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# ACCOUNTING NEWSLETTER

Issue 2015/02

## Quarterly publication of KPMG in Poland

This quarterly *Accounting Newsletter* presents selected recent changes in International Financial Reporting Standards (IFRS), Polish accounting principles (including the Accounting Act and National Accounting Standards) and related topics that may be relevant to a significant number of entities operating in Poland. The publication can assist you in staying up to date with evolving application guidance and new regulatory developments concerning those standards.

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### Effective dates – at a glance

The following is a list of recently published standards, amendments and interpretations of standards that need to be considered, and the status of their endorsement by the European Union as at 30 June 2015:

Effective date	Standard	Endorsed by EU?
1 January 2014	IFRIC Interpretation 21 Levies	Yes <sup>a</sup>
1 July 2014	Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	Yes <sup>c</sup>
	Annual Improvements to IFRSs 2010–2012 Cycle	Yes <sup>c</sup>
	Annual Improvements to IFRSs 2011–2013 Cycle	Yes <sup>b</sup>
1 January 2016	IFRS 14 Regulatory Deferral Accounts	No
	Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	No
	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	No
	Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	No
	Equity Method in Separate Financial Statements (Amendments to IAS 27)	No
	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	No
	Annual Improvements to IFRSs 2012–2014 Cycle	No
	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	No
	Disclosure Initiative (Amendments to IAS 1)	No
1 stycznia 2017 r.	IFRS 15 Revenue from Contracts with Customers	No
1 January 2018	IFRS 9 Financial Instruments (2014)	No

<sup>a</sup> Each company applying IFRS as adopted by the European Union (IFRS EU) shall apply IFRIC 21 from the commencement date of its first financial year beginning on or after **17 June 2014**.

<sup>b</sup> Each company applying IFRS EU shall apply amendments resulting from Annual Improvements to IFRSs 2011–2013 Cycle from the commencement date of its first financial year beginning on or after **1 January 2015**.

<sup>c</sup> Each company applying IFRS EU shall apply amendments resulting from Annual Improvements to IFRSs 2010–2012 Cycle and Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) from the commencement date of its first financial year beginning on or after **1 February 2015**.

### Status of IFRS endorsement by the European Union (EU)

During the period from 1 April 2015 through 30 June 2015, there were no changes in the status of IFRS endorsement by the EU.



► **New IFRS standards, amendments and interpretations**

**Effective date of IFRS 15 (Proposed amendments to IFRS 15)**

On 19 May 2015, the International Accounting Standards Board (IASB) has issued its formal proposal to defer the effective date of its new revenue standard, IFRS 15 *Revenue from Contracts with Customers*, by one year to 1 January 2018. Early adoption would continue to be permitted.

Industries such as telecommunications and software have expressed concerns about the time and effort needed to implement the standard. In addition, the IASB plans to propose targeted amendments to the standard later this year, to clarify some of its requirements and add new illustrative examples.

On 22 July 2015, the Board voted to confirm the deferral, following a public consultation. The formal amendment to the standard is expected to be issued in September 2015.

**The Conceptual Framework (Exposure Draft)**

*The Conceptual Framework for Financial Reporting* is the IASB's foundation for developing accounting standards. As such, the Board's commitment to revise it could have major consequences for IFRS in the future. The IASB has previously sought input on the direction of the project, but is now consulting its proposal for the framework itself. The new proposals, published for public consultation on 28 May 2015, cover all aspects of the revised framework, including topics that had been deemed 'closed' – e.g. prudence and stewardship.

The proposed enhancements to *the Conceptual Framework* include:

- A new chapter on measurement dedicated to the description of different measurement bases (historical cost and current value, including fair value), and the factors to consider when selecting a measurement basis;
- Confirming that the statement of profit or loss is the primary source of information about an entity's financial performance for the period, and adding guidance on when income and expenses could be reported outside the statement of profit or loss, in 'Other Comprehensive Income'; and
- Refining the definitions of the basic building blocks of financial statements—assets, liabilities, equity, income and expenses.

