FOURTH QUARTER 2013

AN OFFERING FROM BDO'S NATIONAL ASSURANCE PRACTICE

SIGNIFICANT ACCOUNTING & REPORTING MATTERS

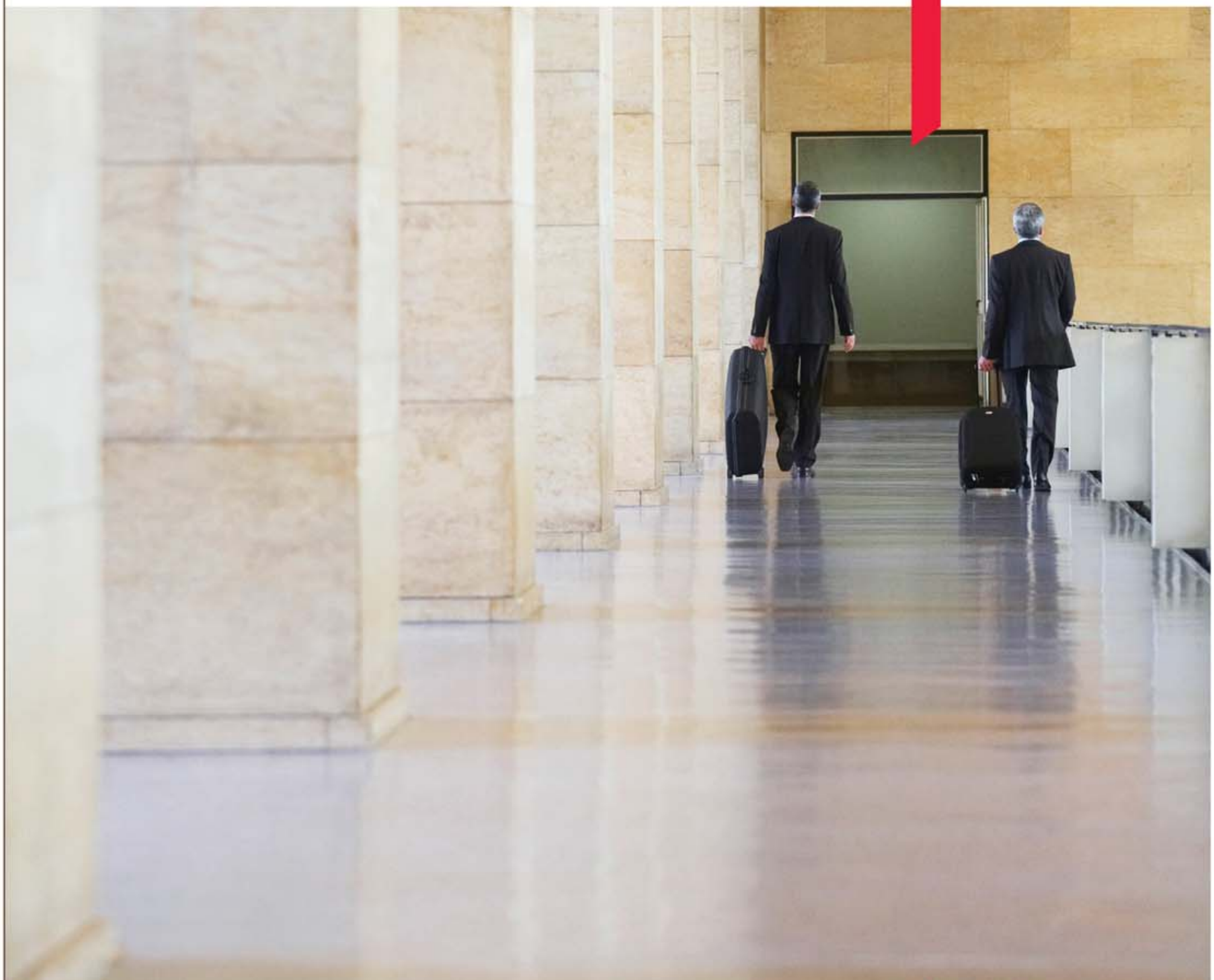

TABLE OF CONTENTS

FINANCIAL ACCOUNTING STANDARDS BOARD (FASB)

FINAL FASB GUIDANCE

All final FASB guidance can be accessed on the FASB website located under the *Standards* tab, *Accounting Standards Updates*.

Accounting Standards Update 2013-12, *Definition of a Public Business Entity (An Addition to the Master Glossary)*

Issued: December 23, 2013

Summary: This Update defines *public business entity*, thereby clarifying which nonpublic entities potentially qualify for alternative financial accounting and reporting guidance within the recently issued *Private Company Decision-Making Framework: A Guide for Evaluating Financial Accounting and Reporting for Private Companies*. The amendment specifies that:

1. An entity that is required by the SEC to file or furnish financial statements with the SEC, or does file or furnish financial statements with the SEC, is considered a public business entity.
2. A consolidated subsidiary of a public company is not considered a public business entity for purposes of its standalone financial statements other than those included in an SEC filing by its parent or by other registrants or those that are issuers and are required to file or furnish financial statements with the SEC.
3. A business entity that has securities that are not subject to contractual restrictions on transfer and that is by law, contract, or regulation required to prepare U.S. GAAP financial statements (including footnotes) and make them publicly available on a periodic basis is considered a public business entity.

