

# Beyond the GAAP

No 35 - June 2010

## Editorial

At the beginning of June, the IASB and FASB issued statements regarding their revised schedule for the short-term convergence project. Now, they have informed the G20 of changes to their respective work plans. While they are officially sticking to the target of June 2011, some difficult decisions have had to be made. For example, the publication of the forthcoming standard on financial statement presentation has been deferred until the second half of 2011. The project on the derecognition of financial instruments has simply been postponed. In short, although we are expecting another IFRS "big bang" in the near future, it may be later than initially expected (i.e. 2012-2013) or it may be staggered over a period of time. The IASB is planning to gather opinions from stakeholders on the mandatory effective date of the new standards.

Enjoy your reading!

Michel Barbet-Massin

Jean-Louis Lebrun

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## News

### New Chairman of the Trustees

Following recommendation by the Trustees, the IASC Foundation Monitoring Board appointed Mr Tommaso Padoa-Schioppa as Chairman of the Trustees on 18 June 2010.

Mr Tommaso Padoa-Schioppa, chairman of Promontory Europe and President of Notre Europe, an independent think tank based in Paris that focuses on European unity, will take up his appointment at the next Trustees' meeting, that will take place in Washington on 6 and 7 July.

Mr Tommaso Padoa-Schioppa has already briefly held the position of Chairman of the Trustees, from January to May 2006, prior to being appointed Italian Minister of Economy and Finance (2006-2008) and Chairman of the Ministerial Committee of the International Monetary Fund (2007-2008).

### IASB: Gilbert Gélard's term expires

Gilbert Gélard completed his second term as a member of the IASB on 30 June 2010. Mr Gélard had been involved in international accounting standards since 1989, serving the French delegation of the IASC Board.

## European matters

### ➤ EFRAG states its aims for pro-active activities

Just over a year ago, the EFRAG introduced a reform which aimed to better formalise the involvement and coordination of national standard-setters within the EFRAG (European Financial Reporting Advisory Group; see Beyond the GAAP No. 14 – July-August 2008). Further to this, on 10 June 2010 the EFRAG published a document which stated its aims relating to Pro-Active Activities in Europe (PAAinE).

The EFRAG wishes to be instrumental, through its proactive work, in influencing future standard-setting developments by engaging with European constituents and providing timely and effective input to the early phases of the IASB's work.

The EFRAG's four strategic aims are as follows:

- Aim 1: influence the development of global financial reporting standards;
- Aim 2: engage with European constituents to ensure we understand their issues and how financial reporting affects them;
- Aim 3: provide thought leadership in developing the principles and practices that underpin financial reporting;
- Aim 4: promote solutions that improve the quality of information, are practical, and enhance transparency and accountability.

The EFRAG will measure the extent to which it has achieved these aims on an annual basis.

The "Focus on Improvement" document can be downloaded via the following link:

<http://www.efrag.org/news/detail.asp?id=550>

The EFRAG has just launched a public consultation on its pro-active work, to gather constituents' opinions on what its priorities should be.

In addition, the EFRAG has offered to organise an IASB outreach event in Brussels on 28 September 2010, as part of its pro-active activities.

This event will provide an opportunity for participants to attend presentations on current major projects and to put questions to the IASB delegation.

If you are interested, you can register on the EFRAG website via the link below:

<http://www.efrag.org/news/detail.asp?id=551>

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## IFRS News

### ➤ Liabilities project: revision of IAS 37

The IASB is now expecting to publish the final standard replacing IAS 37 "Liabilities" during the first half of 2011 (rather than the 3rd quarter of 2010). The final document is expected to be a new standard rather than a modified version of IAS 37<sup>1</sup>.

The IASB staff will present a detailed analysis of the 207 responses to the exposure draft at the September 2010 meeting. The large number of responses received<sup>2</sup> reflects the interest in the subject, and perhaps also the concerns that it raises.

For example, several comment letters were critical of the removal of the 'probable outflow of resources' criterion (cf. question 8 in our January issue), the need to take into account the likelihood that the various possible outcomes will occur (question 16) and the inclusion of a hypothetical margin when measuring a liability (question 17).

