IASB Proposes to Exempt Investment Entities from Consolidation Requirements

The International Accounting Standards Board (IASB) recently published proposals to define investment entities as a separate type of entity that would be exempt from the accounting requirements in IFRS 10 *Consolidated Financial Statements.* Investment entities are commonly understood to be entities that pool investments from a wide range of investors for investment purposes only. Currently, IFRS 10 *Consolidated Financial Statements* would require consolidation if an investment entity controls an entity it is investing in. However, when developing IFRS 10, investors commented that this would not provide them with the information they need to assess the value of their investments. To address this issue, the exposure draft published recently proposes criteria that would have to be met by an entity in order to qualify as an investment entity. These entities would be exempt from the consolidation requirements and instead would be required to account for all their investments at fair value through profit or loss. The exposure draft also includes disclosure requirements about the nature and type of these investments. This project is being undertaken jointly by the IASB and the US national standard-setter, the Financial Accounting Standards Board (FASB). Both boards' proposals are broadly aligned. However, the FASB is considering proposing that the exemption would extend to cases in which the investment entity is owned by a larger group that is not itself an investment entity. The FASB will publish its exposure draft in due course. The exposure draft *Investment Entities* is open for public comment until 5th January, 2012. The FASB will align its comment period with that of the IASB to ensure joint redeliberations. If adopted, the proposals would be integrated into IFRS 10.
(***Source:*** *http://www.ifrs.org/News)*

IFRS Taxonomy Interim Release for Common-Practice Concepts

The IFRS Foundation, the oversight body of the International Accounting Standards Boards (IASB), recently completed the first part of its project to address requests by regulators and preparers for extensions to the full International Financial Reporting Standards (IFRS) XBRL Taxonomy. The IFRS XBRL Taxonomy is used to help those filing IFRS financial statements electronically to 'tag' the information with identification tags (called 'concepts' in an XBRL taxonomy). Currently, the IFRS taxonomy includes all core concepts included in IFRSs as issued by the IASB. However, preparers often need to provide more detailed financial information than is reflected by the core IFRS concepts. To ensure that those creating and using electronic filings do not need to create their own extensions to the IFRS taxonomy, the IFRS Foundation has created an 'extension taxonomy' by analysing and drawing from common practice. For instance, although IFRSs require the disclosure of an analysis of expenses, the IFRSs do not include a prescriptive listing of all the possible categories of expenses. The common-practice taxonomy includes concepts for the most commonly used types of expenses, such as 'sales and marketing'. The interim taxonomy released recently completes the first part of a project to address this issue, by providing about 350 extensions for the most common concepts used in the financial statements. Work is continuing on extensions to the detailed tagging of the footnotes to the financial statements. The IFRS XBRL team expects to publish proposals this month. The common-practice concepts are in line with IFRS requirements and will help to alleviate the burden on preparers and to increase the comparability between financial statements in accordance with IFRSs that are electronically submitted.
(***Source:*** *http://www.ifrs.org/News)*

Effect Analysis for IFRS 10 and IFRS 11 Available

The effect analysis for IFRS 10 Consolidated Financial Statements, which also includes the effect analysis for IFRS 12 Disclosure of Interests in Other Entities, and the effect analysis for IFRS 11 Joint Arrangements are now available for download on the project pages at IFRS website. The effect analyses provide detailed insights into the potential impacts of the new requirements using case studies and other quantitative and qualitative material, as appropriate
(***Source:*** *http://www.ifrs.org/News)*

IFAC Begins Search for Next Chief Executive Officer

The International Federation of Accountants (IFAC), the global organisation for the accountancy profession with members and associates in 125 countries is seeking an outstanding individual to become its next chief executive officer (CEO), based in New York City. The candidate will succeed current CEO Ian Ball, whose contract is set to expire in February 2013 and who is not seeking a further term. An executive search firm, which is premier global provider of talent management solutions, based in Los Angeles, has been retained for the search. IFAC's management team will partner with the search firm to actively engage IFAC member bodies, the accountancy community, and other stakeholders in the recruitment process to encourage a diverse and international applicant base. IFAC is initiating the recruitment process in the fourth quarter of 2011 to allow time for a comprehensive search, Board approval, and relocation, and to provide the new CEO with a positive and seamless transition before Ian Ball's departure. Current CEO Ian Ball joined IFAC as its chief executive officer in March 2002, having previously served IFAC as chair of its Public Sector Committee (now the independent International Public Sector Accounting Standards Board) and as a member of its Nominating Committee. Prior to that, Mr. Ball was Professor of Accounting and Public Policy at Victoria University of Wellington, an international consultant in public management, an accounting standard setter, and a senior official in the New Zealand Treasury.
(***Source***: *http://press.ifac.org/news)*

EFRAG Invites Companies to Participate in the Field-testing of New Standards

The European Financial Reporting Advisory Group (EFRAG) will conduct field-testing of the new requirements on joint arrangements (IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*) and the new requirements on consolidation (IFRS 10 *Consolidated Financial Statements* and IFRS 12 *Disclosure of Interests in Other Entities*), all published by the IASB in May 2011. The purpose of the field-testing is to identify potential implementation and application difficulty, and to estimate the effort required to implement and apply the new requirements. The findings of the field-testing will be used by EFRAG in developing its technical and its cost and benefit assessment of the new standards against the EU endorsement criteria.
(***Source:*** *http://www.iasplus.com)*

