



IFRS INTELLIGENCE

SEPTEMBER 2015 - ISSUE 5

CURRENT
PUBLICATIONS

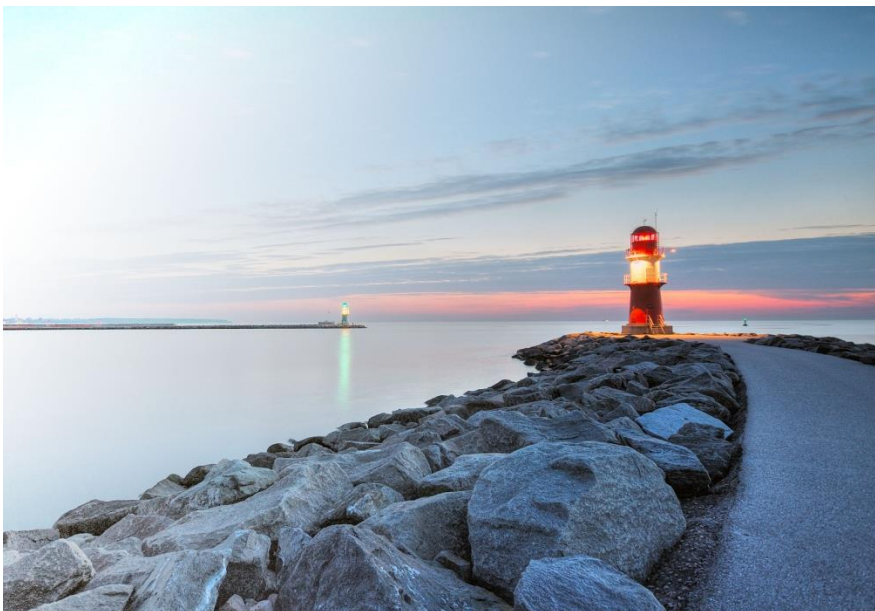
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Welcome

IFRS Intelligence is a regular newsletter that provides an update on new BDO International IFRS publications and reference material. In addition, it includes a complete list of publications and reference material that is available for your use.

If you have any comments or suggestions about IFRS Intelligence, or about any IFRS publications and other material that we are producing or might produce in future, please speak to your normal BDO contact or member firm, or send an email to Andrew Buchanan, Global Head of IFRS, at abuchanan@bdoifra.com.

ABOUT BDO

Established over 50 years ago, BDO has grown to become the world's fifth largest accounting, tax and advisory network with combined fee income in 2014 of over \$7 billion. We have member firms in 151 countries, operating from 1,328 offices with almost 60,000 partners and staff.

IFRS INTELLIGENCE

IFRS Intelligence is issued by BDO IFR Advisory, which provides technical IFRS services to the BDO network.

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Please see page 6 of this publication for contacts at BDO member firms worldwide, or visit our international website www.bdointernational.com.

CURRENT PUBLICATIONS AND OTHER MATERIAL

The following publications are available from the IFRS section of our international website, www.bdointernational.com:

IFRS News and IFRS News at a Glance

These web pages are updated daily for new developments in IFRS. A weekly summary is emailed to the IFRS Working Party and IFRS Country Leaders, together with other partners and staff at BDO member firms who have requested to be added to the distribution list. If you would like to be added to the distribution list, please send an email to David Cabaleiro at email address dcabaleiro@bdoifra.com.

IFRS at a Glance

This publication summarises the requirements of all IFRSs and Interpretations, with most being on a single page. It is available as a complete document, and by individual standard and interpretation. We also issued a comprehensive version of IFRS for SMEs at a Glance.

Need to Know

Need to Know provides updates on major IASB projects and developments in accounting requirements, highlighting the practical implications of forthcoming changes to accounting standards.

IFRS in Practice

IFRS in Practice sets out practical information about the application of key aspects of IFRS, including industry specific guidance.