Effective Date: There is no actual effective date for the amendment in this Update. However, the term *public business entity* will be used in Accounting Standards Updates No. 2014-01, *Intangibles—Goodwill and Other (Topic 350): Accounting for Goodwill*, and No. 2014-02, *Derivatives and Hedging (Topic 815): Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps—Simplified Hedge Accounting Approach*, which are the first Updates that will use the term public business entity.

Emerging Issues Task Force Issues - Final Consensuses

Status: The Task Force has reached final consensus on each of the following Issues as of November 14, 2013; FASB ratification occurred at the December 11, 2013 FASB meeting, and final ASUs are expected shortly.

Issue 12-G, Accounting for the Difference between the Fair Value of the Assets and the Fair Value of the Liabilities of a Consolidated Collateralized Financing Entity

Summary: A reporting entity that elects to measure the financial assets and financial liabilities of a consolidated collateralized financing entity (CFE) at fair value will recognize changes in the fair value of its owned beneficial interest in net income. A CFE is defined as a VIE that holds financial assets, issues beneficial interests in those financial assets, and has no more than nominal equity. A reporting entity should measure both the financial assets and the financial liabilities of the CFE using the more observable of the fair value of the assets and liabilities. The amendments are effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. For entities other than public business entities, the amendments are effective for the annual period beginning after December 15, 2015, and interim and annual periods thereafter. Early adoption is permitted.

Issue 12-H, Accounting for Service Concession Arrangements

Summary: Service concession arrangements are contracts under which a public sector entity such as a governmental body grants a private entity the right to operate and/or maintain the grantor's infrastructure assets, for example, airports, roads, bridges, tunnels, prisons, and hospitals. Public-to-private service concession arrangements meeting certain criteria will not be considered leases or property, plant and equipment. As such, other U.S. GAAP would apply. The amendments are effective for all entities for annual periods and interim reporting periods within those annual periods, beginning after December 15, 2014. Early adoption is permitted.

Issue 13-B: Accounting for Investments in Qualified Affordable Housing Projects

Summary: A reporting entity that invests in qualified affordable housing projects may elect to account for the investments using a proportional amortization method if certain conditions are met. The entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance amortization in the income statement as a component of income taxes. The amendments are effective for all entities for annual periods and interim reporting periods within those annual periods, beginning after December 15, 2014. Early adoption is permitted.

Issue 13-E: Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure

Summary: A creditor will be considered to have physical possession of residential real estate property that is collateral for a residential mortgage loan and therefore should reclassify the loan to other real estate owned when it obtains legal title to the collateral or it completes a deed in lieu of foreclosure or similar legal agreement. The amendments are effective for all entities for annual periods and interim reporting periods within those annual periods, beginning after December 15, 2014. Early adoption is permitted.

PROPOSED FASB GUIDANCE

The following is a summary of significant proposed guidance that was issued or was open for comment during the quarter. All proposed FASB guidance can be accessed on the **FASB website** located under the *Exposure Documents* tab. In addition, refer to **BDO comment letters** on all proposals.

Proposed Accounting Standards Update, *Compensation-Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service period (a consensus of the FASB Emerging Issues Task Force)*

Issued: October 23, 2013

Comment Deadline: December 23, 2013

Summary: The proposed amendments require that a performance target that could be achieved after the requisite service period be treated as a performance condition that affect the vesting of the award. A reporting entity would apply existing guidance in Topic 718 as it relates to award with performance conditions that affect vesting. That is, compensation cost would be recognized if it is probable that the performance condition would be achieved. The total amount of compensation cost recognized during and after the requisite service period would reflect the number of awards that are expected to vest and would be adjusted to reflect hose awards that ultimately vest.

Effective Date: The effective date will be determined after the Task Force considers stakeholder feedback on the proposed Update.

Refer also to BDO's comment letter.

Proposed Accounting Standards Update, *Derivatives and Hedging (Topic 815): Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity* (a consensus of the FASB Emerging Issues Task Force)

Issued: October 23, 2013

Comment Deadline: December 23, 2013

Summary: The amendments in this proposed Update would not change the current criteria in U.S. GAAP for determining when separation of certain embedded derivative features in a hybrid financial instrument is required. The proposed amendments would clarify how current U.S. GAAP should be interpreted in evaluating the economic characteristics and risks of a host contract in a hybrid financial instrument that is issued in the form of a share. Specifically, the proposed amendments would clarify that all relevant terms and features-including the embedded derivative feature being evaluated for bifurcation-should be considered in the evaluation of the nature of the host contract. This is known as the "whole-instrument" approach. Furthermore, the proposed amendments would clarify that no single term or feature, including a fixed-price, non-contingent redemption feature held by the investor, would necessarily determine the economic characteristics and risks of the host contract. Rather, the nature of the host contract would depend upon the economic characteristics and risks of the entire hybrid financial instrument.

Effective Date: The effective date will be determined after the Task Force considers stakeholder feedback on the proposed Update.

Refer also to BDO's comment letter.

Proposed Accounting Standards Update, *Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements*

Issued: November 7, 2013

Comment Deadline: December 23, 2013

Summary: The amendments in this proposed update would remove the definition of a development stage entity from Topic 915, thereby removing the distinction between development stage entities and other reporting entities from U.S. GAAP. In addition, the proposed amendments would eliminate the requirements for development stage entities to (1) present inception-to date information on the statements of income, cash flows, and shareholder's equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been a development stage entity.

