

Audit

IAS Plus.

Published for our clients and staff globally

Deloitte global IFRS leadership team

IFRS global office

Global IFRS leader

Ken Wild

kwild@deloitte.co.uk

IFRS centres of excellence

Americas

D. J. Gannon

iasplusamericas@deloitte.com

Asia-Pacific

Hong Kong

Stephen Taylor

iasplus@deloitte.com.hk

Melbourne

Bruce Porter

iasplus@deloitte.com.au

Europe-Africa

Johannesburg

Graeme Berry

iasplus@deloitte.co.za

Copenhagen

Jan Peter Larsen

dk_iasplus@deloitte.dk

London

Veronica Poole

iasplus@deloitte.co.uk

Paris

Laurence Rivat

iasplus@deloitte.fr

IAS Plus website

Over 6.2 million people have visited our www.iasplus.com web site for the latest news about international financial reporting. Please check in regularly.

International financial reporting news

IASB project timetable: Pages 2-3.

IASB news: 2008 Bound Volume. IAS 32 amendments (page 4). DP on employee benefits. DP on equity instruments (page 5). DP on financial instruments (page 6). Changes in ownership of a subsidiary. IASB reorganises its technical leadership team (page 7).

Our View: Deloitte Letters of Comment: IFRS 1 and IAS 27. IFRS 2 and IFRIC 11. Letters to the IAASB (page 8).

News from IFRIC: Two new IFRIC members appointed (page 9).

Upcoming meeting dates: Page 9.

IASC Foundation news: IASCF constitution review. Three new trustees appointed (page 10).

Other news: Hyperinflationary countries for 31 December 2007 reporting (page 11)

News from IFAC: IAASB revised/amended standards. IFAC 2008 handbook (page 11). Four new/updated IPSAS (page 12).

IFRS-related news from the United States: FASB trustees approve major structural changes (page 13). SEC financial reporting advisory panel makes 12 proposals (page 14). SEC: Mutual recognition of regulatory regimes. SEC all-electronic disclosure. SEC 'Financial Explorer' data analysis tool. SEC small business cost-benefit study of SOX 404 (page 15).

News about IFRSs in Europe: EP committee report on the IASB (page 16). IOSCO: Disclosure of accounting framework. IOSCO: Subprime lending disclosures (page 17). CESR report on equivalence. EFRAG paper on liability-equity distinction (page 18). EFRAG paper on financial reporting on pensions (page 19). EU: Amended process for endorsing IFRSs. EC: Survey on use of IFRSs in the EU. CEBS: Bank supervision (page 20).

Use of IFRSs elsewhere in the world: Summary. Korea (page 21). Israel. Canada (page 22).

IFRS publications from Deloitte: Guide to IFRS 5. Two special editions of IAS Plus newsletter. Model financial statements using Hong Kong standards (page 23). Model financial statements in Czech language. Guidance on transition to IFRS in Canada. Two special reports from Deloitte USA. UK study on half-year reporting (page 24).

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

IASB PROJECT TIMETABLE – ACTIVE PROJECTS	
Annual Improvements	<ul style="list-style-type: none"> • 2006/2007: Final IFRS expected second quarter 2008 • 2007/2008: Exposure Draft (ED) expected fourth quarter 2008
Accounting Standards for Small and Medium-sized Entities	<ul style="list-style-type: none"> • Recognition and measurement questionnaire issued April 2005 • Public roundtables held October 2005 • ED issued 15 February 2007 • Final IFRS expected fourth quarter 2008
Common Control Transactions	<ul style="list-style-type: none"> • Added to agenda December 2007
Conceptual Framework Eight phases in all	<ul style="list-style-type: none"> • Discussion Paper (DP) on objectives and qualitative characteristics issued July 2006. ED expected second quarter 2008 • DP on reporting entity expected second quarter 2008 • DP on measurement expected fourth quarter 2008 • DP on elements and recognition expected 2009
Consolidation, including SPEs*	<ul style="list-style-type: none"> • DP expected third quarter 2008
Convergence – Short-term Issues, IFRSs and US GAAP*	<p><u>IAS 12 Income Taxes</u></p> <ul style="list-style-type: none"> • ED expected second quarter 2008 <p><u>Joint Arrangements – Reconsideration of IAS 31</u></p> <ul style="list-style-type: none"> • ED 9 Joint Arrangements issued 13 September 2007 • Final IFRS expected fourth quarter 2008 <p><u>Impairment</u></p> <ul style="list-style-type: none"> • Staff work has begun <p><u>Government Grants</u></p> <ul style="list-style-type: none"> • Work deferred pending IAS 37 amendments project
Earnings per Share amendment	<ul style="list-style-type: none"> • ED expected second quarter 2008
Emission Trading Schemes	<ul style="list-style-type: none"> • Added to agenda December 2007
Fair Value Measurement Guidance*	<ul style="list-style-type: none"> • DP issued 30 November 2006 • Roundtables planned second quarter 2008 • ED expected 2009
Financial Instruments - Exposures Qualifying for Hedge Accounting	<ul style="list-style-type: none"> • ED issued 6 September 2007 • Final IFRS expected fourth quarter 2008
Financial Statement Presentation* Phase B: Presentation on the face of financial statements	<ul style="list-style-type: none"> • Working group appointed in 2005 • DP expected second quarter 2008
IFRS 1 Amendment – Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate in Separate Statements of Parent	<ul style="list-style-type: none"> • ED issued 25 January 2007 • Revised ED issued 13 December 2007 • Final IFRS expected second quarter 2008
IFRS 2 Amendment – Group Cash-settled Share-based Payment Transactions	<ul style="list-style-type: none"> • ED issued 13 December 2007
Insurance Contracts – Phase II	<ul style="list-style-type: none"> • DP issued 3 May 2007 • ED expected 2009

Leases*	<ul style="list-style-type: none"> • Added to agenda July 2006 • Staff work has begun • DP expected 2009
Liabilities (IAS 37 amendments)	<ul style="list-style-type: none"> • EDs issued June 2005 • Final IFRS expected 2009
Management Commentary	<ul style="list-style-type: none"> • DP issued October 2005 • Added to agenda December 2007 • Output will be best practice guidance, not an IFRS
Post-employment Benefits (including Pensions)*	<ul style="list-style-type: none"> • Working Group was formed March 2007 • DP issued 27 March 2008 • ED expected 2009
Related Party Disclosures	<ul style="list-style-type: none"> • ED issued February 2007 • Final IFRS expected second quarter 2008
Revenue Recognition*	<ul style="list-style-type: none"> • DP expected second quarter 2008

IASB PROJECT TIMETABLE – RESEARCH AGENDA	
<i>Projects agreed in the February 2006 IASB-FASB convergence agreement:</i>	
Derecognition*	<ul style="list-style-type: none"> • Staff research report expected second quarter 2008
Financial Instruments*	<ul style="list-style-type: none"> • Working group appointed • Staff research questionnaire issued March 2006 • DP issued 19 March 2008
Intangible Assets*	<ul style="list-style-type: none"> • Decision in December not to add to agenda but continue as research project
Liabilities and Equity*	<ul style="list-style-type: none"> • DP issued 28 February 2008
<i>Other IASB Research Projects:</i>	
Extractive Activities	<ul style="list-style-type: none"> • Group of national standard setters conducting research • DP expected fourth quarter 2008

* 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.