International Financial Reporting Bulletins

IFRBs provide a summary of new IFRS discussion papers, exposure drafts, standards and IFRIC interpretations. They are issued shortly after the related document is issued by the IASB. Some IFRBs also cover documents issued by other organisations, such as extracts from the European Securities and Markets Authority enforcement database. In addition to being published on Connect and the external website in .pdf format, a word version of each IFRB is emailed to the IFRS Working Party and IFRS Country Leaders. This is in order that, if a member firm would prefer, it can issue the IFRB as its own document instead of it being under the BDO adopted IFRS some time ago.

Illustrative Financial Statements

IFRS illustrative financial statements, which are for a listed entity with a 31 December year end, are issued annually. We will also issue illustrative interim financial statements for 30 June.

IFRS Industry Issues

IFRS Industry Issues sets out an overview of areas that BDO's initial analysis indicates may be of particular significance for various industry sectors.

WORK PLAN - PROJECTED TARGET

The work plan below sets out current estimates of when publications and other reference material will be issued. The intention is to enable member firms that might otherwise draft documents themselves to plan ahead for the issue of the global documents, which they will be able to use and avoid the time and cost involved in developing material themselves. For a brief description of each type of publication, please see page 2.

Publication	H2 2015	Q1 2016	Q2 2016	H2 2016
IFRS in Practice				
IFRS 9 Financial Instruments	X			
IFRS 9 Financial Instruments (Classification and Measurement)				X
IFRS 9 Financial Instruments (Impairment)				X
IFRS 9 Financial Instruments (Hedge Accounting)				X
IFRS 9 Financial Instruments (Transition)				X
IFRS 10 Consolidated Financial Statements	X			X
IFRS 11 Joint Arrangements	X			X
IFRS 15 Revenue from Contracts with Customers	X			X
IFRS 15 Revenue from Contracts with Customers (Sectors)		X		
IFRS 16 Leases				X
IFRS 16 Leases (Sectors)				X
IAS 32 Liability/Equity and Convertible Debt	X			
Disclosure Initiative	X			
Distinction - business vs. asset acquisition			X	
Financing arrangements in the natural resources sector		x		
Common errors - IFRS 3 Business Combinations		X		
Common errors - IAS 1 Presentation of Financial Statements		X		
Common errors - IAS 23 Borrowing Costs		X		
Common errors - Capitalising Expenditure		X		
Common errors - IAS 10 Events after the Reporting Period			X	
Common errors - IAS 21 Foreign Exchange			X	
Common errors - IFRS 2 Share-based Payment				X
Common errors - IAS 38 Intangible Assets				X
Common errors - IAS 32 Debt/equity classification				X

Publication	H2 2015	Q1 2016	Q2 2016	H2 2016
Need to Know				
IFRS 16 Leases		X		
IFRS 16 Leases - Sectors			X	
IFRSs and Amendments effective for future periods (6 monthly)	X		X	
IFRS at a Glance (6 monthly update)	X		X	X
IFRS for SMEs at a Glance (yearly update)	X			X
Webcasts				
IFRS 15 Revenue (Industry specific)	X	X	X	
IFRS 9 Financial Instruments			X	
IFRS 16 Leases		X		
Disclosure Initiative		X		
Illustrative Financial Statements (31 December)	X			X
Illustrative Interim Financial Statements (30 June)			X	
IFRB (ongoing)	X	X	X	X

PUBLICATIONS ISSUED IN THE LAST 12 MONTHS

Need to Know

IFRSs and Amendments effective in periods after 30 June 2015 year ends

This publication covers a summary of changes made to IFRSs that will need to be adopted in future reporting periods, together with a discussion about major projects the IASB currently has in progress.

IFRS 9 (2014) Financial Instruments - Classification and Measurement

This publication covers the final requirements in relation to the classification and measurement of financial assets and financial liabilities in IFRS 9 (2014) and compares these requirements to those in IAS 39 *Financial Instruments: Recognition and Measurement* and previous versions of IFRS 9.

Note: This publication supersedes the earlier BDO *Need to Know* IFRS 9 (2010) Financial Instruments, released in May 2014.