The proposed amendments also would remove guidance that states that a development stage entity does not meet the condition to be a variable interest entity (VIE) if (1) the entity can demonstrate that the equity invested in the legal entity is sufficient to permit it to finance the activities it is currently engaged in and (2) the entity's governing documents and contractual arrangement allow additional equity investments.

Effective Date: The amendments in this proposed Update would be effective for fiscal years, and interim periods within those years, as of the effective date, which will be determined after the Board considers feedback on the proposed amendments.

Refer also to BDO's comment letter.

Emerging Issues Task Force Issues - Consensus-for-Exposure

Status: The Task Force has reached consensus-for-exposure on the following Issue as of November 14, 2013; FASB ratification occurred at the December 11, 2013 FASB meeting, and a proposed ASU is expected shortly. A comment period (typically 60 days) will be provided for the exposure draft.

Issue 13-F: Classification of Certain Government Insured Residential Mortgage Loans upon Foreclosure by a Creditor

Summary: A reporting entity would classify foreclosed real estate as a receivable on the balance sheet (separate from loans) at the full amount of the guarantee for certain government-guaranteed mortgage loans.

OTHER ACTIVITIES

The following section provides high level summaries of other relevant FASB publications and activities, with particular focus on the recent developments of the FASB and IASB's joint projects.

Update on International Convergence

The FASB and the IASB continue their efforts on a number of joint projects, including revenue recognition, financial instruments, and leases. Fourth quarter developments are detailed below by topic.

Leases – The revised exposure draft was issued in May 2013, and the comment period closed in September 2013. The exposure draft was criticized by most constituents for its cost and complexity, and many questioned whether it would provide improved information to users of the financial statements. The Boards are conducting public roundtables and other forms of outreach as they approach redeliberations.

For more information, refer to:

- BDO's Flash Report
- Ac'sense self study course: *Reproposed Lease Exposure Draft Update*
- BDO's comment letter

Revenue – The FASB and the IASB wrapped up redeliberations and are finalizing the joint revenue recognition standard that they plan to issue in the first quarter of 2014. The standard is expected to take effect for public companies for annual periods beginning after December 15, 2016. Calendar year-end public companies will be required to apply the standard in the quarter ended March 31, 2017. Nonpublic companies will have an additional year to adopt.

Throughout 2012 and 2013, numerous aspects were refined by the Boards based on extensive public feedback and outreach efforts. A few of the more critical decisions related to: distinct performance obligations, onerous performance obligations, the constraint on variable consideration, collectibility, types of licenses, and disclosures.

In October 2013, the Boards established two thresholds based on collectability—one for deciding when a contract would be in the scope of the revenue standard and a second for determining how much variable consideration to include in the transaction price. They also reinstated an exception to estimate variable consideration for sales- and usage-based royalties on licensed intellectual property. Lastly, the Boards clarified the criteria that entities would use to determine whether to recognize revenue from licenses of intellectual property at a point in time or over time.

Financial Instruments – In 2013, the FASB and IASB redeliberated issues related to classification and measurement, as well as impairment. However, the Boards have not reached convergence in the financial instruments project. Late in 2013, the FASB abandoned the proposed "solely payments of principal and interest (SPPI)" test related to a debt instrument's cash flows. The FASB concluded it would be too complex and has decided to leverage existing guidance in U.S. GAAP to assess cash flows for purposes of classifying an instrument. The FASB also affirmed its current expected credit loss (CECL) model, which requires entities to recognize the full amount of cash flows they do not expect to collect over the instrument's life. In contrast, the IASB has continued with the SPPI cash flow test and an impairment model with two categories: (i) for instruments with a significant increase in credit risk since initial recognition, lifetime credit losses would be recognized (similar to the FASB approach) and (ii) for all other instruments, credit losses resulting from default events within the next 12 months would be recorded. Additionally, the IASB finalized amendments to IFRS 9 which bring into effect a substantial overhaul of hedge accounting, which is detailed below in the 'IASB Final Guidance' section.

For current status of joint FASB/IASB projects, refer to the FASB's Current Technical Plan and Project Updates and IASB's Work Plan for IFRSs.

Update on Private Company Decision-Making Framework

Summary of Current Developments: During the fourth quarter, the FASB endorsed the first two accounting alternatives for private entities, with final ASUs expected early in 2014. These are intended to simplify the accounting for goodwill and make it easier to apply hedge accounting to certain "plain-vanilla" interest rate swaps. The Board has indicated private entities will be able (but not required) to adopt the new standard for December 31, 2013 financial statements. The FASB will also consider similar potential changes for public entities in the future. For additional information, see BDO's Flash Report.

Also during the quarter, the FASB issued *Private Company Decision-Making Framework A Guide for Evaluating Financial Accounting and Reporting for Private Companies*. The primary purpose of the Guide is to assist the FASB and the Private Company Council (PCC) in determining whether and in what circumstances to provide alternative recognition, measurement, disclosure, display, effective date, and transition guidance for private companies reporting under U.S. GAAP.

▶PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD (PCAOB)

FINAL PCAOB GUIDANCE

All proposed PCAOB guidance can be accessed on the PCAOB website located under the *Rules of the Board* tab.

PCAOB Release No. 2013-010, *Amendments to Conform the Board's Rules and Forms to the Dodd-Frank Act and Make Certain Updates and Clarifications*

Issued: December 4, 2013

The Public Company Accounting Oversight Board approved amendments, as well as certain updates and clarifications, to tailor certain of its rules to the audits and auditors of brokers and dealers registered with the Securities and Exchange Commission, as authorized by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Effective Dates: The amendments to Forms 1, 1-WD, 3, and 4 will take effect on July 1, 2014. The amendments to Form 2 will take effect April 1, 2015.

