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FASB Debuts Accounting Standards Codification (USA)

The Financial Accounting Standards Board has officially launched its FASB Accounting Standards Codification, an online interactive research tool that will serve as the single source of authoritative nongovernmental U.S. generally accepted accounting principles.

The codification is effective for interim and annual periods ending after Sept. 15, 2009. All existing accounting standards documents will be superseded by the codification, and all

other accounting literature not included in the codification is considered nonauthoritative by FASB.

“Today’s launch of the codification represents a milestone in U.S. accounting standards,” said FASB Chairman Robert Herz in a statement. “After years of development, this much more efficient, user-friendly method of researching up-to-date solutions has become a reality.”

FASB actually made an early version of the codification available starting in January 2008 for free for an extended verification period. During that time users were urged to provide feedback on the new system to confirm that the codification accurately reflected existing U.S. GAAP for nongovernmental entities. In December 2008, the FASB publicly announced July 1, 2009, as the date on which the codification was expected to go live.

The codification reorganizes the thousands of U.S. GAAP pronouncements into roughly 90 accounting topics and displays all topics using a consistent structure. It also includes relevant Securities and Exchange Commission guidance that follows the same topical structure in separate sections in the codification.

For more information, visit <http://asc.fasb.org>.

<http://www.webcpa.com/news/FASB-Debuts-Accounting-Standards-Codification-50884-1.html>

GCC, ASEAN Eye New Trade Bloc Based on Food, Oil

Gulf Arab states and the 10-member Association of Southeast Asian Nations (ASEAN) moved toward building a trade bloc based on food and oil at a joint meeting of foreign ministers on Tuesday.

Asian nations rely on the world’s largest oil exporting region to secure their energy needs, while Gulf Arab states are targeting food imports and investments in farmland to secure their strategic food supply.

The Gulf Cooperation Council (GCC), a loose political and economic alliance of six Gulf Arab states that includes Saudi Arabia, and ASEAN held their first joint meeting of foreign ministers in Bahrain.

"You have what we don't have, and we have in plenty of what you don't have, so we need each other," said ASEAN General Secretary Suring Pitsuan at a news conference.

The two groups commissioned studies on a free-trade agreement, on wider economic cooperation and increased cooperation in education and cultural affairs, the results of which will be reviewed in September.

Trade between both groups has grown by more than 50 percent annually to some \$100 billion per year, he said.

Thai Foreign Minister Kasit Piromya said increased energy cooperation between the two groups would focus on the petrochemical industry and alternative energy.

"This is where the financial capacity of the Gulf states could go into the countries like Thailand, the Philippines or Indonesia to invest in the transformation of the agricultural produce into renewable and alternative energy," he said.

Kasit also said GCC funds could help finance electricity production from river plants in Laos and Myanmar.

Thailand is the world's largest rice exporter.

"We can guarantee any amount of rice consumption in the Gulf for the next ten years," Kasit said.

Both groups of countries are turning to new markets since consumption of energy and manufactured products dropped sharply in the wake of the financial crisis in Europe and the United States.

The GCC in December also suspended talks with the European Union over an FTA.

ASEAN-member Singapore already has signed a free-trade agreement with the GCC.

Bahrain's Foreign Minister Sheikh Khaled bin Ahmed al-Khalifa said a timeline for establishing an FTA would be decided in September.

Bahrain-based Islamic bank Al Salam last week signed an agreement with Thailand's agriculture and food company Charoen Pokphand Foods to invest jointly in agricultural businesses.

http://www.bilaterals.org/article.php?id_article=15474

International Education Standards Board Seeks Comments on Proposed Strategy for 2010–2012

The International Accounting Education Standards Board (IAESB), a standard-setting board of the International Federation of Accountants (IFAC), is seeking comments from IFAC member bodies, regulators, accounting firms, employers, the academic community, and others on an exposure draft of its 2010-2012 Strategy and Work Plan. Organizations and individuals with an interest in accounting education are invited to respond to the IAESB's proposals for its strategic direction, projects, and activities for the next three years.

"Accounting education remains a fundamental pillar in improving the reliability of financial reporting and continues to be needed by accountants to serve the public interest," states Mark Allison, IAESB Chair. "The aim of the IAESB 2010-2012 Strategy and Work Plan is to bring clarity to requirements that are needed to develop high-quality accounting education programs."

