

International Update

FASB Provides Guidance on Reporting Discontinued Operations

The Financial Accounting Standards Board has issued a new guidance on representing when a company or organisation discontinues its operations. Accounting Standards Update No. 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, changes the criteria for reporting discontinued operations while enhancing disclosures in this area. It also addresses sources of confusion and inconsistent application related to financial reporting of discontinued operations guidance in U.S. GAAP. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organisation's operations and financial results. Examples include a disposal of a major geographic area, a major line of business, or a major equity method investment. In addition, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. It also requires disclosure of the pre-tax income attributable to the disposal of a significant part of an organisation that does not qualify for discontinued operations reporting. This disclosure will provide users with information about the ongoing trends in a reporting organisation's results from continuing operations. The amendments in the update will enhance convergence between U.S. GAAP and International Financial Reporting Standards, according to FASB. Part of the new definition of discontinued operation is based on the elements of the definition of the discontinued operations in IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations. The new standard is effective in the first quarter of 2015 for public organisations with calendar year-ends. For most non-public organisations, it is effective for the annual financial statements with fiscal years beginning on or after 15th December, 2014. The new guidance, and the FASB in Focus document that provides a high-level overview of the guidance, are available at www.fasb.org

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

GASB Issues Concepts Statement on Measurement of Assets and Liabilities

The Governmental Accounting Standards Board has issued a concepts statement that will guide GASB in establishing accounting and financial reporting standards for the U.S. state and local governments regarding the measurement of assets and liabilities. Concepts Statement No. 6, Measurement of Elements of Financial Statements, augments the framework that the GASB uses to promote consistency in setting accounting and financial reporting standards and is primarily intended for the board's use. The new concepts also could benefit the preparers and auditors of financial statements when evaluating transactions for which there are no existing standards. Concepts Statement 6 establishes concepts that will inform the GASB's decisions when setting future standards for how the state and local governments determine the dollar amount at which to report assets and liabilities. It establishes two approaches to measuring assets and liabilities—the initial amounts and remeasured amounts. Initial amounts are determined at the time an asset is acquired or a liability is incurred. Remeasured amounts are determined as of the date of each year's financial statements. The full text of Concepts Statement 6 is available at <http://www.gasb.org/>

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

IPSASB Consults On Strategy and Work Plan Priorities

The International Public Sector Accounting Standards Board (IPSASB) has published its Strategy Consultation, which includes a consultation on its work program for 2015-2019 and emphasises the IPSASB's commitment to serving the public interest by developing a high-quality International Public Sector Accounting Standards (IPSASs) for global adoption. The Strategy Consultation proposes the strategic objective for the IPSASB focused on strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs by developing high-quality financial reporting standards; producing publications for the public sector; and raising awareness of the IPSASs and the benefits of their adoption. As the IPSASB's public sector conceptual framework will be completed during 2014, the IPSASB aims to develop a work programme for 2015-2019 that

will continue to be aligned to stakeholder needs. The IPSASB is, therefore, seeking stakeholders' views on a range of potential projects, including ones that address public sector specific issues, maintain existing IPSASs, and converge with International Financial Reporting Standards (IFRSs). The work program will continue to support the development of high-quality accounting standards and other publications, which underpin public sector entities' financial reporting, so that the information they report will be useful for accountability and decision-making.

(Source: <http://www.ifac.org/>)

IFAC Receives major funding from U.K. to Develop National Accounting Organisations

The International Federation of Accountants has received funding from the United Kingdom's Department for International Development, or DFID, for the purpose of strengthening the professional accountancy organisations around the world. The funding will be concentrated in 10 DFID focal countries within four regions (Asia, the Caribbean, the Middle East and North Africa, and Sub-Saharan Africa), to indicate DFID's recognition of the need to improve accounting globally and its understanding that better accounting can grow and stabilise economies by maintaining organisational control and sustaining capital markets. The IFAC and DFID are signatories of MOSAIC: Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration, which sets out the basis for improving cooperation and collaboration between IFAC, international donors, and the international development community to increase the capacity of the PAOs and improve the quality of financial management systems in the emerging economies. The programmes will build the managerial, financial and technical capacity of the professional accountancy organisations, or PAOs, in developing countries so they can drive improvements in professional and ethical standards. The organisations likely to emerge as mentors for the others may come from the more established accounting organisations in a particularly region, or they might not.

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

GASB Declines to Delay Implementation Date of Pension Standards

The Governmental Accounting Standards Board recently voted unanimously not to delay the

implementation date of the GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The requirements of Statement 68 are effective for periods beginning after 15th June, 2014. The request to the Board for an indefinite delay in the implementation date came from the stakeholder groups that asserted that such a delay is necessary until the related auditing procedures have been implemented for a sufficient period. The concern was expressed that governments in multiple-employer pension plans will receive a modified audit opinion on their financial statements in the interim. Other individuals, organisations, and stakeholder groups wrote to the Board requesting that the implementation date of Statement 68 not be changed. Some of these groups urged the GASB and other organisations to find a solution that does not involve a delay in implementation. The Board's decision was based on feedback received from its stakeholders, including officials from governments and pension plans, auditors, actuaries, and users of financial statements. Delaying the new standards would not necessarily address the concern about a modified audit opinion. It appears, based on feedback received, that many governments would face a similar prospect of a modified audit opinion even if governments were to follow the previous pension standards. Pension plans are already well into the process of implementing the associated pronouncement, Statement No. 67, Financial Reporting for Pension Plans. If the implementation of Statement 68 were postponed, some governments would now incur the added cost of engaging an actuary to provide information under the old standards in addition to the information already obtained under the new standards. The financial statement users who provided feedback to the GASB expressed a strong preference not to delay Statement 68. These users understand the circumstances under which some governments may receive modified audit opinions. They stated that a clearly worded modification would not negatively impact their analyses of government finances. Concerns about the effort required to implement Statement 68, particularly with regard to governments in some cost-sharing multiple-employer pension plans, are real and significant. However, the Board was fully aware of these issues when it originally considered the costs and benefits associated with establishing the original implementation date. No new evidence has been brought forth to date that would result in the reconsideration of this conclusion.

(Source: <http://www.gasb.org/>)