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.

You can order the 2008 IFRS Bound Volume on the IASB's website:

www.iasb.org

The price is £60 plus shipping. Discounts apply to low and middle income jurisdictions and orders for more than 10 copies.

Click here for the press release:

www.iasplus.com/pressrel/0802ias32pr.pdf

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

www.iasplus.com/iasplus/0802puttable.pdf

IASB News

2008 Bound Volume

The IASB has published *International Financial Reporting Standards 2008* – the English language Bound Volume containing the official consolidated text of all authoritative IASB pronouncements approved for issue at 1 January 2008. This includes the revised IFRS 3 *Business Combinations* and amended IAS 27 *Consolidated and Separate Financial Statements*, which were issued in mid-January 2008.

The main changes from the 2007 Bound Volume are the inclusion of:

- A revised IAS 1 *Presentation of Financial Statements*
- A revised IFRS 3 *Business Combinations*
- A revised IAS 23 *Borrowing Costs*
- An amended IAS 27 *Consolidated and Separate Financial Statements*
- Two new Interpretations:
 - IFRIC 13 *Customer Loyalty Programmes*
 - IFRIC 14 *IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
- Amendments to IFRS 2 *Share-based Payment*
- Amendments to other IFRSs resulting from these changes
- The IFRIC Due Process Handbook

IAS 32 amendments - Puttable instruments and obligations arising on liquidation

The IASB has amended IAS 32 *Financial Instruments: Presentation* with respect to the balance sheet classification of puttable financial instruments and obligations arising only on liquidation. The amendments are effective for annual periods beginning on or after 1 January 2009, with earlier application permitted.

Under the current requirements of IAS 32, if an issuer can be required to pay or transfer cash or another financial asset in return for redeeming or repurchasing a financial instrument, the instrument is classified as a financial liability. As a result of the amendments, some financial instruments that currently meet the definition of a financial liability will be classified as equity because they represent the residual interest in the net assets of the entity provided they meet the criteria set out in the amendment.

The amendments have detailed criteria for identifying such instruments, but they generally would include:

- Puttable instruments that are subordinate to all other classes of instruments and that entitle the holder to a pro rata share of the entity's net assets in the event of the entity's liquidation. A puttable instrument is a financial instrument that gives the holder the right to put the instrument back to the issuer for cash or another financial asset or is automatically put back to the issuer on the occurrence of an uncertain future event or the death or retirement of the instrument holder.
- Instruments, or components of instruments, that are subordinate to all other classes of instruments and that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation.

The IASB also amended IAS 1 *Presentation of Financial Statements* to add new disclosure requirements relating to puttable instruments and obligations arising on liquidation.

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

www.iasb.org

On IAS Plus you can download the press release:

www.iasplus.com/pressrel/0803employeedp.pdf

Discussion Paper on employee benefits

The IASB has published for public comment a Discussion Paper (DP) *Preliminary Views on Amendments to IAS 19 Employee Benefits*.

Comment deadline is 26 September 2008. The IASB intends to review the responses to this paper, modify or confirm its preliminary views, and then develop an exposure draft of amendments to IAS 19 for public comment. The IASB plans to issue a revised standard by 2011.

The DP represents the first step in a comprehensive project on the accounting for post-employment benefit promises. Therefore, the DP focuses on short-term improvements to IAS 19. In the longer term, the IASB intends to work with the FASB towards a common standard on post-employment benefit promises.

Among the IASB's preliminary views are the following:

- Recognise all changes in the value of plan assets and in the post-employment benefit obligation in the financial statements in the period in which they occur. This means, among other things, removing the options for deferred recognition of gains and losses in defined benefit plans.
- Recognise unvested past service cost in the period a defined benefit plan is amended.
- Classify post-employment benefit promises into defined benefit promises and contribution-based promises (which include current defined contribution plans and, among others, cash-balance plans). Defined benefit promises will remain the default category.
- Measure contribution-based promises at "fair value assuming the terms of the benefit promise do not change" which should be based on current best estimates, unbiased, probability-weighted amounts, and observable market values where they exist. The IASB acknowledges that this "may not be fair value". This issue will be addressed in the IASB's ongoing fair value measurement project.
- Recognise both vested and unvested contribution-based promises as a liability.
- Allocate the benefits earned under a contribution-based promise to periods of service in accordance with the benefit formula.

The IASB does not express a preliminary view on the presentation of the components of post-employment benefit cost in comprehensive income (within or outside of profit and loss). Instead, several alternatives are discussed and comments invited.

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

www.iasb.org

Click here for the press release:

www.iasplus.com/pressrel/0802liabequitydp.pdf

The FASB document can be downloaded from the FASB's website:

www.fasb.org/draft/pv_liab_and_equity.pdf

Discussion Paper on how to define equity instruments

The IASB has published for comment a DP on *Financial Instruments with Characteristics of Equity*. The DP has two parts – an Invitation to Comment and, as a separate document, the FASB's November 2007 *Preliminary Views Financial Instruments with Characteristics of Equity*. The IASB's Invitation to Comment includes background information and invites responses to the questions already included in the FASB document and to a number of additional questions raised by the IASB. Comment deadline is 5 September 2008.

The goal of the DP is to solicit views on whether FASB's proposals are a suitable starting point for the IASB's deliberations. If the project is added to the IASB's active agenda (it is currently on the research agenda), the IASB intends to undertake it jointly with the FASB.

Discussion Paper on how to define equity instruments (continued)

IAS 32 is the current IASB standard that addresses the distinction between liabilities and equity. The DP notes two broad types of problems with IAS 32 – uncertainties on how the principles in IAS 32 should be applied and, perhaps more significantly, whether application of those principles results in an appropriate distinction between equity instruments and non-equity instruments.

The FASB document describes three approaches to distinguish equity instruments and non-equity instruments – basic ownership, ownership-settlement, and reassessed expected outcomes. The FASB has reached a preliminary view that the basic ownership approach is the appropriate approach for determining which instruments should be classified as equity. The IASB has not deliberated any of the three approaches, or any other approaches, to distinguishing equity instruments and non-equity, and does not have a preliminary view.

The IASB's DP describes some implications of the three approaches in the FASB document for IFRSs. For example:

- Significantly fewer instruments would be classified as equity under the basic ownership approach than under IAS 32.
- The ownership-settlement approach would be broadly consistent with the classifications achieved in IAS 32. However, under the ownership-settlement approach, more instruments would be separated into components and fewer derivative instruments would be classified as equity.

The DP can be downloaded from the IASB's website:
www.iasb.org

Click here for the IASB press release:
www.iasplus.com/pressrel/0803financialinstdp.pdf

Discussion Paper on financial instruments

The IASB has published for public comment a DP on *Reducing Complexity in Reporting Financial Instruments*. The DP is the first step in an IASB project that would replace IAS 39. Comment deadline is 19 September 2008.

The DP examines the main causes of complexity under IFRSs today and concludes that the long-term solution is a single measurement principle for all financial instruments within the scope of a standard. The DP also explains why "fair value seems to be the only measurement attribute that provides relevant information for all types of financial instruments". However, the DP states that many issues and concerns must be addressed before a general fair value measurement requirement could be introduced. Consequently, the DP suggests possible intermediate approaches that would improve and simplify measurement and hedge accounting requirements relatively quickly – including any or a combination of:

- Amending the existing measurement requirements in IAS 39, e.g. by reducing the number of categories of financial instruments.
- Replacing the existing IAS 39 measurement requirements with a fair value measurement principle and some optional exceptions to fair value measurement.
- Simplifying hedge accounting.

