

## IFAC Welcomes Review Group Report to Enhance Governance Arrangements for Public Sector Accounting Standards

The International Federation of Accountants (IFAC) recently welcomed the release of the International Public Sector Accounting Standards Board (IPSASB) *Governance Review Group*[1] report on the future governance of the IPSASB, which is an important milestone in further strengthening its governance and credibility. The Review group also made several important recommendations, following a public consultation early last year. The recommendations represented strong support for robust and balanced standard-setting arrangements, whereby the involvement of the profession, public sector, and international organisations ensure that the standards that are produced are in the public interest and can be practically implemented. IFAC was highly appreciative of the work done by the Review Group and its members and looks forward to work with these organisations to put the new arrangements in place in 2016.

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

## IPSASB Welcomes Governance Review Group Recommendations, Including Establishment of a new Public Interest Committee

The International Public Sector Accounting Standards Board (IPSASB) welcomes the IPSASB Governance Review Group's final recommendations on the future governance of the IPSASB, released recently. The recommendations include the establishment of a governance body—the Public Interest Committee—to ensure that the public interest is served by the IPSASB's standard-setting activities, as well as the establishment of an IPSASB Consultative Advisory Group. The Review Group was formed to assess the IPSASB's governance arrangements and to make recommendations to strengthen these processes and structures. It is chaired by the International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD), and World Bank; members are representatives from the Financial Stability Board (FSB), International Organisation of Securities Commissions (IOSCO), and International Organisation of Supreme Audit Institutions (INTOSAI). As the international standard setter, the Board has a growing reputation and its standards are increasingly considered benchmarks for financial

reporting for the public sector. The IPSASB Review Group has developed draft Terms of Reference for the Public Interest Committee and plans an inaugural meeting of the Committee by the end of March 2015. The recommendations are available.

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

## IASB Prepares to Bring out Leasing Standard

The International Accounting Standards Board recently issued an overview of its upcoming lease accounting standard and said that it plans to complete its deliberations on the long-awaited standard and to issue the standard later this year. The standard will require many companies to bring leases onto their balance sheets for the first time, and the document describes the practical effects that will have. In addition, the document describes the differences between the IASB's leasing standard and the one that the U.S. Financial Accounting Standards Board is also expected to issue. In response to calls for further information on the possible effects of the new standard, the IASB staff has developed the document comparing the new and current accounting requirements. The IASB and FASB have been working jointly on the Leases project and have reached the same decisions in many areas, the IASB pointed out, including requiring leases to be shown on the balance sheet, how to define a lease and how lease liabilities should be measured. However, there are some differences between the two boards' models and the document provides an overview of the likely practical effects of these differences. In addition to changes to the balance sheet, the new leases standard is likely to result in some important differences on the income statement, the IASB noted. The IASB's analysis concludes that the costs to companies of applying the new standard will be broadly similar for both the IASB's and FASB's model.

The document also examines other potential implications of the new lease accounting model, such as the possible impact on the cost of borrowing. It notes that the new standard will provide more transparent information about a company's financial commitments, but does not change those commitments. Therefore, should the standard affect the cost of borrowing for a company, this will be because the improved reporting provides lenders with new information that is relevant and important to their decision making. The document will also be

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available at <http://www.ifrs.org/Current-Projects/IASB-Projects/Leases/Pages/Leases.aspx>

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

## IASB Issues update on the Insurance Contracts Project

The IASB has published a document that provides an overview of the general model for insurance contracts without participation features. The document also includes the tentative decisions reached during deliberations, as well as the reasoning behind those decisions. On 20 June 2013, the IASB issued a revised exposure draft that establishes the principles that insurers should apply to report the nature, amount, timing and uncertainty of cash flows from insurance contracts. The IASB has substantially completed all issues related to the accounting for insurance contracts without participation features. It will review the accounting for insurance contracts with participation features to determine whether additional modifications are needed before it completes the project. A new standard is expected after 2015. The document is available on the IASB's website for more information. In addition, Deloitte has followed the redeliberations of the IASB and all tentative decisions to date; please visit <http://www.iasplus.com/en/projects/major/insurance> for more details.

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

## Outreach Event with International Islamic Finance Industry

Early this month, the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) together with the International Accounting Standards Board (IASB) invites to an outreach meeting to discuss issues that Islamic financial institutions may need to address in applying IFRS 9 'Financial Instruments' for their financial reporting. The Secretary General of AAOIFI stated that the organisation hopes that collaboration with the IASB lead to greater uniformity and transparency of financial reporting by Islamic financial institutions across the world. Only recently, a survey of the Asian-Oceanian Standard-Setters Group (AOSSG) revealed that comparability of Islamic financial institutions' financial statements needs to be improved. For more information on the outreach program please visit <http://www.aaofi.com/en/news/aaofi-iasb-outreach-meeting-9-april-2015.html>

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

## Document setting out the likely practical effects of the Forthcoming Standard on Leases

The IASB has published a document that provides an overview of (1) the likely practical effects of the new standard on leases and (2) the similarities and differences between the IASB's requirements and those of the US Financial Accounting Standards Board (FASB). On 16 May 2013, the IASB and FASB issued a revised exposure draft to improve the accounting for leases. The boards worked closely together on this project, however, the final conclusions are not converged although the boards have reached the same decisions in many areas. Both boards will be ending their re deliberations soon and will be deciding on an effective date within the next few months. The IASB's new leases standard is expected to be issued before the end of 2015. The document is available on the IASB's website.

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

## There is more to accounting than book-keeping: ICAEW

According to a research by the world's premier accounting body, by the Institute of Chartered Accountants of England and Wales (ICAEW), accountants must become better at advertising services outside their standard provision if they are to retain clients. Increasing technological availability means clients, particularly in the small and medium sized enterprise (SME) arena are finding it increasingly easy to carry out basic account preparation and book-keeping tasks themselves. The three most popular services purchased by SMEs over the past 12 months, according to the report, were accounts preparation, tax services and bookkeeping. The risk is that as statutory audit and tax regulations render some accountancy services optional for smaller businesses and advances in technology enable others to perform some tasks independently, accountants find themselves facing increasing competition and pressure to differentiate. These findings are part of a continuing process of accountants having to adapt to a swiftly changing market with Cloud-based accounting being a prime example. The fast growing changes showing no signs of slowing down, it is inevitable for accountants themselves to ensure that they are not overtaken by the pace.

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