

## Audit

# IAS Plus.

Published for our clients and staff globally

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### IAS Plus website

Over 5.4 million people have visited our [www.iasplus.com](http://www.iasplus.com) web site for the latest news about international financial reporting. Please check in regularly.

## International financial reporting news

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**IFRS publications from Deloitte:** IFRS presentation and disclosure checklist (page 23). Four special editions of our IAS Plus newsletter (page 23).

For information about the content of **IAS Plus (Global)** please contact: Carsten Friedrich, Editor: [iasplusnewsletter@deloitte.co.uk](mailto:iasplusnewsletter@deloitte.co.uk)

<b>IASB PROJECT TIMETABLE – ACTIVE PROJECTS</b>	
<b>Annual Improvements</b>	<ul style="list-style-type: none"> <li>• Final IFRS expected second quarter 2008</li> </ul>
<b>Accounting Standards for Small and Medium-sized Entities</b>	<ul style="list-style-type: none"> <li>• Recognition and measurement questionnaire issued April 2005</li> <li>• Public round tables held October 2005</li> <li>• ED issued 15 February 2007</li> <li>• Final IFRS expected second half 2008</li> </ul>
<b>Business Combinations - Phase II</b>	<ul style="list-style-type: none"> <li>• Final IFRS expected October 2007</li> </ul>
<b>Conceptual Framework</b> Eight phases in all	<ul style="list-style-type: none"> <li>• Discussion Paper (DP) on objectives and qualitative characteristics was issued July 2006. ED expected fourth quarter 2007</li> <li>• Round-tables on measurement held first half 2007</li> <li>• DP on reporting entity expected fourth quarter 2007</li> <li>• DP on elements and recognition expected second half 2008</li> </ul>
<b>Consolidation, including SPEs*</b>	<ul style="list-style-type: none"> <li>• DP expected first quarter 2008</li> </ul>
<b>Convergence – Short-term Issues, IFRSs and US GAAP*</b>	<p><b><u>IAS 12 Income Taxes</u></b></p> <ul style="list-style-type: none"> <li>• ED expected first quarter 2008</li> </ul> <p><b><u>IAS 31 Joint Ventures</u></b></p> <ul style="list-style-type: none"> <li>• ED 9 Joint Arrangements issued 13 September 2007</li> <li>• Final IFRS expected second half 2008</li> </ul> <p><b><u>Impairment</u></b></p> <ul style="list-style-type: none"> <li>• Staff research has begun</li> </ul>
<b>Discontinued Operations</b>	<ul style="list-style-type: none"> <li>• Added to agenda April 2007</li> </ul>
<b>Earnings per Share amendment</b>	<ul style="list-style-type: none"> <li>• ED expected fourth quarter 2007</li> <li>• Final IFRS expected second half 2008</li> </ul>
<b>Fair Value Measurement Guidance*</b>	<ul style="list-style-type: none"> <li>• DP issued 30 November 2006</li> <li>• Roundtables planned second quarter 2008</li> </ul>
<b>Financial Instruments</b>	<p><b><u>IAS 32 Puttable Instruments</u></b></p> <ul style="list-style-type: none"> <li>• ED was issued June 2006</li> <li>• Final IFRS expected fourth quarter 2007</li> </ul> <p><b><u>IAS 39 Exposures Qualifying for Hedge Accounting</u></b></p> <ul style="list-style-type: none"> <li>• ED issued 13 September 2007</li> </ul>
<b>Financial Statement Presentation (Performance Reporting)*</b> Phase B: Presentation on the face of financial statements	<ul style="list-style-type: none"> <li>• Working group appointed in 2005</li> <li>• Phase B: DP expected first quarter 2008</li> </ul>
<b>Government Grants and Emission Rights Trading*</b>	<ul style="list-style-type: none"> <li>• Work deferred pending IAS 37 amendments project</li> </ul>
<b>IFRS 1 Amendment – Cost of Investment in Subsidiary in Separate Statements of Parent</b>	<ul style="list-style-type: none"> <li>• Added to agenda March 2006</li> <li>• ED issued 25 January 2007</li> <li>• Re-exposure of ED expected fourth quarter 2007</li> </ul>
<b>IFRS 2 Amendment – Vesting Conditions and Cancellations</b>	<ul style="list-style-type: none"> <li>• ED issued February 2006</li> <li>• Final amendment expected fourth quarter 2007</li> </ul>
<b>Insurance Contracts – Phase II</b>	<ul style="list-style-type: none"> <li>• DP issued 3 May 2007</li> </ul>
<b>Leases*</b>	<ul style="list-style-type: none"> <li>• Added to agenda July 2006</li> <li>• Working Group has held its first meeting</li> <li>• DP expected second half 2008</li> </ul>

<b>Liabilities (IAS 37 amendments)</b>	<ul style="list-style-type: none"> <li>• EDs issued June 2005</li> <li>• Public round-tables held fourth quarter 2006</li> </ul>
<b>Post-employment Benefits (including Pensions)*</b>	<ul style="list-style-type: none"> <li>• Staff research under way</li> <li>• Working Group was formed March 2007</li> <li>• DP expected first quarter 2008</li> </ul>
<b>Revenue Recognition*</b>	<ul style="list-style-type: none"> <li>• DP expected first quarter 2008</li> </ul>
<b>Related Party Disclosures</b>	<ul style="list-style-type: none"> <li>• ED was issued February 2007</li> <li>• Final IFRS expected fourth quarter 2007</li> </ul>

#### IASB PROJECT TIMETABLE – RESEARCH AGENDA

<i>Projects agreed in the February 2006 IASB-FASB convergence agreement:</i>	
<b>Derecognition*</b>	<ul style="list-style-type: none"> <li>• Staff research report expected fourth quarter 2007</li> </ul>
<b>Financial Instruments*</b>	<ul style="list-style-type: none"> <li>• Working group appointed</li> <li>• Staff research questionnaire issued March 2006</li> <li>• DP expected first quarter 2008</li> </ul>
<b>Intangible Assets*</b>	<ul style="list-style-type: none"> <li>• Staff research under way</li> <li>• Agenda decision expected fourth quarter 2007</li> </ul>
<b>Liabilities and Equity*</b>	<ul style="list-style-type: none"> <li>• DP expected fourth quarter 2007</li> </ul>
<i>Other IASB Research Projects:</i>	
<b>Extractive Industries</b>	<ul style="list-style-type: none"> <li>• Group of national standard setters conducting research</li> <li>• DP expected second half 2008</li> </ul>
<b>Management Commentary</b>	<ul style="list-style-type: none"> <li>• DP issued October 2005</li> </ul>

\* IASB projects with milestones agreed in the February 2006 IASB-FASB Memorandum of Understanding on convergence – download the MoU at [www.iasplus.com/pressrel/0602roadmapmou.pdf](http://www.iasplus.com/pressrel/0602roadmapmou.pdf).

This timetable is derived from the IASB's published timetable supplemented by decisions and comments made at recent meetings of the Board. You will find details on each project, including decision summaries from each Board meeting, at [www.iasplus.com/agenda/agenda.htm](http://www.iasplus.com/agenda/agenda.htm).