The DP is being published by the IASB. However, the FASB has incorporated the IASB's DP in its Invitation to Comment (ITC) on *Reducing Complexity in Reporting Financial Instruments*. The FASB's ITC asks whether there is a need for the FASB to add a project aimed at simplifying and improving standards for measurement of financial instruments and, if so, what kind of projects or approaches should be considered.

Click here for the FASB news release:
www.iasplus.com/usa/fasb/0803financialinstpr.pdf

You can download the Explanatory note from the Business Combinations project page on the IASB's website:

www.iasb.org

Click here for the IASB announcement:

www.iasplus.com/pressrel/0804staffchanges.pdf

Changes in ownership of a subsidiary after control is obtained

The IASB staff has prepared an explanatory note describing the various methods to account for changes in ownership of a subsidiary after control is obtained and explaining why the IASB decided that such transactions should be accounted for within equity. This was one of the more controversial issues in the IASB's recently completed amendments to IAS 27 *Consolidated and Separate Financial Statements*.

IASB reorganises its technical leadership team

Sir David Tweedie, Chairman of the International Accounting Standards Board, has announced a reorganisation of the technical leadership team of the IASB following the resignation of Liz Hickey, Director of Technical Activities, who will return to her native New Zealand. The following changes will come into effect from July 2008. All six directors will report directly to the Chairman of the IASB.

- **Wayne Upton**, Director of Research, will become Director of International Activities and will be responsible for assisting major economies in making the transition to IFRSs and for meeting the growing volume of requests from around the world for assistance in implementing IFRSs. He will also be available for special projects.
- **Tricia O'Malley**, a former IASB member, will take on the enhanced role of Director of Implementation Activities, combining her existing responsibilities as Co-ordinator of IFRIC activities with the management of post-implementation reviews and annual improvements projects.
- **Paul Pacter** will retain his existing responsibilities as Director of Standards for SMEs.
- **Peter Clark** will be promoted to Director of Research, responsible for identifying and managing issues that affect a range of IASB projects, and for overseeing technical quality.
- **Gavin Francis** will be promoted to Director of Capital Markets and will be responsible for the development of IFRSs, with particular emphasis on financial instruments and related areas.
- **Alan Teixeira** will become Director of Technical Activities and will be responsible for the development of IFRSs.

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

Amendments to IFRS 1 and IAS 27 revised exposure draft

We agree with, and support, the majority of the proposals outlined in the revised exposure draft *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*. However, we express a number of concerns with some of the proposals.

Here is an excerpt from our comment letter:

We agree with the proposals relating to the use of deemed cost within IFRS 1. In particular, we agree with the proposal to permit the use of the previous GAAP carrying amount as deemed cost. We also support the proposals to amend IAS 27 by deleting the definition of the cost method. However, we are concerned that the requirement for mandatory impairment testing when a dividend has been received from a subsidiary, associate or jointly controlled entity in the period will impose an onerous burden on many entities in circumstances where it is clear that no impairment exists. As explained further in our response to question 4 in Appendix A, we suggest that receipt of a dividend, in certain circumstances, should be an indicator of impairment, rather than imposing a mandatory requirement for impairment testing whenever a dividend is received.

Amendments to IFRS 2 and IFRIC 11 exposure draft

We support the proposal in the exposure draft *Group Cash-settled Share-based Payment Transactions* but believe that the IASB is missing an opportunity to develop a principle that has broader application.

Here is an excerpt from our comment letter:

Whilst we support the proposed amendments, we believe that the amendments provide the IASB with an opportunity to develop a principle for the accounting for all types of share-based payment arrangements involving group entities and owners of the entity as a whole. Such an approach would help to avoid issuing interpretations and amendments on the accounting for share-based payment transactions on a piecemeal basis by the Board.

To establish such a principle, we believe that the definition of a 'share-based payment transaction' in Appendix A of IFRS 2 should be amended to clarify that share-based payments involving group entities meet that definition.

We also encourage the Board to consider addressing situations where linkage of separate transactions may be appropriate in share-based payment transactions involving group entities.

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

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 two proposed International Standards on Auditing (ISAs):

- Proposed ISA 505 (Revised and redrafted) *External Confirmations*
- Proposed ISA 620 (Revised and redrafted) *Using the Work of an Auditor's Expert*

News from IFRIC

Click here for the press release:

www.iasplus.com/pressrel/0804ifric.pdf

Click here for a complete list of IFRIC members:

www.iasplus.com/restruct/ifric.htm

Two new IFRIC members appointed

The trustees of the IASC Foundation (IASCF) have appointed two new members of the IFRIC effective 1 July 2008:

- **Margaret M. (Peggy) Smyth**, Vice President, Controller, United Technologies Corp., United States
- **Scott Taub**, Managing Director, Financial Reporting Advisors, LLC, United States, and former Acting Chief Accountant and Deputy Chief Accountant, US Securities and Exchange Commission

The appointments are for three-year terms ending on 30 June 2011, with eligibility for one renewal term. The new appointments follow the decision of the IASCF trustees to enlarge IFRIC from 12 to 14 members in order to broaden IFRS expertise on the committee.

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

IASB and IFRIC meetings are also webcast.

Upcoming meeting dates

IASB and SAC MEETINGS 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
IFRIC MEETINGS 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
IASC FOUNDATION TRUSTEES MEETINGS 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/0804iascfmeeting.pdf

We have created a new page on IAS Plus for the 2008 constitution review:

www.iasplus.com/restruct/constreview2008.htm

Click here for a complete list of trustees:

www.iasplus.com/restruct/trustees.htm

Click here for the press release:

www.iasplus.com/pressrel/0803newtrustees.pdf

IASCF Foundation News

IASCF constitution review

The trustees of the IASC Foundation (IASCF), under which the IASB operates, announced proposals to enhance the organisation's governance arrangements and reinforce the organisation's public accountability.

On two proposed changes to the IASCF/IASB structure the trustees expect to publish formal proposals for public comment in April 2008. The proposals are:

- **Creation of a 'monitoring group'.** This group would be composed of representatives of official organisations, including securities regulators, that would approve trustee appointments and review Trustee oversight activities, including the adequacy of the annual funding arrangements as well as the overall budget.
- **Expansion of the IASB to 16 members from the present 14.** While maintaining the existing constitutional criteria for selecting members of the IASB, the trustees will consider whether the constitution should also explicitly ensure a minimum geographical balance. The balance they are currently considering is four members from Europe, four from the North America, four from Asia-Oceania, and the remaining four from any area, subject to maintaining overall geographical balance.

The remainder of the constitution review is scheduled to start in the third quarter of 2008 and is expected to take about one year.

The trustees have formed a Constitution Committee to guide the review, though decisions rest with the trustees as a whole.

Three new IASCF trustees appointed

The trustees of the IASCF have appointed three new trustees for three-year terms. The terms are renewable once.