We will keep you fully informed of the project's progress.

<sup>1</sup> For an overview of the most significant changes proposed in the exposure draft published on 5 January 2010, see "Liabilities Project – Key points in 25 questions & answers" in our January 2010 issue.

<sup>2</sup> The number of responses can be compared to that for other projects: 148 for the revision of IAS 27 (consolidation), 169 for the revision of IAS 12 (income taxes), 224 for the standard on revenue recognition (IAS 18 and IAS 11) and 302 for the leases project (IAS 17).

### ➤ IASB publishes exposure draft on revenue recognition

As part of a joint project with the FASB, the IASB published an exposure draft (ED) on revenue recognition on 24 June 2010. The document is entitled "Revenue from Contracts with Customers".

This ED sets out the main points of a future standard to replace IAS 18 "Revenue" and IAS 11 "Construction Contracts", to be published in 2011.

Notable proposals include the adoption of a single revenue recognition model that would cover construction contracts, sale of goods and rendering of services.

The principles set out in the ED are in line with the model proposed in the DP published in 2008, and the subsequent tentative decisions made by the IASB. Our next issue will include a special feature on the subject. In the meantime, readers can refer to the progress report in Beyond the Gaap No. 32 – March 2010.

Round-table discussions are planned for the second half of 2010 and the final standard is expected during the second quarter of 2011.

Mandatory application is not expected until at least 2013.

### ➤ Proposed disclosure on Level 3 fair value measurements

On 29 June 2010, the IASB published an exposure draft (ED) entitled "Measurement Uncertainty Analysis Disclosure for Fair Value Measurements". The ED formed part of the exposure draft "Fair Value Measurement" published by the IASB in May 2009, and responds to comments received by the IASB on it.

As a reminder, the ED "Fair Value Measurement", that we presented in the September 2009 issue of Beyond the GAAP, proposes a three-level fair value hierarchy, depending on whether a valuation model is used and the source of the data.

The newly published ED proposes enhanced disclosure requirements for Level 3 fair value measurements (fair value based on a valuation model using unobservable inputs).

The exposure draft, which is open for comment until 7 September 2010, is available via the following link:  
<http://www.iasb.org/NR/rdonlyres/07855A41-D0A9-4197-ADF9-15A1088E466A/0/EDMeasurementUncertaintyAnalysis0610.pdf>

## Standards and interpretations applicable as of 30 June 2010

To coincide with the preparation of interim financial reports, Beyond the GAAP presents an overview of the IASB's most recent publications. For each text, we clarify whether it is mandatory for this closing of accounts, or whether early application is permitted, based on the stage of the European adoption process.

As a reminder, the following principles govern the first application of IASB's standards and interpretations :

- IASB's draft standards cannot be applied as they are published standards.
- IFRIC's draft interpretations may be applied if the two following conditions are met:
  - The draft does not conflict with currently applicable IFRSs;
  - The draft does not modify an existing interpretation which is currently mandatory.
- Standards published by the IASB but not yet adopted by the European Union may be applied if the European adoption process is completed before the interim financial reports have been approved by the relevant authority (i.e. usually the board of directors).
- Interpretations published by the IASB but not yet adopted by the European Union at the end of the interim financial reporting period may be applied unless they conflict with standards or interpretations currently applicable in Europe.

It should also be noted that under IAS 34 "Interim Financial Reporting", the changes in accounting policies required for 2010 by new standards must also be disclosed in the interim financial reporting published during the course of the year.

### ➤ Update on the European adoption process for standards and amendments published by the IASB<sup>1</sup>

Standard	Subject	Effective date according to the IASB	Date of publication in OJEU	Application status on 30 June 2010
<b>IFRS 3R</b>	IFRS 3 revised following the Business Combinations phase II project	<b>1/07/2009</b>	<b>12 June 2009</b>	<b>Mandatory</b>
<b>IAS 27R</b>	IAS 27 revised following the Business Combinations phase II project	<b>1/07/2009</b>	<b>12 June 2009</b>	<b>Mandatory</b>
<b>Annual improvements</b>	Amendment to IFRS 5 on partial disposals of investments in subsidiaries (text published by the IASB in May 2008)	<b>1/07/2009</b>	<b>24 January 2009</b>	<b>Mandatory</b>

