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IAS Plus

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Published for our clients and staff in the Asia-Pacific region

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IAS Plus website

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IASB PROJECT TIMETABLE – ACTIVE PROJECTS	
Accounting Standards for Small and Medium-sized Entities (Non-Publicly Accountable Entities)	§ Discussion Paper was issued in June 2004 § Recognition and measurement questionnaire issued April 2005 § Public round-tables held 13-14 October 2005 § Exposure draft planned by 30 June 2006.
Business Combinations – Phase II **– Application of the Purchase Method**	§ Exposure draft issued 30 June 2005 § Separate EDs on minority interests and contingent liabilities issued 30 June 2005 § Public round-tables held 9 November 2005 § Final standards expected 2006 § Expected effective date 1 January 2007
Conceptual Framework	§ Discussion paper in 2006 or later
Control, including SPEs (Consolidation)	§ Exposure drafts on control and SPEs expected 2006 or later
Convergence – Short-term Issues, IFRSs and US GAAP	**IAS 12 Income Taxes** § Exposure draft expected 2006 **IAS 14 Segment Reporting** § Exposure draft to replace IAS 14 planned 4th quarter of 2005 **IAS 20 Government Grants** § Exposure draft on replacement of IAS 20 planned 4th quarter of 2005 **IAS 37 Provisions** § Exposure draft issued 30 June 2005 § Final standard expected 2006.
Emission Rights	§ Exposure draft expected 1st half 2006 (replace IFRIC 3)
Fair Value Measurement Guidance	§ IASB will issue Invitation to Comment wrap-around of final FASB standard on fair value measurement.
Financial Instruments: Recognition and Measurement	§ ED on shares puttable at fair value expected in 2nd half 2005 or early 2006
Insurance Contracts – Phase II	§ Working group appointed in 2005 § Next step is a discussion paper in 2006 or later
Reporting Comprehensive Income (Performance Reporting)	§ Working group appointed in 2005 § First phase – US GAAP convergence: required financial statements and comparative information § Exposure draft on first phase in 2006
Revenue and Related Liabilities	§ Discussion paper expected in 2006
Liabilities and Equity	§ Discussion paper in 2006 or later
IASB PROJECT TIMETABLE – RESEARCH AGENDA	
Extractive Industries	§ Group of national standard setters conducting research
Financial Instruments – Comprehensive	§ Working group appointed
Hyperinflationary economies	§ Group of national standard setters conducting research
Joint ventures	§ Group of national standard setters conducting research
Leases	§ Last Board discussion June 2004
Management Commentary	§ Discussion Paper issued 27 October 2005
Measurement Objectives	§ On 17 November 2005, IASB invited comment on Canadian AcSB Discussion Paper

This timetable is derived from the IASB's published timetable supplemented by decisions and comments made at recent meetings of the Board.

IASB News

IASB press release:
www.iasplus.com/pressrel/0508financialguarantees.pdf

IAS 39 and IFRS 4 amended for guarantee contracts

The IASB has amended the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to include financial guarantee contracts issued. However, if an issuer of financial guarantee contracts has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts, the issuer may elect to apply either IAS 39 or IFRS 4 *Insurance Contracts* to such financial guarantee contracts. Some details:

- A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.
- Under IAS 39, financial guarantee contracts are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with IAS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with IAS 18.
- The issuer may make the IAS 39 or IFRS 4 election contract by contract, but the election for each contract is irrevocable.

The amendments to IAS 39 and IFRS 4 are effective for annual periods beginning on or after 1 January 2006, with earlier application encouraged.

IFRS 7 links:

Summary of IFRS 7:
www.iasplus.com/standard/ifrs07.htm

IAS Plus Newsletter on IFRS 7:
www.iasplus.com/iasplus/0510ifrs7.pdf

IFRS 7 Disclosure Checklist:
www.iasplus.com/fs/0510ifrs7checklist.pdf

IASB issues IFRS 7 on financial instruments disclosures

The IASB has issued IFRS 7 *Financial Instruments: Disclosures*. The standard:

- Adds certain new disclosures about financial instruments to those currently required by IAS 32;
- Replaces the disclosures now required by IAS 30; and
- Puts all of those financial instruments disclosures together in a new combined standard, IFRS 7. The remaining parts of IAS 32, which will be renamed *Financial Instruments: Presentation*, deal only with presentation matters, including classifying instruments as debt or equity, compound financial instruments, offsetting, and treasury shares.

Under IFRS 7, an entity must group its financial instruments into classes of similar instruments and, when disclosures are required, make the disclosures by class. IFRS 7 requires disclosure of information about:

- The significance of financial instruments.
- The nature and extent of risks arising from financial instruments.

An appendix of mandatory application guidance is part of the standard. There is also an appendix of non-mandatory implementation guidance that describes how an entity might provide the disclosures required by IFRS 7.

IFRS 7 applies to all entities effective for annual periods beginning on or after 1 January 2007, with earlier application encouraged. Early appliers are given some relief with respect to comparative prior period disclosures. When effective, IFRS 7 replaces both IAS 30 and the disclosure requirements of IAS 32.

Deloitte has published two new IFRS 7-related publications:

- Special edition of our IAS Plus Newsletter providing an overview of IFRS 7 *Financial Instruments: Disclosures.*
- Disclosure checklist for IFRS 7 that supplements our general IFRS presentation and disclosure checklist for 2005.

Project summary:
www.iasplus.com/agenda/buscomb2.htm

Round-tables held on Business Combinations Phase 2

The IASB held a public round-table meeting on 9 November 2005 on the Board's Business Combinations Phase II Proposals. The IASB and the US FASB issued identical exposure drafts, and the FASB held a similar round-table meeting with respondents to its exposure drafts on 27 October 2005. Ken Wild, Deloitte's Global IFRS Leader, represented Deloitte at the round-tables.

Summary of IAS 1:
www.iasplus.com/standard/ias01.htm

IASB amends IAS 1 to add capital disclosures

As part of its project to develop IFRS 7 *Financial Instruments: Disclosures* (see story on page 3), the IASB decided also to amend IAS 1 *Presentation of Financial Statements* to add requirements for disclosures of:

- The entity's objectives, policies and processes for managing capital.
- Quantitative data about what the entity regards as capital.
- Whether the entity has complied with any capital requirements.
- If it has not complied, the consequences of such non-compliance.

These disclosure requirements apply to all entities, effective for annual periods beginning on or after 1 January 2007, with earlier application encouraged. Illustrative examples have added to IAS 1 as guidance.

More information:
www.iasplus.com/agenda/technicalcorrections.htm

IASB approves minor amendment to IAS 21

At its November 2005 meeting, the IASB approved certain amendments to IAS 21 that had been proposed in Draft Technical Correction (DTC) 1 *Proposed Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates–Net Investment in a Foreign Operation*. However (as noted in the next story) the Board has decided not to pursue further Technical Corrections but, instead, to adopt editorial corrections as fast-track amendments.

The amendment to IAS 21 provides that if an exchange difference arises on a monetary item that forms part of a reporting entity's net investment in a foreign operation, that exchange difference should be reclassified to the separate component of equity in the financial statements in which the foreign operation is consolidated, proportionately consolidated, or accounted for using the equity method. This requirement applies regardless of the currency in which the monetary item is denominated and of which group entity transacts with the foreign operation.

More information:
www.iasplus.com/agenda/technicalcorrections.htm

IASB abandons technical corrections plan

In July 2005, the IASB invited comment on a proposed policy on technical corrections. Technical corrections are defined as "minor changes to the wording of a standard or interpretation made after initial publication when it is clear that the words in a standard do not properly convey the IASB's intention, even when considered with the basis for conclusions and any related guidance." The Board intended its technical corrections policy to be a 'fast track' process to deal with those changes.

However, after considering the comments received, at its November 2005 meeting the Board decided not to pursue its proposed technical correction policy. It concluded that the experience of Proposed Technical Correction 1 had demonstrated that it was not a good way to amend an existing Standard. The Board noted that it already has an Exposure Draft policy in place that allows fast-track proposals for comment for a period of not less than 30 days in limited circumstances. That policy will be used for future technical corrections.

More information:
www.iasplus.com/agenda/mda.htm

Discussion paper on 'management commentary'

In October 2005, the IASB published a discussion paper on *Management Commentary* that assesses the role the IASB could play in improving the quality of the management commentary that accompanies financial statements. (Management commentary is sometimes called 'management discussion and analysis' or 'operating and financial review'.) The discussion paper was prepared for the IASB by staff of its partner standard-setters from Canada, Germany, New Zealand, and the United Kingdom.

The paper reviews existing national requirements or principles on management commentary and offers recommendations on how the IASB might promote the wider adoption of best practice in the interests of investors and others who use financial reports. While the IASB has discussed the paper, it has not yet developed tentative views on the authors' recommendations.

The IASB has invited comments on the discussion paper by 28 April 2006. The discussion paper can be downloaded from the IASB's website.