The new trustees are:

- **Robert Glauber**, retired chairman and chief executive officer, NASD (the private sector regulator of the US securities market), and former Under Secretary of the Treasury for Finance, United States
- **Pedro Malan**, former Finance Minister and former president of the Central Bank of Brazil, and currently chairman of the board of Unibanco
- **Luigi Spaventa**, former chairman of the Commissione nazionale per le società e la borsa (Consob) and former Minister of the Budget, Italy

The appointments fill vacancies created by the retirement of William McDonough of the United States, Roberto Teixeira da Costa of Brazil, and Kees Storm of the Netherlands, respectively.

Other News

Click here to download the report:

www.iasplus.com/usa/0802iptf.pdf

Hyperinflationary countries for 31 December 2007 reporting

The International Practices Task Force (IPTF) of the AICPA's Center for Audit Quality monitors the status of 'highly inflationary' countries. The Task Force's criteria for identifying such countries are similar to those for identifying 'hyperinflationary economies' under IAS 29 *Financial Reporting in Hyperinflationary Economies*. The IPTF has issued a report of discussions with SEC staff on the IPTF's recommendations of which countries should be considered highly inflationary through 31 December 2007. Those countries are Angola, Myanmar, and Zimbabwe. The Task Force agreed that Angola would come off highly inflationary status as of the first period beginning after 31 December 2007. The following countries are on the Task Force's inflation 'watch list': Eritrea, Guinea, Haiti, Venezuela, Iran, and Zambia.

News from IFAC

The related press releases are available on IAS Plus:

www.iasplus.com/ifac/0802isa540.pdf

www.iasplus.com/ifac/0802iaasbreview.pdf

IAASB: Three revised/amended standards

The International Auditing and Assurance Standards Board (IAASB) has issued one final International Standard on Auditing (ISA) and has amended two International Standards on Review Engagements (ISREs).

- **ISA 540 (Revised and Redrafted) Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures.** The ISA provides expanded guidance on auditing fair value accounting estimates, including audit considerations relating to the proper application of the requirements of the financial reporting framework relevant to such estimates and the use of models in valuations. ISA 540 is effective for audits of financial periods commencing on or after 15 December 2009. The IAASB has also decided to establish a Task Force to consider how best to approach the development of possible further fair value auditing guidance.
- **ISRE 2400 Engagements to Review Financial Statements.** ISRE 2400 is amended to restrict its scope to a review of any historical financial information performed by a practitioner who is not the entity's auditor.
- **ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.** ISRE 2410 is amended to apply not only to reviews by the entity's auditor of interim financial information but also to the auditor's reviews of historical financial information.

You can download the handbook free of charge from the IFAC's website:

www.ifac.org/store

Click here for the press release:

www.iasplus.com/ifac/0803handbook.pdf

IFAC: 2008 handbook on audit, assurance and ethics

The International Federation of Accountants (IFAC) has released its 2008 *Handbook of International Auditing, Assurance, and Ethics Pronouncements*. The handbook can be purchased in print or downloaded free of charge in PDF format from the IFAC Website. The handbook includes all pronouncements on auditing, review, other assurance, and related services issued by the IAASB as of 1 January 2008. It also includes the IFAC Code of Ethics for Professional Accountants, issued by the International Ethics Standards Board for Accountants.

Click here for the press releases:

www.iasplus.com/ifac/ipsasb/0802ipsasb.pdf

www.iasplus.com/ifac/ipsasb/0801externalassistance.pdf

www.iasplus.com/ifac/ipsasb/0804ipsasb.pdf

Four new/updated IPSAS based on IFRSs

IFAC's International Public Sector Accounting Standards Board (IPSASB) has issued two new International Public Sector Accounting Standards (IPSASs) that further converge public sector GAAP with IFRSs:

- **IPSAS 25 *Employee Benefits*.** IPSAS 25 sets out the reporting requirements for the four categories of employee benefits dealt with in the IASB's IAS 19 *Employee Benefits*. These are short-term employee benefits, such as wages and social security contributions; post-employment benefits, including pensions and other retirement benefits; other long-term employee benefits; and termination benefits. The new IPSAS also deals with specific issues for the public sector, including the discount rate related to post-employment benefits, treatment of post-employment benefits provided through composite social security programs, and long-term disability benefits. IPSAS 25 is effective for annual reporting periods beginning on or after 1 January 2011.
- **IPSAS 26 *Impairment of Cash-Generating Assets*.** Some public sector entities (other than government business enterprises, which would already be using full IFRSs) may operate assets with the main purpose of generating a commercial return (rather than providing a public service). IPSAS 26, which is based on IAS 36 *Impairment of Assets*, applies to such assets. It sets out the procedures for a public sector entity to determine whether a cash-generating asset has lost future economic benefit or service potential and to ensure that impairment losses are recognised in its financial reports. Non-cash-generating assets, those used primarily for service delivery, are addressed separately in IPSAS 21 *Impairment of Non-Cash-Generating Assets*. IPSAS 26 is effective for annual reporting periods beginning on or after 1 April 2009.

In addition, the IPSASB has updated the following standards:

- ***Financial Reporting under the Cash Basis of Accounting (Cash-Basis IPSAS)*** – to include new requirements for disclosure of international aid, development grants, and other forms of external assistance. The new requirements are effective for annual reporting periods beginning on or after 1 January 2009.
- **IPSAS 4 *The Effects of Changes in Foreign Exchange Rates*:** to form it to the latest version of IAS 21.

IFRS-related news from the United States

Click here to download the FAF's announcements:
www.iasplus.com/usa/fasb/0802fafresolutions.pdf

www.iasplus.com/usa/fasb/0802fafstructure.pdf

Our Heads Up Newsletter has the details:

www.iasplus.com/usa/headsup/headsup0802fasb.pdf

FASB trustees approve major structural changes

The Board of Trustees of the Financial Accounting Foundation (FAF) has voted to approve major changes to the oversight, structure, and operations of the FAF and its two standard-setting Boards, the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB). The changes include reducing the size of FASB from seven to five members effective 1 July 2008 and vesting in the chairs of the two standards boards the authority to establish board agendas.

The key structural changes approved are:

Financial Accounting Foundation

- Expand the number and breadth of investors, accounting, business, financial, and government organisations and entities invited to nominate FAF trustees with the understanding that final authority for all appointments rests solely with the discretion of the Board of Trustees. The manner of implementation of this open nomination process will be determined pending further discussions among the trustees and interested constituencies.
- Change the current term of trustees from one three-year term with a possible second three-year term to one five-year term.
- Change the size of the Board of Trustees from a fixed 16 trustees to a flexible range of 14 to 18 trustees, the size to be fixed by Board resolution from time to time.
- Increase the trustee governance activities, including its level of formal review, analysis, and oversight of the data and materials regularly provided by FASB, FASAC, GASB and GASAC.

Financial Accounting Standards Board

- Reduce the size of the FASB from seven members to five, effective 1 July 2008.
- Retain the FASB simple majority voting requirement.
- Reaffirm the need for investor participation on the FASB by broadening the current by-law requirement that FASB members possess investment experience.
- Change the FASB's agenda-setting process to a 'leadership agenda process' whereby the FASB chair is vested with the authority, following appropriate consultation, to set the FASB project plans, agenda, and priority of projects.

Governmental Accounting Standards Board

- Secure a stable and permanent funding source for the GASB.
- Retain the current size (seven members), term length (five years renewable once), and composition of the GASB.
- Change the GASB's agenda-setting process to a 'leadership agenda process' whereby the GASB chair is vested with the authority, following appropriate consultation, to set the GASB project plans, agenda, and priority of projects.

