

FIA JOURNAL

Update from Standards Committee

By Pradeep Patel, Chairman of the Standards Committee

Chartered Accountants have a long history of responding positively to shifts in public expectations and new market opportunities. Our members serve the needs of business and the public in every economic sector. A modern accountancy profession must be dynamic, accessible and relevant to changing needs.

Accordingly, FIA has set a forward-looking and challenging agenda.

IFRS

The Fiji Institute of Accountants, which is a member body of the worldwide International Federation of Accountants (IFAC) that is dedicated to achieving international standards in accounting, has already adopted International Financial Reporting Standards (now commonly referred to as "IFRS") for all accounting periods beginning from 1st January 2007.

As communicated to the members on a number of occasions in the past, the Institute's Council had agreed during June 2006 that IFRS will apply for all entities that fall within the following categories:

- Public companies, as defined in the Companies Act;
- Government majority owned entities;
- Banking and financial institutions;
- Superannuation, insurance and insurance broking entities;
- Government entities established under their own statute;
- Entities with annual group turnover of at least F\$20m or with assets exceeding F\$20m;
- Entities that are publicly accountable (which have debt or equity instruments on public issue or have coercive power to tax, rate or levy to obtain public funds); and
- Entities where any of the above listed entities have significant influence (through more than 20 per cent ownership), as equity accounting would be applicable for the parent company reporting.

The adoption of IFRS was publicly announced by the Institute through press release in media during June 2006, and also from time to time in our journals, annual reports, seminars and workshops, etc. Furthermore, the Institute's Professional Development Committee has developed a program, which commenced in 2005, with a number of seminars and workshops, for creating awareness and developing skills in the area of IFRS.

All entities under the categories listed above will be required to prepare its financial statements under IFRS. It is strongly recommended that these entities should immediately commence preparing for IFRS implementation, if yet not done so, and prepare for IFRS adoption well before reporting date.

Fiji Interpretation Statements

Recognizing the economic reality in Fiji, practical issues in the context of Fiji's economy and significant issues and problems which entities are likely to face in complying with accounting standards, the Institute's Standards Committee has established a system and process for issuing Fiji Interpretation Statements based on the established criteria for producing local interpretation statements.

Standards Committee has to-date produced the following 2 interpretation statements which have been endorsed by the Council:

1. Interpretation Statement 1 - Valuation of securities with a specified maturity date held by Retirement Benefit Plans.
2. Interpretation Statement 2 - Measurement and reporting of unquoted financial securities deemed to be held as available for sale.

Copies of the above Interpretation Statements can be obtained from the FIA office.

The Standards Committee is also in the process of developing Interpretation Statement on maternity leave provisions in the context of IAS19 and IAS37.

Standards for Small and Medium Enterprises

The Council has recognized the need to have accounting standards for Small and Medium Enterprises (SME).

Until such time the SME framework and standards is developed, the current suite of Fiji Accounting Standards will continue to be used by entities that are not required to comply with IFRS. FIA is keenly following the developments internationally and in particular the development of reporting standards for SMEs by International Accounting Standards Board (IASB).

IASB has issued the Exposure Draft of the proposed new IASB Standards for Small and Medium Enterprises (IFRS for SMEs) for review and comments. The objective of IFRS for SMEs is to provide a simplified, self-contained set of accounting principles that are appropriate for smaller, non-listed companies and are based on full International Financial Reporting Standards.

The Standards Committee is currently in the process of finalising submission on the Exposure Draft of the proposed IFRS for SMEs. The submission is due 1st October 2007, and the Standards Committee has agreed to circulate the initial draft submission to the Institute members for further feedback and comments.

Standards on Auditing

The current suite of Fiji Standards on Auditing is generally based on year 2001 version of International Standards on Auditing.

The Council has endorsed to adopt the current International Standards on Auditing with the objective of bringing our Auditing Standards in line with the current International Standards on Auditing.

The Standards Committee has completed examination of the International Standards on Auditing (ISAs), International Auditing Practice Statements (IAPSs), International Standards on Assurance Engagements (ISAEs), International Standards on Review Engagements (ISREs), International Standards on Related Services (ISRSs) and International Standards on Quality Control (ISQCs), with a view to determining whether they are suitable for adoption with or without modification by the FIA.

Review and assessment by the Standards Committee indicates that the majority of these international standards should be capable of being adopted without modification. It has been noted that with the exception of ISA 545 (which was mainly of interest to accountants working for large accounting firms), there is no significant difference between the IFAC standards and the current Fiji Standards on Auditing.

The Council has already endorsed to adopt the IFAC suite of International Standards on Auditing and related issues, but the date for the introduction of these standards are dependent upon compliance with the IFAC Code of Ethics. Given that the International Standards on Auditing require compliance with the IFAC Code of Ethics, the issues relating to the adoption of the IFAC Code of Ethics is being addressed by the Act and Rules Committee. The Council has already agreed to adopt the IFAC Code of Ethics together with a separate FIA supplement containing some provisions included in the FIA Code of Ethics which were not covered in the IFAC Code.

Standards Committee

The members of the Standards Committee for the year 2007 - 2008 are as follows:

Pradeep Patel (Chairman)
Sikeli Tuinamuana
Eroni Vatuloka
Professor Mick White
Bruce Sutton
Urmila Maharaj

I wish to thank the committee members and Executive Director for their commitment and dedicated work to support the activities of the Standards Committee.

The members are encouraged to contact the committee members or the Executive Director for further information or guidance in relation to Standards.