More information is available in the PCAOB's press release.

PROPOSED PCAOB GUIDANCE

All proposed PCAOB guidance can be accessed on the PCAOB website located under the *Rules of the Board* tab.

PCOAB Release No. 2013-009, Improving the Transparency of Audits: Proposed Amendments to PCAOB Auditing Standards to Provide Disclosure in the Auditor's Report of Certain Participants in the Audit.

Issued: December 4, 2013

Comment Deadline: February 3, 2014

Summary: The reproposed amendments to PCAOB auditing standards would provide greater transparency into audits of public companies, brokers, and dealers about the engagement partner and certain other participants in the audit. The reproposed amendments would require disclosure in the auditor's report of the name of the engagement partner who led the audit for the most recent period, and the names, locations, and extent of participation (as a percentage of the total audit hours) of other public accounting firms that took part in the audit, and the locations and extent of participation of other persons (whether an individual or a company) not employed by the auditor who performed procedures on the audit.

More information is available in the PCAOB's press release.

OTHER ACTIVITIES

The following section provides high level summaries of other relevant PCAOB publications and activities.

PCAOB Issues Report on Implementation of Auditing Standard on Engagement Quality Review

The Public Company Accounting Oversight Board released a report that provides information about registered audit firms' implementation and compliance with Auditing Standard No. 7, Engagement Quality Review. According to the report, while firms' methodologies generally were consistent with the requirements of Auditing Standard No. 7, they did not always result in an appropriately executed engagement quality review.

The engagement quality review is a critical component of an audit, because it can serve as an important safeguard against erroneous or insufficiently supported audit opinions and, accordingly, can contribute to audit quality. The Board's engagement quality review requirement enhances investor protection by providing for a rigorous review that will serve as a meaningful check on the work performed by the engagement team.

PCAOB Issues Staff Audit Practice Alert in Light of Deficiencies Observed in Audits of Internal Control Over Financial Reporting

Staff Audit Practice Alert No. 11: Considerations for Audits of Internal Control Over Financial Reporting discusses the application of certain requirements of Auditing Standard No. 5 and other PCAOB standards to specific aspects of audits of internal control.

Specifically, the alert discusses auditors' risk assessment and the audit of internal control; selecting controls to test; testing management review controls; information technology considerations, including system-generated data and reports; roll-forward of control testing performed at an interim date; using the work of others; and evaluating identified control deficiencies.

▶SECURITIES AND EXCHANGE COMMISSION (SEC)

FINAL SEC GUIDANCE

All SEC Final Rules can be accessed on the SEC website located under the *Regulatory Actions* section, *Final Rules*.

(Note: The following pertains to significant accounting and reporting SEC releases. For a complete listing of SEC rules, please refer to the SEC website.)

As of the date of this publication, the SEC had not adopted any significant final rules during the quarter.

PROPOSED SEC GUIDANCE

All SEC Proposed Rules can be accessed on the SEC website located under the *Regulatory Actions* section, *Proposed Rules*.

(Note: The following pertains to significant accounting and reporting SEC releases. For a complete listing of SEC rules, please refer to the SEC website.)

Proposed Rule – Amendments to Regulation A

Release:

Issued: December 18, 2013

Comment Deadline: 60 days

Summary: On December 18th, the SEC proposed rule amendments required by Title IV of the JOBS Act. The proposed rules are intended to increase access to capital for smaller companies. The SEC proposed amendments to Regulation A to establish a streamlined process by which a private company could offer and sell up to $50 million of securities in a twelve-month period if it complies with certain reporting requirements.

The proposed amendments to Regulation A would create two tiers of offerings:

1. Tier 1 – A revised version of the current Regulation A, Tier 1 would permit offerings of up to $5 million in a twelve-month period.

2. Tier 2 – This new tier would permit offerings of up to $50 million in a twelve-month period. Investors in Tier 2 offerings would be limited to purchasing no more than 10% of the greater of their net worth or annual income. State securities law requirements would be preempted for these offerings.

More information is available in BDO's Flash Report.

Proposed Rule – Crowdfunding

Release: 33-9470

Issued: October 23, 2013

Comment Deadline: February 3, 2014

Summary: The Securities and Exchange Commission is proposing for comment new Regulation Crowdfunding to implement the requirements of Title III of the Jumpstart Our Business Startups Act. Regulation Crowdfunding would prescribe rules governing the offer and sale of securities under new Section 4(a)(6) of the Securities Act of 1933. The proposal also would provide a framework for the regulation of registered funding portals and brokers that issuers are required to use as intermediaries in the offer and sale of securities in reliance on Section 4(a)(6). In addition, the proposal would exempt securities sold pursuant to Section 4(a)(6) from the registration requirements of Section 12(g) of the Securities Exchange Act of 1934.

OTHER ACTIVITIES

The following section provides high level summaries of other relevant SEC publications and activities.

