

### □ ... Changing Roles and Employer Expectations Define Areas of Competency for Professional Accountants in Business

The Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC) recently published *Competent and Versatile: How Professional Accountants in Business Drive Sustainable Organizational Success*, which supports the global accountancy profession in responding to changing expectations of society, financial markets, and organisations, and promotes the value of professional accountants in business to their organisations. Organisational needs are evolving faster than ever, and professional accountants need to adapt to these changes to best serve their employers, and maintain relevance and public trust. With this new publication, the PAIB Committee is striving to support the global accountancy profession and help its members guide their organisations to create sustainable value. This publication identifies eight drivers of sustainable organisational success—what organisations need to do to achieve and sustain success in light of opportunities and challenges in the business environment. These drivers are the focus of organisations striving to achieve lasting success, and, therefore, provide a basis for determining the expected key areas of competence for professional accountants in business. This employer-driven approach is aimed at helping the global accountancy profession facilitate sustainable organisational success through the education, training, and development of professional accountants. The publication, and accompanying *employer-focused brochure*, is intended to support IFAC members and associates in understanding and promoting the diverse contribution of professional accountants in business as creators, enablers, preservers, and reporters of sustainable value.

(Source: <http://press.ifac.org/news>)

### □ ... IFAC SMP Committee Updates Quality Control Implementation Guide

The Small and Medium Practices (SMP) Committee of the International Federation of Accountants (IFAC) recently released an updated version of its *Guide to Quality Control for Small- and Medium-Sized Practices* (QC Guide). Intended to help SMPs successfully and cost effectively implement International Standard on Quality Control (ISQC) 1, the third edition of the guide features enhancements to the two sample manuals as well as other refinements for clarity and consistency with ISQC 1. First released in 2009 and developed with CGA-Canada, the guide contains the requirements set out in the standard in addition to implementation guidance, including discussion material and a case study that can be used as a basis for training. It also contains a range of tools, including checklists and two sample manuals, which have been modified to better illustrate their compatibility with ISQC 1. The updated QC Guide, as well as an *article* with tips for implementing ISQC 1, can be downloaded free of charge from the *SMP Publications and Resources* area of IFAC's website. In addition to the guide, the *International Center for Small and Medium Practices* provides access to numerous free resources from IFAC and IFAC member bodies.

(Source: <http://press.ifac.org/news>)

### □ ... IASB Proposes Adjustment to Effective Date of IFRS 9 to 1<sup>st</sup> January, 2015

Global standard setters have delayed the effective date of the unfinished IFRS 9 by two years to 1<sup>st</sup> January, 2015. Last week's board meeting decided that the delay will make transition to the Financial Instruments standard simpler, allowing for one swift change rather than the planned multi-stage process. The International Accounting Standards Board (IASB) has recently published for public comment an exposure draft of proposals to adjust the mandatory effective date of IFRS 9 Financial Instruments. The exposure draft proposes an effective date of 1<sup>st</sup> January, 2015 (currently 1<sup>st</sup> January, 2013) for IFRS 9. In publishing the exposure draft, the Board noted the importance of aligning all phases of the project (both completed and ongoing) to have the same effective date. The comment period of the exposure draft closes on 21<sup>st</sup> October, 2011. The exposure draft, *ED/2011/3 Amendments to IFRS 9 Financial Instruments (November 2009) and IFRS 9 Financial Instruments (October 2010): Mandatory Effective Date*, can be downloaded from <http://go.ifrs.org/IFRS9+effective+date+ED>. The proposed deferral would only change the date when IFRS 9 would be mandatory. Entities could still elect to use IFRS 9 before 2015. Two key components - hedge accounting and the expected loss model - remain unfinished, and the effective date for IFRS 9 implementation, initially set in 2009, was deemed no longer realistic. A number of jurisdictions have yet to endorse the standard and companies typically demand several years to make the transfer. However, early adoption will remain an option, and countries like Australia may choose this route.

(Source: <http://www.ifrs.org> and <http://www.accountancyage.com/aa/news>)

### □ ... IFRS Taxonomy Updated for Fair Value Measurement and Disclosure of Interests in Other Entities

The IFRS Foundation recently published the *International Financial Reporting Standards (IFRS) Taxonomy 2011* interim release for IFRS 12 Disclosure of Interests in Other Entities and IFRS 13 Fair Value Measurement, which were issued by the IASB in May 2011. The IFRS Taxonomy 2011 is a translation of IFRSs as issued at 1<sup>st</sup> January, 2011 into XBRL (eXtensible Business Reporting Language). IFRS Taxonomy interim releases contain additional taxonomy concepts that reflect new IFRSs and improvements to IFRSs published by the IASB, thereby allowing entities wishing to report electronically using the latest IFRSs to do so without the need for these entities to create their own taxonomy concepts. From an XBRL technology perspective, these additional items are consistent with the XBRL architecture of the 2011 taxonomy as outlined in *The IFRS Taxonomy 2011 Guide and The Global Filing Manual*. All IFRS Taxonomy 2011 interim releases will be incorporated and consolidated in the IFRS Taxonomy 2012. The public draft of the 2012 taxonomy is due to be published in Q1 2012.