## IASB News

We have published a special edition of the IAS Plus newsletter summarising the revised standard. You can find it here:

[www.iasplus.com/iasplus/0709ias1revised.pdf](http://www.iasplus.com/iasplus/0709ias1revised.pdf)

You can download an IAS 1 (Revised) Compliance Checklist here:

[www.iasplus.com/fs/0709ias1revisedchecklist.pdf](http://www.iasplus.com/fs/0709ias1revisedchecklist.pdf)

### Revised IAS 1 requires statement of comprehensive income

The IASB has issued a revised IAS 1 *Presentation of Financial Statements*. The revisions to IAS 1, which the IASB published on 6 September 2007, represent the first step in the Board's comprehensive project on reporting financial information. The revised IAS 1 is effective for annual periods beginning on or after 1 January 2009. Early adoption is permitted.

#### OVERVIEW OF IAS 1 (Revised) PRESENTATION OF FINANCIAL STATEMENTS

The main changes from the previous version are to require that an entity must:

- Present all non-owner changes in equity (that is, 'comprehensive income' – see below) either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income may not be presented in the statement of changes in equity.
- Present a statement of financial position (balance sheet) as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement.
- Disclose income tax relating to each component of other comprehensive income.
- Disclose reclassification adjustments relating to components of other comprehensive income.

Comprehensive income for a period includes profit or loss for that period plus other comprehensive income recognised in that period. The components of other comprehensive income include:

- changes in revaluation surplus (IAS 16 and IAS 38).
- actuarial gains and losses on defined benefit plans recognised in accordance with paragraph 93A of IAS 19.
- gains and losses arising from translating the financial statements of a foreign operation (IAS 21).
- gains and losses on remeasuring available-for-sale financial assets (IAS 39).
- the effective portion of gains and losses on hedging instruments in a cash flow hedge (IAS 39).

IAS 1 changes the titles of financial statements as they will be used in IFRSs:

- 'balance sheet' will become 'statement of financial position'
- 'income statement' will become 'statement of comprehensive income'
- 'cash flow statement' will become 'statement of cash flows'.

Entities are not required to use the new titles in their financial statements. All existing Standards and Interpretations are being amended to reflect the new terminology. The revised IAS 1 resulted in consequential amendments to 5 IFRSs, 23 IASs, and 10 Interpretations.

The ED can be downloaded from the IASB's website:

[www.iasb.org](http://www.iasb.org)

On IAS Plus you can download the press release:

[www.iasplus.com/pressrel/0709edjointarrangements.pdf](http://www.iasplus.com/pressrel/0709edjointarrangements.pdf)

We have published a special edition of the IAS Plus newsletter summarising the ED. You can find it here:

[www.iasplus.com/iasplus/0710ed9.pdf](http://www.iasplus.com/iasplus/0710ed9.pdf)

The ED will be publicly available on the IASB website starting 22 October 2007:

[www.iasb.org](http://www.iasb.org)

Click here for the press release:

[www.iasplus.com/pressrel/0710improvementsed.pdf](http://www.iasplus.com/pressrel/0710improvementsed.pdf)

The ED can be downloaded from the IASB's website:

[www.iasb.org](http://www.iasb.org)

On IAS Plus you can download the press release:

[www.iasplus.com/pressrel/0709hedgepr.pdf](http://www.iasplus.com/pressrel/0709hedgepr.pdf)

We have published a special edition of the IAS Plus newsletter summarising the ED. You can find it here:

[www.iasplus.com/iasplus/0710hedgesed.pdf](http://www.iasplus.com/iasplus/0710hedgesed.pdf)

## Proposal to replace IAS 31 on joint ventures

The IASB has published for public comment Exposure Draft 9 proposing to replace IAS 31 *Interests in Joint Ventures* with a new standard to be titled *Joint Arrangements*. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity together and share decision-making relating to that activity. Joint arrangements include joint assets, joint operations, and joint ventures. Comment deadline is 11 January 2008.

The main focus of the proposals is on the two aspects of the current accounting for joint arrangements that the IASB considers are an impediment to high quality reporting:

- The current accounting for joint arrangements follows the legal form in which the activities take place. This does not always reflect the contractual rights and obligations agreed to by the parties. Shifting the focus to these rights and obligations will provide a more realistic reflection of the joint arrangement in the financial reports of the parties involved.
- The existing standard gives preparers a choice when accounting for interests in jointly controlled entities (equity method and proportionate consolidation), making it difficult to compare financial reports. The IASB proposes to remove that choice by requiring parties to recognise both the individual assets to which they have rights and the liabilities for which they are responsible, even if the joint arrangement operates in a separate legal entity. If the parties only have a right to a share of the outcome of the activities, their net interest in the arrangement will be recognised using the equity method.

The ED also proposes new requirements for disclosing information about joint arrangements, subsidiaries, and associates, including a description of the nature of joint arrangements and summarised financial information relating to an entity's interests in joint ventures.

## IASB proposes amendments to 25 IFRSs

The IASB has published for public comment an exposure draft of proposed miscellaneous amendments to 25 International Financial Reporting Standards as part of its first annual improvements project. The proposals range from a restructuring of IFRS 1, mainly to remove redundant transitional provisions, to minor changes of wording to clarify the meaning and remove unintended inconsistencies between IFRSs. The IASB discussed the individual proposals during the past year. The proposed effective date for the proposed amendments would be 1 January 2009. Comment deadline is 11 January 2008.

## Proposal to clarify hedge accounting

The IASB has published for public comment an exposure draft of proposed amendments to IAS 39 *Financial Instruments: Recognition and Measurement*. The proposal, titled *IAS 39 – Exposures Qualifying for Hedge Accounting*, addresses:

- What can be designated as a hedged item in a hedge accounting relationship – that is, which risks qualify for designation as hedged risks when an entity hedges its exposure to a financial instrument.
- Circumstances in which an entity may designate a portion of the cash flows of a financial instrument as a hedged item.

Comment deadline is 11 January 2008.

You can order the 2007 annotated Bound Volume on the IASB's website:

[www.iasb.org](http://www.iasb.org)

The book price is £90 plus shipping.

You can download Mr Collomb's presentation here:

[www.iasplus.com/europe/0707collomb.pdf](http://www.iasplus.com/europe/0707collomb.pdf)

Information about the IASB's SME project:

[www.iasplus.com/agenda/sme.htm](http://www.iasplus.com/agenda/sme.htm)

Information about the IASB's agenda projects:

[www.iasplus.com/agenda/agenda.htm](http://www.iasplus.com/agenda/agenda.htm)

### **Annotated IFRS Bound Volume 2007 is published**

The International Accounting Standards Committee Foundation has published *A Guide through International Financial Reporting Standards (2007)*. The Guide contains the full text of all current IFRSs at 1 January 2007, extensively annotated with thousands of cross-references to guide readers through the text of each IFRS and all the other IASB material that accompanies but does not form part of the IFRSs (including illustrative examples and implementation guidance). Available in hard copy, CD-ROM, and online. In the electronic versions, the cross-references are hyperlinked.

### **IASB will conduct post-implementation reviews of standards**

Bertrand Collomb, Vice Chairman of the IASC Foundation, appeared before the Open Coordinators Meeting of the Economic and Monetary Affairs Committee of the European Parliament in Brussels on 10 July 2007.

Mr Collomb reported that the IASB will undertake post-implementation reviews of all entirely new IFRSs, major interpretations, and major amendments to existing standards after two full years of implementation. Such reviews would focus on important issues identified as contentious as part of the development of standards and any significant unexpected costs or problems encountered by preparers in implementing the provisions of the standard or by users in analysing the information. This requirement will be in place for any new IFRSs or major amendments to existing standards and major interpretations adopted by the IASB with an effective date beginning on or after 1 January 2009.