SEC financial reporting advisory panel makes 12 proposals

The SEC's Advisory Committee on Improvements to Financial Reporting (ACIFR) has issued a Progress Report to the Commission. The ACIFR's objective is to examine the U.S. financial reporting system in order to make recommendations intended to increase the usefulness of financial information to investors, while reducing the complexity of the financial reporting system.

The ACIFR's twelve proposals outlined in the report are:

1. GAAP should be based on business activities, rather than industries, unless, in rare circumstances, retaining industry guidance can be justified on the basis of cost-benefit considerations.
2. GAAP should be based on a presumption that formally promulgated alternative accounting policies should not exist, unless, in rare circumstances, the optionality can be justified.
3. Additional investor representation on standards-setting bodies is central to improving financial reporting. Only if investor perspectives are properly considered by all parties will the output of the financial reporting process meet the needs of those for whom it is primarily intended to serve.
4. The SEC should assist the FAF with enhancing its governance of the FASB, including supporting the FAF's changes outlined in its Request for Comments on Proposed Changes to Oversight, Structure and Operations of the FAF, FASB and GASB, with minor modifications regarding composition of the FAF and the FASB.
5. The SEC should encourage the FASB to further improve its standards-setting process and timeliness, as follows:
 - Create a formal Agenda Advisory Group.
 - Refine procedures for issuing new standards by: (1) implementing investor pre-reviews designed to assess perceived benefits to investors, (2) enhancing cost-benefit analyses, and (3) requiring improved field visits and field tests
 - Improve review processes for new standards by conducting post-adoption reviews of every significant new standard-
 - Improve processes to keep existing standards current and to reflect changes in the business environment by conducting periodic assessments of existing standards.
6. The number of parties that either formally or informally interprets GAAP and the volume of interpretative implementation guidance should continue to be reduced.
7. The FASB or the SEC, as appropriate, should issue guidance reinforcing the concept of materiality.
8. The FASB or the SEC, as appropriate, should issue guidance on how to correct an error consistent with the principles outlined in the report.
9. The FASB or the SEC, as appropriate, should develop and issue guidance on applying materiality to errors identified in prior interim periods and how to correct these errors.
10. The SEC should adopt a judgment framework for accounting judgments. The PCAOB should also adopt a similar framework with respect to auditing judgments.
11. The SEC should, over the long-term, mandate the filing of XBRL-tagged financial statements after the satisfaction of certain preconditions.
12. The SEC should issue a new comprehensive interpretive release regarding the use of corporate websites for disclosures of corporate information.

Click here for the SEC's announcement:

www.iasplus.com/usa/sec/0803mutualrecognition.pdf

SEC: Next steps toward mutual recognition of regulatory regimes

The US Securities and Exchange Commission (SEC) has announced a series of actions it intends to take to further the implementation of the concept of mutual recognition for high-quality regulatory regimes in other countries.

The Commission contemplates taking the following actions:

- Exploring initial agreements with one or more foreign regulatory counterparts, which would be based upon a comparability assessment by the SEC and by the foreign authority of one another's regulatory regimes.
- Considering adoption of a formal process for engaging other national regulators on the subject of mutual recognition. This process could be accomplished through rulemaking or other appropriate mechanisms, possibly informed by one or more initial agreements with other regulators.
- Developing a framework for mutual recognition discussions with jurisdictions comprising multiple securities regulators tied together by a common legal framework, including Canada (which has no national securities regulator, but rather provincial regulators) and the European Union (whose national securities regulators are subject to supranational legislation and directives).
- Proposing reforms to Rule 15a-6 in order to improve the process by which US investors have access to foreign broker-dealers.

Click here for the press release:

www.iasplus.com/usa/sec/0802foreign.pdf

SEC proposes all-electronic disclosure for foreign issuers

The SEC has voted to propose amendments to modernise its disclosure requirements for foreign companies, including eliminating all requirements for paper submissions. The SEC is also proposing to accelerate the reporting deadline for annual reports filed on Form 20-F by foreign private issuers from six months to 90 days after the issuer's financial year-end in the case of large accelerated filers and accelerated filers, and to 120 days after year-end for all other, issuers, after a two-year transition period.

Click here for the press release:

www.iasplus.com/usa/sec/0802explorer.pdf

SEC launches 'Financial Explorer' data analysis tool

The SEC has launched software called Financial Explorer on the SEC Web site to help investors analyse the financial results of public companies. Financial Explorer lets investors automatically generate financial ratios, graphs, and charts depicting important information from financial statements. Information including earnings, expenses, cash flows, assets, and liabilities can be analysed and compared across competing public companies. Financial Explorer uses financial information provided to the SEC as interactive data in eXtensible Business Reporting Language (XBRL).

Click here to launch the financial explorer:

<http://209.234.225.154/viewer/home/>

SEC begins a small business cost-benefit study of SOX 404

The SEC has launched a cost-benefit study of an upcoming auditor attestation requirement for smaller companies under Section 404(b) of the Sarbanes-Oxley Act of 2002. The study will collect and analyse 'real world' cost and benefit data from a broad array of companies currently complying with Section 404 under newly-issued guidance for companies and auditors. In addition, the SEC proposed a further one-year extension of the Section 404(b) auditor attestation requirement for smaller companies – to financial years ending on or after 15 December 2009. The postponement would allow time for completion of the study.

Click here for the SEC's announcement:

www.iasplus.com/usa/sec/0802sox404sme.pdf

Click here to download the report:

www.iasplus.com/europe/0801econreport.pdf

News about IFRSs in Europe

EU Parliament committee report on the IASB

The Committee on Economic and Monetary Affairs of the European Parliament adopted a *Report on International Financial Reporting Standards (IFRS) and the Governance of the IASB*.

Among the conclusions in the report are:

EU involvement in standard setting

- The tools the EU has for making its views known to the IASB (ARC and EFRAG) “do not allow it to deal on an equal footing” with countries with more centralised structures (FASB and the SEC in the United States and the ASBJ and FSA in Japan). Accordingly the report calls on the Commission to put forward a proposal for creating a more streamlined EU structure, including possibly abolishing some existing bodies.
- The European Parliament should be involved earlier in the process for endorsing IFRSs for use in Europe and carve-outs should be a ‘last resort’.

IASB structure and due process

- ‘The IASCF/IASB lack transparency, legitimacy, accountability and are not under the control of any democratically elected parliament or government’. The report recommends that ‘a debate should be launched on the conditions for integrating the IASCF/IASB into the system of international governance’ such as the IMF, World Bank, or OECD.
- A public oversight body should be established to oversee the IASCF and the IASB involving ‘all IASCF/IASB public stakeholders including in particular legislators and supervisors’. That group would report annually ‘on the functioning of international accounting standard setting’ and would appoint IASCF trustees.
- The IASB should strengthen its due process ‘so that the views of all IFRS users and investors are taken into account’.
- The process for appointing members of the IASB, SAC, and IFRIC must be improved.

