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## Publications of IFRS Rules by the IASB

The IASB released the following publications in the period between August 2013 to October 2013.

### Exposure Draft of an International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)

On 3 October 2013 the IASB issued a first exposure draft of proposed amendments to the IFRS for SMEs, as a result of the three-yearly comprehensive review of the standard. Amendments are proposed to 21 of the 34 sections of the standard. However, according to the Board, the amendments are restricted in scope and only apply to the version of the standard released in 2009. They do not constitute a fundamental revision of the standard. While most of the amendments help to clarify the standard, some of the amendments contain changes to the actual content of the standard. We have summarised these for you below:

#### Section 4 – Statement of financial position

- Relief from the requirement to disclose comparative information for the reconciliation of the opening and closing number of shares

#### Section 5 – Statement of comprehensive income and income statement

- Adoption of the distinction made in the amendment to IAS 1 on the basis of whether the items are potentially reclassifiable (recycled) to profit and loss

#### Section 9 – Consolidated financial statements

- The definition of “combined financial statements” has been changed: it no longer applies to only two or more entities that are controlled by just one investor but also to entities under joint control

#### Sections 11 and 12 - Basic and other financial instruments

- Addition of an undue cost or effort exemption from the measurement of investments in equity instruments at fair value

#### Section 17 – Property, plant and equipment

- Adoption of the amendment to IAS 16 which clarifies that spare parts, stand-by equipment and servicing equipment qualify as property, plant and equipment

#### Sections 18 and 19 – Intangible assets/ goodwill

- If it cannot be reliably measured, the useful life of these assets should not exceed ten years (rather than be fixed at ten years). For goodwill a disclosure must be made about this in the notes

#### Section 19 – Business combinations and goodwill

- Addition of an undue cost or effort exemption to the requirement to recognise intangible assets separately

#### Section 22 – Liabilities and equity

- Addition of an exemption for the initial measurement requirements in Section 22.8 for equity instruments issued as part of a business combination (including business combinations of entities under common control)

- Adoption of the amendments to IFRIC 19 and IAS 32
- Amendment to require that the liability component of a compound financial instrument is accounted for in the same way as a similar stand-alone financial liability
- Addition of an exemption from the requirements in Section 22.18 for distributions of non-cash assets ultimately controlled by the same parties before and after the distribution

#### Section 26 – Share-based payment

- Alignment with the scope of IFRS 2

#### Section 28 – Employee benefits

- Removal of the requirement to disclose the accounting policy for termination benefits

#### Section 29 – Income tax

- Alignment of the main principles to the recognition and measurement requirements of IAS 12
- Addition of an undue cost or effort exemption to the requirement to offset income tax assets and income tax liabilities

#### Section 30 – Related party disclosures

- Alignment of the definition of a related party with IAS 24

#### Section 34 – Specialised activities

- Relief from the requirement to disclose comparative information for the reconciliation of changes in the carrying amounts of biological assets

#### Section 35 – Transition to the IFRS for SMEs

Adoption of many of the amendments to IFRS 1:

- Repeated application
- No retrospective application for government loans
- Adoption of the revaluation basis as deemed cost
- Adoption of the deemed cost for operations subject to rate regulations allowing the previous GAAP carrying amount of an asset
- Adoption of the change to IFRS for first-time adopters emerging from severe hyperinflation and removal of fixed dates.

#### Glossary

Incorporation of the following definitions:

- Active market
- Close members of the family of a person
- Foreign operation
- Minimum lease payments
- Transaction costs

Amendment of the following definitions:

- Financial liability
- Separate financial statements
- Substantively enacted

Suggestions and comments to the proposed amendments must be submitted by 3 March 2014.

## Standards to be applied for the first time

We have already presented the following standards in earlier issues of the newsletter. Due to the fact that many entities are about to prepare their annual financial statements, we would once again like to draw your attention to the most significant changes for this reporting period and the coming one.