(Source: IFRS Foundation)

### □ ... OECD Report Highlights Likely Impacts of IAS 19 Amendments

The Organisation for Economic Co-operation and Development (OECD) has released the 2011 edition of its

*Pension Markets in Focus* publication. Whilst the publication is primarily focused on pension fund performance in various economies, the report also highlights the likely impacts of the recent changes to *IAS 19 Employee Benefits*. "While bringing further transparency, the adoption of the new rules within IAS 19 over the coming years which eliminate the smoothing option will increase volatility in sponsoring companies' financial statements. As a result, there will be added pressure to reduce risk in pension funds' asset holding in order to mitigate volatility and to keep funding ratios more stable than in the past," the report says adding: "Pension funds may also transfer risk to financial markets via insurance or by greater use of derivatives for hedging purposes. The trend away from 'pure' defined-benefit plans, 'pure' (final-salary) DB schemes, which guarantee a certain replacement rate and specify pension benefits according to the employee's final pay, length of service and other factors, towards defined contribution arrangements is also likely to intensify."

(Source: <http://www.vrl-financial-news.com>)

#### Global Banks Expect Impairment Accounting Proposals to Improve Financial Statements

A global accountancy firm's 'Global Financial Service Industry (GFSI) group' has published *IFRS 9 Impairment Survey 2011*, an inaugural global banking survey providing insights into current thinking across the industry. The survey is based on the views of 56 major banking groups on the topic of *loan impairment*. Banks surveyed included seven of the top ten global banking groups measured by total assets and span banks headquartered in Europe, Middle East and Africa, Asia Pacific and North America. As per the findings, there was broad consensus that, even though the details of the new impairment requirements are not yet finalised, the expected loss approach should be the basis for the new impairment model. However, just over a quarter of banking groups are unconvinced that the introduction of an expected loss model will make financial statements more useful and over half believe it will result in a lack of comparability between institutions. As per the survey, many banking institutions have laid the framework for meeting the proposed effective date of 2015. Just over half will have started their implementation by the end of 2011, and nearly 90% will have started by 2012. The biggest concern generally expressed is about gathering valid data on expected losses in the foreseeable future and on lifetime expected losses. Half of respondents to the survey did not believe an expected loss model will change their approach to the way they price lending; 41% believe it might. Overall, whilst cost and operational impacts also featured significantly, wider business and commercial impacts were of major concern to respondents, e.g. the effect on capital and accounting reserves on transition, and making financial results understandable and comparable. Despite this, awareness of the key issues at board level was not always significant.

(Source: <http://www.iasplus.com>)

#### August SMP Quick Poll Now Open

Are you a practitioner at a small- or medium-sized practice (SMP)? Then join the dialogue on current challenges and

issues faced by SMPs by taking the *SMP Quick Poll* now at the IFAC website on the link: <https://www.research.net/s/SMPQuickPoll-August2011>. This edition of the poll features questions on business advisory and auditor reporting, in addition to repeating a few questions from our first two polls in order to gather trending data. The results of this three-minute poll will be highlighted in the next issue of *SMP eNews* (<http://www.ifac.org/SMP/index.php#News>). Polling will close on 9<sup>th</sup> September, 2011.

(Source: <http://www.ifrs.org/News>)

#### IFAC Submits Comment Letters to European Commission and IFRS Foundation Trustees

IFAC recently submitted *comments on the European Commission's Green Paper, The EU Corporate Governance Framework*, stressing the importance of focusing on a wider range of stakeholder issues, the application of governance principles in spirit rather than in name, and reporting that embraces a broader, integrated reporting approach. In its recent *response to IFRS Foundation Trustees' Strategy Review*, IFAC commented on defining the public interest, the IFRS Foundation and IASB's proposal to develop standards for other entities in addition to private, and the IFRS Foundation's governance, among other topics.

(Source: <http://www.ifrs.org/News>)

#### Global Firm to Face Tribunal for JP Morgan Audits

An independent disciplinary tribunal will consider whether a global firm should be sanctioned over its JP Morgan Securities Limited (JP Morgan) audits for reporting periods between 2001 and 2008, following an Accountancy & Actuarial Discipline Board (AADB) investigation. The AADB alleged Pac's audits of the investment bank 'lacked due skill, care and diligence'. The investigation, which began last in September 2010, found Global Firm did not report that client money held by JP Morgan's futures and options business was not segregated at all times in accordance with the Fast's Client Asset rules in force at that time. Global Firm was JP Morgan's main auditor and responsible for producing the bank's client asset returns report as required by the FSA to ensure customer fund protection. PwC allegedly failed to notice JP Morgan had placed as much as £16bn (\$26bn) of client funds into incorrect bank accounts over a seven-year period between 2002 and 2009. In 2010, the FSA fined the investment bank £33.3m for breaching rules governing segregation of client money.

(Source: <http://www.vrl-financial-news.com>)

#### IFRS Conference on North American Perspective

The North American Perspective IFRS conference hosted jointly by the American Institute of CPAs and the IFRS Foundation will take place in Boston MA, USA on the 5<sup>th</sup> to 7<sup>th</sup> October, 2011. The conference offers a unique opportunity to learn about the latest developments in International Financial Reporting Standards (IFRSs) from a North American perspective. Members and senior staff of the IASB will provide updates on their joint work with the FASB to complete their remaining convergence projects, including financial instruments, leases and revenue recognition.

(Source: <http://www.ifrs.org/News>)