



IFRS NEWS IN BRIEF

PUBLICATIONS AND ANNOUNCEMENTS

IFRS for SMEs amended following a comprehensive review

The amendments published by the IASB on 21 May 2015 (effective for annual periods beginning on or after 1 January 2017 with early application permitted) mainly clarify - rather than change - the existing requirements or add supporting guidance. Under the amended Standard, SMEs are allowed to revalue property, plant and equipment, and the main recognition and measurement requirements for deferred income tax are aligned with IFRS.

For more information: <http://bit.ly/1EZTWbW>

Proposal to defer the effective date of IFRS 15 open for comment until 3 July 2015

On 19 May 2015, the IASB published an exposure draft aimed at deferring the effective date of the revenue Standard by one year, i.e. to annual periods beginning on or after 1 January 2018 (early application would continue to be permitted), mainly because of a forthcoming exposure draft of targeted amendments to IFRS 15 that will clarify some of its requirements and add illustrative examples to aid implementation.

For more information: <http://bit.ly/1FwAU3o>

Proposals for a revised Conceptual Framework open for comment until 26 October 2015

On 28 May 2015, the IASB published an exposure draft ('the ED') aimed at enhancing financial reporting by providing a more complete, clearer and updated set of concepts that can be used by both the IASB when it develops IFRS, and others to help them understand and apply those Standards. The ED is accompanied by another separate exposure draft containing proposals to update references to the Conceptual Framework in existing IFRS.

For more information: <http://bit.ly/1J4nRqD>

IFRS INTERPRETATIONS COMMITTEE LATEST DECISIONS SUMMARY

The following is a summarised update on some of the main provisional decisions taken by the IFRS Interpretations Committee (IC) at its meeting on 12 May 2015. The IC also discussed issues relating to IFRS 5 (scope, intragroup transactions, IFRS 12 disclosures, impairment loss of a disposal group, etc.), IFRS 11 (assuming joint control in an existing joint operation), IAS 23 (borrowing costs on completed qualifying assets), etc.

For more detailed and comprehensive information on the IC's discussions: <http://bit.ly/1BKvjzE>

Accounting for net proceeds and costs of testing for property, plant and equipment

A forthcoming draft Interpretation of IAS 16 would clarify the accounting for the amount by which the proceeds received from selling items produced while testing an item of PPE under construction exceed the costs of testing. In particular, the net proceeds would be deducted from the cost of the PPE if, and only if, the activity that led to those proceeds was testing (as per IAS 16.17(e)).

- » Testing whether the item of PPE functions properly would focus on the technical/physical performance of the PPE, and not on the financial performance such as the level of operating margin or quantity of the output as intended by management.
- » If material, the amount of proceeds that has been deducted from the PPE would need to be disclosed (as disclosure of other changes in PPE under IAS 16.73(e)(ix)).

INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB) LATEST DECISIONS SUMMARY

The following is a summarised update on the main provisional decisions taken by the IASB at its meeting on 18-20 May 2015. In addition, the Board held education sessions (insurance contracts, financial instruments with characteristics of equity) and discussions on due processes and other topics (e.g. annual improvements to IFRS, transfers of investment property, macro-hedging, etc.).

For more detailed and comprehensive information on the Board's discussions: <http://bit.ly/IFsWrDE>

Disclosure Initiative - Principles of Disclosure (discussion paper due Q4/2015)

- » A general disclosure Standard (IAS 1 or equivalent) would include further guidance on determining when accounting policies should be disclosed.
- » Such a general disclosure Standard or educational material would:
 - › describe the alternatives for locating accounting policy disclosures.
 - › permit cross-referencing of immaterial accounting policies from an entity's financial statements to somewhere outside of the financial statements or annual report.
 - › require disclosures about judgements, assumptions and accounting estimates to be located with the related accounting policies (unless another location is more appropriate).
 - › require clear identification in the financial statements of the accounting policies subject to choice, those that had changed in the period or those for which the entity would need to apply judgements or make assumptions and accounting estimates.

Post-implementation Review of IFRS 8 (narrow-scope amendments)

- » New guidance would emphasise that, when operating segments are appropriately identified in accordance with the management perspective, the application of IFRS 8 facilitates the consistent description of the entity across presentations to investors, the management commentary and operating segments disclosures.
- » Clarification and emphasis that the chief operating decision maker ('CODM') includes both individuals and committees and that the CODM is a function that makes operating decisions.
- » The nature of the entity's CODM would need to be disclosed.
- » Additional examples of similar economic characteristics would support the aggregation criteria (IFRS 8.12).

- » Additional guidance about the type of information that is most useful to investors (e.g. non-cash expenses, non-recurring items and other line items that affect future cash flows) would be provided.
- » The nature of reconciling and unallocated items should be more fully explained in the reconciliations currently required by the Standard.
- » IAS 34 would be amended to require presentation of all restated interim comparative periods for the preceding year as part of an entity's first interim report following a reorganisation.

UPCOMING COMMENT DEADLINES

10 June 2015	ED/2015/1 - Classification of Liabilities (Proposed amendments to IAS 1)
3 July 2015	ED/2015/2 - Effective Date of IFRS 15 (Proposed amendments to IFRS 15)
26 October 2015	ED/2015/3 - Conceptual Framework for Financial Reporting
26 October 2015	ED/2015/4 - Updating References to the Conceptual Framework (Proposed amendments to IFRS 2, IFRS 3, IFRS 4, IFRS 6, IAS 1, IAS 8, IAS 34, SIC-27 and SIC-32)

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Please contact Ellen O'Sullivan in the RSM Executive Office for more information on IFRS services provided by RSM member firms:

Ellen (Costa) O'Sullivan
E ellen.osullivan@rsmi.com
T +44 (0)20 7601 1080

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