GRI and ISO Co-operate on Sustainability

The Global Reporting Initiative (GRI) and the International Organization for Standardization (ISO) have signed a Memorandum of Understanding (MoU) to increase their

co-operation on sustainability matters. GRI has developed a widely used sustainability reporting framework ("G3.1", with work commenced on the fourth generation guidelines, "G4"). GRI also participated in the development of ISO 26000 *Social Responsibility,* published by the ISO in November 2010. The MoU is intended to leverage the activities of the two organisations related to reporting and benchmarking by business and on sustainable development by sharing information on ISO standards and GRI programs, teaming up with other partners, participating in the development of new or revised documents, joint promotion and communication.
(***Source:*** *http://www.iasplus.com)*

Monitoring Board Summary of Comments on IFRS Foundation Governance Review

The Monitoring Board has released a document summarising responses to its Consultative Report on the Review of the IFRS Foundation's Governance, published on 8th February, 2011. The report provides a summary of responses from the 80 comment letters received, which expressed a wide variety of views.
(***Source:*** *http://www.iasplus.com)*

IIRC Issues Discussion Paper on Integrated Reporting, Proposes a New Approach to Corporate Reporting

The International Integrated Reporting Committee (IIRC) recently released a Discussion Paper *Towards Integrated Reporting – Communicating Value in the 21st Century.* The IIRC seeks to bring together world leaders from the corporate, investment, accounting, securities, regulatory, academic, civil society and standard-setting sectors to develop a new approach to reporting. The Discussion Paper is the first step in the development of an 'International Integrated Reporting Framework', with an exposure draft expected to be published in 2012. It seeks to build on existing developments in reporting such as the international convergence of accounting standards, sustainability guidance published by organisations such as the Global Reporting Initiative (GRI), and the IASB's IFRS Practice Statement *Management Commentary.* Integrated reporting aims to combine the different strands of reporting (financial, management commentary, governance and remuneration, and sustainability reporting) into a coherent whole that explains an organisation's ability to create and sustain value. The focus of an Integrated Report would be a broader explanation of performance than traditional reporting, by describing and measuring where practicable, the material components of value creation and, more importantly, demonstrating the links between an organisation's financial performance and the social, environmental and economic context in which it operates. The IIRC believes an Integrated Report should be an organisation's primary reporting vehicle, replacing rather than adding to existing requirements. Under the IIRC's vision, much information currently produced (including detailed financial reporting information, operational data and sustainability information) would move to an online environment enabled by technology, reducing clutter in the primary report so that report can focus only on the matters the organisation considers most material to long-term success.
(***Source:*** *http://www.iasplus.com)*

EFRAG Draft Comment Letter on IASB's Exposure Draft on Mandatory Effective Date of IFRS 9

The European Financial Reporting Advisory Group (EFRAG) has issued its draft comment letter on the IASB Exposure Draft *Mandatory Effective Date of IFRS 9.* In this draft letter, EFRAG agrees that there should be a delay in the effective date of IFRS 9 *Financial Instruments,* but expresses concern about the revised effective date of 1st January, 2015. An excerpt from the draft letter: *EFRAG believes that, rather than setting a fixed effective date, it would be more appropriate to allow entities at least three years to implement IFRS 9 after the completion of all phases of IFRS 9 and the standard on insurance contracts. We believe that not requiring restatement of comparative information in the first year of application of IFRS 9 would be an inappropriate alternative to setting a proper effective date in the first place.* EFRAG is seeking comments on its draft letter by 17th October, 2011.
(***Source:*** *http://www.iasplus.com)*

2011 IFRS 'Green Book' Coming Soon

The IFRS Foundation has announced that A *Guide through* IFRS July 2011 will be available in October 2011.This volume (nicknamed the "Green Book") will include the full text of the Standards and Interpretations and accompanying documents (such as the Basis for Conclusions) issued by the IASB as at 1st July, 2011 with extensive cross-references and other annotations. This edition does not contain documents that are being replaced or superseded but remain applicable if a reporting entity chooses not to adopt the newer versions early. Accordingly, this edition will include new standards such as IFRS 10 *Consolidated Financial Statements* and IFRS 11 *Joint Arrangements,* but will not contain IAS 31 *Interests in Joint Ventures.*
(***Source:*** *http://www.iasplus.com)*

US SEC Outlines Alternative for Moving to IFRS

US securities regulators outlined recently, an alternative way of merging US and international accounting standards that could keep down transition costs, especially for small issuers. The approach would allow the United States to keep generally accepted accounting principles, or GAAP, and incorporate international standards into GAAP over a period of time. Outlined in a staff paper from the Securities and Exchange Commission, the approach could avoid a so-called "big bang," or immediate move to new international rules. The SEC has been grappling with whether to move US companies to international accounting standards and has said it would decide this year whether to make the switch. Under the alternative approach, the SEC could keep its authority over standard-setting, according to the staff paper from SEC's office of the chief accountant. While US companies are required to use GAAP, much of the rest of the world has been adopting International Financial Reporting Standards, or IFRS. Financial centres such as Hong Kong and the European Union already require the international rules, set by the International Accounting Standards Board. The alternative approach, dubbed "condorsement" has been mentioned by SEC staff at accounting conferences. It shares features of endorsing IFRS and converging it with GAAP. The Financial Accounting Standards Board, responsible for US accounting rule-making, would be able to change IFRS when it was in the public interest, the SEC said. FASB and IASB have been working to converge US and international standards and eliminate as many differences as possible, although the two groups are still divided on several key issues. Under the alternative approach, differences between IFRS and GAAP would be eliminated through FASB standard-setting over a period of perhaps five to seven years, the SEC said.
(***Source****: http://bx.businessweek.com)*