IFRSs and Amendments effective in periods after 31 December 2014 year ends

This publication covers a summary of changes made to IFRSs that will need to be adopted in future reporting periods, together with a discussion about major projects the IASB currently has in progress.

IFRS 9 Financial Instruments - Impairment of Financial Assets

This publication covers the key requirements in respect of accounting for the impairment of financial assets that are measured at amortised cost or fair value through other comprehensive income, which are effective for periods beginning on or after 1 January 2018.

Note: This publication supersedes the earlier BDO *Need to Know* Financial Instruments: Expected Credit Losses (Exposure Draft), released in May 2013.

IFRS 15 Revenue from Contracts with Customers

This publication covers the key requirements of IFRS 15 for the recognition of revenue from contracts with customers, which are effective for periods beginning on or after 1 January 2017.

IFRS in Practice

IFRS 15 Revenue from Contracts with Customers - Transition

This publication summarises the transitional requirements of IFRS 15 and provides practical examples to illustrate the effect of the transitional provisions.

IFRS 15 Revenue from Contracts with Customers

This publication provides practical information and examples about the application of key aspects of IFRS 15.

International Financial Reporting Bulletins

Recently issued IFRBs, together with a brief note of their content, are as follows:

IFRB 2015/13: Clarifications to IFRS 15

This BDO IFR Bulletin summarises the proposed amendments to IFRS 15 *Revenue from Contracts with Customers* which aim to clarify the existing guidance for:

- Identification of performance obligations
- Principal vs. agent considerations
- Licensing agreements
- Transitional reliefs for completed and modified contracts.

IFRB 2015/12: IFRS Interpretations Committee - Agenda Rejections (July 2015)

This Bulletin summarises issues that the IFRS Interpretations Committee decided not to take onto its agenda at its July 2015 meeting, which were reported in its public newsletter.

Agenda decisions that were finalised at the July 2015 meeting

- *IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - Should an entity assume continuation of a minimum funding requirement for contributions relating to future services?*

Tentative agenda decisions at the July 2015 meeting

- *IAS 2/IAS 38 - Inventories/Intangible Assets - Should interest be accreted on prepayments in long-term supply contracts?*
- *IAS 12 - Income Taxes - Recognition through profit or loss of deferred taxes for temporary differences arising from the effect of exchange rate changes on the tax basis of non-current assets*

IFRB 2015/11: ESMA's 16th extract from the EECS's database of enforcement

This BDO IFR Bulletin sets a summary of the conclusions reached on the following transactions and related IFRSs:

1. Extinguishment of debt (IAS 27, IAS 39, IFRS 10, IFRIC 19)
2. Impairment charge for a decline in the fair value of available for sale financial assets (IAS 39)
3. Measurement of financial instruments at fair value (IFRS 13)
4. Fair value measurement in a business combination (IFRS 3, IFRS 13)
5. Presentation of financial statements (IAS 1, IAS 28)
6. Accounting for claims in construction contracts (IAS 11)
7. Impairment testing (IAS 36, IFRS 6).

IFRB 2015/10: IFRS Interpretations Committee - Agenda Rejections (May 2015)

This Bulletin summarises issues that the IFRS Interpretations Committee decided not to take onto its agenda at its May 2015 meeting, which were reported in its public newsletter.

Agenda decisions that were finalised at the May 2015 meeting

- *IFRS 10 Consolidated Financial Statements - Single-asset, single lessee lease vehicles*
- *IAS 24 Related Party Disclosures - Definition of close members of the family or a person.*

Tentative agenda decisions at the May 2015 meeting

No tentative agenda decisions were published.

IFRB 2015/09: 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)

The proposed narrow-scope amendments are published in respect of two issues:

- Remeasurement on a plan amendment, curtailment or settlement
 - Current service cost and net interest: Would be determined based on the assumptions used for the remeasurement
 - Net interest for remaining period: Would be determined based on the remeasured net defined benefit obligation/asset.

Current service cost and net interest in the current period are not affected, and are not included in the past service cost or the gain/loss on settlement.