The IAESB's proposed strategy focuses on projects and activities aimed at developing International Education Standards (IESs), while providing adoption and implementation guidance to interested stakeholders in accounting education. This will assist IFAC's member bodies in increasing the capacity and capability of the global accountancy profession, contributing to strengthened public trust.

The IAESB proposes to undertake three high-priority activities, beginning in 2010. These are:

- Conducting a revision of the IESs, considering results of the IAESB's drafting conventions project and recent developments in the accountancy profession;
- Developing implementation guidance in areas of measurable implementation of the IESs, competency frameworks, and quality control measures for education providers; and
- Promoting greater awareness among academics, regulators, and others of the IAESB's pronouncements and its role in advancing international debate on emerging issues relating to development and assessment of professional accountants.

The direction of further activities during the period of 2010-2012 will be conditional on the outputs from these three projects, although the IAESB's proposed work program for 2010-2012 contains a number of potential projects for consideration.

How to Comment

Comments on the exposure draft are requested by October 5, 2009. The exposure draft may be viewed by going to www.ifac.org/Guidance/EXD-Outstanding.php. Respondents are asked to send their comments **electronically** through the IFAC website, using the "[Submit a Comment](#)" link on the Exposure Drafts and Consultation Papers page. Please note that first-time users must register to use this new feature. Although IFAC prefers that comments be submitted using the online submission system, e-mail may continue to be sent to edcomments@ifac.org. They can also be faxed to the attention of the IAESB Technical Manager at +1 (212) 286-9570 or mailed to IFAC, 545 Fifth Avenue, 14th Floor, New York, NY 10017, USA. All comments will be considered a matter of public record and will ultimately be posted on IFAC's website.

<http://www.ifac.org/MediaCenter/?q=node/view/655>

IASB Publishes IFRS for SMEs

The International Accounting Standards Board (IASB) issued today an International Financial Reporting Standard (IFRS) designed for use by small and medium-sized entities (SMEs), which are estimated to represent more than 95 per cent of all companies*. The standard is a result of a five-year development process with extensive consultation of SMEs worldwide.

The *IFRS for SMEs* is a self-contained standard of about 230 pages tailored for the needs and capabilities of smaller businesses. Many of the principles in full IFRSs for recognising and measuring assets, liabilities, income and expenses have been simplified, topics not relevant to SMEs have been omitted, and the number of required disclosures has been significantly reduced. To further reduce the reporting burden for SMEs revisions to the IFRS will be limited to once every three years.

Benefits

The *IFRS for SMEs* responds to strong international demand from both developed and emerging economies for a rigorous and common set of accounting standards for smaller and medium-sized businesses that is much simpler than full IFRSs. In particular, the *IFRS for SMEs* will:

- provide improved comparability for users of accounts
- enhance the overall confidence in the accounts of SMEs, and
- reduce the significant costs involved of maintaining standards on a national basis.

The *IFRS for SMEs* will also provide a platform for growing businesses that are preparing to enter public capital markets, where application of full IFRSs is required.

The *IFRS for SMEs* is separate from full IFRSs and is therefore available for any jurisdiction to adopt whether or not it has adopted the full IFRSs. It is also for each jurisdiction to determine which entities should use the standard. It is effective immediately on issue.

Rigorous development

In developing the *IFRS for SMEs* the IASB consulted extensively worldwide. A 40-member Working Group of SME experts advised the IASB on the structure and content of the IFRS at various stages in its development. The exposure draft of the IFRS, published in 2007, was translated into five languages to assist SMEs in responding to the proposals. More than 50 round-table meetings and seminars were held to receive direct feedback, and the draft IFRS was field-tested by over 100 small companies in 20 countries. As a result, further simplifications have been achieved in the final document.

Paul Pacter, Director of Standards for SMEs for the IASB, has agreed to lead a group to support international adoption of the standard. Further details of this group will be announced shortly.

Global education initiative

To support the implementation of the *IFRS for SMEs* the IASC Foundation is developing comprehensive training material. The Foundation is also working with international development agencies to provide instructors for regional workshops to 'train the trainers' in the use of the training material, particularly within developing and emerging economies. The training material will be published in a number of languages. The English language material will be downloadable free of charge from the IASB's website in late 2009.

The complete *IFRS for SMEs* (together with the basis for conclusions, illustrative financial statements, and a presentation and disclosure checklist) can be downloaded free of charge from <http://go.iasb.org/IFRSforSMEs> from today.

