



# IFRS NEWS IN BRIEF

## Publications & Announcements

### Proposal for amendments to IAS 39 and IFRS 9 open for comment until 2 April 2013

On 28 February 2013, the IASB published an exposure draft with a view to permitting the continuation of hedge accounting specifically when the counterparty to a derivative designated as a hedging instrument is replaced by a new central counterparty (known as 'novation of derivatives'), as a consequence of new laws or regulations, if specific conditions are met.

For more information: <http://www.ifrs.org/Alerts/ProjectUpdate/Pages/Exposure-Draft-Novation-of-derivatives-and-continuation-of-hedge-accounting.aspx>

## International Accounting Standards Board Latest Decisions Summary

The following is a summarised update on the main provisional decisions taken by the IASB at its meeting on 18 - 22 February 2013, sometimes jointly with the FASB.

For more information: [http://media.ifrs.org/2013/IASB/February/IASB%20Update\\_February\\_2013\\_HTML.html](http://media.ifrs.org/2013/IASB/February/IASB%20Update_February_2013_HTML.html)

### Revenue Recognition (IFRS due Q2/2013)

- Disclosures on disaggregation of revenue would not require a minimum number of categories. However, an entity should explain how the disaggregated revenue information correlates with its reportable segments disclosed under IFRS 8 Operating Segments.
- Both reconciliations of the contract balances and of the opening and closing balances of assets recognised from the costs incurred to obtain or fulfil a contract with a customer (as proposed in the 2011 ED) would be replaced with a combination of quantitative and qualitative disclosures.
- IAS 34 Interim Financial Reporting would require disaggregation of revenue, while the general principles of IAS 34 would apply to the other revenue disclosure requirements.
- An entity would be able to choose between a retrospective application of the Standard and an alternative transition method whereby the Standard would apply only to contracts that are not completed at the date of its initial application, without restating comparative years (additional explanatory disclosures would be required).
- The Standard would become effective for reporting periods beginning on or after 1 January 2017, with early application prohibited (except for first-time adopters of IFRSs under IFRS 1).

**Leases (re-exposure due Q2/2013)**

- If a leased property meets the definition of an investment property, the right-of-use asset would be accounted for in accordance with IAS 40.
- Lessors and lessees would be provided specific transition relief for existing finance leases: the carrying amount of assets and liabilities associated with those leases would not be adjusted on transition.

**Insurance contracts (re-exposure due Q2/2013)**

- On transition, insurance contracts that were previously acquired through a business combination should be accounted for using the date of the business combination as their date of inception, and their fair value at that date as the premium received; any gains or losses should adjust retained earnings (rather than goodwill).

**Rate-regulated activities (exposure draft of interim IFRS due Q2/2013)**

- The IAS 33 EPS ratios including and excluding the movements in the regulatory balances should be presented with equal prominence.
- Regulatory deferral account balances should be outside the scope of the measurement requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.
- While regulatory deferral account balances would be outside the scope of IAS 36 (existing local GAAP impairment policy should continue for such balances), IAS 36 requirements should apply to any CGU that includes regulatory balances (in the same way as they apply when other specific items that are excluded from the scope of IAS 36 are included in the CGU).
- The deferred tax amounts recognised on regulatory deferral account balances in accordance with IAS 12 should be included within the regulatory line items (not within the tax line items), with clear disclosure.

**Bearer biological assets (BBA) (exposure draft due Q2-Q3/2013)**

- The bare BBA (ie excluding the produce growing on the BBA) should be included in the scope of IAS 16 Property, Plant and Equipment as the recognition and disclosure requirements of IAS 16 could be applied to BBA without modification, including the revaluation model.
- The produce growing on the BBA should remain in the scope of IAS 41 Agriculture.
- On transition, BBA's fair value could be used as their deemed cost under IAS 16 at the start of the earliest comparative period presented in the financial statements. The deemed cost exemptions provided for PPE in IFRS 1 First-time Adoption of IFRSs should also be available for items of BBA.

**Conceptual framework (discussion paper due Q2/2013)**

- The Board discussed sections of the conceptual framework - and took sometimes provisional decisions on preliminary views to be included in the forthcoming discussion paper - mainly: purpose of the conceptual framework, definition of the elements of financial statements (asset, liability, equity, income and expense), recognition and derecognition, boundary between liabilities and equity, measurement, and reporting entity.

## Upcoming Comment Deadlines

18 March 2013	ED IFRS Taxonomy 2013
19 March 2013	ED/2013/1 - Recoverable Amount Disclosures for Non-Financial Assets (proposed amendments to IAS 36)
22 March 2013	ED/2012/3 - Equity Method: Share of Other Net Asset Changes (proposed amendments to IAS 28)
28 March 2013	ED/2012/4 - Classification and Measurement: Limited Amendments to IFRS 9 (proposed amendments to IFRS 9 (2010))
2 April 2013	ED/2012/5 - Clarification of Acceptable Methods of Depreciation and Amortisation (proposed amendments to IAS 16 and IAS 38)
2 April 2013	ED/2013/2 - Novation of Derivatives and Continuation of Hedge Accounting (proposed amendments to IAS 39 and IFRS 9)
23 April 2013	ED/2012/6 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (proposed amendments to IFRS 10 and IAS 28)
23 April 2013	ED/2012/7 - Acquisition of an Interest in a Joint Operation (proposed amendment to IFRS 11)

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