- Availability of a refund from a defined benefit plan
Guidance on whether the power of other parties (e.g. pension trustees) to enhance benefits or wind up a plan affect the availability of a refund for the entity.

IFRB 2015/08: Effective Date of IFRS 15

The ED proposes to defer the effective date of IFRS 15 *Revenue from Contracts with Customers* by one year to 1 January 2018. In addition, at its June 2015 meeting the IASB is planning to approve a further Exposure Draft of amendments to clarify certain aspects of IFRS 15.

IFRB 2015/07: IFRS Interpretations Committee - agenda rejections (March 2015)

This Bulletin summarises issues that the IFRS Interpretations Committee decided not to take onto its agenda at its March 2015 meeting, which were reported in its public newsletter.

Agenda decisions that were finalised at the March 2015 meeting

- *IFRS 11 Joint Arrangements - Classification of joint arrangements: the assessment of 'other facts and circumstances'*
- *IFRS 11 Joint Arrangements - Classification of joint arrangements: application of 'other facts and circumstances' to specific fact patterns*
- *IFRS 11 Joint Arrangements - Classification of joint arrangements: consideration of two joint arrangements with similar features that are classified differently*
- *IFRS 11 Joint Arrangements - Accounting by the joint operator: recognition of revenue by a joint operator*
- *IFRS 11 Joint Arrangements - Accounting by the joint operator: the accounting treatment when the joint operator's share of output purchased differs from its share of ownership interest in the joint operation*
- *IFRS 11 Joint Arrangements - Accounting in separate financial statements: accounting by the joint operator in its separate financial statements*
- *IFRS 11 Joint Arrangements - Accounting by the joint operation: accounting by the joint operation that is a separate vehicle in its financial statements*
- *IAS 12 Income Taxes - Selection of applicable tax rate for the measurement of deferred tax relating to an investment in an associate*

- *IAS 19 Employee Benefits - Should longevity swaps held under a defined benefit plan be measured as a plan asset at fair value or on another basis as a 'qualifying insurance policy'?*

Tentative agenda decisions at the March 2015 meeting

No tentative agenda decisions were published.

IFRB 2015/06: Basel Committee on Banking Supervision - Guidance on accounting for expected credit losses - Supervisory requirements specific to jurisdictions applying IFRS 9 Financial Instruments

In February 2015, the Basel Committee on Banking Supervision issued a Consultative Document setting out draft supervisory requirements on sound credit risk practices associated with the implementation and application of the expected credit loss (ECL) accounting model.

IFRB 2015/05: Classification of Liabilities (Proposed amendments to IAS 1)

The IASB published *Classification of Liabilities* (Proposed amendments to IAS 1) on 10 February 2015.

The proposals would clarify that the classification of liabilities as either current or non-current would be based on the rights that exist at the end of the reporting period.

IFRB 2015/04: IFRS Interpretations Committee - agenda rejections (January 2015)

This Bulletin summarises issues that the IFRS Interpretations Committee decided not to take onto its agenda at its January 2015 meeting, which were reported in its public newsletter.

Agenda decisions that were finalised at the January 2015 meeting

- *IFRS 12 Disclosure of Interest in Other Entities - Disclosures for a subsidiary with a material non-controlling interest*
- *IFRS 12 Disclosure of Interest in Other Entities - Disclosure of summarised financial information about material joint ventures or associates*
- *IFRS 13 Fair Value Measurement - The fair value hierarchy when third-party consensus prices are used*
- *IAS 39 Financial Instruments: Recognition and Measurement and IAS 1 Presentation of Financial Statements - Income and expenses arising on financial instruments with a negative yield - Presentation in the statement of comprehensive income*
- *IAS 39 Financial Instruments: Recognition and Measurement - Accounting for embedded foreign currency derivatives in host contracts*

- *IFRIC 21 Levies - Levies raised on production property, plant and equipment.*

Tentative agenda decisions at the January 2015 meeting

- *IAS 24 Related Party Disclosures - Definition of close members of the family of a person.*

IFRB 2015/03: Disclosure Initiative (Proposed amendments to IAS 7)

In December 2014 the IASB has issued *Disclosure Initiative* (Proposed amendments to IAS 7).