IASB standard setting

- IASCF trustees should be more involved in supervising the IASB and its work plan.
- The European Parliament should be involved ‘in drafting the work plan and in setting the priorities and direction of new standard setting projects’.
- The IASCF constitution should ‘ensure that the IASB develops accounting solutions that are not only technically correct but also reflect what is necessary and possible from the point of view of all users (investors and supervisors) and preparers’.
- IASB should carry out impact assessments for all projects.
- There are a number of technical issues on IASB’s agenda that are of particular concern to the Committee (the report comments on these individually).
- The IASB should limit the scope of fair-value principle.
- The proposed IFRS for SMEs ‘is far too complicated for SMEs’. The Commission should undertake a comprehensive consultation process to assess the appropriateness of applying the IFRS for SMEs in Europe.
- The chairpersons of the IASCF and the IASB should report to the European Parliament at least once a year.

Click here for the IOSCO
press release:
[www.iasplus.com/iosco/
0802ifrs.pdf](http://www.iasplus.com/iosco/0802ifrs.pdf)

IOSCO urges clear disclosure of accounting framework

The International Organization of Securities Commissions (IOSCO) – the consortium of the world's securities regulators – has published a statement urging publicly traded companies to provide investors with clear and accurate information on the accounting standards used to prepare their accounts. In particular, IOSCO is concerned that, with the convergence of global accounting standards, investors may assume that all company accounts are generally comparable, even when they are prepared in accordance with quite different GAAPs. This commonly occurs where national standards assert that they are based on but do not fully implement IFRSs. This could occur, for instance, if a jurisdiction:

- adopts some but not all IFRSs as its national GAAP,
- modifies an IFRS when adopting it,
- delays adoption of a new or amended IFRS including Interpretations, or
- changes the effective date or method of transition.

The IOSCO paper outlines that companies preparing annual and interim financial statements on the basis of national standards that are modified or adapted from IFRS should include at least the following statements:

1. A clear and unambiguous statement of the reporting framework on which the accounting policies are based;
2. A clear statement of the company's accounting policies on all material accounting areas;
3. An explanation of where the accounting standards that underpin the policies can be found;
4. A statement that explains that the financial statements are in compliance with IFRSs as issued by the IASB, if this is the case; and
5. A statement that explains in what regard the standards and the reporting framework used differs from IFRSs as issued by the IASB, if this is the case.

Click here to download the
IOSCO statement:
[www.iasplus.com/iosco/
0802subprime.pdf](http://www.iasplus.com/iosco/0802subprime.pdf)

IOSCO urges subprime lending disclosures

The Technical Committee of the IOSCO has identified four key steps that can be taken by market participants to help restore confidence in the operation of the market that has been shaken by the subprime lending crisis. Three of the four steps involve enhanced disclosures.

The four key steps are:

1. Financial institutions are encouraged to enhance the information available to the primary market for structured finance instruments.
2. Market participants should cooperate to identify information that would be relevant and useful in achieving an appropriate level of transparency in the secondary market.
3. Financial institutions should make accurate and complete disclosure of the size and the level of their exposures related to structured finance to the market.
4. Institutional investors and asset managers are encouraged to develop and undertake strict due diligence processes in their assessment prior to any investment into complex structured products.

Click here for the press release:

www.iasplus.com/europe/0803cesrequivalencepr.pdf

The advice to the EC can be downloaded here:

www.iasplus.com/europe/0803cesrequivalence.pdf

CESR report on GAAP equivalence to IFRSs

The Committee of European Securities Regulators (CESR) has published its advice to the EC on the equivalence of Chinese, Japanese, and US GAAPs to IFRSs.

CESR's recommendations are:

- CESR recommends the Commission find US GAAP equivalent to IFRS for use on EU markets.
- CESR recommends the Commission consider Japanese GAAP equivalent, unless there is no adequate evidence of the Accounting Standards Board of Japan (ASBJ) achieving to timetable the objectives set out in the Tokyo Agreement.
- CESR recommends the Commission postpone a final decision on Chinese GAAP until there is more information on the application of the New Chinese Accounting Standards by Chinese issuers. CESR points out that the first complete reporting period under the new Chinese standards will only be for 2007 accounting periods. Consequently there is as yet no evidence available concerning the concrete implementation of the standards by companies and auditors. CESR believes that evidence of adequate implementation is important in the context of an outcome-based definition of equivalence. However, if the Commission were minded to allow Chinese issuers to use Chinese GAAP when accessing EU markets, CESR would recommend the Commission consider accepting Chinese GAAP according to article 4 (Conditions for the acceptance of third country accounting standards for a limited period) of the Commission Regulation on the mechanism, until such time as there is adequate evidence to enable a decision on equivalence to be made under article 2 thereof.

The EFRAG paper can be downloaded here:

www.iasplus.com/efrag/0801liabequitydp.pdf

EFRAG: European paper on liability-equity distinction

The European Financial Reporting Advisory Group (EFRAG) and several European accounting standard setters have jointly published a discussion paper *Distinguishing between Liabilities and Equity* as part of EFRAG's Pro-active Accounting Activities in Europe (PAAinE) programme. Comments on the paper are requested by 28 July 2008.

The EFRAG paper analyses the distinction between equity and liabilities under the existing IASB Framework and current IFRSs. The paper concludes that "the distinction principle used therein has apparent shortcomings. The shortcomings cannot be accommodated by merely 'fixing' bits and pieces or by amending definitions. Rather, a fundamental review of the principle itself is warranted." The paper concludes that participating or sharing in losses is "the decisive factor for distinguishing equity from debt". Therefore, any capital that is available to absorb the reporting entity's losses should be classified as equity.

See our story on page 5 of this IAS Plus Newsletter for more information about the IASB's DP *Financial Instruments with Characteristics of Equity*.

The EFRAG paper can be downloaded here:

www.iasplus.com/efrag/0801pensionsdp.pdf

EFRAG: European paper on financial reporting of pensions

EFRAG and several European accounting standard setters have jointly published a discussion paper on *The Financial Reporting Of Pensions* as part of EFRAG's PAAinE programme. Work on developing the paper was led by the UK Accounting Standards Board. Comments on the paper are requested by 14 July 2008. After considering the responses to the proposals in its discussion paper, EFRAG intends to issue a report setting out final recommendations for consideration by the IASB and FASB.

Rather than seeking to improve existing accounting standards, the paper proposes a fundamental reconsideration of pension accounting. Consequently, some of the views in the paper differ markedly from existing standards on pensions.

The recommendations include:

- The same principles should be applied to all pension arrangements, whether 'defined contribution' or 'defined benefit' plans.
- The expected return on assets should not be reported as part of the profit or loss for the year.
- Only benefits that the entity is presently committed to pay (by legal or constructive obligation) should be reflected in the liability. Where the entity has genuine discretion to vary the amount of future benefit, this should not be reflected in the liability.
- The focus should shift from mechanisms that spread pension costs over employees' service lives to the principle of reflecting only present obligations as liabilities. Therefore, if benefits are linked to employees' salaries at or near retirement or leaving service, expected future salary increases would only be reflected in the liability when increases are required by law or contract or are seen as non-discretionary. Under this approach, the pension expense and the pension liability is increased only when pensionable salaries actually increase. (The report notes differing views on this issue.)
- Changes in the measurement of assets and liabilities relating to pension plans should not be deferred, such as by spreading them over the average remaining service lives of employees or by a 'corridor' approach under which changes are not recognised at all unless they exceed a certain threshold.
- Pension liabilities should be measured at a current value, defined as the settlement amount that reflects the cash outflows needed now or in the future to discharge the liability.
- Pension liabilities should be measured by discounting future cash flows using a current market discount rate that reflects the time value of money only, that is, a risk-free rate. Risks, such as mortality risk, would be reported via disclosure.
- Assets held to pay benefits should be reported at current values.
- Regarding financial reporting by pension plans themselves, the IASB should consider withdrawing IAS 26 *Accounting and Reporting by Retirement Benefit Plans* and requiring, instead, that the standards for the general purpose financial reports of pension plans be consistent with IFRSs in general. Thus, a plan's liability to pay benefits in the future should be measured using the same principles as an employer's liability.

