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## Publications of IFRS Rules by the IASB

### Project plan

The IASB has already completed a considerable proportion of its reform projects in the last year with the new consolidation package, the standard on fair value measurement and the reforms on defined benefit obligations for pension plans. However, there are nevertheless a multitude of planned reforms which will profoundly change the IFRS in the next years to come. Some of the envisaged standards will mean fundamental changes in the accounting which will require considerable efforts for the IFRS users to adopt these standards. Thus, the adoption of these standards should be planned and performed on a long-term basis. The following chart contains an overview of the final standards (IFRS) to be expected in 2012 and the planned standard drafts (ED):

|   |                       |                |                         |
|---|-----------------------|----------------|-------------------------|
| Current projects  | Last issue            | 2012           |                         |
|   |                       | H1             | H2                      |
| Agenda Consultation   |                       |                |                         |
| Three-yearly public consultation                                    | Consultation document |                | Feedback statement      |
| Financial Crisis related projects (replacement of IAS 39 by IFRS 9) |                       |                |                         |
| Classification and measurement (review)                             | IFRS amendment        |                | ED                      |
| Amortized cost and impairment                                       | Supplement ED         |                | Re-ED                   |
| Hedge accounting  |                       |                |                         |
| General hedge accounting  | ED                    | Review draft   | IFRS                    |
| Macro hedge accounting  | --                    |                | DP or ED                |
| Memorandum of Understanding Projects                                |                       |                |                         |
| Leases  | ED                    |                | Re-ED                   |
| Revenue recognition   | Re-ED                 |                | IFRS?                   |
| Other projects  |                       |                |                         |
| Insurance contracts   | ED                    |                | Review draft oder Re-ED |
| Annual improvements 2009-2011                                       | ED                    | IFRS           |                         |
| Annual improvements 2010-2012                                       | --                    | ED             |                         |
| Annual improvements 2011-2013                                       | --                    |                | ED                      |
| Consolidation - Investment entities                                 | ED                    | Round Table    | IFRS                    |
| Transition Guidance (Proposed amendments to IFRS 10)                | ED                    | IFRs amendment |                         |



## Amendments to IFRS 1 for first-time adopters

The proposed amendments disclosed as Exposure Draft in October 2011 regarding the recognition and measurement of government grants were finally agreed and published on 14 March 2012. These amendments concern an exception to the retrospective application for first-time adopters for government grants with an interest rate below market conditions. We already reported on this in the NEXIA IFRS Link issue 12, March 2012.

## Effective date for the new consolidation package confirmed

Despite the concerns regarding the effective date of the new consolidation package submitted by the EFRAG (*European Financial Reporting Advisory Group*) together with a request for a deferral of this effective date, the IASB decided not to dissent from the originally planned effective date for annual periods beginning on or after 1 January 2013. Now, it is the decision of the EFRAG and the European Union (EU) to decide whether a later effective date will be more appropriate for IFRS users in the EU. Consequently, in the context of the endorsement process for IFRS users in the EU, a later effective date may result.

## Adoption of IFRS Rules by the EU

### Endorsement Status Report

The EFRAG (European Financial Reporting Advisory Group) published the latest EU endorsement status report on 19 March 2012.

As at 19 March 2012 the following 16 announcements of the IASB have not yet been adopted for application in Europe:

| New Standards           |   |
|-------------------------|---|
| IFRS 7 and IFRS 9:      | Financial Instruments (12 November 2009) and supplementary amendments to IFRS 9 and IFRS 7 (16 December 2011) |
| IFRS 10:                | Consolidated Financial Statements (12 May 2011)   |
| IFRS 11:                | Joint Arrangements (12 May 2011)  |
| IFRS 12:                | Disclosure of Interests in Other Entities (12 May 2011)   |
| IFRS 13:                | Fair Value Measurement (12 May 2011)  |
| IAS 27:                 | Separate Financial Statements (12 May 2011)   |
| IAS 28:                 | Investments in Associates and Joint Ventures (12 May 2011)  |
| Amendments to Standards |   |
| IAS 12:                 | Deferred Tax: Recovery of Underlying Assets (21 December 2010)  |
| IFRS 1:                 | Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (20 December 2010)                   |
| IAS 1:                  | Presentation of Items of Other Comprehensive Income (16 June 2011)  |
| IAS 19:                 | Employee Benefits (16 June 2011)  |
| IFRS 7:                 | Disclosures - Offsetting Financial Assets and Financial Liabilities (16 December 2011)                        |
| IAS 32:                 | Offsetting Financial Assets and Financial Liabilities (16 December 2011)                                      |
| IFRS 1:                 | Government Grants (13 March 2012)   |
| Interpretations         |   |
| IFRIC 20:               | Stripping Costs in the Production Phase of a Surface Mine (19 October 2011)                                   |

## Planned adoption of the new consolidation package

As the effective date of the new consolidation package (IFRS 10-12, IAS 27, IAS 28) was not deferred by the IASB, as requested by the EFRAG, a later first time adoption of these standards might result for the European IFRS users. Different IFRS consolidation rules in the EU and the rest of the world might be in place for a certain time. In principle the EFRAG regards the technical requirements for the adop-

tion in European law as fulfilled, but fears exorbitant challenges for companies in applying these standards from 1 January 2013 on. The reason is the retrospective application which requires comparative information (2012). Depending on the IT system in place this can lead to major complications, partly because a retrospective consolidation of companies is not practicable. As a result, especially in these cases the consolidated entity must be defined as soon as possible. Furthermore, the complexity of the standard itself will increase difficulties. A field test by the EFRAG confirmed that the adoption at the effective date as envisaged in the standard would cause considerable difficulties for companies in preparing their financial statements. The reason is the time-consuming analysis for all entities regarding consolidation in connection with the wide range of assessment which has to be applied during the analysis. As a final effective date for first-time adoption in the course of the EU endorsement process is not foreseeable, the implementation of the consolidation package is a matter of extreme urgency.

## Final EFRAG statement on the proposed changes to the consolidation package

In a final statement on 27 March 2012 the EFRAG agreed to the clarifications and simplifications proposed by the IASB regarding the retrospective adoption of IFRS 10. The EFRAG also agreed to the decision to implement this clarification in a separate amendment to the IFRS 10 standard instead of in the annual improvements process.

## Publications of the German Auditors Institution

### Recognition of Greek government bonds

In the light of recent events, on 7 February 2012 the Financial Institutions working group of the German Auditors Institution discussed the treatment of Greek government bonds under IFRS in the annual financial statements for the period ended 31 December 2011. The unchanged view is that such bonds must be impaired and a loss in the p&l statement has to be recognized. The required amount of impairment for bonds relating to the categories "held to maturity" and "loans and receivables" is strongly over 50 %, whereas such in the category "financial assets at fair value through profit and loss" must be recognized at market price as at balance sheet date.

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