<sup>1</sup> Excluding amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards"

Standard	Subject	Effective date according to the IASB	Date of publication in OJEU	Application status on 30 June 2010
<b>IAS 39 amendment</b>	Eligible hedged items	<b>1/07/2009</b>	<b>16 September 2009</b>	<b>Mandatory</b>
<b>Annual improvements</b>	Annual improvements to various standards (text published by the IASB in April 2009)	<b>Varies for individual amendments</b> (earliest 1/07/2009)	<b>24 March 2010</b>	<b>Mandatory</b>
<b>IFRS 2 amendments</b>	Amendments on group cash-settled transactions (IFRIC 8 and IFRIC 11 incorporated)	<b>1/01/2010</b> Early application permitted	<b>24 March 2010</b>	<b>Mandatory</b>
<b>IAS 32</b>	Amendment on classification of rights issues	<b>1/02/2010</b> Early application permitted	<b>24 December 2009</b>	<b>Early application permitted</b>
<b>IAS 24R</b>	Revision of the standard on related party disclosures: clarification of the current definition and removal of inconsistencies, partial exemption of disclosures concerning transactions between enterprises which are fully or jointly controlled or under significant influence by the same "State"	<b>1/01/2011</b> Early application permitted (for the exemption alone or for the whole revised standard)	Awaiting adoption by the EU Approved by the ARC	<b>Not permitted</b>
<b>IFRS 9</b>	Financial instruments (standard intended to progressively replace the provisions of IAS 39)	<b>01/01/2013</b> Early application permitted	Adoption process suspended by the Commission	<b>Not permitted</b>
<b>Annual improvements</b>	Annual improvements to various standards (text published by the IASB in May 2010)	<b>Varies for individual amendments</b> (earliest 1/07/2010)	Awaiting adoption by the EU	<b>Possible if</b> the amendment clarifies an existing standard and does not conflict with current IFRSs

## ⇒ Update on the European adoption process for interpretations published by the IFRIC

Interpretation	Subject	Effective date according to the IASB	Date of publication in the OJEU	Application status on 30 June 2009
<b>IFRIC 12</b>	Service concession arrangements	<b>1/01/2008</b>	<b>26 March 2009</b> (EU: effective date put back to <b>29/03/2009</b> )	<b>Mandatory</b>
<b>IFRIC 15</b>	Agreements for the construction of real estate	<b>1/01/2009</b>	<b>23 July 2009</b> (EU: effective date put back to <b>01/01/2010</b> )	<b>Mandatory</b>
<b>IFRIC 16</b>	Hedges of a net investment in a foreign operation	<b>1/10/2008</b> Early application permitted	<b>5 June 2009</b> (EU: effective date put back to <b>01/07/2009</b> )	<b>Mandatory</b>
<b>IFRIC 17</b>	Distributions of non-cash assets to owners	<b>1/07/2009</b>	<b>27 November 2009</b> (EU: effective date put back to <b>01/11/2009</b> )	<b>Mandatory</b>
<b>IFRIC 18</b>	Transfers of assets from customers	<b>1/07/2009</b>	<b>1 December 2009</b> (EU: effective date put back to <b>01/11/2009</b> ) <sup>1</sup>	<b>Mandatory</b>
<b>IFRIC 14 amendments</b>	Prepayments of a minimum funding requirement	<b>1/01/2011</b> Early application permitted	Awaiting adoption by the EU (expected in Q2 2010) Approved by the ARC	<b>Early application permitted</b>
<b>IFRIC 19</b>	Extinguishing financial liabilities with equity instruments	<b>1/07/2010</b> Early application permitted	Awaiting adoption by the EU (expected in Q2 2010) Approved by the ARC	<b>Early application permitted</b>

<sup>1</sup> Given the mandatory effective date for European listed companies, IFRIC 18 will generally be applied for the first time in 2010. To comply with the IASB's rules on first-time adoption, we believe that transactions since 1 July 2009 which fall within the scope of IFRIC 18 should be restated for the comparative period presented.