More information:
www.iasplus.com/agenda/sme.htm

18 October 2005: IASB holds round-table discussions on SMEs

On 13-14 October 2005, the Board conducted public round-table meetings with respondents to its April 2005 questionnaire on possible recognition and measurement simplifications for small and medium-sized entities (SMEs) to probe the views expressed in the responses. Forty-three organisations participated in the round-tables. While a broad range of possible recognition and measurement simplifications was discussed, the areas identified below tended to receive the most attention:

- IAS 12: Deferred income taxes
- IAS 16: Some aspects of property, plant, and equipment including the revaluation model, components, and residual value
- IAS 17: Lease classification and measurement
- IAS 19: Employee benefits – defined benefit programmes including statutory long-service obligations
- IAS 27: Consolidation
- IAS 32: Debt vs equity classification
- IAS 36 and IFRS 3: Goodwill impairment and intangibles recognition
- IAS 36: Indicators of impairment of property, plant and equipment; value in use calculation; and cash generating units
- IAS 39: Fair value measurement in general, hedging, and derecognition
- IAS 41: Fair value model for biological assets and agricultural produce
- IFRS 2: Measurement of share-based payment
- What an SME should do if the IASB SME standards do not address a particular accounting question

Deloitte Hong Kong manager to join IASB staff

Wai Ling (Candy) Fong, a manager in the Technical Department of Deloitte Touche Tohmatsu in Hong Kong, will be joining the staff of the International Accounting Standards Board in London for a two-year secondment starting in January. Candy will be assigned to researching and drafting interpretations for the International Financial Reporting Interpretations Committee, an arm of the IASB. Candy is a member of both the HKICPA and the ACCA.

Both the full Discussion Paper and a condensed version may be downloaded from the IASB's website.

Discussion Paper on initial measurement

The IASB has published for public comment a Discussion Paper *Measurement Bases for Financial Reporting - Measurement on Initial Recognition*. The Discussion Paper, prepared by staff of the Canadian Accounting Standards Board (AcSB), analyses possible bases for measuring assets and liabilities on initial recognition. These include:

- historical cost,
- current cost,
- fair value,
- net realisable value,
- value in use, and
- deprival value.

The Paper evaluates the possible bases against criteria derived from the IASB Framework, as well as developments in finance theory, present value and statistical probability principles, and measurement practices. Neither the IASB nor the AcSB has yet debated the Discussion Paper. The IASB invites comments by 19 May 2006. Comments received will be analysed by staff of the AcSB. Their analysis and copies of responses will be provided to the IASB.

A revised version of the Memorandum of Understanding is expected to be issued shortly.

World standard setters met 26-27 September 2005

The IASB hosted a meeting of representatives of approximately 40 national accounting standards-setting bodies on 26-27 September 2005. The agenda included:

- The role of IFRIC and review of IFRIC's operations.
- Conceptual Framework.
- Accounting Standards for Small and Medium-sized Entities.
- Memorandum of Understanding - National standard setters and the IASB.
- Non-financial Liabilities.
- General round-table discussion of challenges and opportunities facing jurisdictions as they adopt/converge with IFRSs.

Deloitte Letters of Comment

The IASB has decided not to pursue its proposed Technical Corrections programme – see story on page 4.

We comment on Draft Technical Correction 1

In our news story on page 4, we noted that the IASB amended IAS 21 along the lines proposed in Draft Technical Correction (DTC) 1 *Proposed Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation.* Here is an excerpt from Deloitte's comment letter on DTC 1:

> *We concur with the proposed amendments to IAS 21* The Effects of Changes in Foreign Exchange Rates *(IAS 21) on the basis that the accounting treatment in the consolidated financial statements should not depend either on the currency in which the monetary item is denominated or on which entity within the group transacts with the foreign operation. We express some concern about requiring that the Technical Correction be applied retrospectively.*

You can download the Basel Committee consultative document from the IAS Plus website:
www.iasplus.com/resource/0507baselfvo.pdf

We comment on Basel IAS 39 FVO proposals

In July 2005, the Basel Committee on Banking Supervision issued a consultative document *Supervisory Guidance on the Use of the Fair Value Option by Banks under IFRSs* that discusses supervisory expectations for banks' use of the IAS 39 Fair Value Option. Deloitte has submitted a letter of comment on the Basel Committee proposals. We express concern that the proposed guidance could have the effect of modifying the fair value option provisions of IAS 39. Our overall view:

> *We believe that the guidance proposed by the Basel Committee on Banking Supervision will be perceived as an additional set of accounting rules applying to the banking industry in order to limit the use of the fair value option. We recognise that on page 1 of the Consultative Document it is stated that the Committee does not consider this proposal to be a set of additional accounting requirements, but we believe that this will be the effect, in practice. We are strongly of the view that the objective of the International Accounting Standards Board (IASB) is to set high quality accounting standards that entities across all industries have an equal opportunity to apply. We believe Banking Supervision has an important but separate and different objective and we support the Committee's work in promoting Prudential Supervision. We are concerned therefore that the proposals in the Consultative Document go beyond addressing the regulatory objective and will hinder the ability of a specific industry to apply an explicit option in the IASB's accounting standards.*

Full text of our letters of comment (going back to 1995):
www.iasplus.com/dttletr/comment.htm

Deloitte comments on IAS 37 proposals

On 30 June 2005, the IASB proposed to amend IAS 37 (and to retitle it *Non-financial Liabilities*) and complementary limited amendments to IAS 19 *Employee Benefits*. The amendments to IAS 37 would change the conceptual approach to recognising non-financial liabilities by requiring recognition of all obligations that meet the definition of a liability in the IASB's Framework, unless they cannot be measured reliably. Uncertainty about the amount or timing of settlement would be reflected in measuring the liability instead of (as is currently required) affecting whether it is recognised.

Our response states:

> *With the exception of the proposals for restructuring provisions, we do not support the ED, which we see as largely unnecessary. In our view, the majority of the Board's proposals are premature and pre-judge matters that should be discussed in the context of the review of the IASB Framework rather than as an amendment of IAS 37. We think that IAS 37 is operating satisfactorily within the current operating model and environment. In addition, we do not think that the Board's choice of a single measurement attribute is appropriate. As such, we find the majority of the changes proposed in the ED fail to achieve an improvement in financial reporting.*

Full text of our letters of comment (going back to 1995): **www.iasplus.com/ dttletr/comment.htm**

Deloitte comments on IAS 19 proposals

On 30 June 2005, the IASB proposed certain amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (see story above) and complementary limited amendments to IAS 19 *Employee Benefits*. The main points we made in our IAS 19 comments:

> *We question the need for piecemeal changes to IAS 19* Employee Benefits*, a Standard that the IASB acknowledges requires significant revision. We acknowledge the existence of the IASB's Short-term Convergence project, however we believe constituents would be better served in this particular instance by having to deal with these amendments as part of a broader proposal addressing IAS 19 as a whole.*
>
> *We question the relevance of the distinction between voluntary and involuntary termination benefits and disagree with the proposed change in the point of liability recognition. If, at the time that an entity offers benefits, the entity has committed itself (either legally or constructively) and raised a valid expectation on the part of the employee that it will fulfil its responsibility should the employee accept the offer, a liability has been created. The key issue is whether an employee is required to provide future services in return for the termination benefits (whether voluntary or involuntary), in which case those benefits should be recognised as the services are provided. We agree with the immediate recognition of termination benefits where these are not offered to employees in exchange for the employees' future service.*

Full text of our letters of comment (going back to 1995): **www.iasplus.com/ dttletr/comment.htm**

Project summary: **www.iasplus.com/ agenda/buscomb2.htm**

Deloitte comments on IFRS 3 proposals

On 30 June 2005, the IASB and the US Financial Accounting Standards Board (FASB) jointly published exposure drafts that would amend their business combinations standards (IFRS 3 and SFAS 141, both titled *Business Combinations*) while retaining the fundamental requirement to account for all business combinations using the purchase method of accounting, by which one party is always identified as acquiring the other. Deloitte has responded to the IASB's proposed amendments to IFRS 3. Among our comments are the following:

> *We agree that recording 100% of the fair value of all assets acquired and liabilities assumed, including goodwill attributable to the noncontrolling (minority) interest, produces more meaningful and relevant information. However, we do not believe that the costs and operational difficulties associated with recording the fair value of the acquiree as a whole are justified by the benefits of providing the information at this time.*
>
> *Additionally, significant portions of the exposure drafts are predicated on projects that have not yet been completed (eg the Conceptual Framework project, the Financial Performance Reporting project, the Fair Value Measurements project, the Liabilities and Equity project, and new basis issues). We do not believe the Exposure Drafts should be finalised until such time as the projects forming the foundation for this standard are completed.*
>
> *We believe the IASB should retain IFRS 3 Business Combinations, with limited modifications, and that the FASB should converge with this model. Our letter cites a range of benefits of this approach.*

Full text of our letters of comment to IASB (and IASC): **www.iasplus.com/dttletr/comment.htm**

Deloitte comments on IAS 27 proposals

In conjunction with their 30 June 2005 proposals to amend IFRS 3 and SFAS 141 (see story above), the IASB and the FASB also published exposure drafts proposing that non-controlling interests should be classified as equity within the consolidated financial statements and that the acquisition of non-controlling interests should be accounted for as an equity transaction. The IASB's proposals are presented as amendments to IAS 27 *Consolidated and Separate Financial Statements.* Our response to the IAS 27 proposal states:

> *Our comment letter on the IASB's June 2005 proposed amendments to IFRS 3 does not support the adoption of the proposed amendments. Consequently, we do not support the majority of this Exposure Draft's proposed changes to the accounting and reporting of non-controlling interests.*
>
> *The Board's conclusion that transactions between controlling and non-controlling shareholders should be accounted for as equity transactions is premature and should be deferred until completion of the IASB's and FASB's joint Conceptual Framework project. We are not yet convinced that the single economic entity view of consolidated financial statements provides the most relevant information to financial statement users.*
>
> *Neither IAS 27 as currently adopted nor as proposed to be amended provides guidance on accounting for changes in a parent's ownership that do not result in loss of control. As a result, preparers of financial statements apply differing accounting treatments as accounting policy elections, reducing comparability. Indeed, in practice, we have seen the application of at least five different methods of accounting for increases in ownership interest after control has been obtained.*

Our letter to EFRAG may be found here: **www.iasplus.com/dttletr/comment.htm**

We comment on consistent application of IFRSs in EU

Deloitte Touche Tohmatsu submitted a letter of comment on a discussion paper *Achieving Consistent Application of IFRSs in the EU* published by the supervisory board of the European Financial Reporting Advisory Group (EFRAG). EFRAG issued the paper "to stimulate debate in Europe on this very important subject". Broad issues addressed in the paper are:

- Is there a problem and, if there is, what is it?
- What additional mechanisms might Europe need?
- IFRIC: standing ready to meet the demand.
- European interpretations/interpretative guidance: not needed if the IFRIC delivers.
- European implementation guidance: also not needed if the IFRIC delivers.
- A European urgent issues mechanism: not feasible without shortcutting due process, which is not acceptable.
- A European mechanism that supports the work of IFRIC: a possibility if needed.

