Banks Urge FASB and IASB to Agree on Credit Loss Standards

Fifteen of the largest banks in the U.S. have written a letter to the chairmen of the Financial Accounting Standards Board and the International Accounting Standards Board encouraging them to resolve their differences over the standards for credit losses in their financial instruments convergence project. After initially agreeing on the proposed changes they wanted to make in the standards, FASB and the IASB parted ways during a contentious meeting last year. The two boards have since issued differing exposure drafts on their proposed changes in the accounting standards for loan loss provisioning and expected credit losses for loan impairment, but said they hope to come together after receiving feedback from their stakeholders. The banks noted that there are several differences between the models proposed by FASB and the IASB and said they have several concerns with each of the proposed models. However, they said they believe a single fundamental change would help facilitate a compromise between the two boards while simultaneously addressing many of the core concerns with the proposed models. The banks urged the standard-setting board to unite around a common set of standards for credit impairment.

(Source: http://www.accountingtoday.com/)

COSO Releases Updated Internal Control Framework

The Committee of Sponsoring Organisations of the Treadway Commission issued its long-awaited update to its Internal Control–Integrated Framework and related illustrative documents, recently. The updated framework was authored by one of the Big Fours under the direction of the COSO Board and is expected to help organisations design and implement internal control in light of many changes in business and operating environments since the issuance of COSO's original internal control framework. The new framework also broadens the application of internal control in addressing operations and reporting objectives, and clarifies the requirements for determining what constitutes effective internal control. COSO also issued, recently its Illustrative Tools for Assessing Effectiveness of a System of Internal Control and the Internal Control over External Financial Reporting (ICEFR): A Compendium of Approaches and Examples. COSO believes that users should transition their applications and related documentation to the updated framework as soon as is feasible under their particular circumstances. As previously announced, COSO will continue to make available its original framework during the transition period extending to Dec. 15, 2014, after which time COSO will consider it as superseded by the 2013 framework. The COSO board said it believes that continued use of the original framework during the transition period from May 14, 2013 to Dec. 15, 2014 is appropriate. During this period, the COSO board believes that organisations reporting externally should clearly disclose whether the original framework or the 2013 framework was used. COSO will also continue to make available its publication, Internal Control over Financial Reporting–Guidance for Smaller Public Companies until December 15, 2014, after which time it will no longer be available.

(Source: http://www.accountingtoday.com/)

FASB Suggests Changes to GAAP Taxonomy

The Financial Accounting Standards Board is looking for comment on proposed structural changes to the U.S. GAAP Taxonomy. *FASB U.S. GAAP Financial Reporting Taxonomy (UGT): A Proposal to Revise the UGT Calculation Hierarchy* proposes a new calculation hierarchy that is intended to improve the taxonomy's usefulness to preparers and users of financial statements. The taxonomy contains calculation hierarchies that demonstrate the mathematical relationship between its various elements. It indicates which elements are totals and which elements are added together to compose a total. Currently, the taxonomy provides a calculation hierarchy? or summation ? for every statement or disclosure presentation with summation relationships, regardless of any overlap. As proposed, the revised hierarchy would eliminate inconsistencies created by these multiple calculation hierarchies, making it more functional for users and easier to navigate for preparers. For example, the 2013 taxonomy release includes 19 summations for revenues, several of which are inconsistent. The revised hierarchy would reduce the number of summations to three. The U.S. GAAP Taxonomy is a list of computer-readable financial reporting labels coded in the Extensible Business Reporting Language, or XBRL, that enables companies to tag thousands of pieces of financial data that are included in financial statements and related footnote disclosures. Comments are requested by July 14, 2013. The Invitation to Comment is available on the FASB Web site. Depending on the feedback received, FASB aims to have a final revised version as early as the 2014 U.S. GAAP Taxonomy release.

(Source: http://www.accountingtoday.com/)

IASB Survey on Classification and Measurement of Financial Assets

Last month, IASB launched a survey for financial statement users on its November 2012 Exposure Draft *Classification and Measurement: Limited Amendments to IFRS 9* (Proposed amendments to IFRS 9 (2010). The IASB asks analysts and investors to provide input on the proposals in the Exposure Draft—namely, on the proposed third category for the classification of financial assets. That category is Fair Value through Other Comprehensive Income (FVOCI). The purpose of the proposed FVOCI category is to better portray how financial assets are managed. This survey, targeted at users of financial statements, forms part of a comprehensive programme of outreach activities to all IFRS stakeholders. For more information about the survey please contact investors@ifrs.org.

(Source: http://www.ifrs.org/)

Exposure Draft: Regulatory Deferral Accounts-(Last date for sending comments: July 31, 2013)

The International Accounting Standards Board (IASB) published for public comment the Exposure Draft Regulatory Deferral Accounts as part of its reactivated Rate-regulated Activities research project. Many jurisdictions applying International Financial Reporting Standards (IFRS) have industry sectors that are subject to rate regulation, such as the transportation and the utilities sectors. Rate regulation can have a significant impact on the timing and amount of an entity's revenue. Existing IFRS does not provide any specific guidance for rate regulated activities. In response to feedback from its agenda consultation, the IASB has initiated a project to consider whether the IASB should develop specific guidance for Rate-regulated Activities and, if so, what information about the consequences of rate regulation would be most useful for users of financial statements. At this stage, the IASB is proposing an interim Standard that would allow entities to preserve the existing accounting policies that they have in place for rate-regulated activities with some modifications designed to enhance comparability.

ASB invites comments on the said Exposure Draft from the public. The downloadable version of the Document is available at: www.ifrs.org/Current-Projects/IASB-Projects/Rate-regulated-activities/Exposure-Draft-April-2013/Documents/ED_Regulatory-Deferral%20Account.pdf. Comments would be most helpful if they indicate the specific paragraph or group of paragraphs to which they relate, contain a clear rationale and, where applicable, provide a suggestion for alternative wording. Comments should be submitted in writing to the Secretary, Accounting Standards Board, The Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi-110002, so as to be received not later than July 31, 2013. Comments can also be sent by e-mail at asb@icai.in

(Source: http://www.icai.org)

IASB Propose Changes to Lease Accounting

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) published recently for public comment, a revised Exposure Draft outlining proposed changes to the accounting for leases. The proposal aims to improve the quality and comparability of financial reporting by providing greater transparency about leverage, the assets an organisation uses in its operations and the risks to which it is exposed from entering into leasing transactions. The existing standards have been criticised for failing to meet the needs of users of financial statements because they do not always provide a faithful representation of leasing transactions. In response to this criticism, in 2006 the IASB and the FASB initiated a joint project to improve the financial reporting of leasing activities under International Financial Reporting Standards (IFRSs) and US Generally Accepted Accounting Principles (U.S. GAAP). The Boards have developed an approach to lease accounting that would require a lessee to recognise assets and liabilities for the rights and obligations created by leases. A lessee would recognise assets and liabilities for leases of more than 12 months. The leases project is a converged effort between the FASB and the IASB. The revised Exposure Drafts for both organisations are nearly identical. The differences between the two proposals are primarily related to existing differences between U.S. GAAP and IFRS and decisions the FASB made related to nonpublic entities. The Boards are also proposing changes to how equipment and vehicle lessors would account for leases that are off-balance-sheet. Those changes would provide greater transparency about such lessors' exposure to credit risk and asset risk. Stakeholders are encouraged to review and provide feedback on the revised Exposure Draft by September 13, 2013.

(Source: http://www.ifrs.org/)