The ED proposes the following amendments to IAS 7 *Statement of Cash Flows*:

- A reconciliation of the opening and closing carrying amounts for each item for which cash flows have been, or would be, classified as financing activities, and
- Disclosures about restrictions that affect an entity's decisions about whether to use cash and cash equivalent balances.

IFRB 2015/02: Disclosure Initiative (Amendments to IAS 1)

In December 2014, the IASB has issued *Disclosure Initiative* (Amendments to IAS 1) as part of a wider project to improve the presentation of, and disclosures in, IFRS financial statements. The amendments made to a number of aspects of IAS 1 *Presentation of Financial Statements* include

- *Materiality - Aggregation or disaggregation should not obscure useful information. Materiality applies to each of the primary financial statements, the notes and each specific disclosure required by IFRSs.*
- *Line items in primary financial statements - Additional guidance for line items to be presented in primary statements and new requirements regarding the use of subtotals.*
- *Notes to the financial statements - Determination of the order of the notes should include consideration of understandability and comparability of financial statements. It has been clarified that the order listed in IAS 1.114(c) is illustrative only.*
- *Accounting policies - Removal of the examples in IAS 1.120 in respect of income taxes and foreign exchange gains and losses.*
- *Equity accounted investments - An entity's share of other comprehensive income would be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as single line items within those two groups.*

IFRB 2015/01: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

In December 2014, the IASB issued *Investment Entities: Applying the Consolidation Exception* (Amendments to IFRS 10, IFRS 12 and IAS 28).

The amendments clarify a number of aspects of IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Interests in Associates and Joint Ventures* in relation to the investment entities exception:

- How intermediate parent entities should apply the general scope exemption to preparing consolidated financial statements provided by IFRS 10.4, when the ultimate parent is an investment entity.
- How an investment entity parent should account for a subsidiary that provides services related to its investment activities and is also itself an investment entity.
- How IFRS 12 should be applied to an investment entity.
- How a non-investment entity should account for its interests in any associates or joint ventures that are investment entities.

IFRB 2014/27: IFRS Interpretations Committee - agenda rejections (November 2014)

This Bulletin summarises issues that the IFRS Interpretations Committee decided not to take onto its agenda at its November 2014 meeting, which were reported in its public newsletter.

Agenda decisions that were finalised at the November 2014 meeting

- *IFRS 12 Disclosure of Interests in Other Entities - Disclosure of summarised financial information about material joint ventures and associates*
- *IAS 16 Property, Plant and Equipment and IAS 2 Inventories - Accounting for core inventories*
- *IAS 21 The Effects of Changes in Foreign Exchange Rates - Foreign exchange restrictions and hyperinflation*
- *IAS 39 Financial Instruments: Recognition and Measurement - Holder's accounting for exchange of equity instruments.*

Tentative agenda decisions at the November 2014 meeting

- *IFRS 10 Consolidated Financial Statements - Single-asset, single lessee lease vehicles and the assessment of control under IFRS 10. In what circumstances does the lender or lessee consolidate?*

- *IFRS 10 Consolidated Financial Statements - Control of a structured entity by a junior lender*
- *IFRS 11 Joint Arrangements - Classification of joint arrangements: The assessment of 'other facts and circumstances'*
- *IFRS 11 Joint Arrangements - Classification of joint arrangements: Application of 'other facts and circumstances' to specific fact patterns*
- *IFRS 11 Joint Arrangements - Classification of joint arrangements: consideration of two joint arrangements with similar features that are classified differently*
- *IFRS 11 Joint Arrangements - Accounting by the joint operator: recognition of revenue by the joint operator*
- *IFRS 11 Joint Arrangements - Accounting by the joint operator: the accounting treatment when the joint operator's share of output purchased differs from its share of ownership interest in the joint operation*
- *IFRS 11 Joint Arrangements - Accounting in separate financial statements: accounting by the joint operator in its separate financial statements*
- *IFRS 11 Joint Arrangements - Accounting by the joint operation: accounting by the joint operation that is a separate vehicle in its financial statements*
- *IAS 12 Income Taxes - Selection of applicable tax rate for measurement of deferred tax relating to investment in associate*
- *IAS 19 Employee Benefits - Should longevity swaps held under a defined benefit plan be measured at fair value as part of plan assets or on another basis as a qualifying insurance policy?*