Introducing the *IFRS for SMEs*, Sir David Tweedie, IASB Chairman, said:

The publication of IFRS for SMEs is a major breakthrough for companies throughout the world. For the first time, SMEs will have a common high quality and internationally respected set of accounting requirements. We believe the benefits will be felt in both developed and emerging economies.

I thank Paul Pacter for his tireless efforts in leading the project, as well as the hundreds of people and SMEs worldwide who have assisted in the development of the IFRS.

Commenting on the announcement, Paul Pacter, Director of Standards for SMEs, said:

The IFRS for SMEs will provide businesses with a passport to raise capital on a national or an international basis.

<http://www.iasb.org/News/Press+Releases/IASB+publishes+IFRS+for+SMEs.htm>

IFAC Welcomes New SME Reporting Standard as Important Step in Enhancing SME Financial Statements

The International Federation of Accountants (IFAC) and its Small and Medium Practices (SMP) Committee welcome the release of the *International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)* by the International Accounting Standards Board (IASB). IFAC encourages its 157 member organizations to carefully consider how to use the standard in their respective jurisdictions.

"This global accounting standard represents a very significant step on the path to global convergence of financial reporting practices by SMEs. It will contribute to enhancing the quality and comparability of SME financial statements around the world and assist SMEs in gaining access to finance," remarks IFAC Chief Executive Ian Ball, adding, "The beneficiaries will be not only SMEs, but also their customers, clients, and all other users of SME financial statements."

IFAC, largely through its SMP Committee, has been closely following and supporting this project since its inception. It has provided input to the IASB to assist it in reaching a solution that will contribute to the quality of SME financial reporting without placing costly and unnecessary compliance burdens on SMEs.

Sylvie Voghel, chair of the IFAC SMP Committee, points out, "This standard is a significant development; however, its issuance is not the end of the story, but rather the opening chapter. Consistent and effective implementation will demand a concerted international effort to mobilize the necessary support for companies and preparers. The development of free training materials by the International Accounting Standards Committee Foundation is a very positive step in this direction."

Ms. Voghel adds, "The IASB will also need to monitor the implementation of the *IFRS for SMEs* and be prepared to revise and update it. Such flexibility is key to ensuring its continued relevance and usability."

IFAC is currently considering the role it can play together with its member bodies to facilitate implementation of the new standard.

<http://www.ifac.org/MediaCenter/?q=node/view/658>

India, ASEAN FTA Finalised

India and the ASEAN countries have finalised the free trade agreement, which now awaits only the formal task of being signed upon.

The signing of the India-ASEAN FTA, which has been delayed due to a variety of reasons, was discussed during Prime Minister Manmohan Singh's meeting with his Malaysian counterpart Najib Abdul Razak on the sidelines of the NAM summit here.

Sources said that it is now only a question of formally signing the agreement, which is scheduled to be implemented from January 1, 2010.

The text of the trade-in-goods agreement has already been finalised while discussions on agreements in investment and services will start soon. The FTA seeks to eliminate tariffs on over 4,000 products, which include a host of items from chemicals to electronics.

The negotiations had been held up by objections from countries like Indonesia which had wanted India to reduce tariff on items like crude palm oil, pepper, refined palm oil, tea and coffee. But all that has now been sorted.

The Manmohan Singh government had late last year announced that the India-ASEAN FTA would be signed at the ASEAN summit which was initially supposed to take place in December. But the summit was postponed to the end of February due to the political troubles in Thailand. By then the Manmohan Singh government here was in election mode, making it difficult for the FTA to be signed especially in the backdrop of the economic recession. Now, the government has to get Cabinet approval so that the agreement can be signed at the first opportunity.

Under the agreement, duties on the 4,000 items will be brought down over a period of six years. The 10 Asean members are Brunei, Singapore, Cambodia, Indonesia, Malaysia, Laos, Myanmar, the Philippines, Vietnam and Thailand. All the involved governments also have to get the FTA approved at their levels.

It is understood that the Malaysian prime minister, during the bilateral meeting with Mr Singh, said that Malaysian companies were interested in car production in India. Mr Singh welcomed the participation of Malaysian companies in road construction projects.