See our story on page 5 of this IAS Plus Newsletter for more information about the IASB's DP *Preliminary Views on Amendments to IAS 19 Employee Benefits*.

The full text of the regulation can be found here:

www.iasplus.com/europe/0804endorsement.pdf

To download the table on use of IFRS options in the EU click here:

www.iasplus.com/europe/0802ias-use-of-options.pdf

Click here for the press release:

www.iasplus.com/europe/0802cebssupervisoryequivalence.pdf

The reports on Swiss and US equivalence can be downloaded here:

www.iasplus.com/europe/0802swissequivalence.pdf

www.iasplus.com/europe/0802usaequivalence.pdf

EU: Amended process for endorsing IFRSs

The European Union has formally published *Commission Regulation (EC) No 297/2008* of 11 March 2008 amending the EU 'IAS Regulation' with respect to the *Process for Endorsing IFRSs for Use in the EU*. The procedure requires the Commission staff to submit their recommendations for endorsement to both the European Parliament Committee on Economic and Monetary Affairs and the Council for approval. The regulation calls on the Commission, the Council, and the European Parliament to act speedily to ensure that IFRSs and interpretations are adopted in a timely manner.

EC: Updated survey on extended use of IFRSs in the EU

Since 2005, the European Union Accounting Regulation has required that European companies listed in a European securities market must use IFRSs to prepare their consolidated financial statements. The Regulation gave EU member states the options to:

- Require or permit IFRSs for unlisted companies.
- Require or permit IFRSs in parent company (unconsolidated) financial statements.
- Permit companies whose only listed securities are debt securities to delay IFRS adoption until 2007.
- Permit companies that are listed on exchanges outside of the EU and that currently prepare their primary financial statements using a non-EU GAAP (in most cases this would be US GAAP) to delay IFRS adoption until 2007.

The European Commission has updated its earlier surveys of EU and EEA member states concerning their decisions regarding the four options above.

CEBS: Swiss and US bank supervision are equal to Europe's

The European Union Capital Requirements Directive and the Financial Conglomerates Directive require EU member states' supervisors to assess whether the third country parent institutions of EU subsidiaries are subject to supervision that is 'equivalent' Europe's. To avoid duplication of work, the European Commission asked the Committee of European Banking Supervisors (CEBS) together with the Committee of European Insurance and Occupational Pensions (CEIOPS) to assess the equivalence of certain third country supervision. CEBS and CEIOPS have completed their assessments of the Swiss and United States financial regulatory authorities.

The report on Switzerland concludes that the Swiss supervisory system is equivalent to Europe's.

The report on the United States concludes that the banking supervisory system is equivalent to Europe's. However, because insurance regulation is at the State level in the USA, "EEA supervisory authorities must therefore conduct all equivalence assessments on a State by State and firm by firm basis".

Use of IFRSs elsewhere in the world

Click here for the table of use of IFRSs by jurisdiction:
www.iasplus.com/country/useias.htm

Summary of use of IFRSs

The information below was taken from our table of *Use of IFRSs by Jurisdiction* which is updated continually. That page has information about each of the individual jurisdictions included in the summary.

Grand Totals for Listed Companies	
Information to the best of our knowledge for 157 jurisdictions	
IFRSs not permitted	32 jurisdictions
IFRSs permitted	24 jurisdictions
IFRSs required for some companies	4 jurisdictions
IFRSs required for all companies	82 jurisdictions
No stock exchange	15 jurisdictions
Of the 110 jurisdictions (24+4+82) that permit or require IFRSs:	
Audit report refers to conformity with IFRSs	75 jurisdictions
Audit report refers to local GAAP or to IFRSs as adopted in the jurisdiction	32 jurisdictions
Audit report for some companies refers to local GAAP and for other companies it refers to IFRSs	1 jurisdiction
No information	2 jurisdictions
Grand Totals for Unlisted Companies	
IFRSs not permitted	34 jurisdictions
IFRSs permitted for all or some companies	36 jurisdictions
IFRSs required for some companies	19 jurisdictions
IFRSs required for all companies	28 jurisdictions
No information	40 jurisdictions

Click here to download the press release:
www.iasplus.com/asia/0712koreanifrs.pdf

Click here for a table of correspondence of K-IFRSs and IFRSs:
www.iasplus.com/asia/0712koreanifrs2.pdf

Korean translation of IFRSs is completed

The Korea Accounting Institute (KAI), which is responsible for setting accounting standards in Korea, has released the Korean translation of IFRSs. This translation is part of a plan, announced in March 2007 by the KAI and the Korean Financial Supervisory Commission, for adopting Korean equivalents of IFRSs (K-IFRSs). The translation of IFRSs into Korean is a word-for-word translation of the IASB's standards, including all mandatory guidance, and interpretations. Translation of the non-mandatory guidance that accompanies several of the IFRSs is now under way and will be completed by the end of 2008.

The translation can be downloaded from the KAI Website free of charge, for use within the Republic of Korea and by any foreign subsidiary, joint venture, associate, or branch of a Korean company.

Israel: IFRSs now required for listed companies

Starting 1 January 2008, Israel has required IFRSs for listed companies and has made IFRSs optional for others. Listed companies had been permitted to use IFRSs since July 2006.

Here are some details of the new requirements:

- **Listed companies.** All companies listed on the Tel Aviv Stock Exchange (approximately 820 companies) are required to follow IFRSs, with one mandatory exception and one optional exception.
- **Banks.** Banks must continue to follow an accounting framework that is close to US GAAP.
- **Dual registrants.** Companies that are dually listed in the United States as well as in Israel may choose to use US GAAP instead of IFRSs. There are approximately 50 such companies. Some of them may now consider switching to IFRSs, now that the SEC no longer requires a reconciliation for Foreign Private Issuers reporting under IFRSs.
- **Subsidiaries and associates of listed companies.** In practice, subsidiaries and associates of listed companies will also apply IFRSs in order to meet their shareholders' needs. Consequently, overall a few thousand Israeli companies are expected to use IFRSs as from 1 January 2008.
- **Unlisted companies.** All unlisted companies except banks are permitted to follow IFRSs as an alternative to Israeli GAAP.

Click here to download the press release:

www.iasplus.com/ca/0802csaifrs.pdf

Click here for the CSA Concept Paper:

www.iasplus.com/ca/0802csaconceptpaper.pdf

Canadian standards board confirms 2011 transition to IFRSs

The Canadian Accounting Standards Board (AcSB) has confirmed that use of IFRSs will be required in 2011 for publicly accountable profit-oriented enterprises. These include listed companies and other profit-oriented enterprises that are responsible to large or diverse groups of stakeholders. The official changeover date is for interim and annual financial statements relating to financial years beginning on or after 1 January 2011. Private companies (non-publicly accountable enterprises), and not-for-profit organisations are not required, but are permitted, to adopt IFRSs in 2011.

