



IFRS NEWS IN BRIEF

IFRS Interpretations Committee Latest Decisions Summary

During the Interpretations Committee's (IC) meeting on 29-30 January 2014, no decisions were taken on forthcoming interpretations, except that the project on employee benefit plans with a guaranteed return on contributions or notional contributions (IAS 19) is provisionally abandoned as the IC was unable to develop a suitable solution to this important issue that would be best addressed by the IASB in a broader consideration of accounting for employee benefits.

Also, the IC tentatively decided that sufficient guidance already exists or that significant diversity in practice is not expected on the following topics in particular:

- Interaction between the requirements in IFRS 3 for identifying an acquirer and in IFRS 10 for deciding whether control exists, in particular where a business combination is achieved by contract alone (eg in a stapling arrangement), with no combining entity obtaining control of the others.
- Classification under IFRS 11 of joint arrangements (joint operation or joint venture) where 'other facts and circumstances' need to be assessed.
- Application of IAS 12 to the following:
 - » Calculation of deferred tax related to goodwill as a consequence of an entity's internal reorganisation.
 - » Recognition of a tax asset in the situation in which tax laws require an entity to make an immediate payment when a tax examination results in an additional charge, even if the entity intends to appeal against the charge (ie the entity expects, but is not certain, to recover some or all of that cash).
- Classification under IAS 32 of a financial instrument that is mandatorily convertible into a variable number of shares but gives the issuer the option to settle by delivering the maximum fixed number of shares.
- Accounting under IAS 39 / IFRS 9 for a financial instrument that is mandatorily convertible into a variable number of shares subject to a cap and a floor.

Finally, the following would be recommended for consideration by the IASB:

- Amend IFRS 10 to clarify that an investment entity that has an investment entity subsidiary that also provides investment-related services or activities (not only to its investors and investees but in particular to third parties) should measure that subsidiary at fair value.
- Clarify IFRS 10 as to whether the exemption from presenting consolidated financial statements by an intermediate parent that meets certain conditions is available to an entity that is measured at fair value in the financial statements of its investment entity only parent.
- Amend IAS 12 to illustrate the application of its existing principles in accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

For more information: <http://media.ifrs.org/2014/IFRIC/January/IFRIC-Update-January-2014%20V2.html>

International Accounting Standards Board Latest Decisions Summary

The following is a summarised update on some of the main provisional decisions taken by the IASB at its meeting on 19-20 February 2014.

For more detailed and comprehensive information on the Board's discussions:
<http://media.ifrs.org/2014/IASB/February/IASB-Update-February-2014.html>

Financial Instruments: Impairment, Classification and Measurement (IFRS due Q2/2014)

The mandatory effective date of IFRS 9 would be fixed for annual periods beginning on or after 1 January 2018.

Share-based Payment (narrow-scope amendments to IFRS 2)

- Accounting for the effects of vesting conditions on a cash-settled share-based payment (SBP) should follow the approach used for equity-settled SBP. Guidance would be added to describe and illustrate the effect of a performance condition (vesting v/s non-vesting) on the measurement of a cash-settled SBP transaction.
- Additional guidance would specify that a SBP transaction in which the entity settles the SBP arrangement net, by withholding a specified portion of the equity instruments to meet its minimum statutory tax withholding requirements, should be classified as equity-settled in its entirety, if the entire SBP would otherwise be classified as equity-settled without the net settlement feature.

Fair Value Measurement: Unit of Account (exposure draft due Q2/2014)

Early application of the forthcoming proposed amendments - which clarify the fair value measurement of quoted investments in subsidiaries, joint ventures and associates, as well as the measurement of the recoverable amount of cash-generating units (CGUs) on the basis of fair value less costs of disposal when those CGUs correspond to a quoted entity - should be permitted. In the period of first-time application of the proposed amendments, the following transition provisions would apply:

- For quoted investments, an entity should adjust its opening retained earnings to account for the effect of the change in measurement as a catch-up adjustment (to be disclosed) and recognise the change in measurement of the quoted investments during that period in profit or loss.
- For quoted CGUs, the proposed amendments should be applied prospectively, with quantitative information in case of an impairment loss / reversal during the period.

Agriculture: Bearer Plants (redeliberations of proposed amendments to IAS 41)

The Board provisionally confirmed the following three key proposals in the ED: the scope of the amendments would be restricted to bearer plants, produce growing on bearer plants should be accounted for at fair value through profit or loss in accordance with IAS 41, and bearer plants should be within the scope of IAS 16 with no additional specific guidance.

Upcoming Comment Deadlines

13 March 2014	ED/2013/11 - Annual Improvements to IFRSs 2012-2014 Cycle
30 May 2014	RfI - Post-implementation Review: IFRS 3 Business Combinations

RSM International Comment Letters

On 31 January 2014, RSM International submitted a letter of comment to the IASB on ED/2013/10 *Equity Method in Separate Financial Statements (Proposed amendments to IAS 27)* <http://www.ifrs.org/Current-Projects/IASB-Projects/IAS-27-Separate-Financial-Statements/Exposure-Draft-December-2013/Pages/Comment-letters.aspx>

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 32,500 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.

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 Costa in the RSM Executive Office for more information on IFRS services provided by RSM member firms:

Ellen Costa
E ellen.costa@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, 2014