Meanwhile, Mr Singh also held a bilateral meeting with Vietnamese President Nguyen Minh Triet. Vietnam is seen as an important country for India's 'Look East' strategy. Vietnam-India trade stands at \$2.8 billion per year. It's also looking for cooperation in education, science & tech and higher education.

http://www.bilaterals.org/article.php3?id_article=15570

APEC Trade Ministers in Push to Wrap Up Doha Talks by 2010

Asia-Pacific trade ministers meeting in Singapore agreed on Tuesday to step up efforts to conclude a new global trade pact in 2010 after leaders of key economies agreed on the deadline.

Discussion on ways to conclude the often-stalled Doha round of world trade talks dominated the opening day of the Asia-Pacific Economic Cooperation (APEC) meeting, Singapore's Trade Minister Lim Hng Kiang said.

"We have this last bit of the summit to scale and we have to make our best efforts to reach the summit," Lim told a news conference.

"So that was the collective expression of desire among all the ministers and we are very encouraged by this burst of renewed energy," he said.

He said APEC ministers "saw the very strong need for us to translate this renewed political commitment into concrete actions at the minister level."

Officials said the two-day meeting was the largest gathering of trade ministers so far in 2009 and followed a new consensus among key players to wrap up the Doha round of world trade talks next year.

The meeting in Singapore comes two weeks after a Group of Eight (G8) summit in L'Aquila, Italy where leaders of the world's most powerful nations and emerging economies agreed to wrap up the Doha talks by 2010.

"The challenge for us is how to translate that political commitment and will into concrete plans and to re-energise the negotiations that are taking place Geneva," said Lim.

"We should not let the momentum of this commitment be lost," he said.

Estimates by the World Trade Organisation (WTO) showed 80 percent of the work needed for a new global trade deal was already completed, Lim said.

"To reach the peak, the remaining 20 percent always is the more difficult part," he said.

"So to do that, I think there is a clear understanding that we need to continue to reiterate this political will and to reinforce it in every forum."

Indonesia's Trade Minister Mari Pangestu said the Singapore meeting was an important opportunity to "push the process along" after the G8 summit.

Singapore will host the next APEC summit in November.

A senior Asian official said APEC ministers would be instructing their senior officials to prepare the work needed for the conclusion of the Doha talks next year.

"Many ministers agree that they will send strong instructions to the senior officials to start negotiations in Geneva... to re-energise and re-invigorate negotiations and try to find a path through to have a successful and ambitious conclusion to the Doha round in 2010," said the official, who did not want to be named.

Australian Trade Minister Simon Crean, also attending the meeting, had said on Monday that "a conclusion to the Doha round is the best means for keeping the forces of protectionism in check and for contributing to the emerging economic recovery we are now seeing in our region."

WTO head Pascal Lamy said last month the Doha talks were back on track, and Indonesia's Pangestu said 2010 was a "pretty realistic" target after eight years of discussions.

The Doha round was launched in the Qatari capital in late 2001 but has repeatedly foundered, notably over disputes between rich and developing nations on agricultural and industrial products.

APEC's 21 member economies - including the United States, China, Japan and Russia - account for over half of the world's gross domestic product and almost 44 percent of international trade.

http://www.channelnewsasia.com/stories/afp_asiapacific_business/view/443880/1/.html

New IFAC Publication Explains How Better Costing Can Result in Better Management Decision-Making

The Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC) has released a new International Good Practice Guidance publication, *Evaluating and Improving Costing in Organizations*, which establishes six fundamental principles that can help professional accountants and their organizations to evaluate and improve their approach to costing. The guidance recognizes the importance of distinguishing between the purposes and information needs of cost accounting to meet the demands of external reporting, cost measurement, and reporting for internal decision support. A companion document, *Costing Levels Maturity Model*, has also been published to help professional accountants decide what level of costing sophistication to use given organizational requirements and the needs of managers and employees.

"Professional accountants have a significant role to play in ensuring that they, and the costing models and systems they use, provide relevant information and analysis to support performance evaluation and planning and management decisions," says Roger Tabor, Chair of the PAIB Committee. "Good costing information is essential to interpret and analyze past performance. And it can be used predictively to guide decisions about many aspects of an organization's future operations. These activities are different, and the guidance is designed to help professional accountants provide valuable information to their management customers."

This IFAC guidance is targeted to professionals working in commerce and industry, as well as the public sector, education, and the not-for-profit sector. It recognizes that, when used effectively, costing can provide clear and timely information. The guidance cautions, however, that all cost information is not created equal: Highly aggregated cost information, for example, which is compiled for external reporting purposes, may not reflect such relationships closely enough to support future strategic and operational decisions.