As part of this process, the IASB will undertake reviews on IFRS 8 *Operating Segments*, IFRIC 12 *Service Concession Arrangements*, and any standard to emerge on the business combinations project.

### **Comment deadline on SME Exposure Draft extended**

At its meeting on 19 September, the IASB agreed to extend the deadline for comments on the proposed IFRS for SMEs to 30 November 2007. The deadline for submitting field test results is also extended to 30 November 2007. The Board decided to extend the comment deadline primarily to allow entities participating in the field tests and those assisting such entities more time to prepare their comments on the exposure draft. The Board strongly encourages entities and organisations that are not involved in the field testing to submit their comments on the exposure draft by the original 1 October 2007 deadline.

### **Four projects will be proposed for IASB agenda**

At the meeting of the IASB and World Standard Setters in London on 24 and 25 September 2007, the IASB staff identified four projects that will be proposed to the IASB in December 2007 as possible additions to the IASB's technical agenda:

- Intangible assets
- Common control transactions.
- Emission rights trading and government grants
- Management commentary

The IASB staff also noted that an agenda proposal on the extractive industries (oil, gas, and mining) will not be ready for Board consideration in December. The staff expressed a hope that it might be ready for agenda consideration in the fourth quarter of 2008.

## Our View: Deloitte Letters of Comment

Deloitte letters of comment to the IASB, IFRIC, IASCF, IASC, and SIC may be found here:

[www.iasplus.com/dttletr/comment.htm](http://www.iasplus.com/dttletr/comment.htm)

### IFRIC D21 Real Estate Sales

Deloitte has submitted a letter of comments on IFRIC's Draft Interpretation D21 *Real Estate Sales*. Overall, we do not support the consensus as proposed in the Draft Interpretation as it does not clearly articulate the underlying principles and logic to distinguish a contract for the delivery of goods from that for the delivery of construction services.

Here is an excerpt from our comments:

*Whilst we support the IFRIC's efforts to provide clarification for transactions in which agreements for sale of real estate are reached before the construction is complete, we do not support the consensus as proposed in the Draft Interpretation as it does not clearly articulate the underlying principles and logic to distinguish a contract for the delivery of goods from that for the delivery of construction services. To assist the IFRIC in their re-deliberations of the Draft Interpretation we have articulated what we see as the relevant principles in Appendix A to this letter. The Appendix suggests some indicators to assist in distinguishing the characteristics of the delivery of goods from those of construction services. In our view, whether a contract is for the delivery of goods or for the provision of construction services is a spectrum in which judgement will need to be exercised in order to determine how a contract should be classified.*

### Enlarging IFRIC to 14 members

Deloitte has submitted a Letter of Comment to the Trustees of the IASC Foundation supporting their proposal to increase the size of the International Financial Reporting Interpretations Committee (IFRIC) from 12 to 14 voting members. In doing so, we agree with the Trustees that the IFRIC would benefit from a greater diversity of members with practical experience in the application of IFRSs and analysis of financial reports using IFRSs.

Our letter notes our concern that enlarging the IFRIC may have some adverse effects on its work. However, we are aware that the IFRIC has more staff resources than it had historically and note that the IASCF's 2008 budget reiterates the Trustees' commitment to ensuring that the IFRIC 'has the capacity to respond to interpretation issues in an efficient manner'. Consequently, we are willing to accept the Trustees' assessment that, within reason, any effect on the IFRIC's efficiency should be outweighed by the benefit of greater participation by preparers and users of IFRS financial reports.

Deloitte letters of comment to the IAASB may be found here:

[www.iasplus.com/dttletaudit/commentaudit.htm](http://www.iasplus.com/dttletaudit/commentaudit.htm)

### Comment letters to the IAASB

Deloitte has recently submitted letters of comment to the International Auditing and Assurance Standards Board (IAASB) on the following proposed International Standards on Auditing (ISA). In each case, while offering some suggestions for improvement, we concluded that we are supportive of the proposed auditing standard.

- ISA 250 (Redrafted) *The Auditor's Responsibilities Relating to Laws and Regulations in an Audit of Financial Statements*.
- ISA 550 (Revised and Redrafted) *Related Parties*
- ISA 570 (Redrafted) *Going Concern*
- ISA 580 (Revised and Redrafted) *Written Representations*

Click here to download the Deloitte letter to the SEC:  
[www.iasplus.com/dttletr/0709secreconciliation.pdf](http://www.iasplus.com/dttletr/0709secreconciliation.pdf)

### SEC's proposal to eliminate the reconciliation

Deloitte has submitted a letter supporting the SEC's *Proposed Rule, Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance With IFRSs Without Reconciliation to US GAAP*. We do suggest, however, that when a non-US registrant uses local GAAP or a 'jurisdictional version' of IFRSs, it should be permitted to reconcile to IFRSs as an alternative to reconciling to US GAAP.

Here is an excerpt from our comment letter:

*We agree with the Commission's proposal to eliminate the US GAAP reconciliation for foreign private issuers that use IFRSs and believe that it is an important step toward developing a single set of globally accepted accounting standards. We note, however, that there may be issues in certain jurisdictions with the proposal that use of IFRSs is required if a company wishes not to reconcile to US GAAP. In European countries, for example, endorsement or approval of IFRSs by local authorities is required before such standards can be applied. Consequently, when a foreign private issuer is required to follow the 'jurisdictional version' of IFRSs in describing how it has prepared its financial statements, it may not be able to make an explicit and unreserved statement of compliance with IFRSs because certain standards have not yet been endorsed or approved by the local authority.*

*Given these constraints, we believe that the Commission should consider allowing foreign private issuers that use local GAAP (including jurisdictional IFRSs) to reconcile to IFRSs instead of US GAAP, which would give them a choice of one of the following:*

- *US GAAP*
- *IFRSs*
- *Local GAAP (including jurisdictional IFRSs) reconciled to either US GAAP or IFRSs*

## News from IFRIC

Click here for the press  
release:

[www.iasplus.com/pressrel/  
0707ifricd22pr.pdf](http://www.iasplus.com/pressrel/0707ifricd22pr.pdf)

### IFRIC draft Interpretation on hedge of net investment

The International Financial Reporting Interpretations Committee (IFRIC) has released for public comment a draft Interpretation, IFRIC D22 *Hedges of a Net Investment in a Foreign Operation*. IFRIC D22 clarifies a number of issues that have arisen on two accounting standards – IAS 21 *The Effects of Changes in Foreign Exchange Rates* and IAS 39 *Financial Instruments: Recognition and Measurement* – about the accounting for hedging foreign currency risk within a company and its foreign operations. The IFRIC proposal clarifies what qualifies as a risk in the hedge of a net investment in a foreign operation and where within a group the instrument that offsets that risk may be held.

Key provisions of IFRIC D22 are:

- In some groups the currency that is used to present consolidated financial statements (the presentation currency) differs from the currency that the parent's functional company uses. At present, some groups use hedge accounting to hedge the foreign currency risk of 'translating' foreign operations into the presentation currency. The IFRIC takes the view that this mere translation of currency for presentational use does not represent a hedgeable economic risk. Consequently, IFRIC D22 proposes not to allow the use of hedge accounting when translating a functional currency into a presentation currency. The IFRIC concluded that the hedged risk is the foreign currency exposure arising between the functional currency of the foreign operation and the functional currency of any parent entity within the group structure. The draft IFRIC also clarifies that a 'parent' can be the immediate parent entity to the foreign operation, an intermediate parent of the group or the ultimate parent of the group.
- IFRIC D22 also considers which individual entity within a group structure can hold a hedging instrument. IFRIC D22 proposes that the hedging instrument can be held by any subsidiary or parent entity within a group regardless of the entity's functional currency (with the exception of the foreign operation that is itself being hedged). To assess how effective the hedging instrument is in offsetting the foreign currency risk from the foreign operation, the company must calculate the change in value of the hedging instrument in the functional currency of the parent hedging its risk and not the functional currency of the subsidiary holding the instrument.