Deloitte's letter of comment said:

> *While we have some reservations about certain detailed aspects of the discussion paper, we support the EFRAG in taking a pro-active role in addressing the issues arising in Europe as a result of the introduction of IFRSs. We do not support the establishment of a European interpretations group or European urgent issues group. However, we do support the establishment of a European IFRIC support mechanism along the lines proposed in EFRAG's discussion paper. We agree with EFRAG that such a mechanism could be of substantial assistance to IFRIC.*

News from IFRIC

Our summary of IFRIC 6
www.iasplus.com/interps/ifric006.htm

IFRIC 6 on waste management costs

The International Financial Reporting Interpretations Committee (IFRIC) has issued IFRIC Interpretation 6 *Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment.* The issue that IFRIC 6 addresses is if an entity has an obligation to contribute to the costs of disposing of waste equipment based on its share of the market in a measurement period, what is the event that gives rise to a liability:

- the manufacture or sale of the equipment?
- participation in the market during the measurement period?
- the incurrence of costs in the performance of waste management activities?

IFRIC 6 concludes that the event that triggers liability recognition is participation in the market during the measurement period. The measurement period is a period in which market shares are determined for the purposes of allocating waste management costs. IFRIC 6 is effective for financial periods beginning on or after 1 December 2005. Earlier application is encouraged.

IASC Foundation News

You will find a list of the current IASCF Trustees here:
http://www.iasplus.com/restruct/trustees.htm

Advisory group on IASCF Trustee selection

The Trustees have formed a Trustee Appointments Advisory Group to help them in nominating and appointing qualified and interested individuals as Trustees. Members of the Advisory Group are:

- Jane Diplock, Chairman of the Executive Committee, International Organization of Securities Commissions
- Roger Ferguson, Chairman, Financial Stability Forum
- Donald Kaberuka, President, African Development Bank
- Haruhiko Kuroda, President, Asian Development Bank
- Luis Alberto Moreno, President, Inter-American Development Bank
- Rodrigo de Rato y Figaredo, Managing Director, International Monetary Fund
- Jean-Claude Trichet, President, European Central Bank
- Paul Wolfowitz, President, World Bank

The ultimate decision on appointments rests with the Trustees. However, the Trustees will explain to the members of the Advisory Group the rationale for any decision contrary to reservations expressed by members of the Advisory Group. The Advisory Group will meet at least once annually, either in person or by conference call. The Chairman of the IASCF Trustees (currently Paul A. Volcker) will chair the meetings of the Advisory Group.

Information about SAC:
www.iasplus.com/restruct/advisory.htm

17 October 2005: Standards Advisory Council is restructured

The Trustees of the IASC Foundation have announced the membership of the restructured Standards Advisory Council (SAC). The 40 appointments represent the third step taken by the trustees to make the SAC a more effective source of advice both to the Trustees and to the IASB. Previous steps were the appointment of Nelson Carvalho of Brazil as the SAC's independent chairman and the adoption of terms of reference for the restructured SAC. SAC members and observers are listed on the next page. Two Deloitte partners are included: Ingebret Hisdal, Managing Partner, Deloitte Norway, and Adir Inbar, Senior Audit Partner, Deloitte Israel.

Complete SAC membership list is on next page.

MEMBERSHIP OF THE STANDARDS ADVISORY COUNCIL

Africa

- Benoit Antoine Atangana Onana, President, Institute of Chartered Accountants of Cameroon; Senior Partner and General Manager, African Consulting Enterprise
- Darrel Scott, Financial Officer, FirstRand Bank Limited, South Africa

Asia-Oceania

- Judith Downes, Chief Operating Officer, Institutional Division, ANZ Bank
- Wang Jun, Secretary-General, China Accounting Standards Committee, Ministry of Finance, China
- PM Kam, Group Financial Controller, Jardine Matheson Ltd., Hong Kong SAR
- Shailesh Haribhakti, Managing Partner of Haribhakti & Co., and CEO of Haribhakti Group
- Eiko Tsujiyama, Professor, Waseda University
- Yoshiki Yagi, Board Director and Chairman of the Audit Committee, Hitachi
- Suk-Jun Lee, Executive Director, Samsung Economic Research Institute
- Rifaat Ahmed Abdel Karim, Secretary-General, Islamic Financial Services Board
- Danny Teoh, Managing Partner, KPMG Singapore

Europe

- Jose Antonio Alvarez, Chief Financial Officer, Group Santander (SCH), Spain
- Philippe Danjou, Member, Financial Reporting Committee of the Committee of European Securities Regulators (CESR-fin); Director, Corporate Accounting, Autorite des Marches Financiers, France
- Sarah Deans, Vice President, Corporate Research, Head of Accounting and Valuation Research, JP Morgan, United Kingdom
- Anna di Michele¸ Director, Products & Services - Active Advisory, UBS, Italy
- Patrice Marteau, Chief Corporate Officer, PPR, France
- Alberto Giussani, Partner, PricewaterhouseCoopers, Italy
- Mauro Grande¸ Director, Financial Stability and Supervision, European Central Bank
- David Lindsell, Global Director, IFRS Services, Ernst & Young, United Kingdom
- Heinz-Joachim Neuburger, Executive Vice President and CFO, Siemens, Germany
- Jochen Pape, Member of the Management Board, PricewaterhouseCoopers, Germany, and Head of the International Financial Reporting Centre, PwC Continental Europe
- Kees Storm, Former Chairman, AEGON; Director of Laurus, Pon Holdings, Inbev, KLM, AEGON, Baxter International, The Netherlands
- Ingebret Hisdal, Managing Partner, Deloitte Norway
- Vladimir Preobrazhenskiy, Deputy General Director for Economics and Finance, CFO, Siberian Coal Energy Company, Russia
- Hugo Schaub, Group Controller and Member of the Group Management Board, UBS, Switzerland

Latin America

- Nelson Carvalho, SAC Chairman; Professor, University of Sao Paulo, financial consultant and private investment banker, Brazil
- Hector Estruga, retired partner and former Professional Practice Director for South America, Ernst & Young; Member, CENCYA (Special Audit and Accounting Standards Committee), Argentine Federation of Professional Councils in Economic Sciences
- Hector Vela Dib, Corporate Financing Director, Cemex, Mexico

Middle East

- Adir Inbar, Chairman, Professional Board of the Institute of Certified Public Accountants in Israel; Professional Leader and Senior Audit Partner, Deloitte Israel

North America

- Frank Brod, Corporate Vice President and Controller, The Dow Chemical Company; Immediate Past Chairman, Committee on Corporate Reporting, Financial Executives International
- Colleen Cunningham, President and CEO, Financial Executives International
- Trevor Harris, Managing Director of Valuation, Accounting, and Enterprise Risk, Morgan Stanley
- Patricia McConnell, Senior Managing Director, Bear, Stearns & Co.

International organisations (with designated representatives)

- Basel Committee of Banking Supervisors: Arnold Schilder, Executive Director, De Nederlandsche Bank
- International Association of Insurance Supervisors: Tomoko Amaya, Chair, IAIS Accounting Subcommittee
- International Federation of Accountants: Ian Ball, Chief Executive
- International Monetary Fund: Kenneth Sullivan, Senior Financial Sector Expert
- International Organization of Securities Commissions: John Carchrae, Chief Accountant, Ontario Securities Commission, Canada, and Christoph Ernst, Head of the Accounting and Auditing Law Division of the Bundesministerium der Justiz, Germany
- United Nations Conference for Trade and Development: Tatiana Krylova, Head, Investment and Enterprise Competitiveness Branch
- World Bank: Charles McDonough, Chief Accountant

Observers

- European Commission
- Financial Services Agency of Japan
- US Securities and Exchange Commission

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**

Upcoming Meetings

IASB and SAC MEETINGS 2005-2006	
London, UK	12-16 December 2005
London, UK	23-27 January 2006
London, UK	20-24 February 2006, and 27-28 February 2006 with the Standards Advisory Council
London, UK	27-31 March 2006
London, UK	24-26 April 2006, and 27-28 April 2006 joint IASB/FASB meeting
London, UK	22-26 May 2006
London, UK	19-23 June 2006, and 26-27 June 2006 with the Standards Advisory Council
London, UK	17-21 July 2006
London, UK	18-22 September 2006
London, UK	16-20 October 2006
Norwalk, CT, USA	23-24 October 2006 joint meeting with FASB
London, UK	13-17 November 2006, and 9-10 November 2006 with the Standards Advisory Council
London, UK	11-15 December 2006

IFRIC MEETINGS 2005	
London, UK	1-2 December 2005

News from IFAC

You will find more information about IFAC, including a link to the proposed constitution revision, here:
www.iasplus.com/ifac/ifac.htm

IFAC proposes new governance structure

The International Federation of Accountants (IFAC) has invited comments on proposed revisions to its Constitution intended to strengthen IFAC's governance arrangements both to enhance its operations and to conform with current best practices. The invitation to comment *Proposed Revision of the International Federation of Accountants' Constitution* was developed over the past year by a special IFAC Constitutional Working Group. IFAC is proposing a three-tiered governance document structure:

- **IFAC Constitution.** The Constitution will remain the primary governance and foundation document of IFAC, and the process for its amendment by the IFAC Council would remain unchanged.
- **IFAC Bylaws.** The Bylaws, a new document currently being developed, would incorporate existing items from within the Constitution that provide greater detail in support of items addressed and include new provisions to further support the Constitution. The IFAC Board would have authority to amend the Bylaws with immediate effect until the next Council meeting, at which time the Council would need to approve the amendment for it to become permanent.
- **IFAC Policies and Procedures Manual.** The manual, also a new document currently being developed, would contain policies and procedures determined by the IFAC Board and management to support the Constitution and Bylaws.