IFRB 2014/26: Classification and Measurement of Share-based Payment Transactions (Proposed amendments to IFRS 2)

The IASB published *Classification and Measurement of Share-based Payment Transactions* (Proposed amendments to IFRS 2) on 25 November 2014.

The proposed amendments address the classification and measurement of share-based payment transactions for a number of issues where existing guidance is not clear.

IFRB 2014/25: ESMA's sixteenth extract from its database of enforcement decisions taken by EU National Enforcers of financial information (IFRS)

On 18 November 2014, ESMA published its sixteenth extract from the database. Transactions and related IFRSs covered by the extracts are:

1. Disclosure of forborne loans (IAS 1, IAS 39, IFRS 7)
2. Fair value of consideration paid in shares (IFRS 3, IFRS 13)
3. Recognition of liability payable to equity holders (IAS 32)
4. Presentation of statement of cash flows (IAS 7, IAS 16, IAS 18)
5. Presentation of discontinued operations (IFRS 5)
6. Presentation of non-current assets held for sale (IFRS 5)
7. Deferred tax assets upon disposal of a subsidiary (IAS 12)
8. Accounting for the effects of specific tax regime (IAS 12, IAS 16, IAS 40)
9. Key assumptions used in the impairment test of goodwill (IAS 36)
10. Disclosures related to capitalised costs (IAS 38, IFRS 6)
11. Disclosure of major customers (IFRS 8).

IFRB 2014/24: 31 December 2014 - Update on key IASB projects

The IASB is currently working on a number of major projects that are at various stages of completion. A number of these are likely to impact most entities to varying degrees.

This IFRB sets out a summary of four of the most significant current IASB projects. These are:

- *Leases*
- *Insurance Contracts*
- *Conceptual Framework*
- *Disclosure Initiative*.

IFRB 2014/23: IFRSs, IFRICs and amendments available for early adoption for 31 December 2014 year ends

This IFRB covers IFRSs, IFRICs and amendments to IFRSs that are available for early adoption for 31 December 2014 year ends. In order to comply with paragraph 30 in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors entities need to make disclosures about new IFRSs that have been issued but are not yet effective when they have decided not apply the new IFRSs at their reporting date.

IFRB 2014/22: IFRSs, IFRICs and amendments that are mandatory for the first time for 31 December 2014 year ends

This IFRB covers IFRSs, IFRICs and amendments to IFRSs that are effective for the first time in the annual financial statements of entities with 31 December 2014 year ends.

The amendments to IFRSs and the IFRIC that are effective for the first time in the annual financial statements of entities with a 31 December 2014 financial year end (all are mandatory for annual periods beginning on or after 1 January 2014) are as follows.

- IFRS 10 *Consolidated Financial Statements* - (Amendments - Investment Entities)
- IAS 32 *Financial Instruments: Presentation* - (Amendments - Offsetting)
- IAS 36 *Impairment of Assets* (Amendments - Recoverable Amount Disclosures)
- IAS 39 *Financial Instruments: Recognition and Measurement* (Amendments - Novation of Derivatives)
- IFRIC 21 *Levies*.

IFRB 2014/21: IFRS 15 Revenue from Contracts with Customers - Practical Issues

In May 2014, the IASB published IFRS 15 *Revenue from Contracts with Customers*. The new Standard contains comprehensive guidance for accounting for revenue and will replace existing requirements which are currently set out in a number of different Standards and Interpretations.

