

# International Update

## IASB Aligns Technical Leadership Team to Prioritise Strategic Objectives

The International Accounting Standards Board (IASB), responsible for IFRS Standards required for use by more than 100 countries recently announced a number of changes to its technical leadership team. The changes are intended to better align the technical leadership of the IASB to its strategic objectives. The changes are effective from 1 January 2016. Other staff responsibilities remain unchanged. The changes will also assist the IFRS Foundation in responding to feedback from its recent consultation on its Review of Structure and Effectiveness. The conclusions from that review will be published in the second half of 2016.

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

## IASB Shines Light on Leases by Bringing Them Onto the Balance Sheet

The International Accounting Standards Board recently issued a new accounting Standard, called IFRS 16 *Leases*. It replaces accounting requirements introduced more than 30 years ago that are no longer considered fit for purpose and is a major revision of the way in which companies account for leases. Leasing provides an important and flexible source of financing for many companies. However, the old lease accounting Standard (IAS 17 *Leases*) makes it difficult for investors and others to get an accurate picture of a company's lease assets and liabilities, particularly for industries such as the airline, retail and transport sectors. IFRS 16 requires all leases to be reported on a company's balance sheet as assets and liabilities. The new *Leases* Standard has been subjected to multiple rounds of public consultation and extensive Board-level deliberation, all of which has been conducted in public and webcast. The IASB has also worked in close collaboration with the US Financial Accounting Standards Board (FASB) on the development of the new Standard. The two Boards are aligned on the central issue of bringing leases onto balance sheets, and on the definition of a lease and how lease liabilities should be measured. IFRS 16 is effective 1 January 2019. Early application is permitted for companies that

also apply IFRS 15 *Revenue from Contracts with Customers*.

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

## The IFRS Foundation comments on ESMA's Consultation Paper on the European Single Electronic Format (ESEF)

The IFRS Foundation, which is responsible for the governance and oversight of the International Accounting Standards Board (IASB), welcomes ESMA's proposal to use the IFRS Taxonomy as issued by the IFRS Foundation for structured financial reporting under IFRS. The IFRS Foundation believes that the introduction of structured electronic reporting (which includes the use of the IFRS Taxonomy) will make a positive contribution to the healthy functioning of capital markets in Europe. The IFRS Foundation has already concluded that structured electronic reporting complements the aim of supporting users and preparers in the varied ways by which they may want to exchange, access and process IFRS financial statements. The IFRS Foundation is fully committed to supporting ESMA and to co-operate with other stakeholders in implementing the IFRS Taxonomy and the ESEF within Europe. To view the public response of the IFRS Foundation, please visit <http://www.ifrs.org>

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

## IPSASB Publishes Exposure Draft 59, Amendments to IPSAS 25, Employee Benefits

The International Public Sector Accounting Standards Board (IPSASB) recently released for comment Exposure Draft (ED) 59, *Amendments to IPSAS 25, Employee Benefits*.

A key part of the IPSASB's strategy to develop high-quality public sector financial reporting standards is to maintain existing IPSASs. IPSAS 25 is based on International Accounting Standard (IAS) 19, Employee Benefits, which has subsequently been revised. The main changes that the IPSASB has proposed to IPSAS 25, so that convergence with IAS 19 is maintained to the extent appropriate aim to ensure that financial statements provide faithfully representative and relevant information about employee benefits, particularly defined benefit plans, while maintaining convergence with IFRS. To enhance understanding of these proposals,

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a marked-up version of IPSAS 25 reflecting the changes proposed in ED 59 is made available on the IPSASB website. To access the ED, the At-a-Glance summary of the ED, and the marked-up version of IPSAS 25 or to submit a comment, please visit the IPSASB website at [www.ipsasb.org](http://www.ipsasb.org). Comments on the ED are requested by April 30, 2016. The IPSASB encourages IFAC members, associates, and regional accountancy bodies to promote the availability of this ED to their members and employees.

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

## **IAESB Issues Guidance on Implementing a Learning Outcomes Approach for Professional Accounting Education**

The International Accounting Education Standards Board (IAESB) has produced guidance material to support the implementation of a learning outcomes approach. IFAC member organisations who are responsible for professional accounting education and the development of professional competence through practical experience will benefit from this guidance.

Through its revised IEST™, the IAESB has prescribed the learning outcomes to be achieved by professional accountants and aspiring professional accountants. The IES are also relevant to stakeholders interested in the learning and development of professional accountants and audit professionals, such as public accounting firms, regulators, and employers. Recognising the broad global applicability of the IES, these guidance materials feature principles to support the implementation of a learning outcomes approach, detailed real-life illustrative examples, and a staff questions and answers document that provides further clarity to the IES.

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

## **IAASB Finalises Changes for Auditor Reporting on Special Purpose Financial Statements**

The International Auditing and Assurance Standards Board (IAASB) recently released *ISA 800 (Revised), Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks, and ISA 805 (Revised), Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts, or*

*Items of a Financial Statement.* Reporting on special purpose financial statements is linked to the IAASB's new and revised Auditor Reporting standards issued in January 2015, in particular ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*, and new ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*. The amendments to ISA 800 and ISA 805 are limited to auditor reporting and are not intended to substantively change the underlying premise of these engagements in accordance with the extant ISAs. ISA 800 (Revised) and ISA 805 (Revised) will become effective at the same time as the auditor reporting standards addressing general purpose financial statements—for audits of financial statements for periods ending on or after December 15, 2016.

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

## **IASB Sets Up Procedure for Receiving Implementation Issues on the IFRS for SMEs**

The International Accounting Standards Board ('the Board') has set up a procedure whereby small companies and other interested parties can submit implementation issues on the *IFRS for SMEs* for consideration. During the recent comprehensive review of the *IFRS for SMEs*—the Standard developed for entities that do not have public accountability and that prepare general purpose financial statements—the Board decided that a procedure should be established to allow constituents to submit implementation issues on the *IFRS for SMEs*. Staff will refer the issue for consideration by the SME Implementation Group (SMEIG) if the issue is likely to meet the criteria in paragraph 15 of the *Terms of Reference and Operating Procedures for the SMEIG* (requiring that the issue is pervasive; that unintended or inconsistent implementation has or is likely to occur because of lack of clarity in the Standard; and that the SMEIG can reach a consensus on the appropriate treatment on a timely basis). For these issues the SMEIG will then consider whether to develop non-mandatory implementation guidance to address the issue in the form of questions and answers (Q&As). Other issues will be considered by the staff when updating education material or held for consideration during the next periodic review of the *IFRS for SMEs*, as applicable.

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