The IASB proposes five changes to clarify four standards

What you need to know
- The IASB issued the exposure draft Annual Improvements to IFRSs - 2012-2014 Cycle on 11 December 2013.
- The proposed amendments contain five changes to four standards - IFRS 5, IFRS 7, IAS 19 and IAS 34, excluding consequential amendments.
- The proposed changes would be effective 1 January 2016.
- Comments are due on 13 March 2014.

Overview
On 11 December 2013, the International Accounting Standards Board (IASB) issued the exposure draft (ED) Annual Improvements to IFRSs - 2012-2014 Cycle, which contains five changes to four IFRS standards: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations; IFRS 7 Financial Instruments: Disclosures; IAS 19 Employee Benefits; and IAS 34 Interim Financial Reporting. The proposed amendments would be effective either prospectively or retrospectively from 1 January 2016, but early application would be permitted. A summary of each proposed amendment and its proposed transition provisions are described in the table below.

The comment period ends on 13 March 2014.

How we see it
The annual improvements process is the way in which the IASB makes small, non-urgent changes to standards where they are currently unclear. While these proposed changes are not meant to drastically alter practice, entities should review their accounting policies to determine any potential impact.
## Proposed amendments

<table>
<thead>
<tr>
<th>Standard</th>
<th>Proposed amendment</th>
<th>Summary of proposed change</th>
<th>Transition</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFRS 5</td>
<td>Changes in methods of disposal</td>
<td>The proposed amendment clarifies that when an entity reclassifies an asset (or disposal group) from being held for sale to being held for distribution without interruption, the entity would continue to apply held-for-sale accounting. Similarly, if an entity reclassifies an asset (or disposal group) from being held for distribution to held for sale without interruption, the entity would continue to apply held-for-distribution accounting. Paragraphs 27-29 have also been amended to reflect that they also apply when an entity ceases to classify an asset (or disposal group) as held for distribution.</td>
<td>The proposed amendment would be applied prospectively.</td>
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| IFRS 7  | Servicing contracts | The proposed amendment clarifies whether a servicing contract represents continuing involvement for the purposes of the transfer disclosure requirements (paragraphs 42E-42H of IFRS 7) as follows:  
1. Enhances the description of continuing involvement in the Application Guidance of IFRS 7  
2. Clarifies that the term 'payment' as used in paragraph B30 of IFRS 7 does not include cash flows that an entity collects from the transferred financial asset and is required to remit to the transferee  
3. Adds transition relief to Appendix E of IFRS 1 *First-time Adoption of International Financial Reporting Standards* by permitting first-time adopters to not apply this amendment to comparative periods presented | The proposed amendment would be applied retrospectively. An entity would not need to apply this amendment to comparative periods presented before the annual period for which the entity first applies this amendment. |
| IFRS 7  | Applicability of the amendments to IFRS 7 to condensed interim financial statements | When the IASB issued the amendments to IFRS 7 *Disclosure-Offsetting Financial Assets and Financial Liabilities* (the ‘offsetting amendments’), the standard required disclosures for ‘interim periods’. However, IAS 34 did not require those disclosures. The IASB’s proposed amendment would remove the reference to ‘interim periods’ in IFRS 7, clarifying that the additional disclosures required by the offsetting amendments would not be required in the condensed interim financial statements, unless their inclusion would be required by IAS 34 (i.e., the events and transactions are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period). | The proposed amendment would be applied retrospectively. |
| IAS 19  | Discount rate: regional market issue | The proposed amendment clarifies that in determining the discount rate used in accounting for employee benefit plans, an entity would include high quality corporate bonds issued by entities operating in other countries, provided that those bonds are issued in the currency in which the benefits are to be paid. Consequently, the depth of the market for high quality corporate bonds would be assessed at the currency level (e.g., the euro) and not at the country level. | The proposed amendment would be applied retrospectively. |
| IAS 34  | Disclosure of information ‘elsewhere in the interim financial report’ | The proposed amendment clarifies the meaning of disclosure of information ‘elsewhere in the interim financial report’ (e.g., the management report). In addition, when the required disclosures are presented ‘elsewhere in the interim financial report’ the entity would be required to include a cross-reference from the interim financial statements to the location of this information. Consequently, IAS 34’s Basis for Conclusions would also clarify that disclosure of information ‘elsewhere in the interim financial report’ would extend the financial statements to include that part of the interim financial report. | The proposed amendment would be applied retrospectively. |
How we see it
The proposed changes would clarify areas in the standards that are currently unclear and are intended to help preparers apply these four standards more consistently.

Next steps
The ED's comment period ends on 13 March 2014 and we encourage all stakeholders to provide feedback to the IASB through a comment letter. Feedback helps the IASB have a well-rounded and robust discussion of the issue.