IFRIC D22 would be applied prospectively, that is, for all future transactions. Comment deadline is 19 October 2007.

Click here for the IFRIC statement:

[www.iasplus.com/pressrel/0708ifric14clarifications.pdf](http://www.iasplus.com/pressrel/0708ifric14clarifications.pdf)

We have published a special edition of the IAS Plus newsletter summarising IFRIC 14. You can find it here:

[www.iasplus.com/iasplus/0707ifric14.pdf](http://www.iasplus.com/iasplus/0707ifric14.pdf)

### IFRIC statement clarifying IFRIC 14

In July 2007, the International Financial Reporting Interpretations Committee (IFRIC) issued IFRIC 14 *IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. Since the release of the Interpretation, the IFRIC has observed several press articles and statements by market commentators providing an inaccurate assessment of the effect of IFRIC 14. Consequently, IFRIC has released a *Statement Addressing the Key Issues that Have Been Raised*.

Key points made in the IFRIC statement (the statement explains each):

- The Interpretation does not change the rules on funding
- The Interpretation clarifies how entities should account for the effect of any statutory or contractual funding requirements. It cannot change those requirements.
- The Interpretation does not affect an entity's ability to get a refund.
- An additional liability is recognised only if both of the following conditions exist:
  - If the entity has a statutory or contractual obligation to pay additional amounts to the plan and
  - If the entity's ability to recover those amounts in the future by refund or otherwise is restricted.
- The Interpretation clarifies when a surplus in a pension plan can be recognised.
- The Interpretation ensures that the accounting for surpluses is consistent and transparent.

Except for administrative and personnel matters, all of these meetings are open to public observation. Registration forms are on IASB's website: [www.iasb.org](http://www.iasb.org)

IASB and IFRIC meetings are also webcast.

## Upcoming meeting dates

<b>IASB and SAC MEETINGS 2007</b>	
London, UK	15 to 19 October 2007
Norwalk, CT, USA	22 to 23 October 2007 – Joint IASB/FASB Meeting
London, UK	12 to 16 November 2007, and 8 to 9 November 2007 with the Standards Advisory Council
London, UK	10 to 14 December 2007
<b>IASB and SAC MEETINGS 2008</b>	
London, UK	21 to 25 January 2008
London, UK	14 to 15 February 2008 with the Standards Advisory Council, and 18 to 22 February 2008
London, UK	10 to 14 March 2008
London, UK	14 to 18 April 2008
London, UK	21 to 22 April 2008 – Joint IASB/FASB Meeting
London, UK	19 to 23 May 2008
London, UK	16 to 20 June 2008, and 23 to 24 June 2008 with the Standards Advisory Council
London, UK	21 to 25 July 2008
London, UK	11 to 12 September 2008 – World Standard Setters Meeting
London, UK	15 to 19 September 2008
London, UK	13 to 17 October 2008
Norwalk, CT, USA	21 to 22 October 2008 – Joint IASB/FASB Meeting
London, UK	13 to 14 November 2008 with the Standards Advisory Council, 17 to 21 November 2008
London, UK	15 to 19 December 2008
<b>IFRIC MEETINGS 2007</b>	
London, UK	1 to 2 November 2007
<b>IFRIC MEETINGS 2008</b>	
London, UK	10 to 11 January 2008
London, UK	6 to 7 March 2008
London, UK	8 to 9 May 2008
London, UK	10 to 11 July 2008
London, UK	4 to 5 September 2008
London, UK	6 to 7 November 2008
<b>IASC FOUNDATION TRUSTEES MEETING 2007</b>	
United States	31 October to 1 November 2007
<b>IASC FOUNDATION TRUSTEES MEETINGS 2008</b>	
Rome, Italy	29 to 30 January 2008
London, UK	17 to 18 March 2008
United States	8 to 9 July 2008
Beijing, China	9 to 10 October 2008

Click here for the press release:

[www.iasplus.com/pressrel/0707trustees.pdf](http://www.iasplus.com/pressrel/0707trustees.pdf)

Click here for a complete list of trustees:

[www.iasplus.com/restruct/trustees.htm](http://www.iasplus.com/restruct/trustees.htm)

You can download the discussion paper here:

[www.iasplus.com/ivsc/0708intangibleassetsdp.pdf](http://www.iasplus.com/ivsc/0708intangibleassetsdp.pdf)

You can download the review report here:

[www.iasplus.com/resource/0710unctadreview.pdf](http://www.iasplus.com/resource/0710unctadreview.pdf)

The case studies can be downloaded here:

[www.iasplus.com/resource/0710pakistanisar.pdf](http://www.iasplus.com/resource/0710pakistanisar.pdf)

[www.iasplus.com/resource/0710southafricaisar.pdf](http://www.iasplus.com/resource/0710southafricaisar.pdf)

[www.iasplus.com/resource/0710turkeyisar.pdf](http://www.iasplus.com/resource/0710turkeyisar.pdf)

More information about UNCTAD and ISAR:

[www.unctad.org/](http://www.unctad.org/)

## IASC Foundation News

### Four IASCF Trustees reappointed

The Trustees of the IASC Foundation (IASCF) have reappointed four Trustees for a second three-year term ending 31 December 2010. The Trustees are:

- Oscar Fanjul, Vice Chairman, Omega Capital, and former Chairman Founder and CEO, Repsol, SA, Spain
- Tsuguoki (Aki) Fujinuma, Former Chairman and President, Japanese Institute of Certified Public Accountants (JICPA), Japan
- Alicja Kornasiewicz, Member of the Board of CA IB Corporate Finance GmbH, Vienna, and CEO and Chairman of CA IB Group in Poland, Poland
- Antonio Vegezzi, Retired Vice-Chairman, Capital International, Switzerland

The Trustees also announced an international public search to replace four Trustees who are not eligible for reappointment or are retiring as Trustees and invited individuals and organisations to submit applications to the Trustees' Nominating Committee by mid-September. The Trustees are in the process of completing their search for a new Chairman of the Trustees.

## Other News

### IVSC discussion paper on valuing intangibles under IFRSs

The International Valuation Standards Committee (IVSC) has released for comment a 58-page discussion paper on the *Determination of Fair Value of Intangible Assets for IFRS Reporting Purposes*. In 2006, IVSC established an expert group to consider the guidance that was required for the valuation of intangible assets, specifically for IFRS reporting purposes. The expert group included Ben Moore, Director, Corporate Finance, Deloitte & Touche LLP, London. The IVSC will consider responses to this Discussion Paper in developing an Exposure Draft of a *Guidance Note on the Determination of Fair Value of Intangible Assets for IFRS Reporting Purposes* for publication as an integral part of the International Valuation Standards. The IVSC requests comments by 31 October 2007.