The IASB has also published for public comment a separate Exposure Draft *Updating References to the Conceptual Framework*, which proposes that references to the Conceptual Framework are updated in existing Standards.

The proposals are open for public comment until 26 October 2015.



► **New IFRS standards, amendments and interpretations**

**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)**

On 18 June 2015, the IASB published for public comment proposed narrow-scope amendments to its pension accounting requirements. Defined benefit plan accounting under current IFRS lacks clarity in some areas, according to stakeholder feedback received by the IASB. To address this, the Board has proposed targeted amendments to IAS 19 and IFRIC 14 on two issues:

- determining an entity's right to a refund when other parties, such as trustees, have powers to enhance pension benefits and/or wind up the plan without the entity's consent; and
- accounting for a plan amendment, curtailment or settlement.

The comments are due to the IASB by 19 October 2015.





### **Accounting for revenue is changing: Impact on transport and food, drink and consumer goods companies (April and May 2015)**

IFRS 15 *Revenue from Contracts with Customers* was issued in May 2014, replacing most of the existing IFRS revenue guidance, and introducing a new revenue recognition model. Now that the IASB and the Financial Accounting Standards Board ("FASB") have published the joint standard, the real work for, among others, transport, food, drink and consumer

goods companies is just beginning. The publications highlight the impact of the new revenue standard on companies within the aforementioned sectors.

### **In the Headlines: IFRS: New standards (March 2015)**

Each quarter, we provide a summary of newly effective and forthcoming standards. This edition covers financial years ending on or after 30 June 2015, including interim periods within those financial years.

### **Guide to condensed interim financial statements – Disclosure checklist (April 2015)**

This guide, produced by the KPMG International Standards Group, helps you to prepare condensed interim financial statements in accordance with IAS 34 *Interim Financial*

*Reporting*, by identifying required disclosures. In addition, it includes the minimum disclosures required in the condensed interim financial statements of a first-time adopter of IFRS.

### **Evolving Banking Regulation 2015 – Parts One and Two (March and April 2015)**

KPMG launched the latest edition of its Evolving Banking Regulation reports with *From Design to Implementation*, at the Finance Europe Forum in Brussels on 26 March. The Evolving Banking Regulation series is now in its fifth year of tracking post-financial crisis regulatory reform.

*Viable Strategy*, reviews the challenges facing banks and offers a roadmap for achieving a sustainable model that can succeed in a markedly different operating environment.

*From Design to Implementation* provides an in-depth review of key banking regulatory developments, with global insights on approaches in implementing regulations and the issues for banks as they strive to adjust to stricter and in many cases new regulatory approaches. The second of the 2015 *Evolving Banking Regulation* reports, *Bank Structure: The Search for*

Future reports in the series in coming months will focus on data and cybersecurity, conduct and culture, and supervision.

## IFRS Newsletters

We also recommend the following selected IFRS-related newsletters recently issued by KPMG's International Standards Group:

- **IFRS Newsletter: Banking – issue 17** discusses, among other things, the proposed new guidance on accounting for expected credit losses issued by the Basel Committee on Banking Supervision in February 2015, and analyses to what extent the banks' leverage ratio, as the measure of exposure, is different from the total assets published in their financial statements.
- **IFRS Newsletter: IFRS 9 Impairment – issue 1.** The new expected credit loss model for the impairment of financial instruments represents a fundamental change to current practice. To help stakeholders with implementation issues, the IASB has established the IFRS Transition Resource Group for Impairment of Financial Instruments (the ITG). This first issue of IFRS Newsletter: IFRS 9 Impairment highlights the ITG's discussions on the impairment requirements of IFRS 9 *Financial Instruments* in April 2015.
- **IFRS Newsletter: Insurance – issues 45 and 46** focus on the education sessions and further discussions on the insurance contracts projects held by the IASB in May and June 2015. The Board's discussions revolved around adapting the general model for insurance contract accounting to accommodate participating features.
- **IFRS Newsletter: Financial Instruments – issues 23 and 24** highlight the IASB's discussions in May and June 2015 and its tentative decisions as to the future direction of the Board's projects on macro hedge accounting and financial instruments with characteristics of equity.

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