International headlines

IASB Chairman indirectly comments on funding suggestions in the provisional ECON report

At the meeting of the International Financial Reporting Standards (IFRS) Advisory Council held in London, the International Accounting Standards Board (IASB) Chairman Hans Hoogervorst took the opportunity of commenting on the suggestions in the provisional Committee on Economic and Monetary Affairs (ECON) report when talking about the IASB’s conceptual framework project and other IASB activities. The provisional report of the ECON was made available in early October. It recommended an annual assessment of the EU’s funding for the IASB and suggested making the outcome of the assessment dependent on certain conditions. Referring to the provisional ECON report he commented that he found it "very difficult to discuss the concept as long as it is tied in to a political discussion". He called tying funding to the outcomes of standard-setting “something we cannot accept” and “a threat to our independence” and also warned “if Europe is going to do this, other parts of the world might be encouraged to do so”. Click here for more information.

IASB forms new Disclosure Initiative group

The IASB has created a new staff group for its Disclosure Initiative project. The group will assist the IASB on the project’s objective of developing short- and medium-term strategies that improve how financial information is disclosed. The Disclosure Initiative group consists of members of the IASB standard-setting team and its eXtensible Business Reporting Language (XBRL) team. Click here for the press release.

IASB issues Exposure Draft of proposed amendments to IFRS for SMEs

The IASB has published an exposure draft of proposed amendments to its ‘International Financial Reporting Standard for Small and Medium-sized Entities’ (IFRS for SMEs). The proposals are the result of the first comprehensive review of that standard, which is to be conducted in three year intervals. Comments on the exposure draft are requested by 3 March 2014. Click here for more information on the exposure draft and here to access the exposure draft.

New IFRS for SMEs training module available

The IFRS Foundation Education Initiative has developed a training module for Section 26 of the IFRS for SMEs ‘Share-based Payment’. This section of the IFRS for SMEs provides guidance on share-based payment transactions and the related non-mandatory guidance subsequently provided by the IFRS for SMEs group. Click here for more information on the training module.

For more useful information please see the following websites:

www.iasplus.com

www.deloitte.com
FASB and ASBJ hold biannual meeting
The fifteenth meeting between representatives of the Financial Accounting Standards Board (FASB) and the Accounting Standards Board of Japan (ASBJ) was held in Tokyo, Japan, on 15 and 16 October 2013. The meeting saw updates on each board’s respective standard-setting activities and an exchange of views concerning the development of high-quality global accounting standards. The FASB and ASBJ will continue to meet, with another meeting to be scheduled for the first half of 2014 in Norwalk. Click here for more information on the meeting and here for the FASB press release.

FASB chair remarks on comparability in global financial reporting
The FASB Chairman, Russell Golden gave a speech in Tokyo to members of Keidanren (Japanese business organisation) and FEI Japan concerning efforts taken in Japan and the United States to achieve greater comparability in global financial reporting. First, Mr Golden commented on actions in Japan. He mentioned two papers which provide helpful analyses on the global effort to converge accounting standards i.e Keidanren’s 10 June position paper, “Basic Stances on Japan’s Future Corporate Accounting System,” and the Business Accounting Council’s 19 June paper, “The Present Policy on the Application of International Financial Reporting Standards (IFRS).” Click here for more information and here for the full text of the speech.

EFRAG draft comment letter on the IFRS for SMEs proposals
The European Financial Reporting Advisory Group (EFRAG) has issued a draft comment letter on the IASB’s exposure draft (ED) on proposed amendments to the IFRS for SMEs. The EFRAG supports the framework for dealing with new and revised IFRS during future reviews of the IFRS for SMEs, however it believes no changes should be made to the IFRS for SMEs until changes in IFRS have been fully implemented. The EFRAG stated that post-implementation reviews of new and revised IFRS may be a more suitable opportunity to assess whether a change in the IFRS for SMEs is needed. Click here for more information and here to access the draft comment letter.

New edition of EFRAG Insider
The EFRAG has published a new edition of the publicly available newsletter ‘EFRAG Insider’. In this edition, the EFRAG provides information regarding the development of “Maystadt” review and the resulting consequences for EFRAG. It also addresses the exposure drafts on leases and insurance contracts, ongoing developments related to long-term investment business model requirements and the IASB conceptual framework project. Click here to access the edition.

EFRAG identifies two further business models
The EFRAG launched a public consultation on long-term investing activities business models in May 2013. EFRAG’s reason for the consultation were the European Green Paper on possible ways for supporting long-term investment and the limited amendments to IFRS 9 the IASB had proposed in November 2012, which would see the introduction of a new separate business model of “held to collect and sell”. EFRAG has now communicated the input received from constituents in the consultation and corresponding recommendations to the IASB. The main result of the consultation was the identification of two business models: the ‘liability-driven’ business model and the ‘asset-driven’ business model. EFRAG has not yet formed a view on whether the asset-driven business model, which is not necessarily seen as long-term as the liability-driven model, should have effects on the accounting requirements for financial and other assets and financial liabilities. However, EFRAG believes that the liability-driven model is not properly reflected in IFRS 9 and other standards. Click here for more information and here to access the full letter from EFRAG to IASB.

EFRAG believes fair value should not be banned
The EFRAG has submitted a letter of comment to the European Commission (EC) concerning its Green Paper on long-term financing of the European economy. EFRAG believes that the use of fair value may be necessary to achieve transparent and relevant financial reporting and should be required in these cases. Much of the debate around the Green Paper has been focused on the question whether it is fair value accounting that leads to short-termism in investor behaviour. Although EFRAG does not deny that fair value accounting may contribute to a limited degree to short-termism in investors’ behaviour, it feels that it does not make any sense to ban fair value as such. EFRAG states that when selecting the measurement basis for a particular item, the IASB should consider carefully what information that measurement will produce and then propose the most suitable measurement basis. According to EFRAG it is then also the constituents’ responsibility to ensure that fair value measurements are mandated only when they support high quality financial reporting. Click here for more information and here to access the comment letter.
EFRAG summarises recent activities
The EFRAG has released a new issue of its EFRAG Update newsletter, summarising the discussions held at the 9 to 11 October EFRAG Technical Experts Group (TEG) meeting and the EFRAG TEG conference call held on 17 September and 30 September 2013. Click here for more information on the EFRAG update.

Deloitte IFRS communications and publications

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IASB and IFRS Interpretations Committee meetings

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Comment letters

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