This publication sets out an initial analysis that highlights certain areas that are of particular significance for the first time application of IFRS 15 and looks briefly at the commercial effects that are likely to be relevant. These commercial effects may be very significant, meaning that entities would be well advised to carry out an assessment of the likely effects of IFRS 15 at an early stage.

IFRB 2014/20: IFRS Interpretations Committee - agenda rejections (September 2014)

This Bulletin summarises issues that the IFRS Interpretations Committee (the Interpretations Committee) decided not to take onto its agenda at its September 2014 meeting, which were reported in its public newsletter (the IFRIC Update).

Agenda decisions that were finalised at the September 2014 meeting

No tentative decisions have been finalised.

Tentative agenda decisions at the September 2014 meeting

- *IFRS 12 Disclosure of Interests in Other Entities - disclosures for a subsidiary with a material non-controlling interest and for a material joint venture or associate*
- *IFRS 13 Fair Value Measurement - the fair value hierarchy when third-party consensus prices are used*

- IAS 28 *Investment in Associates and Joint Ventures* - fund's manager's significant influence over a fund
- IAS 39 *Financial Instruments: Recognition and Measurement* - accounting for embedded foreign currency derivatives in host contracts
- IFRIC 21 *Levies* - levies raised on production property, plant and equipment.

IFRB 2014/19: Annual Improvements to IFRSs 2012-2014 Cycle

The IASB published Annual Improvements to IFRSs 2012 - 2014 Cycle on 25 September 2014.

The following amendments were made:

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* - Reclassification of an asset or disposal group from being held for sale to being held for distribution to owner, or vice versa
- IFRS 7 *Financial Instruments: Disclosures*
 - Clarification of whether a servicing contract for a transferred financial asset gives rise to a continuing involvement
 - Applicability of amendments to IFRS 7 on offsetting financial assets and liabilities to condensed interim financial statements
- IAS 19 *Employee Benefits* - The currency of 'high quality corporate bonds' used to determine the discount rate
- IAS 34 *Interim Financial Reporting* - Requirements if the disclosure in paragraph 16A of IAS 34 are included 'elsewhere' in an interim report.

IFRB 2014/18: Reporting the Financial Effects of Rate Regulation

The IASB published DP/2014/2 *Reporting the Financial Effects of Rate Regulation* on 17 September 2014.

The purpose of the DP is to identify what kind of information is most relevant to users of financial statements in making investment and lending decisions for entities that operate in rate regulated industries. In doing so, the IASB is asking:

- What distinguishes the economic environment in which rate-regulated entities operate; and
- Whether these differences would best be reflected in general purpose financial statements by modifying the requirements of IFRS.

IFRB 2014/17: Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair

Value (Proposed amendments to IFRS 10, IFRS 12, IAS 27, IAS 28 and IAS 36 and Illustrative Examples for IFRS 13)

The IASB published ED/2014/4 on 16 September 2014.

The proposed amendments address the unit of account and the fair value measurement of investments quoted in an active market that are:

- subsidiaries,
- joint ventures, or
- associates.

The proposed amendments clarify that the measurement of the fair value of quoted investments and quoted CGUs is measured as the product of:

- the quoted price for the individual financial instrument; and
- the quantity of financial instruments held by the investor.

This approach also applies to cash generating units (CGUs) that are quoted in an active market and whose recoverable amount is calculated based on the fair value less costs of disposal.

IFRB 2014/16: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The IASB published *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)* on 11 September 2014.

The amendments clarify the accounting for transactions where a parent loses control of a subsidiary, that does not constitute a business as defined in IFRS 3 Business Combinations, by selling all or part of its interest in that subsidiary to an associate or a joint venture that is accounted for using the equity method.

IFRB 2014/15: Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to IAS 12)

The IASB published *Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to IAS 12)* on 20 August 2014.

The proposed amendments to IAS 12 *Income Taxes* are intended to clarify the accounting for deferred tax assets related to debt instruments measured at fair value.

The IASB clarifies the accounting through additional examples that illustrate:

- Unrealised losses on debt instruments measured at fair value give rise to a deductible temporary difference irrespective of whether the debt instrument is recovered through sale or use.

