



# IFRS NEWS IN BRIEF

## PUBLICATIONS AND ANNOUNCEMENTS

### **Proposals for amendments to pension accounting open for comment until 19 October 2015**

On 18 June 2015, the IASB published an exposure draft aimed at improving information to investors and addressing some diversity in practice in relation to pension accounting requirements, in particular when a defined benefit plan is amended, curtailed or settled during a reporting period (IAS 19), and how the powers of other parties (e.g. the Trustees of the plan) affect an entity's right to a refund of a surplus from the plan (IFRIC 14).

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

## 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 22-25 June 2015, sometimes jointly with the FASB. In addition, the Board held education sessions and discussions on due processes and other topics (e.g. financial instruments with characteristics of equity, disclosure initiative, etc.).

For more detailed and comprehensive information on the Board's discussions: <http://bit.ly/1GiTu8P>

### **Clarifications to IFRS 15 Revenue from Contracts with Customers (exposure draft due Q3/2015)**

- » The illustrative examples and guidance on principal versus agent considerations would be amended to clarify:
  - › the application of the control principle in the context of services
  - › the role of the control indicators (that would be reframed to indicate when an entity is a principal, rather than when an entity is an agent), in particular: how each indicator relates to the control principle; one or more indicators may be more or less relevant to the control evaluation in different contracts; the indicators assist in the evaluation of control, rather than overriding or replacing the control evaluation
  - › the unit of account for the principal versus agent analysis: a specified good or service is a distinct good or service (or a distinct bundle of goods or services) which, depending on the circumstances, may be a right to an underlying good or service to be provided by another party
- » Entities would be required to apply the proposed amendments to IFRS 15 retrospectively.

### **Insurance Contracts (redeliberations of proposals)**

- » Contracts with direct participation features would be defined as contracts for which:
  - › the contractual terms specify that the policyholder participates in a defined share of a clearly identified pool of underlying items;
  - › the entity expects to pay to the policyholder an amount equal to a substantial share of the returns from the underlying items; and

- › a substantial proportion of the cash flows that the entity expects to pay to the policyholder should be expected to vary with the cash flows from the underlying items.
- » The general measurement model would be modified for insurance contracts with direct participation features, so that changes in the estimate of the fee that the entity expects to earn from the contract (such fee being equal to the entity's expected share of the returns on underlying items, less any expected cash flows that do not vary directly with the underlying items) are adjusted in the contractual service margin.
- » For all insurance contracts with participation features, the contractual service margin would be recognised in profit or loss on the basis of the passage of time.

### **Recognition of Deferred Tax Assets for Unrealised Losses (redeliberations of proposed amendments to IAS 12)**

Based on an analysis of the comment letters received on the August 2014 exposure draft and the recommendations from the IFRS Interpretations Committee, the proposed clarifying amendments to the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value would be finalised, subject to some revisions to the proposed wording.

### **Equity method of accounting (discussion paper due in 2016)**

- » The methodology for the limited-scope research project - seeking to address application problems arising from the equity method requirements in IAS 28 - would assume that control is the appropriate basis for determining the reporting group, associates and joint ventures are not part of the group (thus, their assets and liabilities would not be recognised separately in the financial statements), and the unit of account is the investment as a whole.
- » The application date of the amendment issued in September 2014 to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* would be deferred.
- » The equity method of accounting applied to subsidiaries in separate financial statements would be assessed separately.

## UPCOMING COMMENT DEADLINES

19 October 2015	ED/2015/5 - Remeasurement on a Plan Amendment, Curtailment or Settlement/ Availability of a Refund from a Defined Benefit Plan (Proposed amendments to IAS 19 and IFRIC 14)
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)

## RSM INTERNATIONAL COMMENT LETTERS

- » On 5 June 2015, RSM International submitted a letter of comment to the IASB on ED/2015/1 *Classification of Liabilities (Proposed amendments to IAS 1)* <http://bit.ly/1M7HYWO>
- » On 2 July 2015, RSM International submitted a letter of comment to the IASB on ED/2015/2 *Effective Date of IFRS 15 (Proposed amendments to IFRS 15)* <http://bit.ly/1M7KXOK>

### **About RSM**

RSM is a global network of independently owned and managed professional service firms, united by a common desire to provide the highest quality of services to their clients. High standards, common work ethic and clear focus make our members valuable partners for a varied client base worldwide. RSM spans the globe, with more than 700 member and correspondent firm offices, in 100 countries worldwide and more than 35,000 people on hand to serve clients.

We have member firms in North and South America, across Europe, in Africa and the Middle East and throughout the Asia Pacific region. For a full list of member firms visit [www.rsmi.com](http://www.rsmi.com).

RSM member firms will work in partnership with clients to address the impact of IFRS developments on their business. They bring knowledge of local markets, an understanding of the business issues to be addressed when expanding internationally and excellence in the application of IFRS.

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](mailto:ellen.osullivan@rsmi.com)  
T +44 (0)20 7601 1080

RSM is the brand used by a network of independent accounting and advisory firms each of which practices in its own right. The network is not itself a separate legal entity of any description in any jurisdiction.

The network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 11 Old Jewry, London EC2R 8DU.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

© RSM International Association, 2015