## Impact of IAS 27R on operations other than business combinations

We described the impact of the new IFRS 3R and IAS 27R standards at the transition date in Beyond the GAAP No. 33 – April 2010, and the key changes for new business combinations introduced by IFRS 3R in Beyond the GAAP No. 34 – May 2010. Here, we present the other key changes introduced by IAS 27R.

For further details on the new standards, please refer to our Mazars Insight technical brochure "Business combinations and consolidation – Key points of the new standards in 40 questions and answers".

The other major changes introduced by IAS 27R relate to the points addressed below.

### ➤ **Percentage changes in non-controlling interests are now covered by the revised IAS 27**

Using the so-called "economic entity" approach, the standard states that the effect of percentage changes in non-controlling interests is recognised as equity (rather than by recognising additional goodwill in the case of a percentage increase or a dilution result in the opposite case, in accordance with French rules to date).

Thus, once an entity has gained control, the impact of percentage changes in non-controlling interests (further acquisitions or disposals) shall be recognised in equity.

As regards costs relating to the purchase of non-controlling interests, the IFRIC stated in July 2009 that these costs should be booked to equity (as they are directly related to an equity transaction).

In order to prevent abuse, the revised standard requires that an entity should consider the circumstances of the loss of control to determine whether the various arrangements should be accounted for as a single transaction.

#### **Example:**

Full disposal of a subsidiary, generating a disposal loss, via two related transactions (in which the first transaction does not result in the entity losing control of the subsidiary in question).

The question is whether or not these two transactions should be considered as a single transaction (in which case a disposal gain is recognised in the income statement for both the first and the second transactions).

It is thus necessary to consider all the terms and conditions of these arrangements, as well as their economic effects, in order to determine whether multiple transactions should be booked as a single transaction.

## ➤ In most cases, allocation of a subsidiary's losses is no longer limited by the level of the minority interests

Where the allocation of a loss to minority shareholders leads to non-controlling interests having a deficit balance within consolidated shareholders' equity, the previous version of the standard required that the excess loss be allocated to the parent company shareholders and not to non-controlling interests (unless there is an agreement stipulating that the minority shareholders are obliged to reinvest in the company to absorb the losses).

According to the revised standard (continuing to assume that there is no specific agreement between the parent company and the minority shareholders), comprehensive income is allocated to the parent company shareholders and to non-controlling interests on the basis of percentage of interest. This is the case even if it results in non-controlling interests having a deficit balance (in the event of losses).

## ➤ Loss of control usually involves recognition of a disposal gain or loss and measurement of any retained interest at fair value

According to the IASB, obtaining or losing control of a subsidiary is a major event justifying a change in measurement. Therefore, on the loss of control of a subsidiary, any retained equity interest must be re-measured at fair value and booked to profit or loss.

In the event that the parent company retains significant influence, it is necessary to carry out a fair value measurement (as with any investment leading to significant influence). This constitutes a change from the previous rules. The transaction equates to full disposal of the subsidiary followed by re-acquisition of an investment leading to significant influence.

The IASB has extended this approach (ie measuring retained interest at fair value through profit or loss) to circumstances in which a parent company loses significant influence or joint control.

## ➤ The focus on loss of control under the new standards results in a lack of consistency with the accounting for contributions to a jointly controlled entity

According to the Interpretation SIC 13 "Jointly Controlled Entities – Non-monetary Contributions by Venturers", the appropriate portion of the gain or loss resulting from the sale of an asset to a jointly controlled entity should be recognised in profit or loss by the venturer. This portion is based on the equity interests of the other venturer(s).

However, as indicated above, the IASB also states that loss of control is a major event and that the entity should therefore re-measure any retained equity interest at fair value and book it profit or loss.

The IASB has admitted that there is an inconsistency between SIC 13 and IAS 27R (cf. December 2009 Board meeting). Therefore, as the texts currently stand, it seems that both accounting treatments (partial profit vs. total profit) are possible, notwithstanding the fact that the IASB has stated its intention to modify IFRSs to maintain the requirements in SIC 13 (i.e. recognition of a partial profit, cf. IASB Update, December 2009).