SEC Staff Publishes New Edition of Financial Reporting Manual

Summary: On October 30, 2013, the staff of the Securities and Exchange Commission's Division of Corporation Finance published a new edition of the Division's Financial Reporting Manual (FRM). The inside cover lists a summary of the paragraphs that were updated. Some of the updates only provide clarification or housekeeping changes to the existing guidance. However, certain noteworthy updates include: Emerging Growth Companies; Acquisitions of Producing Oil and Gas Properties; and Significance of Equity Method Investees - Effect of Retrospectively Applied Change in Accounting Principle. These updates are summarized in BDO's *Flash Report*.

▶INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)

FINAL IASB GUIDANCE

All final IASB guidance can be accessed on the IASB website located under the *IFRS* tab, *Standards and Interpretations*.

Annual Improvements to IFRSs 2011-2013 Cycle and Annual Improvements to IFRSs 2010-2012 Cycle

Issued: December 2013

Summary: The IASB has published amendments to the following IFRSs under the annual improvements project:

Standard	Subject of amendment
Annual Improvements to IFRSs 2011–2013 Cycle	
IFRS 1 First-time Adoption of International Financial Reporting Standards	Which IFRSs an entity is able to apply when preparing its IFRS financial statements in accordance with IFRS 1.
IFRS 3 Business Combinations	Formation of a joint arrangement in the financial statements of the joint arrangement itself.
IFRS 13 Fair Value Measurement	Items that have offsetting positions in market and/or counterparty credit risk that are recognized and measured in accordance with IAS 39/IFRS 9.
IAS 40 Investment Property	Determining whether the acquisition of an investment property is a business combination.
Annual Improvements to IFRSs 2010–2012 Cycle	
IFRS 2 Share-based Payment	Amended definitions of vesting and market condition. New definitions of performance and service conditions.
IFRS 3 Business Combinations (as well as consequential amendments to other standards)	Subsequent measurement of contingent consideration in a business combination that does not meet the definition of an equity instrument.

Standard	Subject of amendment
IFRS 8 Operating Segments	Disclosure of judgments made relating to the aggregation of operating segments. Disclosure of the reconciliation of reportable segments' assets to total entity assets.
IFRS 13 Fair Value Measurement (Basis of Conclusion)	Measuring short-term receivables and payable on an undiscounted basis (where the effect of discounting is immaterial) in the light of amendments to IFRS 9 / IAS 39.
IAS 16 Property, Plant and Equipment	Clarifies the treatment of accumulated depreciation and the gross carrying amount of revalued items of property, plant and equipment.
IAS 24 Related Party Disclosures	Entities that provide key management personnel services to a reporting entity, and whether they are related parties of the reporting entity.
IAS 38 Intangible Assets	Clarifies the treatment of accumulated amortization and the gross carrying amount of revalued items of property, plant and equipment.

Effective Date: The amendments above have effective dates of July 1, 2014, with early application permitted. The amendment to IFRS 2 is effective for share-based payments where the *grant date* is on or after July 1, 2014, and likewise, the amendment to IFRS 3 is effective for business combinations where the *acquisition date* is on or after July 1, 2014. Also, the 2010-2012 amendment to IFRS 13 and the 2011-2013 amendment to IFRS 1 affect only the Basis for Conclusions of those standards, so there is no effective date.

The 2011-2013 amendments to IFRS 3 and IFRS 13 would be applied prospectively, with all others being applied retrospectively.

The 2010-2012 amendments to IFRS 2 and IFRS 3 would be applied prospectively, with all others being applied retrospectively.

For additional information on the amendments, refer to BDO's IFRS News at a Glance issues 2013/06 and 2013/07.

IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)

Issued: November 2013

Summary: The IASB has released the following three significant amendments to IFRS 9 Financial Instruments:

- Adding new hedge accounting requirements to IFRS 9;
- Deferring the effective date of IFRS 9, and
- Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities that are measured under the fair value option without early applying the other IFRS 9 requirements.

The new hedge accounting requirements that have been added will allow entities to better reflect their risk management activities in the financial statements. The new model differs from the old model in several significant ways, including but not limited to: simplified effectiveness testing, including removal of the 80-125% highly effective threshold; more items qualifying for hedge accounting, e.g. pricing components within a non-financial item, and net foreign exchange cash positions; and new alternatives available for economic hedges of credit risk and 'own use' contracts which will reduce profit or loss volatility.

Under the new requirements, entities that have entered into economic hedges are more likely to qualify for hedge accounting. The new requirements will also lead to reduced 'artificial' profit or loss volatility which can arise from the existing strict rules in IAS 39. Depending on an entity's risk management strategy, the cost of applying hedge accounting is likely to be lower for entities with relatively simple risk management strategies. Entities that are most likely to be able to achieve hedge accounting under the new requirements include: those in the mining and natural resources sector, airlines, agriculture and other commodities industries; and, entities with significant foreign currency transactions or foreign currency funding that use derivatives to manage risk in their business activities.

Effective Date: The amendments delete the previous effective date of IFRS 9 (periods beginning on or after January 1, 2015) and instead leave the effective date open until all of the other outstanding phases of IFRS 9 have been finalized.

For additional information on the amendments, refer to BDO's IFR Bulletin 2013/24.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

Issued: November 2013

Summary: The narrow scope amendments to IAS 19 apply to contributions from employees or third parties to defined benefit plans. The methods permitted for attributing contributions now differs depending on whether those contributions are dependent on number of years of service.

Under the amendments:

I. If the amount of contributions is independent of the number of years of service, the contributions may (but are not required) be recognized as a reduction in service cost in the period in which the related service is rendered instead of being attributed to the periods of service. Examples would include employee contributions that are calculated according to a fixed percentage of employee salary or contributions that depend on the age of an employee.