IFAC requests comments by 1 February 2006. Subsequently, the Constitutional Working Group will consider the comments received and prepare a revised Constitution for approval by the IFAC Council in November 2006.

IAS Plus has a page about IPSASB:
www.iasplus.com/ifac/ipsasb.htm

You can download ED 26 from IAS Plus:
www.iasplus.com/ifac/0509ed26.pdf

IPSASB proposes to converge 11 standards with IFRSs

The International Public Sector Accounting Standards Board (IPSASB) has issued exposure draft ED 26 *Improvements to International Public Sector Accounting Standards* (IPSASs). ED 26 proposes updates to 11 IPSASs to converge with the equivalent IFRSs issued by the IASB in December 2003 as part of the IASB's 'improvements project'.

ED 26 is part of the IPSASB's program to converge IPSASs, which set out the requirements for financial reporting by governments and other public sector entities, and IFRSs, where the requirements of IFRSs are appropriate for the public sector. The following 11 standards are included in ED 26:

- IPSAS 1 *Presentation of Financial Statements*
- IPSAS 3 *Net Surplus or Deficit for the Period, Fundamental Errors and Changes in Accounting Policies*
- IPSAS 4 *The Effect of Changes in Foreign Exchange Rates*
- IPSAS 6 *Consolidated Financial Statements and Accounting for Controlled Entities*
- IPSAS 7 *Accounting for Investments in Associates*
- IPSAS 8 *Financial Reporting of Interests in Joint Ventures*
- IPSAS 12 *Inventories*
- IPSAS 13 *Leases*
- IPSAS 14 *Events After the Reporting Date*
- IPSAS 16 *Investment Property*
- IPSAS 17 *Property, Plant and Equipment*

Comments are requested by 31 January 2006.

IFAC's website:
www.ifac.org.

IFAC board approves several new initiatives

At its meeting in August 2005, the board of the International Federation of Accountants (IFAC) approved a number of new IFAC initiatives, including several directly relevant to international financial reporting:

- A global study on how to enhance the quality of the financial reporting, considering such issues as corporate management and governance, regulatory developments, auditor independence and rotation, and the expectations around the auditor's responsibility for fraud detection. An independent chair will be appointed to lead the study.
- Publication of a new International Guidance Document on Environmental Accounting. The document was developed jointly by IFAC and environmental agencies from the United Nations, United States, and United Kingdom
- A project by IFAC's Small and Medium Practice Permanent Task Force to develop guidance materials on International Standards of Auditing (ISAs) for use in SME audit engagements.
- Support for the implementation of Part 2 of the IFAC Member Body Compliance Program, which will provide a picture of the stage of incorporation of standards issued by IFAC and the International Accounting Standards Board into the national standards used by member bodies.

News from IOSCO

IOSCO website:
www.iosco.org

Regulators to share information on IFRSs

The International Organization of Securities Commissions (IOSCO) is establishing a system for participating IOSCO members and other independent enforcement organisations to share information and consult in order to maximize co-ordination and convergence of the transition to and implementation of IFRSs. While each national regulator will retain the right to deal with an issue on its own, the system will facilitate consistency by cataloguing, in a database, decisions made by regulators concerning application of IFRSs. This will provide a reference source for input to future regulatory decisions. Participating regulators will also contact each other to discuss particular decisions. IOSCO's announcement said:

> *On an ongoing basis, IOSCO will monitor issues related to the implementation of IFRS for indicators of issues that should be referred to the International Accounting Standards Board or the International Financial Reporting Interpretations Committee for consideration. IOSCO anticipates that the database will be operational by the second half of 2006. At this stage it is not intended for the catalogue of decisions to be publicly accessible.*

IOSCO website:
www.iosco.org

IOSCO consultation on disclosure principles

The International Organization of Securities Commissions (IOSCO) has published a Consultation Report on *International Disclosure Principles for Cross-Border Offerings and Listings of Debt Securities by Foreign Issuers*. Comments are due by 22 December 2005.

The Consultation Report sets forth substantive disclosure principles for documents used in public offerings and listings of 'plain vanilla' corporate debt securities. The principles are intended as guidance to securities regulators who are developing or reviewing their regulatory disclosure regimes for cross-border offerings and listings of debt securities.

IFRS-related News from the United States

SEC news release:
www.sec.gov/news/press/2005-127.htm

US SEC Chief Accountant steps down

US Securities and Exchange Commission Chief Accountant Donald T. Nicolaisen left the Commission on 31 October 2005 to return to the private sector. Mr. Nicolaisen joined the Commission as Chief Accountant in September 2003 and has led numerous initiatives to improve financial disclosure, strengthen the audit process, and rebuild investor confidence. Scott Taub has been named Acting Chief Accountant.

SEC news release:
www.sec.gov/news/press/2005-134.htm

SOX 404 delayed for non-accelerated filers

The US Securities and Exchange Commission has decided to postpone, until financial years ending on or after 15 July 2007, the initial compliance date for filing internal control reports under Section 404 of the Sarbanes-Oxley Act of 2002 by companies not designated as accelerated filers, including foreign private issuers that are not accelerated filers.

A foreign private issuer that is an accelerated filer and that files its annual reports on Form 20-F or Form 40-F must begin its Section 404 reporting in the annual report for its first financial year ending on or after 15 July 2006. Accelerated filers are SEC registrants that have at least $75 million in worldwide public float.

The SEC also has proposed to create the class of 'large accelerated filers' – registrants with $700 million or more in worldwide public float. Large accelerated filers would be subject to a 60-day Form 10-K annual report deadline and a 40-day Form 10-Q quarterly report deadline starting in 2006. Other accelerated filers would continue to have a 75-day Form 10-K annual report deadline and 40-day Form 10-Q quarterly report deadline.

News about IFRSs in Europe

EC Press Release:
www.iasplus.com/europe/0511fvo.pdf

IASPlus newsletter describing the amended fair value option:
www.iasplus.com/iasplus/0507fvo.pdf

EC eliminates fair value option 'carve-out'

The European Commission has adopted a Regulation endorsing the fair value option in IAS 39 *Financial Instruments: Recognition and Measurement* as Amended by the IASB in June 2005. This removes one of the two 'carve-outs' that the EC had imposed when endorsing IAS 39 for use in Europe. The amended fair value option was approved unanimously by the EU Member States at the Accounting Regulatory Committee and by the European Parliament. Adoption is retroactive to 1 January 2005, so that companies will be able to apply the amended standard for their 2005 financial statements. Internal Market and Services Commissioner Charlie McCreevy said: "I am very pleased that the Commission has been able to eliminate the 'fair value carve-out' to IAS 39. The two IAS 39 carve-outs were always intended to be exceptional and temporary. We therefore need to press on with the technical work to find a solution on the second carve out."

FEE Press Release:
www.iasplus.com/europe/0510feeifrs.pdf

Analysis of Responses to FEE Discussion Paper:
www.iasplus.com/europe/0510feeifrsanalysis.pdf

FEE urges clarity of basis of reporting

The Federation of European Accountants (FEE) has published an analysis of responses to its April 2005 discussion paper on the reporting issues and implications for the audit report of the process of 'endorsing' IFRSs for use in Europe. FEE represents 44 professional institutes of accountants from 32 countries.

Based on its analysis, FEE makes the following recommendations:

- FEE calls on the European Commission to issue authoritative guidance on how European companies should refer to their financial reporting framework. "There is a clear need for a standard wording."
- FEE recommends a change to the EC's previously suggested reference to the financial reporting framework: "Precision would be added if it were amended to: in accordance with IFRSs as adopted for use in the EU." Specifically the reference to the plural of IFRSs is considered significant to highlight that standards are endorsed one by one.
- Companies are strongly encouraged to explain, in the notes to the accounts, how their accounting policies, applying IFRSs as endorsed for use in the EU, depart from full IFRSs. "This will enable investors to understand the impact and to compare the results of companies within and outside the EU."
- The reference in the audit report should be the same as in the accounting policies.
- Where companies are in compliance with full IFRSs, they should be encouraged to say so in their accounting policies. However, the legal financial reporting framework in the EU needs to be referred to in all cases.

EFRAG website:
www.efrag.org

EFRAG makes three endorsement recommendations

In October 2005, the European Financial Reporting Advisory Group (EFRAG) has recommended that the European Commission adopt the following three pronouncements for use in Europe:

- IFRS 7 *Financial Instruments: Disclosures*
- IAS 1 *Presentation of Financial Statements* - Amendment for capital disclosures
- IFRIC 6 *Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*

EFRAG website:
www.efrag.org

EFRAG endorsement recommendation on guarantees

In August 2005, the IASB amended the provisions relating to financial guarantee contracts that are in IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 4 *Insurance Contracts* (see story on page 3). EFRAG has reviewed those amendments and, in a letter to the European Commission, has recommended that the Commission endorse the guarantee contract amendments for use in Europe.