## ➤ Liabilities relating to new puts must be booked to equity at initial recognition (for business combinations accounted for under IFRS 3 or IFRS 3R)

As explained in the first part of our overview of the impact of the new standards (see Beyond the GAAP No. 33 – April 2010), the fact that goodwill is now determined once and for all means that the “partial goodwill” approach is no longer authorised.

Therefore, only the “equity” approach, which involves recognising the liability in equity, will be permitted.

For subsequent changes in the value of the liability, there are several possible approaches:

- one approach, based on a literal reading of the standards, would be to recognise any changes in the value of the liability in profit or loss (IAS 32.23, referring back to IAS 39);
- another approach, that is favoured by the the French financial market authority (cf. AMF recommendations for 2009, paragraph 3.5), would be to anticipate the impact of exercising the put (i.e. the acquisition of minority interests) and book changes in the value of the liability to equity.

The AMF recommendations do not specify the accounting for the unwinding of discount, that follows automatically from the initial measurement of the liability on the basis of discounted present value.

However, it seems difficult to reconcile the focus on the substance of the transaction with the decision to isolate the unwinding of discount (and to account for different elements of a single change separately).

The IFRIC decided at its May 2010 meeting to put this thorny issue on its agenda. Beyond the GAAP will keep you updated as discussions progress.

## IASB makes major changes to its work plan

The IASB and FASB have published an updated work plan in the aftermath of joint declarations on modifications to the short-term convergence objectives issued by the two Boards at the beginning of June. They gave a presentation on the changes from the previous objectives to the G20 members at the recent Toronto summit. Beyond the GAAP summarises the key information about major projects below.

### ➤ IASB and FASB progress on convergence projects

On 2 June 2010, the IASB and FASB announced that they were revising the schedule for their convergence projects. The stated objectives were as follows:

- To prioritise projects in order to focus on those which will bring about significant convergence;
- To phase the publication of exposure drafts to allow stakeholders to participate effectively. In practice, no more than 4 (!) complex exposure drafts will be published each quarter.

However, the IASB have retained the target date of June 2011 for the major projects in the Memorandum of Understanding (MoU). Therefore, the new strategy does not affect the 2011 SEC deadline, when the US regulator will make a decision on the adoption of IFRS by US listed companies.

### ➤ Updated IASB schedule as of 2 July 2011

#### Projects related to the financial crisis

Most of these projects are now under discussion jointly with the FASB

Subject	Texts concerned	Most recent document published	Next stages	Project objectives
Consolidation	IAS 27 and SIC 12	Exposure draft ED 10 (December 2008)	Final standard on <b>consolidation</b> (Q4 2010)	1. To merge IAS 27 and SIC 12: <ul style="list-style-type: none"> <li>➤ to propose a single definition of control that can be used for all entities;</li> <li>➤ to provide clarification on specific points.</li> </ul>
			Final standard on <b>disclosures</b> (Q4 2010)	2. To enhance disclosures in the notes: <ul style="list-style-type: none"> <li>➤ for consolidated entities, whatever the consolidation method used (except for investments which fall within the scope of IAS 39);</li> <li>➤ also for unconsolidated entities.</li> </ul>