### UNCTAD reports on practical IFRS implementation issues

In connection with the meeting of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) on 30 October and 1 November 2007, the United Nations Conference on Trade and Development (UNCTAD) has published three case studies of practical implementation issues for IFRSs in three countries (Pakistan, South Africa and Turkey). The UNCTAD secretariat has also prepared a summary of the main practical implementation issues identified in the case studies. These include practical implementation issues in the areas of regulatory framework, enforcement, and technical capacity-building.

## News from IFAC

You can download the proposals from IAASB's website:  
[www.ifac.org/iaasb](http://www.ifac.org/iaasb)

### IAASB: Nine proposed standards

The International Auditing and Assurance Standards Board (IAASB) has published for comment exposure drafts of nine proposed standards, including each of its international quality control and auditor reporting standards. These have all been redrafted in accordance with the IAASB's new drafting conventions designed to improve the clarity of its pronouncements. The exposure drafts are:

Quality Control Exposure Drafts – Comments due 31 December 2007:

- International Standard on Quality Control (ISQC) 1 (Redrafted) *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*
- ISA 220 (Redrafted) *Quality Control for an Audit of Financial Statements*

Auditor Reporting Exposure Drafts – Comments due 30 November 2007:

- ISA 700 (Redrafted) *The Independent Auditor's Report on General Purpose Financial Statements*
- ISA 705 (Revised and Redrafted) *Modifications to the Opinion in the Independent Auditor's Report*
- ISA 706 (Revised and Redrafted) *Emphasis of Matter Paragraphs and Other Matter(s) Paragraphs in the Independent Auditor's Report*
- ISA 800 (Revised and Redrafted) *Special Considerations – Audits of Special Purpose Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*
- ISA 805 (Revised and Redrafted) *Engagements to Report on Summary Financial Statements*

Other Proposed Standards – Comments due 31 October 2007:

- ISA 510 (Redrafted) *Initial Audit Engagements – Opening Balances*
- ISA 530 (Redrafted) *Audit Sampling*

The IAASB consultation paper and related press release are available on IAS Plus:

**IAASB Strategy  
 Consultation Paper**

**Related Press Release**

### IAASB invites comments on its strategy for 2009-2011

The IAASB is seeking comments on its proposed future technical strategy. The strategy, when finalised, will form the basis for the IAASB's work program for 2009 to 2011. Comments are requested by 30 November 2007.

The IAASB has also determined that its complete set of clarified International Standards on Auditing (ISAs) will be effective for audits of financial statements for periods beginning on or after 15 December 2009. Announcing this date is intended to allow standard setters, regulators, and auditors to plan for the adoption and implementation of the standards.

Click here for the press release:

[www.iasplus.com/ifac/0707ethicspr.pdf](http://www.iasplus.com/ifac/0707ethicspr.pdf)

You can download the ED from the IAS Plus website:

[www.iasplus.com/ifac/0707ethicsed.pdf](http://www.iasplus.com/ifac/0707ethicsed.pdf)

The ED can be downloaded from IFAC's website:

[www.ifac.org/EDs](http://www.ifac.org/EDs)

Click here for the press release:

[www.iasplus.com/ifac/0709ipsasbed33.pdf](http://www.iasplus.com/ifac/0709ipsasbed33.pdf)

### Comments invited on Ethics Board strategic plan

The International Ethics Standards Board for Accountants (IESBA) has invited comment from IFAC member bodies, regulators, national ethical standard setters, accountants in professional practice, accountants in business, and other interested parties on an exposure draft of its Strategic and Operational Plan for the Period 2008-2009. Comments were due 31 August 2007. The IESBA expects to consider comments received at its meeting in October 2007.

### IESBA ethics proposal on independence

IFAC's International Ethics Standards Board for Accountants (IESBA) has issued an exposure draft proposing to strengthen three components of the independence requirements contained in the *IFAC Code of Ethics for Professional Accountants*. Those requirements relate to:

- Provision of internal audit services to an audit client;
- Independence implications related to the relative size of fees received from one assurance client; and
- Contingent fees for services provided to assurance clients.

### Proposed revisions to IPSAS on foreign exchange rates

IFAC's International Public Sector Accounting Standards Board (IPSASB) has published an exposure draft (ED) of revisions to the standard that addresses accounting for fluctuations in exchange rates. ED 33, *Amendments to IPSAS 4, The Effects of Changes in Foreign Exchange Rates*, proposes to update IPSAS 4 to reflect the latest revisions to the corresponding IFRS issued by the IASB, particularly recent revisions to IAS 21 *The Effects of Changes in Foreign Exchange Rates*. Comments on the ED are requested by 31 December 2007.

## IFRS-related news from the United States

Click here to download the proposal:  
[www.iasplus.com/usa/sec/0708ifrsconceptrelease.pdf](http://www.iasplus.com/usa/sec/0708ifrsconceptrelease.pdf)

### SEC concept release on use of IFRSs by US companies

The US Securities and Exchange Commission (SEC) has published a Concept Release to obtain information about the extent and nature of the public's interest in allowing US issuers, including investment companies subject to the Investment Company Act of 1940, to prepare financial statements in accordance with International Financial Reporting Standards as published by the International Accounting Standards Board for purposes of complying with the rules and regulations of the Commission.

US issuers presently prepare their financial statements in accordance with generally accepted accounting principles as used in the United States, referred to as US GAAP. The release includes 35 specific questions to which the SEC seeks responses. The SEC requests comments by 13 November 2007.

Contents of the SEC's concept release are:

- I. Introduction
- II. The Effect of IFRS on the US Public Capital Market
  - A. Financial Reporting in the United States
  - B. Financial Reporting Outside the United States
  - C. The Possible Use of IFRS by U.S. Issuers
  - D. Convergence of IFRS and U.S. GAAP
- III. Global Accounting Standards
  - A. The Case for a Single Set of Globally Accepted Accounting Standards
  - B. The International Accounting Standard Setter
  - C. The Commission's Previous Consideration of International Accounting Standards
- IV. IFRS Implementation Matters for US Issuers
  - A. Education and Training
  - B. Application in Practice
  - C. Auditing
  - D. Regulation
  - E. Integration with the Commission's Existing Requirements
  - F. Transition and Timing
- V. General Request for Comments

To download AS5 click here:  
[www.iasplus.com/usa/pcaob/as5.pdf](http://www.iasplus.com/usa/pcaob/as5.pdf)

The SEC press release can be found here:

[www.iasplus.com/usa/sec/0707as5secpr.pdf](http://www.iasplus.com/usa/sec/0707as5secpr.pdf)

More information on AS5 can be found on the PCAOB's website:

[www.pcaobus.org/Standards/StandardsandRelatedRules/AuditingStandardNo.5.aspx](http://www.pcaobus.org/Standards/StandardsandRelatedRules/AuditingStandardNo.5.aspx)

### SEC approves PCAOB's new internal control audit standard

The US Securities and Exchange Commission (SEC) has approved Auditing Standard No. 5 *An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements* (AS 5). AS 5 was adopted by the Public Company Accounting Oversight Board (PCAOB) in May 2007. AS 5 replaces the PCAOB's previous internal control auditing standard, Auditing Standard No. 2. With SEC approval in place, audit firms registered with the PCAOB are required to use the new standard for all audits of internal control no later than for fiscal years ending on or after 15 November 2007. The PCAOB has announced that it intends to undertake several initiatives to support the successful implementation of the new standard.