II. If the amount of contributions is dependent on the number of years of service, the contributions are required to be attributed to periods of service using the same method required by IAS 19.70 for the gross benefit. This would involve using either the defined benefit plan's contribution formula, or a straight line basis.

The issue originated from two submissions to the IFRS Interpretations Committee, which recommended that the IASB amend the Standard.

Effective Date: The new requirements apply retrospectively, are effective for annual periods beginning on or after July 1, 2014 and are available for early adoption.

For additional information on the amendments, refer to BDO's IFR Bulletin 2013/26.

PROPOSED IASB GUIDANCE

The following is a summary of all significant proposed guidance that was issued or was open for comment during the quarter. All proposed IASB guidance can be accessed on the IASB website located under the *Get Involved* tab, *Comment on a Proposal*.

Exposure Draft: Annual Improvements to IFRSs 2012-2014 Cycle

Issued: December 2013

Comment Deadline: March 13, 2014

Summary: The Exposure Draft contains proposed amendments to the following IFRSs under the annual improvements project:

Standard	Subject of amendment
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Changes in methods of disposal
IFRS 7 Financial Instruments: Disclosures	Servicing contracts Applicability of the amendments to IFRS 7 to condensed interim financial statements
IAS 19 Employee Benefits	Discount rate: regional market issue
IAS 34 Interim Financial Reporting	Disclosure of information 'elsewhere in the interim report'

Effective Date: The proposed effective date for the amendments is for annual periods beginning on or after January 1, 2016, although the IASB proposes that entities would be permitted to apply them earlier. The amendments to IFRS 5 would be applied prospectively, with all others being applied retrospectively.

For more information, refer to BDO's IFRS News at a Glance.

Exposure Draft: Equity Method in Separate Financial Statements (Proposed amendments to IAS 27)

Issued: December 2013

Comment Deadline: February 3, 2014

Summary: The proposed amendments would introduce an accounting option allowing an entity, in its separate financial statements, to account for its investments in subsidiaries, joint ventures and associates using the equity method.

The amendment would re-introduce the accounting option that previously existed prior to the version of IAS 27 Consolidated and Separate Financial Statements in 2003.

The amendment has been proposed as a result of responses to the IASB's 2011 Agenda Consultation, especially from those constituents in jurisdictions where an entity's interest in its subsidiaries, joint ventures and associates are required by law to be accounted for using the equity method in its separate financial statements. The IASB expects that the proposed change will reduce compliance costs for many entities, while providing information helpful to an assessment of the investor's net assets and profit or loss.

Effective Date: The effective date of the proposal and its application will be determined after the IASB considers the feedback received on the ED. It is proposed that the amendments, if finalized, would be applied retrospectively with early application permitted.

For additional information on the ED, refer to BDO's IFRS News at a Glance.

Exposure Draft: Proposed amendments to the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)

Issued: October 2013

Comment Deadline: March 3, 2014

Summary: The IASB issued a Request for Information in June 2012 to seek public views and consulted with the SME Implementation Group, an advisory body to the IASB regarding which items to consider for amendment to IFRS for SMEs. After considering the feedback it received, and taking into account the fact that the IFRS for SMEs is still a new Standard, the IASB proposes to make limited amendments to the IFRS for SMEs. Most of the proposed amendments clarify existing requirements or add supporting guidance, rather than propose changes to the underlying requirements in the IFRS for SMEs. Consequently, for most SMEs, the proposals are expected to improve understanding of the existing requirements, without having a significant effect on the entity's financial reporting practices and financial statements.

Effective Date: The effective date of the proposal and its application will be determined after the IASB considers the feedback received on the ED.

OTHER ACTIVITIES

The following section provides high level summaries of other relevant IASB publications and activities, with particular focus on the recent developments and prioritization of the FASB and IASB's joint efforts to work towards convergence of U.S. GAAP and IFRS.

Update on International Convergence

For a summary of international convergence efforts, please refer to the *FASB: Other Activities* section above.

EFFECTIVE DATES OF U.S. ACCOUNTING PRONOUNCEMENTS

This appendix was prepared with a calendar year-end company in mind. Therefore standards with an effective date in 2012 have been included since many companies applied them for the first time in 2013, e.g., the first interim or annual period beginning on or after December 15, 2012. Standards that do not require adoption before 2014 are highlighted in gray. The final amendments to the FASB Codification resulting from EITF Issues No. 12-G, 12-H, 13-B and 13-E were not available before the fourth quarter Significant Accounting & Reporting Matters document was published. The effective dates indicated above (see "Final FASB Guidance") are based on our observation of the FASB meeting minutes, which are available to the public.

Also, refer to BDO's practice aid on the effective dates of new IFRS pronouncements.