Subject	Texts concerned	Most recent document published	Next stages	Project objectives
<b>Consolidation (cont.)</b>	IAS 27, IAS 28, IAS 31	N/A	Exposure draft for <b>investment companies</b> (Q3 2010)	In February 2010, the IASB decided to permit an exception to consolidation for investment companies. A limited exposure draft has therefore been included in the IASB's work plan.
<b>Financial instruments: derecognition</b>	IAS 39 and IFRS 7	Exposure draft (March 2009)	Final standard on <b>disclosures</b> (Q3 2010)	<p>The exposure draft published in March 2009 was intended to modify the current approach to the derecognition of financial assets. Following criticism from stakeholders, the Board had to develop an alternative approach.</p> <p>After much consultation and research, the IASB finally decided to focus on the improvement and convergence of disclosure requirements for the derecognition of financial instruments.</p> <p>The IASB will decide at a later date whether the derecognition principles laid out in IAS 39 need to be modified or whether the amendments made by the FASB in 2009 are sufficient in terms of convergence. To this end, a "post-implementation review" of the US text will be carried out in 2012.</p>
<b>Financial instruments: IAS 39 replacement</b>	IAS 39	Exposure draft <b>Impairment</b> (November 2009)	Modification of IFRS 9 (Q2 2011, rescheduled from end-2010)	To replace the current incurred loss model of depreciation with an expected loss model.
		Exposure draft <b>Classification and measurement – Financial Liabilities</b> (May 2010)		To maintain the current rules on financial liabilities, except where the fair value option is concerned: the issuer's own credit risk shall be presented in other comprehensive income.
		<b>Hedge Accounting</b> N/A	Exposure draft (Q3 2010)	<p>The IASB's stated objective is to simplify hedge accounting.</p> <p>The accounting treatment for financial hedged items should be aligned with that for non-financial hedged items.</p> <p>The final ruling should be published concurrently with the sections on impairment and financial liabilities (i.e. Q2 2011).</p>

Subject	Texts concerned	Most recent document published	Next stages	Project objectives
<b>Financial instruments: IAS 39 replacement (cont.)</b>	IAS 32 and IAS 39	<b>Asset and Liability Offsetting</b> N/A	Exposure draft (Q4 2010)	<p>In June 2010, concurrently with the adjournment of its work on derecognition, the IASB decided to add a project relating to asset and liability offsetting to its work plan.</p> <p>This project focuses on offsetting derivative assets and liabilities from the point of view of financial institutions.</p> <p>The final requirements should be published in the second quarter of 2011, as part of a series of amendments to IFRS 9.</p>

## Projects related to US GAAP convergence

These projects were developed as part of the MoU between the IASB and the FASB, which was drawn up in February 2006 and updated in September 2008.

Subject	Texts concerned	Most recent document published	Next stages	Project objectives
<b>Financial statement presentation</b>	IAS 1 and IAS 7	Discussion paper on <b>Financial Statement Presentation</b> (October 2008)	Exposure draft (Q1 2011)	<p>Phase B of the "Performance Reporting" project, following an earlier stage which led to the revision of IAS 1 in 2007.</p> <p>The main changes relate to the disaggregation of information, the creation of a common structure for financial statements (with sections and categories) and presentation of the statement of cash flows using the direct method.</p> <p>This project has been considerably delayed, given that the exposure draft was supposed to be published in May 2010. A staff draft (that is not part of the IASB's due process) was published in July 2010 in order to gather opinions from stakeholders on decisions made to date. The final standard is expected in the 4<sup>th</sup> quarter of 2011.</p>
	IAS 1	Exposure draft on <b>Presentation of Items of other comprehensive income</b> (May 2010)	Final standard (Q4 2010)	<p>To standardise and achieve convergence in the presentation of other comprehensive income, since this category is increasingly used.</p> <p>OCI will henceforth be presented in a separate section within the statement of comprehensive income, after profit or loss.</p>

Subject	Texts concerned	Most recent document published	Next stages	Project objectives
<b>Financial statement presentation (cont.)</b>	IFRS 5	Exposure draft on <b>Discontinued Operations</b> (September 2008)	New exposure draft (Q1 2011)	<p>In December 2009, the IASB and the FASB decided to adopt a shared definition of a discontinued operation, based on the definition currently used in IFRS 5.</p> <p>Additional disclosures should be made if the entity has a continuing involvement in the discontinued operation.</p> <p>The final standard should be published after 30 June 2011.</p>
<b>Financial instruments with characteristics of equity</b>	IAS 32	Discussion paper (February 2008)	Exposure draft (Q1 2011)	<p>The project aims to improve the principles for distinguishing between debt and equity. An exposure draft proposing limited amendments to IAS 32 was supposed to be published in June 2010. However, the project has been delayed due to the busy schedule of the IASB.</p> <p>The final standard should be published after 30 June 2011.</p>
<b>Joint ventures</b>	IAS 31	ED 9	Final standard (Q3 2010)	<p>The new standard will replace IAS 31 and remove the proportionate consolidation method for joint arrangements, that include joint operations, joint assets and joint ventures.</p>
<b>Leases</b>	IAS 17	Discussion paper (March 2009)	Exposure draft (Q3 2010)	<p>The exposure draft has been put back a quarter due to the lengthy discussions of the Boards on lessor accounting (that was not covered by the discussion paper).</p> <p>The final standard should nevertheless be published before 30 June 2011.</p> <p><i>For more details on this project, see the February, April and May 2010 issues of Beyond the Gaap.</i></p>