Click here for the FASB's  
Action Alert:

[www.fasb.org/action/  
aa090607.shtml](http://www.fasb.org/action/aa090607.shtml)

### **FASB rethinks the objective of financial reporting**

At its meeting on 29 August 2007, the US Financial Accounting Standards Board (FASB) redeliberated issues related to the objective of financial reporting – the basic building block of the conceptual framework that FASB and IASB are jointly developing. Specifically, the FASB addressed (1) concerns raised by respondents about the role of stewardship in the objective of financial reporting and (2) the logical flow of Chapter 1 of the FASB's Preliminary Views.

The FASB's conclusions on the objective of financial reporting are:

1. *The objective of general purpose external financial reporting is to provide financial information about the reporting entity that is useful to present and potential investors and creditors in making decisions in their capacity as capital providers.*
2. *Chapter 1 of the Exposure Draft should be structured as follows so that it flows logically from the premise that the basic perspective of financial reporting is that of the entity.*
  - a. *The basic perspective underlying financial reporting is the perspective of the reporting entity.*
  - b. *That entity perspective involves reporting on the entity's resources (assets), the claims on the entity's resources (liabilities and equity), and the changes in them.*
  - c. *The primary user group comprises those who have a claim (or potentially may have a claim) on the entity's resources – its present and potential equity investors and creditors (capital providers). The objective of financial reporting is focused on meeting the information needs of the primary user group.*
  - d. *The primary user group is interested in financial information because that information is useful in the decision making of investors and creditors in their capacity as capital providers.*
  - e. *The decisions made by investors and creditors include resource allocation decisions as well as decisions relating to protecting or enhancing their claim on the resources of an entity.*
  - f. *Investors and creditors use information about an entity's resources, claims to those resources, and changes in resources and claims as inputs into the decision-making process.*
  - g. *Other potential user groups may benefit from financial reporting information, but they are not the focus of the objective.*

## News about IFRSs in Europe

Click here for the EC report on endorsement of IFRS 8:

[www.iasplus.com/europe/0709ifrs8report.pdf](http://www.iasplus.com/europe/0709ifrs8report.pdf)

Mr McCreevy's comments can be found here:

[www.iasplus.com/europe/0709mccreevy.pdf](http://www.iasplus.com/europe/0709mccreevy.pdf)

### EU Parliament committee discusses endorsement of IFRS 8

In a presentation to the Committee on Economic and Monetary Affairs of the European Parliament, Charlie McCreevy, the European Commissioner for Internal Market and Services, discussed the endorsement of IFRS 8 *Operating Segments* for use in the European Union. He presented the EC report on endorsement of IFRS 8 and expressed the hope that the Parliament will agree with the Commission that endorsement of IFRS 8 should go ahead.

The report concludes that adoption of IFRS 8 would have positive cost-benefit effects. This is in line with the clear majority of answers to our consultations and with most views expressed in discussions with stakeholders. In particular, the report concludes that:

- The use of the 'management approach' in IFRS 8 has an overall positive effect on the quality of segment information, whose usefulness and relevance would increase.
- The increased usefulness and relevance of segment information based on the management approach outweigh concerns expressed about the comparability of financial reports.
- IFRS 8 appropriately addresses the global needs of users of financial statements for geographical disclosures and, in practice, would not reduce this information by comparison with the 'old standard' IAS 14.
- IFRS 8 does not create problems relating to corporate governance in the EU.
- IFRS 8 provides appropriate segment reporting rules for smaller listed companies. It is in the interest of smaller listed companies to provide the same information as larger companies as the information needs of investors are do not substantially differ according to company size.

Click here to download the discussion paper:

[www.iasplus.com/efrag/0707revenuep.pdf](http://www.iasplus.com/efrag/0707revenuep.pdf)

### EFRAG discussion paper on revenue recognition

The European Financial Reporting Advisory Group (EFRAG) and the German accounting standard setter have jointly prepared a discussion paper *Revenue Recognition – A European Contribution* as part of EFRAG's Pro-active Accounting in Europe (PAAinE) Initiative. The paper was prepared in recognition that the IASB and the FASB are working on a joint project on revenue recognition. The paper notes that the IASB and FASB have tentatively decided to develop a comprehensive set of principles for revenue recognition that are in line with an asset/liability approach. The PAAinE paper first discusses what revenue is and when it arises. It then develops and compares various approaches to revenue recognition. EFRAG invites comments on the issues in the discussion paper by 10 December 2007.

Click here for the terms of reference:

[www.iasplus.com/efrag/0707jointventures.pdf](http://www.iasplus.com/efrag/0707jointventures.pdf)

### EFRAG will form a working group on joint ventures

The European Financial Reporting Advisory Group (EFRAG) is forming a working group to explore the impacts of the possible elimination of proportionate consolidation on financial reporting. The working group will assist EFRAG in developing a response to the IASB Exposure Draft 9 *Joint Arrangements* on accounting for investments in joint ventures.

Click here for Mr McCreevy's speech:

[www.iasplus.com/europe/0709mccreevysme.pdf](http://www.iasplus.com/europe/0709mccreevysme.pdf)

Mr Mackintosh's comments can be found here:

[www.iasplus.com/uk/0709smelettertoec.pdf](http://www.iasplus.com/uk/0709smelettertoec.pdf)

## EU is concerned about IASB SME proposal

In a presentation on Simplification of the Business Environment for Companies, Charlie McCreevy, the European Commissioner for Internal Market and Services, expressed concern about whether the IASB's Proposed IFRS for SMEs is "simple enough to be applicable for the bulk of SMEs in the EU". The relevant excerpt from Mr McCreevy's remarks is below.

*The International Accounting Standards Board (IASB) has recently developed a draft accounting regime for SMEs. We have repeatedly emphasised that accounting for SMEs must be simple and reflect the nature of the business of small companies. The feedback we have received from Member States, the European Parliament and stakeholders is that the current IASB draft is not simple enough to be applicable for the bulk of SMEs in the EU. At this stage, therefore, I do not intend to propose that the IASB draft be endorsed for application in the EU.*

*Could Member States, nonetheless, allow their SMEs to apply the IASB draft standard? The starting point, in EU law, is that Member States have to follow the Accounting directives (the so-called 4th and 7th directives). It is not clear that the current IASB draft is in line with the existing EU accounting directives. Since there seems, at present, to be very little support from Member States and the European Parliament for the IASB draft, the Commission has no plans to propose changes, either to the existing Directives or to the IAS Regulation. If there are Member States and other interested parties who want to allow application of the IASB draft, then I would like to hear from them.*

Ian Mackintosh, Chairman of the United Kingdom Accounting Standards Board, has written to Commissioner McCreevy expressing disappointment at the negative stance toward the proposed IFRS for SMEs that Commissioner McCreevy expressed. Mr Mackintosh said that:

*The responses we had [to the ASB's invitation to comment on the IASB's SME Exposure Draft] expressed a large degree of support for the ED. While most respondents did not see the proposed IFRS for SMEs as being suitable for small, and in particular micro, entities, there was a strong majority in favour of the standard being available for application by middle tier and larger companies that – in line with the IASB's definition – do not have public accountability and publish general purpose financial statements for external users. This view is consistent with the discussions that were held in the four public meetings in which the ASB participated with the major accountancy bodies in the UK and Ireland.*

*On the evidence of the feedback the ASB has received, it is disappointing that the Commission appears to be taking such a negative stance on the IASB's proposed IFRS for SMEs and seeming to rule out the possibility of Member States applying the standard.*

To download the report click here:

[www.iasplus.com/europe/0707ecreport.pdf](http://www.iasplus.com/europe/0707ecreport.pdf)

## Report to ECOFIN on IASB governance and funding

The staff of the European Commission has released its second report on governance and funding developments in the IASB and the International Accounting Standards Committee Foundation.

