office
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IFRS Accounting Developments and Information: December 2011

Contents

For more useful information please see the following websites:

www.iasplus.com

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International headlines

IASB defers effective date of IFRS 9 and publishes modified transition disclosures

The International Accounting Standards Board (IASB) published amendments that defer the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 *Financial Instruments* from annual periods beginning on or after 1 January 2013 to annual periods beginning on or after 1 January 2015. Early application is still permitted. The requirement to restate prior periods on initial application of IFRS 9 has been eliminated. Instead, the amendments introduce new disclosure requirements that are either permitted or required on the basis of the entity's date of adoption of IFRS 9 and whether the entity chooses to restate prior periods. Click **here** for the IASB press release. Click **here** for Deloitte's IFRS in Focus publication summarising the amendments.

IASB amends offsetting rules and disclosure requirements

The IASB issued amendments to IAS 32 *Financial Instruments: Presentation* that provide clarifications on the application of the offsetting rules. The IASB and US Financial Accounting Standards Board (FASB) also published converged disclosure requirements. The new disclosure requirements are effective for annual or interim periods beginning on or after 1 January 2013 and the clarifying amendments to IAS 32 are effective for annual periods beginning on or after 1 January 2014. Both require retrospective application for comparative periods. Click **here** for the IASB press release relating to IAS 32 amendments. Click **here** for the IASB press release relating to new disclosure requirements. Click **here** for Deloitte's IFRS in Focus publication summarising the amendments

IASB publishes proposed amendments to IFRS 10

The IASB published Exposure Draft ED/2011/7 *Transition Guidance (Proposed amendments to IFRS 10)* for public comment. The proposed amendments clarify the transition guidance in IFRS 10 *Consolidated Financial Statements*. Comments on the exposure draft are due by 21 March 2012. Click **here** to access the exposure draft.

SEC chief accountant announces delay in decision on IFRS

The US Securities and Exchange Commission (SEC) published the transcript of a speech made by James L. Kroeker, SEC chief accountant, at a recent American Institute of Certified Public Accountants (AICPA) National Conference on current SEC and US Public Company Accounting Oversight Board (PCAOB) Developments. In his speech, Mr. Kroeker discussed the timing of a final report to be issued by the SEC staff on the incorporation of IFRSs for US issuers. While the SEC had hoped to make a determination by the end of 2011, Mr. Kroeker noted that the final report will be delayed by a "few additional months". Click **here** for Mr. Kroeker's speech.

SMEIG publishes two final Q&As

The SME Implementation Group (SMEIG) published in final form Q&A 2011/02 *Entities that typically have public accountability* and Q&A 2011/03 *Interpretation of 'traded in a public market' in applying the IFRS for SMEs* on the *IFRS for SMEs* (International Financial Reporting Standard for Small and Medium-sized Entities). Click **here** for the IASB press release and published Q&A guidance.

IFRS Foundation Trustees appoint Chairman

The Trustees of the IFRS Foundation announced the appointment of Michel Prada as Chairman of the Trustee of the IFRS Foundation. Michel Prada is the former Chairman of the Executive and Technical Committees of the International Organization of Securities Commissions (IOSCO) and currently serves as the Chairman of the International Valuation Standards Council (IVSC), co-Chairman of the Council on Global Financial Regulation and non-executive Director of the International Centre for Financial Regulation. His initial three-year term begins 1 January 2012. Click **here** for the IASB press release.

Elke König steps down as IASB member

The IASB announced that Elke König is stepping down from the IASB effective 31 December 2011 following her appointment as President of the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), the German Federal Financial Supervisory Authority. Click **here** for the IASB press release.

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. A number of projects have been deferred, the expected timing of other projects more precisely defined and deadlines for finalisation of IFRSs on leases and revenue recognition projects now not explicitly stated within the timeframes outlined in the work plan (i.e., 2012). Deferred projects include: impairment, hedge accounting, leases, revenue recognition, insurance contracts and the 2010-2012 annual improvements cycle. Click **here** for the IASB work plan.

FASB and IASB Chairs discuss global accounting standards

In a recent address at the AICPA National Conference on Current SEC and PCAOB Developments, FASB Chairman Leslie Seidman and IASB Chairman Hans Hoogervorst discussed global accounting standards and the possible future endorsement of IFRSs by the SEC. Ms. Seidman discussed the approach the US may take in the adoption of IFRSs as well as the FASB's ongoing role should the US adopt IFRSs for US issuers. Mr. Hoogervorst discussed the endorsement process used in most parts of the world and the possibility of allowing US companies the option of adopting IFRSs. Click **here** for Leslie Seidman's speech. Click **here** for Hans Hoogervorst's speech.