You can find Commissioner McCreevy's speech on IAS Plus:
www.iasplus.com/restruct/euro2005.htm#oct2005
or on the EC website:
http://europa.eu.int/comm/commission_barroso/mccreevy/speeches/index_en.htm

Challenges to transition to IFRSs in Europe

Charlie McCreevy, EU Commissioner for Internal Markets and Services, spoke about global issues, including convergence of IFRSs and US GAAP, in remarks delivered at the Global Public Policy Symposium on 20 October 2005 in London. Here is an excerpt of his comments on convergence:

> *We have an agreement with the SEC with the objective of removing the burdensome US GAAP reconciliation requirement for EU issuers in the US, as early as 2007, but no later than 2009. The convergence this will entail must be a two way street and it must not destabilise the IFRS platform in Europe. I would like to stress that convergence is not an invitation to standard-setters to try and advance the theoretical frontiers of accounting. I will not take on board any revolutionary new standards. This should be a practical exercise, firmly anchored in business reality, to be undertaken in the interests of users and investors. The main objective is to try and narrow the differences between the existing standards, not to make accounts even more indigestible with a whole set of new standards!*
>
> *We will not be adding new carriages to the IFRS train, just as it has left the station. We need, first and foremost, to be sure that existing IFRS beds down and that we reap the benefits at home.*

You can find Commissioner McCreevy's speech on IAS Plus:
www.iasplus.com/restruct/euro2005.htm#oct2005
or on the EC website:
http://europa.eu.int/comm/commission_barroso/mccreevy/speeches/index_en.htm

'IFRS – No Pain, No Gain?'

Commissioner McCreevy, enumerated the benefits of introducing IFRSs for listed companies in Europe in remarks at the official opening of the new offices of the Federation of European Accountants in Brussels in October 2005. His speech was titled 'IFRS – No Pain, No Gain?' An excerpt:

> *A common accounting standard increases investor transparency and comparability. As users become more familiar and confident with IFRS, the cost of capital for companies using IFRS should fall. It should lead to more efficient capital allocation and greater cross-border investment, thereby promoting growth and employment in Europe.*
>
> *Furthermore, we are all aware of the challenges that globalisation and a rapidly-industrialising China are bringing. Now more than ever, we need to press on with the Lisbon agenda and increase the efficiency of the European economy. A common accounting standard based on IFRS, rather than a thicket of different national standards, is therefore not a luxury, but rather an absolute necessity.*

Commissioner McCreevy cited other benefits of IFRSs, including:

- Benefits to companies internally, including reduced capital costs, better management reporting, and improved internal control systems.
- Benefits to European companies listed in the United States, including eliminating the cost of preparing a reconciliation to US GAAP, and convergence of US GAAP and IFRSs.
- Benefits to European companies globally expected to result from convergence activities in other jurisdictions, including China, Japan, Canada, and India.

EC press release:
www.iasplus.com/europe/0509statutoryaudit.pdf

EU parliament amends 'auditing directive', adopts ISAs

On 28 September 2005, the European Parliament approved various amendments to the Eighth Company Law Directive. The amendments will:

- Establish a system for public oversight of the auditing profession and for cooperation between Member States' authorities.
- Require application of International Standards on Auditing (ISAs) in European auditing. ISAs are issued by the International Auditing and Assurance Standards Board of IFAC. The EC press release announcing the Parliamentary vote said "adoption of these standards will be subject to strict conditions such as their quality and whether they are conducive to the European public good" – conditions similar to those required for IFRSs under the EU Accounting Regulation.
- Create an Audit Regulatory Committee to allow the speedy adoption of necessary implementing measures.
- Require rotation, every seven years, of the key audit partner/statutory auditor. However, compulsory rotation of audit firms was rejected.
- Provide a basis for effective and balanced co-operation between regulators in the EU and with regulators in third countries, such as the US Public Company Accounting Oversight Board (PCAOB).
- Improve the independence of auditors by requiring listed companies to set up an audit committee (or a similar body).

Parliament also asked the Commission to present an impact study on current national auditor liability rules and an analysis on the possible limitations of the financial liability in the auditing profession. Approval by ECOFIN is required before the revisions come into force, after which Member States will have two years to implement the provisions.

Ambassador Bruton's remarks:
www.iasplus.com/europe/0509bruton.pdf

EU ambassador to USA says convergence is 'urgent'

In remarks to the Irish Financial Services Association in September 2005, John Bruton, Ambassador of the European Union to the United States of America, described as 'urgent' the need to remove accounting standards differences and other inefficiencies and frictions caused by differing regulation in different jurisdictions. An excerpt:

> *Cooperation between regulators and supervisors is not only necessary, it is essential. We aim not at harmonisation, but at fundamental equivalence and at mutual recognition.... Up to now, European companies listed in the US have had to reconcile their IFRS accounts to US GAAP. In a world where two sets of acceptable standards exists, this is unsatisfactory. Companies which are already publishing their accounts to one high-class standard have then to reconcile them expensively to another equally high-class, but different, standard. For some European companies raising capital in the United States, this cost has been estimated at between US $5 and $10 million per annum. The IASB and the FASB are engaged in a process of converging the two standards over time. And the European Commission and the SEC are working with these two institutions to ensure that convergence programme has a clear timetable, clear objectives and is transparent to all stakeholders. This is urgent.*

EU formally adopts various IFRSs

By publication in the Official Journal of the European Union on 24 November 2005, Commission Regulation (EC) No 1910/2005 (PDF 123k) of 8 November 2005 has been brought into law. Regulation 1910/2005 amends Regulation (EC) No 1725/2003 (the 'Accounting Directive') to formally adopt the latest revisions to the following International Financial Reporting Standards: IFRSs 1 and 6; IASs 1, 16, 19, 24, 38, and 39; and IFRIC Interpretations 4 and 5.

Other News

You can download the *Comprehensive Business Reporting Model* from the CFA Institute website: **www.cfainstitute.org/**

Analysts' group favours full fair value reporting

The CFA Centre for Financial Market Integrity – a part of the CFA Institute – has published a new financial reporting model that, they believe, would greatly enhance the ability of financial analysts and investors to evaluate companies in making investment decisions. The *Comprehensive Business Reporting Model* proposes 12 principles to ensure that financial statements are relevant, clear, accurate, understandable, and comprehensive.

CFA Institute Comprehensive Business Reporting Model – 12 Principles

1. The company must be viewed from the perspective of a current investor in the company's common equity.
2. Fair value information is the only information relevant for financial decision making.
3. Recognition and disclosure must be determined by the relevance of the information to investment decision making and not based upon measurement reliability alone.
4. All economic transactions and events should be completely and accurately recognized as they occur in the financial statements.
5. Investors' wealth assessments must determine the materiality threshold.
6. Financial reporting must be neutral.
7. All changes in net assets must be recorded in a single financial statement, the Statement of Changes in Net Assets Available to Common Shareowners.
8. The Statement of Changes in Net Assets Available to Common Shareowners should include timely recognition of all changes in fair values of assets and liabilities.
9. The Cash Flow Statement provides information essential to the analysis of a company and should be prepared using the direct method only.
10. Changes affecting each of the financial statements must be reported and explained on a disaggregated basis.
11. Individual line items should be reported based upon the nature of the items rather than the function for which they are used.
12. Disclosures must provide all the additional information investors require to understand the items recognized in the financial statements, their measurement properties, and risk exposures.

Download the working paper: **www.iasplus.com/resource/0509bis.pdf**

BIS study on accounting and prudential regulation

The Bank for International Settlements has published a working paper on *Accounting, Prudential Regulation and Financial Stability: Elements of a Synthesis.* The fundamental issue addressed is "What information about the financial condition of firms is conducive to efficient and stable operation of the financial system and of the economy more broadly?" With regard to company-specific information, the paper identifies significant differences in perspective between accounting standard setters and prudential supervisors:

> *We examine the reasons for these differences and propose ways in which they could be reconciled. We propose a strategy based on two principles: first, in the long term, the 'decoupling' of the objective of accurate financial reporting about the firm from that of instilling the desired degree of prudence in its behaviour; and second, a 'parallel' process towards that objective so that at all points the prudential authorities can neutralise any undesirable implications for financial stability of changes in financial reporting standards. We stress that close cooperation between accounting standard setters and supervisory authorities is called for both in developing the final set of information and in implementing it.*

Use of IFRSs Elsewhere in the World

You can download the joint IASB – CASC statement from IAS Plus: **www.iasplus.com/pressrel/0511chinajointstatement.pdf**

Progress toward IFRS convergence in China

Representatives of the China Accounting Standards Committee (CASC) of the People's Republic of China and the International Accounting Standards Board (IASB) met in Beijing on 7 and 8 November 2005 to discuss a range of issues relating to the convergence of Chinese Accounting Standards (CASs) with International Financial Reporting Standards (IFRSs).

At the conclusion of the meeting, the two delegations released a joint statement setting out key points of agreement, including the following:

- China stated that convergence is one of the fundamental goals of its standard-setting programme.
- China affirmed its intention that an enterprise applying CASs should produce financial statements that are the same as those of an enterprise that applies IFRSs.
- The IASB delegation acknowledged that convergence to IFRSs will take time and how to converge with IFRSs is a matter for China to determine.
- During the past year, China has issued 21 Exposure Drafts. CASC is currently working to finalise these and develop implementation guidance. Two more Exposure Drafts are nearing completion. China has also begun a review of its 16 existing CASs. As a result, China's Accounting Standards System for Business Enterprises is being developed with a view to achieving convergence of those standards with the equivalent IFRSs.
- The IASB representatives applauded and expressed admiration for the enormous progress China has already made toward convergence with IFRSs.
- During the discussions, the two delegations identified specific ways each could help the other in the future. The CASC agreed to assist the IASB in researching and developing recommendations on a number of accounting issues for which China, because of its unique circumstances and environment, has particular experience, including disclosure of related party transactions, fair value measurements, and business combinations of entities under common control. The IASB agreed to assist China by reviewing the revisions to the EDs and existing standards, and implementation guidance

Commenting on the progress of the China Accounting Standards Committee, the IASB Chairman Sir David Tweedie said:

> *I am impressed by China's commitment to adopting internationally accepted approaches to accounting, and the CASC's progress in the space of one year is remarkable. I am confident that China's convergence effort will pay enormous dividends for the growth and development of China's capital markets in the years ahead.*

The IASB and the CASC representatives agreed to continue their periodic meetings and to strengthen liaison between their two bodies.

