



The Institute of Chartered Accountants of Guyana

P.O. Box 101055 Georgetown Guyana • Tel: (592) 223-7547

Welcome to December 2010 Newsletter

We welcome you to the quarterly newsletter of the Institute of Chartered Accountants of Guyana for December 2010 in which we highlight developments over the period in accounting, auditing, tax and other relevant areas.

As always, we hope you find the information useful and would welcome suggestions and contributions from members for future publications.

Khalil Alli
Editor

New Accounting Issues

Staff Draft - Fair Value Measurement

The IASB published a staff draft of a new standard addressing Fair Value Measurement. The new standard will aim to provide a comprehensive framework for the measurement of fair value. The standard should provide a single source of reference for all scenarios that fair value is required or permitted within IFRS - including non-financial assets and liabilities. Illustrative examples are also published as part of the staff draft.

The staff draft is for information purposes only and comments are therefore not yet invited.

Staff Draft - Consolidated Financial Statements

The IASB published a staff draft of a new standard on Consolidated Financial Statements. The IASB's project on this subject is divided into two parts - Part I seeks to revise the definition of control and to enhance related disclosures; Part II will examine the issue of investment entities and whether they should be excluded from the consolidation requirements.

The Staff Draft addresses the first part of the project and proposes that an entity has control over another entity when it is exposed, or has

rights, variable returns from its involvement in the other entity and has the ability to affect those returns through its power over the entity. Power exists when the reporting entity has the current ability to direct the activities of the other entity.

The IASB also decided to issue a separate standard to address the disclosure requirements of subsidiaries, joint ventures, associates and unconsolidated structured entities.

The staff draft is for information purposes only and comments are therefore not yet invited.

Additions to IFRS 9 - Financial Liability Accounting

The IASB published an addition to IFRS 9 - Financial Instruments - by adding requirements for the accounting for liabilities. The earlier publication of IFRS 9 addressed the classification and measurement of financial assets. The new requirements address the problem of volatility that arises when an issuer chooses to measure its own debt at fair value. The new guidance will allow an entity to recognise the portion of the change in fair value arising from changes in the entity's credit risk directly in other comprehensive income rather than in the income statement.

IFRS 9 is effective for years beginning on or after 01 January 2013.

Amendment to IAS 12: Deferred Tax

The IASB published amendments to IAS 12 covering deferred tax arising on assets measured under the fair value model in IAS 40 *Investment Property*. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment provides a practical solution to the problem by introducing a presumption that the recovery of the carrying amount will, normally, be through a sale rather than use.



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New Auditing Issues

Exposure Draft: Engagements to Review Historical Financial Statements

The IAASB issued an exposure draft of the International Standard on Review Engagements 2400 - *Engagements to Review Historical Financial Statements*. The exposure draft seeks to address the requirements for practitioners who are requested to perform a review service rather than a full audit.

The exposure draft addresses relevant issues such as ethical requirements, professional skepticism and judgement, quality control, acceptance and continuance, performance considerations, written representations and the form of the report to be issued.

Reviews can be used to give some level of assurance on financial statements, where audits are not required or undertaken.

The comment period for the exposure draft closes on 20 May 2011.

Exposure Draft: Assurance Engagements on Greenhouse Gas Statements

The IAASB issued an exposure draft of the International Standard on Assurance Engagements 3410 - *Assurance Engagements on Greenhouse Gas Statements*.

With the increasing attention to climate change, many entities are quantifying their greenhouse gas emissions for internal management purposes. Some entities are also publishing for the public their estimated emissions.

The exposure draft covers both reasonable assurance and limited assurance engagements, and provides the practitioner with a combination of assurance procedures. The exposure draft also includes considerations regarding materiality, written representations, subsequent events, quality control review and the form of the assurance report.

The comment period for the exposure draft closes on 10 June 2011.

Exposure Draft - IAASB Strategy and Work Program 2012 - 2014

The IAASB issued a consultation paper on its proposed strategy and work program for 2012 - 2014. It is inviting comments by 04 April 2011.

Discussion Paper - The Evolving Nature of Financial Reporting: Disclosure and Its Audit Implications

The IAASB issued a discussion paper on the evolving nature of financial reporting, specifically examining disclosure and its audit implications.

The discussion paper is designed to help the IAASB gain an understanding of views and perspectives on issues relevant to auditing disclosures in a financial statement audit. It explores a number of issues regarding financial statement disclosures and includes a series of consultation questions.

The consultation questions are directed at the following stakeholder groups:

- Preparers
- Investors, Lenders and Other Creditors
- Regulators
- Auditors

The comment period for the discussion paper closes on 01 June 2011.

Editorial Information

The information contained within this publication should not be relied upon as professional guidance. No responsibility for any person acting as a result of any material in this publication can be accepted by the Institute or the Editor.

Comments can be sent to the Institute at 47 Main Street, Georgetown.