Presented below are the report's conclusions.

*The Commission welcomes recent announcements of the IASCF/IASB and the steps taken in order to address governance concerns. In particular, the Commission welcomes measures taken to establish a more effective interface between the Trustees and the IASB, and to put in place a framework to provide impact assessment studies for new standards, the commitment to provide appropriate feedback to comment letters, abolition of the IFRIC agenda Committee, reinforcement of administrative capacities of IFRIC and ongoing analysis of efficiency of SAC.*

*However, it remains to be seen how the IASCF/IASB will apply these changes in practice, in particular on impact assessment, feedback to comment letters and on SAC, so as to guarantee proper due process and accountability towards stakeholders. It is also very important that the comments from the Roundtable on consistent application of IFRS are taken into account in work of the IASB on standards and interpretations.*

*The Commission also considers that in addition to ex-ante impact assessments, it is equally important that the IASB makes a proper ex post analysis of already adopted standards and interpretations to determine whether their functioning in practice is appropriate and whether they provide relevant information to users.*

*As regards the legitimacy of the endorsement process for IFRSs and IFRICs in the EU, it is important that Member States and the European Parliament are informed about intention of the IASB to adopt new standards at early stages. The Commission therefore invites members of the Board to appear regularly (2 or 3 times a year) before Member States and the European Parliament to present standards, which are on its work programme.*

*As concerns implementation of new funding scheme, the Commission is encouraged that the collection of funding from private sources is proceeding well. Nonetheless, the Commission urges those Member States which have not acted yet to do so rapidly and underlines the importance of proper diversification of sources and full participation of all interested jurisdictions.*

## Use of IFRSs elsewhere in the world

Download a comparison of the new CASs and IFRSs here:

[www.iasplus.com/dttpubs/0607prcifrseenglish.pdf](http://www.iasplus.com/dttpubs/0607prcifrseenglish.pdf)

### China drops IFRS reporting for listed companies

The China Securities and Regulatory Commission (CSRC) has withdrawn its requirement that companies listed on Chinese stock exchanges that issue 'B' shares must publish audited financial statements that conform to IFRSs in addition to financial statements that conform to Chinese Accounting Standards (CASs). 'B' shares are equity securities that trade in US dollars in Shanghai and in Hong Kong dollars in Shenzhen and, until 2001, could not be purchased by residents of mainland China. Currently, of the 1,477 companies listed on the Shanghai and Shenzhen Stock Exchanges, 109 have issued 'B' shares.

In 2006, China adopted a completely new set of CASs that are based on and generally consistent with IFRSs, with a few exceptions. These new standards are required starting in 2007 for listed companies and are optional for many other companies. The CSRC concluded that because CASs are similar to IFRSs, the dual reporting requirement is no longer necessary.

The Ministry of Finance of the People's Republic of China has announced that use of the new CASs will be expanded to all state-owned enterprises controlled by the Chinese central government starting in 2008, and then to all large and medium-sized companies in China starting in 2009.

Click here to download the press release and agreement:

[www.iasplus.com/pressrel/0708japanagreement.pdf](http://www.iasplus.com/pressrel/0708japanagreement.pdf)

### Japan: IASB convergence agreement

In August 2007, the Accounting Standards Board of Japan (ASBJ) and the IASB jointly announced an agreement to accelerate convergence between Japanese GAAP and IFRSs, a process that was started in March 2005. As part of the agreement the two boards will seek to eliminate by 2008 major differences between Japanese GAAP and IFRSs (as defined by the July 2005 CESR Assessment of Equivalence), with the remaining differences being removed on or before 30 June 2011. Although the target date of 2011 does not apply to any major new IFRSs now being developed that will become effective after 2011, both boards will work closely to ensure the acceptance of the international approach in Japan when new standards become effective.

The IASB met with representatives of the ASBJ in London on 27 and 28 September 2007 to discuss progress on convergence of Japanese GAAP and IFRSs. The discussions included a review of short-term convergence projects, where the goal is to eliminate major differences by the end of 2008, as well as other major projects including segment reporting, intangible assets, special purpose entities and business combinations where the goal is to eliminate major differences by June 2011. In addition, the representatives of the boards exchanged views on the current status of their work on consolidation, liabilities and equity, and revenue recognition.

We have added a Chile page to our pages of information by jurisdiction:

[www.iasplus.com/pressrel/0707indiaifrspr.pdf](http://www.iasplus.com/pressrel/0707indiaifrspr.pdf)

### Chile requires IFRSs starting 2009

In Chile, the Accounting Standards Board of the Colegio de Contadores de Chile, in conjunction with the Interamerican Development Bank (IDB), has adopted a programme of converging to IFRSs. Starting 1 January 2009, all business entities are required to prepare their financial statements in conformity with IFRSs.

Click here for the press release:

[www.iasplus.com/safrica/0710smepr.pdf](http://www.iasplus.com/safrica/0710smepr.pdf)

More information on the SAICA's website:

[www.saica.co.za/](http://www.saica.co.za/)

### **South Africa adopts IASB's SME proposal as GAAP for SMEs**

The Accounting Practices Board (APB) of the South African Institute of Chartered Accountants (SAICA) has adopted the IASB's proposed IFRS for SMEs as a final Statement of Generally Accepted Accounting Practice (GAAP) for Small and Medium-sized Entities (SMEs). The APB's reason for doing so is that full South African GAAP is converged with full IFRSs, and many South African SMEs have found these requirements burdensome and too complex for their needs. A recent change in South African company law has made provision for differential reporting for 'limited interest companies' (SMEs) from full South African GAAP if they want it. The Statement may be applied by companies to annual financial statements for financial years ending on or after 31 December 2005 that are issued on or after 1 October 2007. Entities other than companies may apply the statement to annual financial statements that are issued on or after 1 October 2007.

Click here for the press release:

[www.iasplus.com/nz/0709pressreleasedelay.pdf](http://www.iasplus.com/nz/0709pressreleasedelay.pdf)

The ASRB release announcing the delay can be found here:

[www.iasplus.com/nz/0709asrbrelease9.pdf](http://www.iasplus.com/nz/0709asrbrelease9.pdf)

### **New Zealand delays IFRS equivalents for small companies**

The New Zealand Accounting Standards Review Board (ASRB) and the Financial Reporting Standards Board (FRSB) have announced a decision to delay the mandatory adoption of NZ IFRSs for certain small entities. Financial reporting by small and medium sized entities (SMEs) has been the subject of recent world-wide debate. As a result of this, the IASB has produced the exposure draft of a Standard for financial reporting for SMEs. In addition, Australia has recently conducted a review of SME reporting, and in New Zealand there has been extensive consultation on the issue. The Minister of Commerce, the Hon Lianne Dalziel, recently advised the ASRB and FRSB that a government review of the financial reporting requirements applying to small and medium-sized companies under the Financial Reporting Act will commence in mid-2008. As a result, the ASRB and FRSB have decided to delay, until further notice, the mandatory adoption of NZ IFRSs for certain small entities.