China is one of three Asian countries that signed a joint 'convergence memorandum' in September 2005 (see story on next page).

Download the three-country convergence memorandum: **www.iasplus.com/china/0509threecountriesmou.pdf**

Convergence memorandum: China, Japan, Korea

On 6 and 7 September 2005, representatives of accounting standard setters in China, Japan, and the Republic of Korea met in Xi'an, China, the fifth such meeting. Over 40 delegates attended, including observers from HK SAR, Macau SAR, and the IASB.

The delegates discussed recent developments in the three countries' accounting standards and convergence issues, including obstacles and specific measures to address some of them. The three countries' accounting standard setters reached the following consensus set out in a memorandum of understanding that they released publicly:

> *First, the three parties recognise that the international convergence of accounting standards is the irreversible trend under the economic globalisation, and the three countries support the efforts by the IASB to develop a single set of high-quality and globally-acceptable accounting standards. In the meantime, the parties believe that convergence is not equal to being identical. The international convergence of accounting standards shall be a market-driven gradual process and this process shall be two-way interactions between national accounting standard setters and the IASB, giving considerations to special local environments.*
>
> *Secondly, the three parties have confirmed that they shall work for the resolution of practical issues encountered in their respective accounting standard setting and international convergence efforts that should be continuously tested in their respective capital markets. That shall, on the one hand, be helpful to set the national accounting standards and on the other hand, to identify major obstacles and issues the countries encounter in the international convergence process and to communicate with the IASB to contribute to the improvements of the International Financial Reporting Standards (IFRSs).*
>
> *Thirdly, the three parties have decided to set up a joint working group composed of their technical staff. The primary task of the working group is to carry out joint research on main technical issues confronted by the three countries in their standard setting and international convergence. The joint working group may meet on a non-regular basis and produce research results for the discussion at the Three Countries' Accounting Standard Setters' Meeting and as inputs to the IASB.*

Table summarising use of IFRSs around the world: **www.iasplus.com/country/useias.htm**

Philippines

The Philippines has adopted all IFRSs for 2005 without modification. These Philippine equivalents to IFRSs apply to all entities with public accountability. That includes those whose securities are listed in a public market or are in process of listing; all financial institutions including banks, insurance companies, security brokers, pension funds, mutual funds, and investment banking entities; public utilities; and other economically significant entities, defined as total assets in 2004 of at least 250 million pesos (US$5 million) or liabilities of at least 150 million (US$3 million). The auditor's report will refer to "conformity with Philippine Financial Reporting Standards".

Download the Communiqué released after the forum.
www.iasplus.com/resource/0510asiapolicyforum.pdf

Asia-Oceania Regional Forum on IFRSs

On 24 October 2005, Australia and New Zealand co-hosted an Asia-Oceania Regional Forum on IFRSs in Sydney, Australia. Participating jurisdictions were China, Hong Kong SAR, Indonesia, Japan, the Republic of Korea, Malaysia, the Philippines, Singapore, Thailand, and the two host countries. The delegates included senior representatives of accounting standard setting and oversight bodies, professional accounting bodies, central banks, and government officials. The goal of the forum is to enhance regional cooperation and coordination in implementing IFRSs. Among the issues discussed:

- the benefits of further dialogue in the Asia-Oceania region;
- the differences between adoption, convergence, and harmonisation with IFRSs and the benefits and disadvantages of each;
- the importance, and implications, of the IASB's Small and Medium-sized Entities project for the region. In this context it was noted that in some jurisdictions a very large number of small and medium entities are required to comply with IFRSs;
- the delays in implementing the standards arising from translation of the international standards into local languages and/or the incorporation of the international standards into domestic legal frameworks; this raised some issues regarding when the domestic systems and related financial reports can be regarded as 'IFRS compliant'.
- interaction between IFRS and prudential and tax frameworks.

A similar forum is planned for 2006.

Table summarising use of IFRSs around the world:
www.iasplus.com/country/useias.htm

Suriname

Suriname does not have any legislation on accounting principles or financial statements. The local exchange also does not prescribe a specific set of accounting principles to be used by its listed companies. Therefore, IFRSs are not mandatory for any of the local companies, listed or not listed. A company is, however, free to use IFRSs as the basis for preparing its financial statements.

Table summarising use of IFRSs around the world:
www.iasplus.com/country/useias.htm

Belize

Belize does not have a domestic stock exchange. The Institute of Chartered Accountants of Belize allows all domestic companies to use IFRSs as the basis for preparing their financial statements, or they may choose other internationally accepted standards (particularly US GAAP or Canadian GAAP).

Table summarising use of IFRSs around the world:
www.iasplus.com/country/useias.htm

Vanuatu

Vanuatu does not have a stock exchange. All domestic companies are permitted to use IFRSs as the basis for preparing their financial statements.

IFRS Publications from Deloitte

Download this and other Deloitte IFRS publications without charge at:
www.iasplus.com/dttpubs/pubs.htm

We have, on the IAS Plus website, comparisons of IFRSs and about 15 national GAAPs:
www.iasplus.com/country/compare.htm

New Deloitte IFRS-US GAAP comparison

Deloitte & Touche (USA) has published a new *Comparison of International Financial Reporting Standards and United States GAAP* as of 1 September 2005. While this 32-page comparison is comprehensive, it does not attempt to capture all of the differences that exist or that may be material to a particular entity's financial statements. Our focus is on differences that are commonly found in practice. The significance of these differences – and others not included in this list – will vary with respect to individual entities depending on such factors as the nature of the entity's operations, the industry in which it operates, and the accounting policy choices it has made.

You can download this and all other IAS Plus Newsletters here:
www.iasplus.com/iasplus/iasplus.htm

Special edition of IAS Plus on business combinations proposals

Deloitte's Global IFRS Leadership Team has prepared a special edition of our IAS Plus newsletter detailing the Business Combinations Phase 2 Proposals issued by the IASB on 30 June 2005 jointly with the US Financial Accounting Standards Board. The IASB proposals would not only amend IFRS 3 *Business Combinations* but also amend IAS 27 *Consolidated and Separate Financial Statements*, IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, and IAS 19 *Employee Benefits*.

The newsletter examines the main proposals in detail. Several involve quite radical changes. Taken together, the exposure drafts would change the way entities account for business combinations and minority interests. They would also result in recognition of certain contingent assets and liabilities that are currently only required to be disclosed. If accepted, most of the proposed changes would come into effect from 1 January 2007. Comments were due by 28 October 2005.

You can download this and all other IAS Plus Newsletters here:
www.iasplus.com/iasplus/iasplus.htm

Special edition of IAS Plus on IFRIC 6

Deloitte's Global IFRS Leadership Team has prepared a special edition of our IAS Plus Newsletter detailing the requirements of IFRIC 6 *Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*. IFRIC 6 considers the appropriate trigger for recognition of an obligation to contribute to the costs of disposing of waste equipment based on the entity's share of the market in a measurement period. The Interpretation is effective for annual periods beginning on or after 1 December 2005.

There is a link to these model financial statements on our China page:
www.iasplus.com/country/china.htm

IFRS model financial statements in Chinese

Deloitte (China) has prepared a Chinese language version of our Model IFRS Financial Statements for the year ended 31 December 2005. These model financial statements were developed to illustrate the typical financial statement presentation and disclosures that are required of a company with subsidiaries and associates, presenting its consolidated financial statements under IFRSs for 2005 (not a first-time adopter, for which special requirements apply under IFRS 1).

The publication may be purchased by calling +44 (0)870 777 2906 or by emailing customerservices@cch.co.uk.

Deloitte guide to applying IFRSs in the UK

iGAAP 2005–IFRS reporting in the UK, developed by Deloitte & Touche (United Kingdom), has been published. It provides comprehensive guidance for UK companies intending to report under International Financial Reporting Standards. It explains how IFRSs differ from previous UK GAAP, adds interpretive comment, and provides many examples of application of IFRSs.

Download this and other Deloitte IFRS publications without charge at:
www.iasplus.com/dttpubs/pubs.htm

Implementing Hong Kong equivalents of IFRSs

Deloitte (China) has published *Implementing Hong Kong Financial Reporting Standards: The Challenge for 2005*. Starting in 2005, Hong Kong Financial Reporting Standards are identical to International Financial Reporting Standards. While Hong Kong had previously adopted many of the earlier IASs as Hong Kong standards, some had not been adopted, including IAS 32 and IAS 39. And all of the December 2003 improvements and new and revised IFRSs issued in 2004 and 2005 will take effect in Hong Kong beginning in 2005.

For each standard, this new 180-page book sets out:

- a summary of its content;
- the key changes it makes to accounting in Hong Kong;
- the most significant implications of its adoption; and
- related anticipated future developments.

There is one Hong Kong standard and several Hong Kong interpretations that do not have counterparts in IFRSs. Also there are several wording differences between HKFRSs and IFRSs due to Hong Kong law. These are all described in this new book.