- The carrying amount of an asset does not limit the estimate of probable future taxable profits. The estimate of future probable profits includes the probable inflow of taxable economic benefits that results from recovering the asset.
- Deductible temporary differences are utilised by deduction against the amount of taxable profits, excluding tax deductions for which those deductible temporary differences exist.
- The assessment of a deferred tax asset is made in combination with other deferred tax assets. Where the utilisation is restricted by the local tax law, an entity would assess a deferred tax asset in combination with other deferred tax assets of that type.

IFRB 2014/14: Equity Method in Separate Financial Statements (Amendments to IAS 27)

The IASB published *Equity Method in Separate Financial Statements* (Amendments to IAS 27) on 12 August 2014. The amendments include the option for an entity to account for its investments in subsidiaries, joint ventures, and associates using the equity method in its separate financial statements. The accounting approach that is selected is required to be applied for each category of investment.

BDO International Comment Letters

Comment letters have been submitted in response to the following consultation documents:

IASB Exposure Drafts and Discussion Papers

- ED/2015/2 - *Effective Date of IFRS 15 (Proposed amendments to IFRS 15)*
- ED/2015/1 - *Classification of Liabilities (Proposed amendments to IAS 1)*
- ED/2014/6 - *Disclosure Initiative (Proposed amendments to IAS 7)*
- ED/2014/4 - *Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value (Proposed amendments to IFRS 10, IFRS 12, IAS 27, IAS 28, and IAS 36 and Illustrative Examples of IFRS 13)*
- DP/2014/2 - *Reporting the Financial Effects of Rate Regulation*
- ED/2014/3 - *Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to IAS 12)*
- ED/2014/2 - *Investment Entities: Applying the Consolidation Exception (Proposed amendments to IFRS 10 and IAS 28)*

Other consultative documents

- *Basel Committee on Banking Supervision - Guidance on accounting for expected credit losses*
- *European Commission: Effect of using International Financial Reporting Standards (IFRS) in the EU: Public Consultation*

IFRS News at a Glance

Recent releases have covered:

- *Classification of Liabilities (Proposed amendments to IAS 1)*
- *Classification and Measurement of Share-based Payment Transactions (Proposed amendments to IFRS 2)*
- *Annual Improvements to IFRSs 2012-2014 Cycle.*
- *Reporting the Financial Effects of Rate Regulation*
- *Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value (Proposed amendments to IFRS 10, IFRS 12, IAS 27, IAS 28 and IAS 36 and Illustrative Examples for IFRS 13)*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*

IFRS Industry Issues

- *Manufacturing - IFRS 15 Revenue from Contracts with Customers*
- *Construction and Real Estate - IFRS 15 Revenue from Contracts with Customers*
- *Media - IFRS 15 Revenue from Contracts with Customers*
- *Professional Services - IFRS 15 Revenue from Contracts with Customers*
- *Retail - IFRS 15 Revenue from Contracts with Customers*
- *Software - IFRS 15 Revenue from Contracts with Customers*
- *Telecommunication - IFRS 15 Revenue from Contracts with Customers.*

IFRS at a Glance

The *IFRS at a Glance* section on the BDO International Website has been updated:

- *IFRS at a Glance* (1 July 2015 update)
- *IFRS for SMEs at a Glance* (1 July 2015 Update).

Webcasts

The webcasts are accessible on the BDO International Website and the BDO International YouTube channel.

- IFRS 15 - A brief overview
- IFRS 15 - Step 1 - Identify the contract
- IFRS 15 - Step 2 - Identify the separate performance obligations
- IFRS 15 - Step 3 - Determine the transaction price
- IFRS 15 - Step 4 - Allocate the transaction price to the separate performance obligations
- IFRS 15 - Step 5 - Recognise revenue when each performance obligation is satisfied
- IFRS 15 - Presentation and Disclosure
- IFRS 15 - Transition
- IFRS 15 - Construction and Real Estate

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