More information on the CVM's website:

[www.cvm.gov.br/](http://www.cvm.gov.br/)

### **Brazil: Listed companies will use IFRSs starting 2010**

On 13 July 2007, the Securities and Exchange Commission of Brazil – Comissão de Valores Mobiliários, or CVM – issued Rule No. 457 requiring listed companies to publish their consolidated financial statements according to IFRSs, starting with reporting periods ending in 2010. Use of IFRSs will be optional for listed companies from 2007 through 2009. Previously (in 2006), the Central Bank of Brazil decided that any bank required by law or regulation to publish financial statements in Brazil (including domestic owned and foreign owned, listed and unlisted) will have to prepare and publish consolidated financial statements in full compliance with IFRSs starting with years ending 31 December 2010.

Click here to download the IASB press release:

[www.iasplus.com/pressrel/0707indiaifrspr.pdf](http://www.iasplus.com/pressrel/0707indiaifrspr.pdf)

### **India plans to converge with IFRSs**

The Council of the Institute of Chartered Accountants of India has announced a plan to converge Indian Accounting Standards with IFRSs. However, the ICAI noted that it may make modifications to IFRSs to reflect "the Indian conditions". The new standards will be effective for accounting periods beginning on or after 1 April 2011. They would be required for all listed companies as well as banks, insurance companies, and large-sized entities. Government approval of the plan is required.

We have added a Mozambique page to our pages of information by jurisdiction:  
[www.iasplus.com/country/country.htm](http://www.iasplus.com/country/country.htm)

More information on our Sri Lanka page:  
[www.iasplus.com/country/srilanka.htm](http://www.iasplus.com/country/srilanka.htm)

### **Mozambique: IFRSs required for banks in 2007**

The Government of the Republic of Mozambique and the Bank of Mozambique (BM, the central bank) are requiring all Mozambique banks to start publishing IFRS financial statements in 2007. The IFRS requirement will be extended to large non-banking corporations starting in 2009. The BM itself began reporting under IFRSs in 2006.

The requirements were set out in:

- A joint letter of intent from the Government of Mozambique and the BM to the International Monetary Fund (IMF) dated 28 March 2007 (available on the IMF's Website Mozambique Page); and also in
- A public notice (Aviso No. 4/GBM/2007) issued by the Bank of Mozambique on 25 March 2007 (available in Portuguese on Bank of Mozambique's Website).

### **Sri Lanka will move to full IFRS compliance by 2011**

The board of the Institute of Chartered Accountants of Sri Lanka (ICASL) has approved a policy that Sri Lankan Financial Reporting Standards will be fully compliant with IFRSs by 2011, meaning that a company that asserts compliance with Sri Lankan standards could also assert compliance with IFRSs.

## IFRS publications from Deloitte

Download our IFRS presentation and disclosure checklist here:

Word version:

[www.iasplus.com/fs/2007checklist.zip](http://www.iasplus.com/fs/2007checklist.zip)

PDF version:

[www.iasplus.com/fs/2007checklist.pdf](http://www.iasplus.com/fs/2007checklist.pdf)

You will find links to all IAS Plus newsletters here:

[www.iasplus.com/iasplus/iasplus.htm](http://www.iasplus.com/iasplus/iasplus.htm)

You can also sign up for free subscription by e-mail on the IAS Plus home page:

[www.iasplus.com](http://www.iasplus.com)

You can download the IAS 1 (Revised) Compliance Checklist here:

[www.iasplus.com/fs/0709ias1revisedchecklist.pdf](http://www.iasplus.com/fs/0709ias1revisedchecklist.pdf)

### IFRS presentation and disclosure checklist for 2007

Deloitte's IFRS Global Office has published the presentation and disclosure checklist for the year ended 31 December 2007. The checklist summarises the presentation and disclosure requirements of IFRSs issued as of 31 August 2007. It does not address the recognition and measurement requirements of IFRSs. This checklist may be used to assist in considering compliance with the presentation and disclosure requirements of those pronouncements. It is not a substitute for your understanding of such pronouncements and the exercise of your judgment.

The checklist is formatted to allow the recording of a review of financial statements, with a place to indicate yes/no/not-applicable for each presentation and disclosure item.

### Four special editions of our IAS Plus Newsletter

#### IAS 1 (Revised)

Deloitte's IFRS Global Office has published a special edition of our IAS Plus Newsletter on IAS 1 (Revised 2007) *Presentation of Financial Statements*. The revisions to IAS 1, which the IASB published on 6 September 2007, represent the first step in the Board's comprehensive project on reporting financial information. See our story on page 4 of this IAS Plus Newsletter for more information about IAS 1 (Revised).

We have also published an IAS 1 (Revised 2007) Compliance Checklist.

#### Joint ventures exposure draft

Deloitte's IFRS Global Office has published a special edition IAS Plus Newsletter on proposed changes to accounting for joint ventures. The newsletter discusses exposure draft ED 9 *Joint Arrangements*. See our story on page 5 of this IAS Plus Newsletter for more information about the ED.

#### Amendment to IAS 39

Deloitte's IFRS Global Office has published a special edition IAS Plus Newsletter on *Exposures Qualifying for Hedge Accounting*. The newsletter discusses an Exposure Draft (ED) of proposed amendments to IAS 39 *Financial Instruments: Recognition and Measurement* that the IASB published for comment on 6 September 2007. See our story on page 5 of this IAS Plus Newsletter for more information about the ED.

#### IFRIC 14

Deloitte's IFRS Global Office has published a special edition IAS Plus Newsletter on IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. IFRIC 14 provides general guidance on how to assess the limit in IAS 19 *Employee Benefits* on the amount of a pension fund surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement. IFRIC 14 is likely to have the most impact in countries that have a minimum funding requirement and where there are restrictions on a company's ability to get refunds or reduce contributions. IFRIC 14 is effective for annual periods beginning on or after 1 January 2008. Earlier application is permitted. This newsletter explains the requirements of IFRIC 14.

## *The most comprehensive IFRS news on the Net*

The IAS Plus website, maintained by Deloitte, provides the most comprehensive information on the Internet about international financial reporting. It is aimed at accounting professionals, businesses, financial analysts, standard-setters and regulators, and accounting educators and students. The site, which is totally free of charge, has a broad array of resources about the International Accounting Standards Board and International Financial Reporting Standards, including:

- A news page (updated almost daily). Day-by-day past news back to December 2000.
- Detailed summaries of all Standards and Interpretations.
- E-learning modules for each IAS and IFRS – made available at no charge in the public interest.
- Model IFRS financial statements and disclosure checklists.
- Downloadable Deloitte publications relating to IFRSs (over 60 publications available).
- Background and updates on all IASB and IFRIC agenda projects, including decision summaries of all IASB meetings.
- Comparisons of IFRSs and various national GAAPs.
- Complete history of the adoption of IFRSs in Europe, with links to all the relevant documents.
- Information about adoptions of IFRSs elsewhere around the world.
- Updates on national accounting standards development in over 75 countries throughout the world.
- A resource library of important documents relating to International Financial Reporting Standards.
- Description of the IASB structure, component bodies, and key organisations with which it interrelates.
- History of the IASB, including a comprehensive chronology.
- Links to nearly 200 global IFRS-related websites.
- Even some tools to help in your work, such as world time clock, 9-year calendar, unit conversions, amortisation calculator, telephone codes, currency converter, stock market indexes, worldwide weather, and a calculator.
- 5,400,000 visitors through September 2007.

# [www.iasplus.com](http://www.iasplus.com)

## Subscribe to the IAS Plus Newsletter

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