Subject	Texts concerned	Most recent document published	Next stages	Project objectives
Post-employment benefits	IAS 19	Exposure draft on <b>Defined Benefit Plans</b> (May 2010)	Final standard (Q1 2011)	Key proposals in this project include immediate recognition of all actuarial gains and losses (i.e. removal of the corridor method) and of past service cost in the event of a plan amendment (irrespective of whether the benefits are vested or unvested). Actuarial gains and losses would be recognised as non-recyclable OCI.  <i>For more details on this project, see the May 2010 issue of Beyond the GAAP.</i>
		Exposure draft on <b>Termination Benefits</b> (June 2005)	Final standard (Q3 2010)	Amendments initially proposed in the context of the Business Combinations phase II project.
Revenue recognition	IAS 11 & IAS 18	Exposure draft (June 2010)	Final standard (Q2 2011)	This project aims to define a single revenue recognition model for all contracts with customers in any field of activity (excluding insurance contracts and financial instruments). The model will apply to construction contracts, sale of goods and provision of services.  <i>We will publish a special feature on this subject in the next issue of Beyond the GAAP (July/August 2010).</i>

## Other projects

Other projects notably include the revision of IAS 37 (see IFRS News in this issue). A final standard is expected to be published in the first half of 2011.

## ➤ When will we see the next IFRS “big bang”?

Together with the publication of its revised work plan, the IASB announced that it will publish a consultation document in September regarding the mandatory effective dates and transition provisions for the standards to be published over the coming months. The IASB is aware that the planned changes, if they go ahead, will have a major impact on both companies' financial reporting and their information systems, and that it is thus important to give entities the time to adjust. The IASB may therefore decide to stagger effective dates of the various texts. Early application would however be permitted for first-time adopters of IFRSs. This means that there is a significant risk, given the extent of the expected changes, that different sets of “IFRS-compliant” standards would co-exist across the world.

As a reminder, the IASB recently stated that it would allow at least two years between the publication date of a new standard and the mandatory effective date. However, in the light of stakeholders' opinions, the IASB may come back on this.

## Events/publications

### Seminars on "Current developments in IFRS"

Mazars' Technical Department will host a number of seminars throughout 2010 dedicated to current developments in IFRS. These seminars, organised by Francis Lefèbvre Formation, will be held 24 September and 10 December 2010.

To register, please contact Francis Lefèbvre Formation – [www.flf.fr](http://www.flf.fr), +33 (0)1 44 01 39 99.

## Frequently asked questions

### IAS/IFRS

- Effect on the estimated average annual tax rate by a deferred tax asset recognised for the carryforward of unused tax losses in the interim accounts;
- Accounting for share-based payments awards held by employees of the acquiree in the consolidated financial statements of the acquirer in accordance with IFRS 3 R "Business Combinations";
- Distribution of a dividend in the form of shares of a subsidiary without loss of control;
- Issue of bonds with redeemable share warrants (OBSAR);
- Determination of the diluted earning per share in the event of a dividend settled in ordinary shares or cash at the shareholders' choice;
- An entity issues bonds with preferred share warrants. A financial institution subscribes the bonds and detaches the warrants that are sold to the entity's managers.

## Upcoming meetings of the IASB, IFRIC and EFRAG

### IASB

19 - 23 July 2010

13 - 17 September 2010

18 - 22 October

### IFRIC

8 - 9 July 2010

2 - 3 September 2010

4 - 5 November 2010

### EFRAG

13 - 16 July 2010

8 - 10 September 2010

6 - 8 October 2010

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