We have, on the IAS Plus website, comparisons of IFRSs and about 15 national GAAPs:
www.iasplus.com/country/compare.htm

29 September 2005: Comparison of Australian standards and IFRSs

Deloitte (Australia) has published *A-IFRS vs IFRS*, detailing the differences between Australian equivalents to International Financial Reporting Standards (A-IFRS) and International Financial Reporting Standards (IFRS) as of September 2005. As the Australian Accounting Standards Board (AASB) considered the issuance of IFRS in Australia, several amendments were made to the finalised A-IFRS, including the removal of certain options permitted under IFRS, the inclusion of additional implementation guidance, and other minor wording changes. As a result of these changes, the choices available and some of the implementation considerations encountered by Australian entities will differ somewhat compared to their international counterparts, despite the fact that Australian companies applying A-IFRS will generally be able to make an unreserved statement of compliance with IFRS.

Download this and other Deloitte IFRS publications without charge at:
www.iasplus.com/dttpubs/pubs.htm

IFRS Ghid de Buzunar – IFRS guide in Romanian

Deloitte in Romania (one of our 16 national practices in Central Europe) have published *IFRS Ghid de Buzunar*, the Romanian language version of our popular booklet, IFRS In Your Pocket 2005. This 68-page booklet contains background information about the IASB and IFRSs, summaries of all of the standards and interpretations, and details of IASB agenda projects.

Download this and other Deloitte IFRS publications without charge at:
www.iasplus.com/dttpubs/pubs.htm

IFRS Ydinkohdat – IFRS In Your Pocket 2005 in Finnish

Deloitte & Touche (Finland) have published *IFRS Ydinkohdat*, the Finnish version of our popular booklet, IFRS In Your Pocket 2005. This 72-page booklet contains background information about the IASB and IFRSs, and summaries of all of the standards and interpretations.

Accounting Standards Update in the Asia-Pacific Region

AUSTRALIA
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In September 2005, the Australian Accounting Standards Board (AASB) issued AASB 7 *Financial Instruments: Disclosures* in line with IFRS 7 of the same title. The requirements of AASB 7 will be applicable for annual reporting periods beginning on or after 1 January 2007.

The AASB also made consequential amendments to AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts*, AASB 139 *Financial Instruments: Recognition and Measurement*, and AASB 132 *Financial Instruments: Disclosure and Presentation* as a result of the IASB's finalising its proposals on financial guarantee contracts.

In addition, the AASB issued the following Exposure Drafts:

- ED 140 *Proposed Amendments to AASB 127 Consolidated and Separate Financial Statements*
- ED 141 *Proposed Amendments to AASB 137 Provisions, Contingent Liabilities and Contingent Assets*
- ED 142 *Financial Reporting of General Government Sectors by Governments*
- ED 143 *Director and Executive Disclosures by Disclosing Entities: Removal of AASB 1046 and Addition to AASB 124.*

ED 143 contains proposals relating to the disclosure of transactions with key management personnel (that is, directors and executives) in the financial reports of disclosing entities. ED 143 is expected to be applicable for annual reporting periods ending on or after 31 December 2005 and will result in AASB 124 *Related Party Transactions* (equivalent to IAS 24) being revised to include specific Australian requirements.

The Urgent Issues Group (UIG) is now issuing Guidance on certain accounting issues on its website (www.aasb.com.au). Guidance will generally on issues that either are not added to the UIG agenda or are removed from its agenda when it is decided that a UIG Interpretation will not be issued. This approach is consistent with the approach adopted by the International Financial Reporting Interpretations Committee (IFRIC).

The following Guidance has been made available on the AASB website:

- Inventory Rebates and Settlement Discounts (based on Proposed UIG Interpretation 1002 which was not approved by the AASB)
- Direct Costs Affecting a Financial Instrument's Effective Interest Rate

Further, the UIG has issued Interpretation 6 Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment in line with IFRIC developments. The Interpretation, applicable to annual reporting periods beginning on or after 1 December 2005, is expected to have limited application in Australia.

CHINA
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See the story on page 20 for information on China's progress toward convergence with IFRSs and a November 2005 joint statement issued by the Ministry of Finance and the IASB.

HONG KONG
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During July 2005, the HKICPA issued the following new amendments to standards, based on the equivalent international amendments issued by the IASB:

- Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards* and 6 and *Exploration for and Evaluation of Mineral Resources*
- Two Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement*: – one for *Cash Flow Hedge Accounting of Forecast Intragroup Transactions* and the other for *The Fair Value Option*

Also during July 2005, the HKICPA adopted the IASB's June 2005 decision to withdraw, with immediate effect, HK(IFRIC) – 3 *Emission Rights.*

The Companies (Amendment) Ordinance 2005, which was gazetted on 8 July 2005, amends the definition of "subsidiary" in the Companies Ordinance so as to enable Hong Kong incorporated companies to use the definition of "subsidiary" in IAS 27 *Consolidated and Separate Financial Statements* (and the equivalent Hong Kong Standard, HKAS 27) for the purpose of preparing group accounts. As a result of the amendment, a parent company, including holding companies incorporated in Hong Kong, will consolidate all entities over which it has control.

During August 2005, the HKICPA issued its *Financial Reporting Framework and Standard for Small and Medium-sized Entities*.

During September 2005 the HKICPA issued the following new standards, interpretations, and amendments to standards, based on the equivalent international requirements issued by the IASB:

- HKFRS 7 *Financial Instruments: Disclosures*
- HK(IFRIC) – *Int 6, Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*
- Amendment to HKAS 1 *Presentation of Financial Statements – Capital Disclosures*
- Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 4 and *Insurance Contracts* – Financial Guarantee Contracts

JAPAN
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Convergence with IFRS

The following accounting and auditing standards and related publications were issued in Japan during the third quarter of 2005:

Issued	Issuer*	Document Description
13 July 2005	BAC	Exposure Draft of Assessment and Audit Standard for Internal Control of Financial Reporting
20 July 2005	BAC	Exposure Draft of Revised Audit Standards and Interim Audit Standards, and of Standards for Quality Control of Audit
26 July 2005	National Cabinet	New Company Law
29 July 2005	ASBJ	ASB Exposure Draft of Accounting Standard No.5, Accounting Standard for Business Separations ASB Exposure Draft of Guidance of Accounting Standard for Business Combinations and Business Separations
3 August 2005	JICPA etc.	Accounting Guidance for Small and Medium Entities

continued on next page...

10 August 2005	ASBJ	ASB Exposure Draft of Accounting Standard No.6, Accounting Standard for Presentation of Net Assets on Balance Sheet
10 August 2005	ASBJ	ASB Exposure Draft of Accounting Standard No.7, Accounting Standard for Treasury Stock and Reserves ASB Exposure Draft of Guidance of Accounting Standard for Treasury Stock and Reserves
30 August 2005	ASBJ	ASB Exposure Draft of Accounting Standard No.8, Accounting Standard for Statement of Changes in Consolidated Shareholders' Equity ASB Exposure Draft of Guidance of Accounting Standard for Statement of Changes in Consolidated Shareholders' Equity
7 Sept. 2005	ASBJ	ASB Exposure Draft of Accounting Standard No.9, Accounting Standard for Directors' Bonuses
7 Sept. 2005	ASBJ	ASB Exposure Draft of Guidance for Shareholders' accounting for dividends provided by investee from Other Capital Surplus
*ASBJ: Accounting Standards Board of Japan BAC: Business Accounting Council JICPA: Japanese Institutes of Certified Public Accountants		

Exposure Draft of Assessment and Audit Standard for Internal Control of Financial Reporting

On 13 July 2005, the Committee on Internal Control of the Business Accounting Council (BAC) issued the exposure draft of Assessment and Audit Standard for Internal Control of Financial Reporting. In Japan, consistently with international trends, a new rule for internal control of financial reporting will be introduced for all listed companies. The draft new rule, informally called the "J-SOX rule", is based on Sarbanes- Oxley Act rules in the United States. However, to avoid excess work and costs, it does not require auditors' direct reporting on internal control of financial reporting. Instead, the auditor's opinion is made for management's assessment on its own internal control of the company.

The final standard will be approved during the 4th quarter in 2005, and the effective date will be announced.

New Company Law

The new Company Law, as successor of the current Commercial Code, was published on 26 July 2005. The New Company Law, which consists of 979 articles in total, enables an entity to choose the formation and capital structure more flexibly. The new Company Law will be enacted within a year and half from the publication date, during the 2nd quarter in 2006.

In line with the publication of the new Company Law, ASBJ issued certain Exposure Drafts during the 3rd quarter in 2005 (listed in the above chart) for the relevant amendments of current accounting practices.

JAPAN, continued

Exposure Draft of Revised Audit Standards and Interim Audit Standards, and of Standards for Quality Control of Audit

On 20 July 2005, the Committee on Audit of the Business Accounting Council (BAC) issued an exposure draft of Revised Audit Standards and Interim Audit Standards, and of Standards for Quality Control of Audit. The draft amends the current audit standards to clarify the risk approach and establishes quality control rules in audit firms.

The final standard will be approved during the 4th quarter in 2005 and is expected to be effective from the fiscal year ending 31 March 2007.

Accounting Guidance for Small and Medium Entities

On 3 August 2005, JICPA, Japanese Tax Accountants Association, Japan Chamber of Commerce and Industry, and ASBJ jointly issued the Accounting Guidance for Small and Medium Entities. The Guidance applies to unlisted companies for which CPA audits are not required under the Commercial Code. The Guidance generally sets the same recognition and measurement rules as those for listed companies, but some complex accounting rules are simplified, including accounting for retirement benefits, valuation allowances for income taxes, and impairment of fixed assets.