The new *Costing Levels Maturity Model* can also help professional accountants exercise professional judgment to assess their organization's existing costing capability for supporting internal managerial analysis and decisions. The PAIB Committee seeks comments from professional accountants and IFAC member bodies on the model to help its continued development.

Evaluating and Improving Costing in Organizations and *Costing Levels Maturity Model* can be downloaded free of charge from the PAIB section of the IFAC online bookstore at www.ifac.org/store. The PAIB Committee welcomes all feedback, which can be emailed to paib@ifac.org.

<http://www.ifac.org/MediaCenter/?q=node/view/659>

IASB Amends the Retrospective Application of IFRSs for First-Time Adopters

The International Accounting Standards Board (IASB) today issued amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendments address the retrospective application of IFRSs to particular situations and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process.

The amendments:

- exempt entities using the full cost method from retrospective application of IFRSs for oil and gas assets.
- exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4 *Determining whether an Arrangement contains a Lease* when the application of their national accounting requirements produced the same result.

The IASB completed the amendments after considering the responses to an exposure draft published in September 2008. A large majority of respondents supported the proposals. The exposure draft also contained proposals relating to activities subject to rate regulation. The IASB decided that those proposals, revised as a result of comments received, should be included in the exposure draft *Rate-regulated Activities* also published today.

The document *Additional Exemptions for First-time Adopters* (amendments to IFRS 1) is available for **eIFRS subscribers** from today.

<http://www.iasb.org/News/Press+Releases/IASB+amends+the+retrospective+application+of+IFRSs+for+first-time+adopters.htm>

IFAC G20 Accountancy Summit Issues Renewed Mandate for Adoption of Global Standards

Governments and regulators need to step up initiatives to promote convergence to global accountancy and auditing standards-and they need to do so quickly-according to over 60 leaders of the accountancy profession who attended the International Federation of Accountants' (IFAC's) G20 Accountancy Summit on July 23 and 24 in London. The summit was organized to achieve consensus by the profession on a series of recommendations to be made to the G20 leaders prior to their meeting in September on issues related to the financial crisis.

Participants unanimously agreed that the public interest would best be served by a single set of high-quality, principles-based financial reporting and auditing standards for listed and public interest entities.

"It is critical that national standard-setting bodies establish roadmaps to move toward adoption of International Financial Reporting Standards and International Standards on Auditing," emphasized Robert Bunting, IFAC President.

The group stressed the importance of having balanced views in the standard-setting process and ensuring that there is no undue influence from any one stakeholder group. They also emphasized the need for the International Accounting Standards Board to have a robust governance structure that will ensure its effectiveness and independence.

In addition, summit participants called upon governments to follow the same high standards of financial reporting as their private sector counterparts and to adopt International Public Sector Accounting Standards.

"The group expressed strong concerns about the liabilities and contingencies being assumed by governments in many countries as a result of the financial crisis," explained IFAC Chief Executive Officer Ian Ball. "IFAC will continue to emphasize to the G20 the need for governments to provide clear and transparent reporting to their taxpayers and to capital markets."

World Bank Chief Financial Management Officer Tony Hegarty addressed the group, highlighting the urgent need to develop and strengthen the profession in developing and emerging economies as a key step in achieving financial stability. He announced that the World Bank and IFAC will work together to develop a new initiative to deepen cooperation in this area. Summit participants supported this initiative and recommended that G20 governments should partner with the World Bank and IFAC to establish a framework for building sustainable capacity for the accountancy profession.

Other key recommendations from the group included the following:

- The needs of small and medium enterprises (SMEs) need to be considered in the development of standards, as well as in any re-regulation. "SMEs are the economic engine of global growth and we need to ensure that they are not faced with any unnecessary or unintended compliance or other burdens," stated IFAC President Robert Bunting.
- The G20 should continue to make strengthening corporate governance a priority. Focus should be placed on examining the role of independent directors, CFOs, and audit committees, as well as improving the linkage of remuneration schemes with performance.
- There is a need for a more robust financial reporting model that includes, among other things, reporting on sustainability and environmental issues.

These and other recommendations from the summit participants, who represented accountancy organizations in 17 of the G20 countries (see attached), will be included in a communiqué sent to the G20 within the next two weeks.

Attachment: <http://www.ifac.org/MediaCenter/files/660-g20-accountancy-summit-participants.pdf>

<http://www.ifac.org/MediaCenter/?q=node/view/660>

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