PRONOUNCEMENT	EFFECTIVE DATE
ASC 205, Presentation of Financial Statements	
ASU 2013-07, *Liquidation Basis of Accounting*	Effective for entities that determine liquidation is imminent during annual reporting periods beginning after December 15, 2013. Early adoption is permitted.
ASC 210, Balance Sheet	
ASU 2013-01, *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*	The amendments are effective for fiscal years beginning on or after 1/1/2013 and interim periods within those years. Retrospective application is required.
ASU 2011-11, *Disclosures about Offsetting Assets and Liabilities*	An entity is required to apply the amendments for annual reporting periods beginning on or after 1/1/2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented.
ASC 220, Comprehensive Income	
ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*	For public entities, the amendments are effective prospectively for reporting periods beginning after 12/15/2012. For nonpublic entities, the amendments are effective prospectively for reporting periods beginning after 12/15/2013. Early adoption is permitted.
ASC 230, Statement of Cash Flows	
ASU 2012-05, *Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows (a consensus of the FASB Emerging Issues Task Force)*	Effective prospectively for fiscal years, and interim periods within those years, beginning after 6/15/2013. Retrospective application to all prior periods presented upon the date of adoption is permitted. Early adoption from the beginning of the fiscal year of adoption is permitted. For fiscal years beginning before 10/22/2012, early adoption is permitted only if an NFP's financial statements for those fiscal years and interim periods within those years have not yet been made available for issuance.

PRONOUNCEMENT	EFFECTIVE DATE
ASC 350, Intangibles—Goodwill and Other	
ASU 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment*	Effective for annual and interim impairment tests performed for fiscal years beginning after 12/15/2012. Early adoption is permitted, including for annual and interim impairment tests performed as of a date before 7/27/2012, if an entity's financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance.
ASC 360, Property, Plant, and Equipment	
ASU 2011-10, *Derecognition of in Substance Real Estate—a Scope Clarification (a consensus of the FASB Emerging Issues Task Force)*	The amendments in this Update should be applied on a prospective basis to deconsolidation events occurring after the effective date. Prior periods should not be adjusted even if the reporting entity has continuing involvement with previously derecognized in substance real estate entities. For public entities, the amendments in this Update are effective for fiscal years, and interim periods within those years, beginning on or after 6/15/2012. For nonpublic entities, the amendments are effective for fiscal years ending after 12/15/2013, and interim and annual periods thereafter. Early adoption is permitted.
ASC 405, Liabilities	
ASU 2013-04, *Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date (a consensus of the FASB Emerging Issues Task Force)*	Retrospective application is required for all periods presented. Entities are permitted to use hindsight when determining the appropriate amount to be recorded in prior periods. For public entities, the guidance is effective for fiscal years, and interim periods within those years, beginning after 12/31/2013. For nonpublic entities, the guidance is effective for fiscal years ending after 12/31/2014 and interim and annual periods thereafter. Early adoption is permitted.
ASC 720, Other Expenses	
ASU 2011-06, *Fees Paid to the Federal Government by Health Insurers (a consensus of the FASB Emerging Issues Task Force)*	Effective for calendar years beginning after 12/31/2013, when the fee initially becomes effective.
ASC 740,Income Taxes	
ASU 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force)*	The amendments in this Update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. For nonpublic entities, the amendments are effective for fiscal years and interim periods within those years, beginning after December 15, 2014. Early adoption is permitted.

PRONOUNCEMENT	EFFECTIVE DATE
ASC 805, Business Combinations	
ASU 2012-06, *Subsequent Accounting for an Indemnification Asset Recognized at the Acquisition Date as a Result of a Government-Assisted Acquisition of a Financial Institution (a consensus of the FASB Emerging Issues Task Force)*	For public and nonpublic entities, the amendments in this Update are effective for fiscal years, and interim periods within those years, beginning on or after 12/15/2012. Early adoption is permitted. The amendments should be applied prospectively to any new indemnification assets acquired after the date of adoption and to indemnification assets existing as of the date of adoption arising from a government-assisted acquisition of a financial institution.
ASC 815, Derivatives and Hedging	
ASU 2013-10, *Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes (a consensus of the FASB Emerging Issues Task Force)*	The amendments in this Update are effective prospectively for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013.
ASC 820, Fair Value Measurement	
ASU 2013-09, *Deferral of the Effective Date of Certain Disclosures for Nonpublic Employee Benefit Plans in Update No. 2011-04*	The deferral in this amendment is effective upon issuance for financial statements that have not been issued.
ASC 825, Financial Instruments	
ASU 2013-03, *Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities*	The Update was effective upon issuance in February 2013. Consequently, it amends ASU 2011-04 immediately, which is effective for nonpublic entities for periods beginning after 12/15/2011 (i.e., 2012 calendar year-ends).
ASC 830, Foreign Currency Matters	
ASU 2013-05, *Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (a consensus of the FASB Emerging Issues Task Force)*	The amendments in this Update are effective prospectively for all entities with derecognition events after the effective date. For public entities, the guidance is effective for fiscal years, and interim periods within those years, beginning after 12/31/2013. For nonpublic entities, the guidance is effective for fiscal years beginning after 12/31/2014 and interim and annual periods thereafter. Early adoption is permitted. If early adoption is elected, the guidance should be applied as of the beginning of the entity's fiscal year of adoption.