MALAYSIA
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Standards Approved in Principle

The following standards have been approved in principle by the Malaysian Accounting Standards Board (MASB) pending their official announcement in major newspapers:

Standard	Title	Standard Superseded	Formerly Known As
FRS 117	Leases	FRS 117 2004	MASB 10
FRS 127	Consolidated Financial Statements and Investments in Subsidiaries	FRS 127 2004	MASB 11
FRS 128	Investments in Associates	FRS 128 2004	MASB 12
FRS 131	Financial Reporting of Interests in Joint Ventures	FRS 131 2004	MASB 16
FRS 132	Financial Instruments: Disclosure and Presentation	FRS 132 2004	MASB 24
FRS 133	Earnings Per Share	FRS 133 2004	MASB 13
FRS 139	Financial Instruments: Recognition and Measurement	–	–
FRS 1	First-Time Adoption of Financial Reporting Standards	–	–

MALAYSIA, continued

FRS 117, Leases

The revision made to FRS 117 is identical to revision of IAS 17 in December 2003. In addition, FRS 117 has included a transitional provision for an entity that had previously classified a lease of land as finance lease under the existing FRS 117 2004 and accounted such lease of land in accordance with FRS 116 2004, and had recognised a revaluation surplus in respect of such lease of land. The transitional provision prescribes that the unamortized revalued amount of such lease of land is treated as the surrogate carrying amount of prepaid lease payments. This Standard is applicable to annual periods beginning on or after 1 January 2006. Early application is encouraged.

FRS 127, Consolidated Financial Statements and Investments in Subsidiaries

The revision made to FRS 127 is identical to revision of IAS 27 in December 2003 except for the following: FRS 127 prescribes that for a wholly-owned parent company to be exempted from presenting consolidated financial statements, it requires among others, that the ultimate or immediate parent company must be incorporated in Malaysia. The last sentence in paragraphs IN1 and IN10 and paragraph 45 of IAS 27 (Revised 2004) that relate to SIC-33 Consolidation and Equity Method–Potential Voting Rights and Allocation of Ownership Interests are not applicable as MASB has not adopted them for application in Malaysia This Standard is applicable to annual periods beginning on or after 1 January 2006. Early application is encouraged.

FRS 128, Investments in Associates

The revision made to FRS 108 is identical to revision of IAS 8 in December 2003 except that the last sentence in paragraphs IN1, IN7 and IN14 and paragraph 43 of IAS 28 (Revised 2003) that relate to SIC-3 Elimination of Unrealised Profits and Losses on Transactions with Associates, SIC-20 Equity Accounting Method - Recognition of Losses and SIC-33 Consolidation and Equity Method–Potential Voting Rights and Allocation of Ownership Interests are not applicable as MASB has not adopted them for application in Malaysia. This Standard is applicable to annual periods beginning on or after 1 January 2006. Early application is encouraged.

FRS 131, Financial Reporting of Interests in Joint Ventures

The revision made to FRS 131 is identical to revision of IAS 31 in December 2003. This Standard is applicable to annual periods beginning on or after 1 January 2006. Early application is encouraged.

FRS 132, Financial Instruments: Disclosure and Presentation

The revision made to FRS 132 is identical to revision of IAS 32 in December 2003 except that Paragraphs 99 and 100 of IAS 32 (Revised 2003) that relate to:

- SIC-5 Classification of Financial Instruments - Contingent Settlement Provisions;
- SIC-16 Share Capital - Reacquired Own Equity Instruments (Treasury Shares);
- SIC-17 Equity - Costs of an Equity Transaction; and
- SIC-D24 Financial Instruments - Instruments or Rights Redeemable by the Holder

are not applicable as MASB has not adopted them for application in Malaysia

MALAYSIA, continued

An additional paragraph 95A is included in FRS 132 which requires an entity that has availed of the transitional provision when the MASB first issued FRS 132 2004 to disclose that fact. The transitional provision in FRS 132 2004 prescribes that the component part classification of compound instruments into its liability and equity elements need to be applied only to financial instruments that were issued during reporting period beginning on or after 1 January 2003. This Standard is applicable to annual periods beginning on or after 1 January 2006. Early application is encouraged.

FRS 133, Earnings per Share

The revision made to FRS 133 is identical to revision of IAS 33 in December 2003 except that the last sentence in paragraph IN1 and paragraph 76 of IAS 33 (Revised 2003) that relate to SIC-24 Earnings Per Share – Financial Instruments and Other Contracts that May Be Settled in Shares are not applicable as MASB has not adopted it for application in Malaysia. This Standard is applicable to annual periods beginning on or after 1 January 2006. Early application is encouraged.

FRS 139, Financial Instruments: Recognition and Measurement

FRS 139 is identical to IAS 39 (revised) and it includes the transitional provision provided in the original IAS 39 to cater for entities adopting FRS 139 for the first time. This Standard is applicable to annual periods beginning on or after 1 January 2006. Early application is encouraged.

FRS 1, First-Time Adoption of Financial Reporting Standards

The phrase "national requirements" referred to in paragraphs 3 and 4 is replaced by "other accounting requirements". This is necessary because Malaysia's national requirement is Financial Reporting Standards (FRSs). Hence, there is no necessity for a transition in financial reporting from the national requirements to FRSs

Paragraph IN7 and the last sentence of paragraph 47 of IFRS 1 that relate to SIC-8 First-time Application of IASs as the Primary Basis of Accounting, are not applicable as MASB has not adopted it for application in Malaysia This Standard is applicable to annual periods beginning on or after 1 January 2006. Early application is encouraged.

Exposure draft on the amendment to employee benefits

MASB issued an exposure draft on the amendment to employee benefits, which covers the accounting treatment for actuarial gains and losses, group plans and disclosures regarding such benefits.

The exposure draft, called MASB ED 49 Amendment to FRS 119 Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures, is identical to the amendment to IAS 19 on employee benefits that was issued by the International Accounting Standards Board (IASB) in December 2004.

SINGAPORE
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The Council on Corporate Disclosure and Governance (CCDG) has exposed the following draft technical correction, which is identical to those issued under the IASB's agenda during the last quarter of 2005:

- Draft Technical Corrections (DTC) to FRS 21 *The Effects of Changes in Foreign Exchange Rates.*

The following exposure drafts on proposed standards are still outstanding:

Issued in 2004

- ED Proposed Amendments to FRS 103 (IFRS 3) *Business Combinations – Combinations by Contract Alone or Involving Mutual Entities*;
- ED Proposed Amendments to FRS 39 (IAS 39) *Financial Instruments: Recognition and Measurement – The Fair Value Option*;
- ED Proposed Amendments to FRS 39 (IAS 39) and FRS 104 (IFRS 4) *Financial Guarantee Contracts and Credit Insurance*; and
- ED FRS *Financial Instruments: Disclosures* (IFRS 7).

Issued in 2005

- ED Proposed Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* (IFRS 1);
- ED Proposed Amendments to FRS 103 (IFRS 3) *Business Combinations*;
- ED Proposed Amendments to FRS 27 (IAS 27) *Consolidated and Separate Financial Statements*; and
- ED Proposed Amendments to FRS 37 (IAS 37) *Provisions, Contingent Liabilities and Contingent Assets* and FRS 19 (IAS 19) *Employee Benefits.*

The following exposure drafts on proposed interpretations are still outstanding:

Issued in 2004

- ED INT FRS *Applying FRS 29 Financial Reporting in Hyperinflationary Economies for the First Time* (Draft IFRIC Interpretation D5);
- ED INT FRS *Multi-employer Plans* (Draft IFRIC Interpretation D6);
- ED INT FRS *Members' Shares in Co-operative Entities* (IFRIC Interpretation D8);
- ED INT FRS *Employee Benefit Plans with a Promised Return on Contributions or Notional Contributions* (Draft IFRIC Interpretation D9);
- ED INT FRS *Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment* (Draft IFRIC Interpretation D10); and
- ED INT FRS *Changes in Contributions to Employee Share Purchased Plans* (Draft IFRIC Interpretation D11).

SINGAPORE, continued

Issued in 2005

- ED INT FRS *Service Concession Arrangements – Determining the Accounting Model* (Draft IFRIC Interpretation D12);
- ED INT FRS *Service Concession Arrangements – The Financial Asset Model* (Draft IFRIC Interpretation D13);
- ED INT FRS *Service Concession Arrangements – The Intangible Asset Model* (Draft IFRIC Interpretation D14);
- ED INT FRS *Reassessment of Embedded Derivatives* (Draft IFRIC Interpretation D15);
- ED INT FRS *Scope of FRS 102 Share-based Payment* (Draft IFRIC Interpretation D16); and
- ED INT FRS 102 *Group and Treasury Share Transactions* (Draft IFRIC Interpretation D17).

THAILAND
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Accounting Standards in Thailand are issued by the Federation of Accounting Professions (FAP) which was established in 2004. Prior to the establishment of the FAP, accounting standards were issued by Institute of Certified Accountants and Auditors of Thailand (ICAAT).

Currently, there are a total of 57 accounting standards. Of those issued, 31 standards are currently effective, four standards are not yet required by Thai law, and 22 standards have been superseded. In addition, there are nine accounting standards interpretations, four of which are required by law.

Under the Accountancy Act B.E. 2543, Thai Accounting Standards (TAS) must be approved by the Ministry of Commerce in Thailand (MOC) and placed into law before companies are required to adopt such standards.

The following TAS have become effective for financial reporting periods beginning on or after January 1, 2005:

- TAS No. 52 *Subsequent Events*
- TAS No. 53 *Provisions, Contingent Liabilities and Contingent Assets*
- TAS No. 54 *Discontinued Operations*

These standards are based on International Accounting Standards (IAS) No. 10 *Events after the Balance Sheet Date*, IAS No. 37 *Provisions, Contingent Liabilities and Contingent Assets*, and IAS No. 35 *Discontinued Operations*, respectively.

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).
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- A resource library of important documents relating to International Financial Reporting Standards.
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