#### Standards to be applied for the first time in 2013 in the European Union

| Standard           | Title  | Applicable by the IASB from | EU endorsement | Applicable in the EU from |
|--------------------|--|-----------------------------|----------------|---------------------------|
| Amend. IAS 1       | Presentation of items of other comprehensive income                      | 1 July 2012                 | yes            | 1 July 2012               |
| Amend. IFRS 1      | Severe hyperinflation and removal of fixed dates for first-time adopters | 1 July 2011                 | yes            | 1 January 2013            |
| Amend. IAS 12      | Deferred tax: recovery of underlying assets                              | 1 January 2011              | yes            | 1 January 2013            |
| IFRS 13            | Fair value measurement   | 1 January 2013              | yes            | 1 January 2013            |
| IAS 19 (rev. 2011) | Employee benefits  | 1 January 2013              | yes            | 1 January 2013            |
| Amend. IFRS 1      | Government loans   | 1 January 2013              | yes            | 1 January 2013            |
| Amend. IFRS 7      | Disclosures - offsetting financial assets and financial liabilities      | 1 January 2013              | yes            | 1 January 2013            |
| AIP 2009-2011      | Improvements to IFRSs  | 1 January 2013              | yes            | 1 January 2013            |
| IFRIC 20           | Stripping costs in the production phase of a surface mine                | 1 January 2013              | yes            | 1 January 2013            |

## Standards to be applied for the first time in 2014 in the European Union

| Standard                        | Title  | Applicable by the IASB from | EU endorsement | Applicable in the EU from |
|---------------------------------|--|-----------------------------|----------------|---------------------------|
| IFRS 10                         | Consolidated financial statements  | 1 January 2013              | yes            | 1 January 2014            |
| IFRS 11                         | Joint arrangements   | 1 January 2013              | yes            | 1 January 2014            |
| IFRS 12                         | Disclosures of interests in other entities   | 1 January 2013              | yes            | 1 January 2014            |
| IAS 27 (rev. 2011)              | Separate financial statements  | 1 January 2013              | yes            | 1 January 2014            |
| IAS 28 (rev. 2011)              | Investments in associations and joint ventures                                       | 1 January 2013              | yes            | 1 January 2014            |
| Amend. IAS 32                   | Financial instruments - offsetting financial assets and financial liabilities        | 1 January 2014              | yes            | 1 January 2014            |
| Amend. IAS 36                   | Impairment of assets - recoverable amount disclosures for non-financial assets       | 1 January 2014              | no             | no                        |
| Amend. IAS 39, IFRS 9           | Financial instruments - novation of derivatives and continuation of hedge accounting | 1 January 2014              | no             | no                        |
| Amend. IFRS 10, IFRS 12, IAS 27 | Investment entities  | 1 January 2014              | no             | no                        |
| IFRIC 21                        | Levies   | 1 January 2014              | no             | no                        |

## Endorsement of IFRS standards by the EU

### Revision of standards that have not yet been endorsed

On 12 September 2013 the EFRAG (European Financial Reporting Advisory Group) released its latest EU Endorsement Status Report.

As of 12 September 2013 the following pronouncements from the IASB have not yet been endorsed for application in the EU:

#### New Standards

|                   |   |
|-------------------|---|
| IFRS 7 and IFRS 9 | Financial Instruments (12 November 2009) and subsequent amendments to IFRS 9 and IFRS 7 |
|-------------------|---|

#### Amendments to Standards

|                             |   |
|-----------------------------|---|
| IFRS 10, IFRS 12 and IAS 27 | Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (31 October 2012)                             |
| IAS 36                      | Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) (29 May 2013)                  |
| IAS 39 and IFRS 9           | Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39 and IFRS 9) (27 June 2013) |

#### Interpretations

|          |                      |
|----------|----------------------|
| IFRIC 21 | Levies (20 May 2013) |
|----------|----------------------|