IFRS Foundation Education Initiative develops training module on IFRS for SMEs

The IFRS Foundation Education Initiative developed a training module for Section 33 of the *IFRS for SMEs Related Party Disclosures*. The *IFRS for SMEs* training material will include 35 stand-alone modules – one for each section of the *IFRS for SMEs*. Currently, 27 modules are available. Click **here** to access the press release relating to development of the Section 33 training module. Click **here** to access all available training modules.

IFAC proposes revisions to its membership obligations

The Board of the International Federation of Accountants (IFAC) published for public comment proposed revisions to its Statements of Membership Obligations (SMOs). The SMOs form the basis of the IFAC Member Body Compliance Program and provide a framework for professional accountancy organisations focused on serving the public interest by adopting, or otherwise incorporating, and supporting implementation of international standards and maintaining adequate enforcement mechanisms to ensure the professional behaviour of their individual members. The proposed amendments serve to clarify what is expected of IFAC members when they have varying degrees of responsibility for an SMO area. It also brings the SMOs in line with IFAC's current strategic focus on adoption and implementation of international standards. Comments on the proposals are due by 5 March 2012. Click **here** for the IFAC press release.

IVSC issues newsletter outlining recent developments

The IVSC issued its November 2011 e-newsletter outlining developments in global valuation standards including electronic access to IVSC standards, a collaboration project with the IASB in the development of educational material to support the implementation of IFRS 13 *Fair Value Measurements*, the development of a Code of Ethical Principles for Professional Valuers and a number of recent board appointments. Click **here** to access the IVSC newsletter.

IESBA proposes changes to the Code of Ethics for Professional Accountants to address conflicts of interest

The International Ethics Standards Board for Accountants (IESBA) proposed changes to its *Code of Ethics for Professional Accountants* to provide additional guidance to professional accountants in business and in public practice concerning conflicts of interest, and to make revisions to provide more comprehensive guidance in identifying, evaluating and managing conflicts of interest. Comments on the proposals are due by 31 March 2012. Click **here** to access the IESBA press release.

IAASB issues guidance on auditing financial instruments

The International Auditing and Assurance Standards Board (IAASB) released International Auditing Practice Note (IAPN) 1000 *Special Considerations in Auditing Financial Instruments* to provide practical assistance to auditors when addressing valuation and other considerations pertaining to financial instruments. IAPN 1000 provides background information about financial instruments and discusses audit considerations such as planning, assessing and responding to audit risks, the valuation of financial instruments and appropriate internal controls related to financial instruments. As IAPNs are non-authoritative documents, IAPN 1000 is immediately available for use. Click **here** for the IAASB press release.

IAASB publishes guidance on providing assurance on pro forma information

The IAASB released International Standard on Assurance Engagements (ISAE) 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* which provides guidance on the nature and extent of a practitioner's work when engaged to report on the compilation of pro forma financial information. Among other matters, it establishes minimum benchmarks for suitable criteria for the compilation of such information. The new standard is effective for assurance reports dated on or after 31 March 2013. Click **here** for the IAASB press release.

AOSSG issues communiqué from its November 2011 meeting

The Asian-Oceanian Standard-Setters Group (AOSSG) issued a communiqué from its 23-24 November 2011 meeting in Melbourne. Discussion topics included administrative matters related to extended terms of AOSSG members and confirmation of a new chair and vice chair, a working group proposal recently submitted to the IASB related to limited revisions to IAS 41 *Agriculture*, the development of an Islamic Finance Advisory Group to provide input to the IASB regarding salient features of Islamic finance to assist in the development of IFRSs, the need for a global accounting standard on the emissions trading schemes (ETS) and other technical matters. Click **here** for the communiqué.

FEE issues policy statement on current economic difficulties

The Federation of European Accountants (Fédération des Experts comptables Européens, FEE) released a policy statement entitled *Professional Accountants' Contribution in the Current Economic Difficulties: Enhancing Transparency and Confidence*. The policy statement contains a high-level summary of issues that preparers, auditors and public sector entities may wish to consider in the current economic circumstances. These include the measurement of assets, impairment of financial and non-financial assets, going concern considerations, disclosures, areas of particular audit attention and public sector governance. Click **here** for the FEE press release.