IFRS publications from Deloitte

Download from:

www.iasplus.com/dttpubs/0803ifrs5guide.pdf

New Deloitte Guide to IFRS 5

The Deloitte IFRS Global Office has published an IAS Plus Guide to IFRS 5 *Assets Held for Sale and Discontinued Operations*. Since issuance of IFRS 5 in 2004, various practical application issues have arisen – principally because the guidance in the Standard is not always clear as to how certain transactions should be accounted for and how the requirements of IFRS 5 interact with those of other Standards.

This guide, in addition to providing detailed summaries and explanations of the requirements of IFRS 5, includes supplementary guidance and examples based on Deloitte's experience with the Standard. It summarises the latest IFRS thinking and the evolving literature – including on issues such as partial disposals of subsidiaries, and the impact of the disclosure requirements of other Standards. Appendices provide a comparison with US GAAP and a checklist of the presentation and disclosure requirements within IFRS 5.

You will find links to all IAS Plus newsletters here:

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

Two special editions of our IAS Plus Newsletter

Amendments to IAS 32: Puttable instruments

The Deloitte IFRS Global Office has published a special edition IAS Plus Newsletter on amendments to IAS 32 and IAS 1 on puttable financial instruments and obligations arising on liquidation.

IFRIC D23 and IFRIC D24

The Deloitte IFRS Global Office has published a special edition IAS Plus Newsletter on IFRIC D23 *Distributions of Non-cash Assets to Owners* and IFRIC D24 *Customer Contributions*. Both draft Interpretations were published for comment on 17 January 2008, with comments due 25 April 2008.

Click here to download the model financial statements:

www.iasplus.com/hk/2007/modelfshongkong.pdf

More information about both books including details for ordering printed copies can be found here:

www.iasplus.com/country/hongkong.htm#hkbooks

Model financial statements using Hong Kong standards

Deloitte China has published *Financial Reporting in Hong Kong – Illustrative Financial Statements and Disclosure Checklist 2007*. This book contains:

- Model 2007 annual report for a listed company that complies with Hong Kong Financial Reporting Standards (virtually identical to IFRSs) and the Hong Kong Companies Ordinance and Listing Rules
- Comprehensive presentation and disclosure checklist
- Overview on HKFRSs
- Special guidance and examples for applying HKFRS 7 (identical to IFRS 7)

This book complements *Financial Reporting in Hong Kong* published in January 2008.

In addition, we have posted a comparison of HKFRSs and IFRS as of 1 January 2008, prepared by the Hong Kong Institute of CPAs.

Click here to download the comparison:

www.iasplus.com/hk/0801hkfrsifrs.pdf

Click here to download the books:

www.iasplus.com/fs/2007/modelfsczech.pdf

www.iasplus.com/fs/2007/checklistczech.pdf

Click here to download the book (in English and French):

www.iasplus.com/ca/0705/canadaconversioneng.pdf

www.iasplus.com/ca/0705/canadaconversionfr.pdf

Click here to download the two issues of the newsletter:

www.iasplus.com/ca/0802/countdownenglish.pdf

www.iasplus.com/ca/0802/countdownfrench.pdf

www.iasplus.com/ca/0803/countdownenglish.pdf

Download the reports from:
www.iasplus.com/dttpubs/0801specialreportsecdomestic.pdf

www.iasplus.com/dttpubs/0801specialreportsecifrs.pdf

The full report can be downloaded here:

www.iasplus.com/dttpubs/0802ukhalfyear.pdf

Model financial statement in Czech language

Deloitte Czech Republic has published IFRS model financial statements and an IFRS presentation and disclosure checklist, for 2007, in the Czech language.

Deloitte guidance on transition to IFRSs in Canada

To assist Canadian publicly accountable entities in the task of making the transition to IFRSs, Deloitte & Touche Canada has published *The Conversion of Canadian GAAP to IFRSs: Volume One – Scoping the Effort* in both English and French. This guide – the first in a series – focuses on scoping and planning for the journey to IFRSs. Subsequent volumes will address in increasingly greater detail other aspects of the road ahead, with more specific guidance on issues as they become more relevant to the timing of the process.

In addition, Deloitte Canada has released the first two issues of a new Countdown IFRS transition newsletter, to provide snapshots of the status regarding the transition to IFRSs.

Two Special Reports from Deloitte & Touche USA

Deloitte United States has published two Special Reports:

- *SEC Comment Letters on Domestic Registrants: A Closer Look*
- *SEC Comment Letters on Foreign Private Issuers Using IFRSs: A Closer Look*

These new publications offer insight into the comments by the staff of the SEC on the financial statements of domestic registrants and of foreign registrants using IFRSs. These are the first two reports in a planned series.

Deloitte UK study on half-yearly reporting

A Deloitte United Kingdom study has found that many companies are failing to comply fully with new reporting requirements for half-yearly financial reports following the UK's introduction of the EU's Transparency Obligations Directive (TOD). Deloitte's report, titled *Half a story*, considers the impact of the TOD, which introduced more detailed and extensive requirements for half-yearly financial reports, including compliance with IAS 34 and shorter reporting deadlines. The report also includes some comparisons with the findings of previous Deloitte studies of half-yearly reporting in 2002, 2004, and 2006.

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.
- 6,250,000 visitors through March 2008.

www.iasplus.com

Subscribe to the IAS Plus Newsletter

This newsletter is published quarterly. We also publish special editions summarising key IASB and IFRIC proposals and pronouncements. We will be happy to notify you by email when each new IAS Plus Newsletter is published. The email will include a link for an effortless download. We also email any important news arising between issues of IAS Plus, such as announcements of new IASB EDs and Standards and IFRIC draft and final Interpretations. If you would like to be added to our e-mail alert list, you can subscribe online at www.iasplus.com/subscribe.htm. There is no charge.

Electronic editions of **IAS Plus** are available at www.iasplus.com/iasplus/iasplus.htm

About Deloitte Touche Tohmatsu

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in 140 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's 150,000 professionals are committed to becoming the standard of excellence.

Deloitte's professionals are unified by a collaborative culture that fosters integrity, outstanding value to markets and clients, commitment to each other, and strength from cultural diversity. They enjoy an environment of continuous learning, challenging experiences, and enriching career opportunities. Deloitte's professionals are dedicated to strengthening corporate responsibility, building public trust, and making a positive impact in their communities.

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms.

About this Publication

This publication contains general information only and is not intended to be comprehensive or to provide specific accounting, business, financial, investment, legal, tax or other professional advice or services. This publication is not a substitute for such professional advice or services, and it should not be acted on or relied upon or used as a basis for any decision or action that may affect you or your business. Before making any decision or taking any action that may affect you or your business, you should consult a qualified professional advisor.

Whilst every effort has been made to ensure the accuracy of the information contained in this publication, this cannot be guaranteed, and neither Deloitte Touche Tohmatsu nor any related entity shall have any liability to any person or entity that relies on the information contained in this publication. Any such reliance is solely at the user's risk.

© Deloitte Touche Tohmatsu 2008. All rights reserved.

**Deloitte
Touche
Tohmatsu**