PRONOUNCEMENT	EFFECTIVE DATE
ASC 926, Entertainment—Films	
ASU 2012-07, *Accounting for Fair Value Information That Arises after the Measurement Date and Its Inclusion in the Impairment Analysis of Unamortized Film Costs (a consensus of the FASB Emerging Issues Task Force)*	For SEC filers, the amendments are effective for impairment assessments performed on or after 12/15/2012. For all other entities, the amendments are effective for impairment assessments performed on or after 12/15/2013. The amendments resulting from this Issue should be applied prospectively. In addition, earlier application is permitted, including for impairment assessments performed as of a date before 10/24/2012, if, for SEC filers, the entity's financial statements for the most recent annual or interim period have not yet been issued or, for all other entities, have not yet been made available for issuance.
ASC 946, Financial Services - Investment Companies	
ASU 2013-08, *Financial Services – Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements*	Effective for an entity's interim and annual reporting periods in fiscal years that begin after 12/15/2013. Earlier application is prohibited.
ASC 954, Health Care Entities	
ASU 2012-01, *Continuing Care Retirement Communities – Refundable Advance Fees*	Effective for public entities for fiscal years beginning after 12/15/2012. For nonpublic entities, the Issue will be effective for fiscal years ending after 12/15/2013. Early adoption is permitted. Entities must apply the requirements retrospectively by recording a cumulative-effect adjustment to opening retained earnings (or unrestricted assets) as of the beginning of the earliest period presented.
ASC 958, Not-for-Profit Entities	
ASU 2013-06, *Services Received from Personnel of an Affiliate*	Effective prospectively for fiscal years beginning after June 15, 2014, and interim and annual periods thereafter. A recipient not-for-profit entity may apply the amendments using a modified retrospective approach under which all prior periods presented upon the date of adoption should be adjusted, but no adjustment should be made to the beginning balance of net assets of the earliest period presented. Early adoption is permitted.
Other	
ASU 2012-04, *Technical Corrections and Improvements*	The amendments in this Update that do not have transition guidance are effective upon issuance for both public entities and nonpublic entities. For public entities, the amendments that are subject to the transition guidance will be effective for fiscal periods beginning after 12/15/2012. For nonpublic entities, the amendments that are subject to the transition guidance will be effective for fiscal periods beginning after 12/15/2013.

PRONOUNCEMENT	EFFECTIVE DATE
ASU 2013-12, *Definition of a Public Business Entity (An Addition to the Master Glossary)*	There is no actual effective date for the amendment in this Update. However, the term public business entity will be used in Accounting Standards Updates No. 2014-01, *Intangibles—Goodwill and Other (Topic 350): Accounting for Goodwill*, and No. 2014-02, *Derivatives and Hedging (Topic 815): Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps—Simplified Hedge Accounting Approach*, which are the first Updates that will use the term public business entity.

BDO RESOURCES FOR CLIENTS AND CONTACTS

The following is a sample of recent BDO thought leadership materials that may be of interest. Refer to BDO's publications and resources for a complete catalog.

BDO AC'SENSE℠ UPCOMING WEBINAR EVENTS AND ARCHIVES

- Managing Risk in Cyberspace - January 22, 2014
- Board Matters Q4 Update - January 14, 2014
- Q4 Technical Update - January 2014
- Board Matters Q3 Update - New COSO Framework - September 2013
- Q3 Technical Update - October 2013
- Reproposed Leasing Standard Update - July 2013
- Q2 Technical Update -June 2013
- Board Matters Quarterly Update - Q2 2013 - Executive Succession Strategy - Leadership Capabilities - June 2013
- Limiting Exposure in Regulatory Investigations - June 2013

Please check BDO's Ac'sense page for all upcoming and archived programs.

BDO BOARD REFLECTIONS

BDO continues to refine its Board Reflections resource center designed with public and private company boards of directors in mind. Understanding the roles, responsibilities and risks associated with each committee, BDO routinely provides guidance to directors as they navigate through ever changing challenges in today's corporate climate. BDO's proprietary studies, publications, practice aids and educational programs help fuel conversations among those charged with corporate governance - who are making the tough decisions. Within this site, BDO has included resources across our various disciplines to help keep board members ahead of the trends while meeting compliance obligations. BDO has added a quarterly Board Matters Update webcast, intended as a discussion of developing issues of broad interest to board members and those charged with governance.

BDO CLIENT ADVISORIES

http://www.bdo.com/publications/assurance/

- **NEW!** 2013 BDO Board Survey (October 2013)
- 2013 BDO IPO Halftime Report (July 2013)
- BDO Board Reflections (April 2013) – Provides a summary of Fraud in Foreign Markets, Cyber Attacks, M&A Plans and the Sequester Among Top issues at 2013 Shareholder Meetings
- Initial Offerings Newsletter (Spring 2013)
- BDO Board Reflections (February 2013) – Provides a summary currently effective PCAOB Auditing Standard No. 16 (AS 16), *Communications with Audit Committees*, and highlights changes to practice companies should be aware of.
- 2013 BDO IPO Outlook (January 2013)

BDO FINANCIAL REPORTING LETTERS & FLASH REPORTS

http://www.bdo.com/publications/assurance/

- **NEW!** SEC Year in Review (January 2014)
- **NEW!** Accounting Year in Review (January 2014)
- **NEW!** Report on 2013 AICPA SEC and PCAOB Conference (January 2014)
- **NEW!** Troubled Debt Restructuring, Debt Modification and Extinguishment (December 2013)
- **NEW!** Complex Financial Instruments - 4th Edition (December 2013)
- **UPDATED!** BDO Flash Reports - Flash reports are intended to highlight certain financial reporting developments in a timely and brief “flash” format. (Various)
- Manufacturing the Future (Summer 2013)
- 2013 BDO Manufacturing RiskFactor Report (May 2013)
- BDO Knows Government Contracting (Spring 2013)
- BDO Knows Healthcare (Spring 2013)
- BDO Knows: The Jumpstart Our Business Startups Act (April 2012)
- BDO Knows: Goodwill Impairment (September 2011)
- BDO Knows: Contingent Consideration (June 2011)