European Parliament votes to ease accounting rules for European micro entities

The European Parliament voted to simplify accounting rules for European "micro entities". The simplification follows the European Commission's tabled proposals to reduce burdensome accounting rules for Europe's smallest companies (originally proposed in February 2009) by allowing governments to develop simplified balance sheet and profit and loss accounts. Additionally, the European Commission's proposals sought limited disclosure requirements and limited obligations to calculate year-end accruals and prepayments for certain types of expenses. Click **here** for the European Commission press release following the European Parliament vote.

EFRAG issues update considering endorsement advice and other IASB activities

The EFRAG released the December 2011 issue of its *EFRAG Update* newsletter, which included discussion of its draft endorsement advice and draft effects study report on amendments to IFRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters* and its draft comment letter to the IASB on the exposure draft *Government Loans (Proposed amendments to IFRS 1)*. Click **here** to access the *EFRAG Update* newsletter.

EFRAG and UK ASB issue discussion paper on income taxes

The EFRAG and the UK Accounting Standards Board (UK ASB) issued Discussion Paper *Improving the Financial Reporting of Income Tax*. The discussion paper provides possible enhancements to the requirements for financial reporting of income tax currently in IAS 12 *Income Taxes*, while also discussing alternative approaches that could result in a replacement standard of IAS 12. Comments on the discussion paper are due by 29 June 2012. Click **here** to access the discussion paper.

EFRAG consolidates feedback statement regarding IASB agenda consultation 2011

The EFRAG, in cooperation with National Standard Setters (NSS), issued a statement consolidating feedback received from eight European events held regarding the IASB agenda consultation 2011. This feedback was integrated into the EFRAG's **comment letter** to the IASB issued on 5 December 2011. Click **here** to access the 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. 14 IASB pronouncements await endorsement action. Click **here** to access the endorsement status report.

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Deloitte IFRS communications and publications

Issuance Date	Description
22 December 2011	**IFRS in Focus:** IASB clarifies requirements for offsetting financial assets and financial liabilities and amends disclosures
21 December 2011	**IFRS in Focus:** IASB defers the mandatory effective date of IFRS 9 and adds disclosure requirements
21 December 2011	**IFRS in Focus:** Closing out 2011 – An overview of IFRSs and IFRS Interpretations that are either mandatorily effective for December 2011 calendar year-ends and subsequent accounting periods or can be early adopted
21 December 2011	**Insurance Accounting Newsletter:** Refining divergent positions and a gleam of hope from IFRS 9 planned revisions
20 December 2011	**IFRS Industry Insights:** The Revenue Recognition Project – An update for the software industry
16 December 2011	**IFRS Podcast:** Deloitte IFRS Podcast discussing recently issued amendments relating to offsetting of financial assets and financial liabilities
16 December 2011	**IFRS Podcast:** Deloitte IFRS Podcast discussing the deferral of the effective date of IFRS 9
13 December 2011	**Accounting for revenue in the telecommunications industry – Counting the cost:** This publication provides an overview of the recently issued revised exposure draft *Revenue from Contracts with Customers* and the potential implications of the proposals on the telecommunications industry
7 December 2011	**IFRS Podcast:** Deloitte IFRS Podcast discussing the concept of 'integrated reporting' and the International Integrated Reporting Council's (IIRC) Discussion Paper *Towards Integrated Reporting – Communicating Value in the 21st Century*

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IASB meetings

Description	
IASB meeting	Click **here** for the 13 – 16 December 2011 meeting notes

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Comment letters

	Description	Receiving party	Comment deadline
Comment letters issued	IFRS Interpretations Committee tentative agenda decisions:	IFRS Interpretations Committee	12 December 2011
	IAS 19: *Employee Benefits* – Applying the definition of termination benefits to 'Altersteilzeit' plans		
	Discussion Paper, *Towards Integrated Reporting – Communicating Value in the 21st Century*	International Integrated Reporting Council	14 December 2011
	ED/2011/5, *Government Loans (Proposed amendments to IFRS 1)*	IASB	5 January 2012
Comment letters pending	ED/2011/4, *Investment Entities*	IASB	5 January 2012
	Draft Q&A 2011/11, *IFRS for SMEs* Section 11, Issue 1: *Fallback to IFRS 9 Financial Instruments*	SMEIG	31 January 2012
	Draft Q&A 2011/11, *IFRS for SMEs* Section 30, Issue 1: *Recycling of Cumulative Exchange Differences on Disposal of a Subsidiary*	SMEIG	31 January 2012
	ED/2011/6, *Revenue from Contracts with Customers*	IASB	13 March 2012
	ED/2011/7, *Transition Guidance (Proposed amendments to IFRS 10)*	IASB	21 March 2012

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