

# International Update

## **IASB makes progress on improving the effectiveness of disclosure in financial reporting**

The International Accounting Standards Board (IASB), responsible for International Financial Reporting Standards (IFRS) required for use by more than 100 countries, recently issued amendments to IAS 1 Presentation of Financial Statements as part of its major initiative to improve presentation and disclosure in financial reports. Improving the effectiveness of disclosure is widely considered to be one of the most important and challenging tasks in financial reporting. Many respondents to the IASB's Agenda Consultation completed in 2012 asked the IASB to review its Standards to explore ways to improve the disclosure requirements. The IASB is responding to this challenge through its Disclosure Initiative - a portfolio of projects that includes targeted actions as well as a broad and ambitious review of disclosure requirements. The amendments to IAS 1 issued recently are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. The amendments mark the completion of the five, narrow-focus improvements to disclosure requirements that the IASB had identified following its 2013 Discussion Forum. The IASB is working closely with national and regional accounting standard-setters, drawing on work they have undertaken in their jurisdictions. As part of the Disclosure Initiative, the IASB recently also published for public comment an Exposure Draft of proposed amendments to IAS 7 Statement of Cash Flows. That proposal responds to requests from investors for improved disclosures about an entity's financing activities and its cash and cash equivalents balances.

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

## **IFRS Taxonomy 2014 Updated for IFRS 15 Revenue from Contracts with Customers and Common Practice (transport and pharmaceuticals)**

The IFRS Foundation recently published Interim Release 2 to the IFRS Taxonomy 2014. This release updates the IFRS Taxonomy for IFRS 15 *Revenue from Contracts with Customers*, which was published by the IASB on 28 May 2014, and Common Practice (transport and pharmaceuticals). The IFRS Taxonomy is the XBRL representation of the IFRSs, including International Accounting Standards (IASs), Interpretations, and the *IFRS for SMEs*, as issued by the IASB. XBRL taxonomies are available for most of the major national financial reporting standards

around the world, and the IFRS Taxonomy is intended for use by entities reporting in IFRS. By providing the IFRS Taxonomy, the IFRS Foundation seeks to address the demand for an electronic standard to transmit IFRS financial information. IFRS Taxonomy Interim Releases support consistent adoption and implementation of IFRS, by providing taxonomy items for electronic reporting using the latest Standards published by the IASB. Accompanying this release is the *IFRS Taxonomy Guide: Guide to Understanding the IFRS Taxonomy Update*. This guide provides an overview of the content of the IFRS Taxonomy and explains the related terminology used. A summary reference sheet of the terms described within this guide is also available.

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

## **FASB Releases 2015 GAAP Taxonomy in XBRL**

The Financial Accounting Standards Board recently released the 2015 GAAP Financial Reporting Taxonomy, although it is pending final acceptance by the Securities and Exchange Commission. The taxonomy is a list of computer-readable tags in Extensible Business Reporting Language, or XBRL, enabling companies to tag the thousands of pieces of financial data included in typical long-form financial statements and related footnote disclosures. The XBRL tags allow computers to automatically search for, assemble, and process data so it can be accessed and analyzed more easily by investors, analysts, journalists, and regulators. The SEC has been requiring public companies in recent years to file their financials using XBRL. So far the technology has proven to be of limited usefulness for most investors, but the SEC has been able to leverage the data to search for patterns of possible fraud or misreporting. The 2015 GAAP Financial Reporting Taxonomy contains updates for accounting standards and other improvements to the 2014 taxonomy currently used by SEC issuers. The FASB staff issued proposed improvements to the taxonomy in the fall, allowing users of the taxonomy to provide feedback on the updates and to provide SEC filers, service providers, software vendors, and other interested parties the opportunity to become familiar with and incorporate new element names for their filings.

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

## **SASB Proposes Sustainability Accounting Standards for Service Industries**

The Sustainability Accounting Standards Board has released a set of provisional sustainability accounting

standards for 10 industries within the services sector. They include education, casinos and gaming, cruise lines, leisure facilities, professional services, advertising and marketing, hotels and lodging, media production and distribution, restaurants, and cable and satellite. The provisional standards aim to help corporations comply with the existing Regulation S-K to disclose material information in the Form 10-K. SASB has previously released standards for other sectors and industries, including health care, financial, technology and communications, non-renewable resources, and transportation. The working groups that helped SASB develop the services industry standards included 271 registrants. The standards have received support from several large service corporations, including the hotel giants. SASB has found that many of the largest companies fall short when it comes to disclosing corporate sustainability efforts. When analyzing the quality of services disclosure topics in the latest Form 10-Ks and 20-Fs from leading companies in the sector, SASB found that 20 percent of disclosures are boilerplate, 36 percent are industry-specific and 10 percent are metrics, while the remaining 34 percent represent a lack of disclosure. The goal of SASB's standards is to improve the quality of disclosure by providing investors with complete and comparable data sets. SASB said its standards would remain provisional for at least one year after the issuance date. To provide feedback, please visit <https://comment.sasb.org/>

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

### **The IAASB Continues Focus on Audit Quality and Strengthening Public Confidence in Financial Reporting in Its New Strategy and Work Plan**

The International Auditing and Assurance Standards Board (IAASB) recently released its *Strategy for 2015–2019: Fulfilling Our Public Interest Mandate in an Evolving World and its Work Plan for 2015–2016: Enhancing Audit Quality and Preparing for the Future*. The Strategy and Work Plan illustrate the IAASB's commitment to strengthening public confidence in financial reporting and contributing to the ongoing relevance of the financial statement audit, while staying abreast of emerging developments to ensure its work addresses pertinent public interest matters relevant to its wide range of stakeholders. The board's five-year Strategy is underpinned by three strategic objectives that reflect a continued focus on International Standards on Auditing (ISAs) as the basis for high-quality audits, the importance of the IAASB's standards for other services to address emerging needs

of stakeholders, and the board's intention to strengthen collaboration with others to address public interest matters relevant to its work. These objectives will guide the board's work throughout the five-year period. Influenced by the findings from the IAASB's ISA Implementation Monitoring project and its extensive outreach program, the Work Plan for the next two years prioritizes the most pertinent public interest issues and impacts on audit quality, including group audits, quality control, professional skepticism, and audit considerations relevant to financial institutions. The IAASB also recognizes the role that its other assurance and related services standards play in addressing the needs of investors and other users as financial and integrated reporting evolves.

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

### **IAESB Finalises Standard on Professional Competence of the Audit Engagement Partner**

The International Accounting Education Standards Board (IAESB) recently published International Education Standard (IES) 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised). The revised IES focuses on the professional competence requirement for engagement partners who have responsibility for audits of financial statements. The IES is primarily aimed at IFAC member bodies, but recognises the shared responsibilities of engagement partners, public accounting firms, and regulators as part of the system of quality control for engagement teams performing audits of financial statements. It will also be of interest to employers, regulators, government authorities, educational organizations, and any other stakeholders who support the learning and development of professional accountants. The IAESB recognises that continuing professional development is critical to develop and maintain competence of professional accountants performing the role of engagement partner. Accordingly, the IAESB has specified the learning outcomes to be achieved for the professional competence of an engagement partner, including learning outcomes in the areas of technical competence, professional skills, and professional values, ethics, and attitudes. As the career of an engagement partner progresses, practical experience also becomes increasingly important in maintaining and further developing the necessary depth and breadth of professional competence. With the publication of IES 8, the IAESB has now completed the redrafting and revising of all eight IESs.

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