

IAS Plus.

Published for our clients and staff in the Asia-Pacific region

Deloitte global IFRS leadership team

IFRS global office

Global IFRS leader

Ken Wild

kwild@deloitte.co.uk

IFRS centres of excellence

Americas

D. J. Gannon

iasplusamericas@deloitte.com

Asia-Pacific

Hong Kong

Stephen Taylor

iasplus@deloitte.com.hk

Melbourne

Bruce Porter

iasplus@deloitte.com.au

Europe-Africa

Johannesburg

Graeme Berry

iasplus@deloitte.co.za

Copenhagen

Jan Peter Larsen

dk_iasplus@deloitte.dk

London

Veronica Poole

iasplus@deloitte.co.uk

Paris

Laurence Rivat

iasplus@deloitte.fr

IAS Plus website

Over 3.5 million people have visited our www.iasplus.com web site. Our goal is to be the most comprehensive source of news about international financial reporting on the Internet. Please check in regularly.

International financial reporting news

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For information about the content of **IAS Plus** (Asia-Pacific) please contact:

Stephen Taylor: stetaylor@deloitte.com.hk

Paul Pacter: info@iasplus.com

IASB PROJECT TIMETABLE – ACTIVE PROJECTS	
Accounting Standards for Small and Medium-sized Entities (Non-Publicly Accountable Entities)	<ul style="list-style-type: none"> • Discussion Paper (DP) was issued in June 2004 • Recognition/measurement questionnaire April 2005 • Public round-tables held October 2005 • Exposure Draft (ED) expected fourth quarter 2006 • Final IFRS for SMEs expected second half 2007
Business Combinations – Phase II – Purchase Method* – Non-controlling Interest* – Liabilities (IAS 37 amendments)	<ul style="list-style-type: none"> • Separate EDs on the three topics issued June 2005 • Public round-tables held November 2005 • Round-tables on liabilities planned fourth quarter 2006 • Final Standards expected second half 2007
Conceptual Framework Eight phases in all	<ul style="list-style-type: none"> • DP on objectives/characteristics was issued July 2006 • DP on recognition and entity planned for 2007 • Round-tables on measurement planned first half 2007
Consolidation, including SPEs*	<ul style="list-style-type: none"> • ED(s) expected first half 2007 • Final Standards expected 2008
Convergence – Short-term Issues, IFRSs and US GAAP*	<p><u>IAS 12 Income Taxes</u></p> <ul style="list-style-type: none"> • ED expected fourth quarter 2006 • Final Standard second half 2007 <p><u>IAS 14 Segment Reporting</u></p> <ul style="list-style-type: none"> • ED issued January 2006 • Final Standard expected second half 2007 <p><u>IAS 23 Borrowing Cost</u></p> <ul style="list-style-type: none"> • ED issued May 2006 • Final Standard expected first half 2007 <p><u>IAS 31 Joint Ventures</u></p> <ul style="list-style-type: none"> • ED expected fourth quarter 2006 • Final Standard expected second half 2007 <p><u>Impairment</u></p> <ul style="list-style-type: none"> • Staff research has begun
Earnings per Share amendment	<ul style="list-style-type: none"> • ED expected third quarter 2006 • Final Standard expected first half 2007
Financial Statement Presentation (Performance Reporting)* Phase A: IAS 1: A Revised Presentation Phase B: Presentation	<ul style="list-style-type: none"> • Working group appointed in 2005 • Phase A: ED issued March 2006 • Phase A: Final Standards expected first half 2007 • Phase B: Discussion Paper expected first half 2007
Government Grants and Emission Rights Trading*	<ul style="list-style-type: none"> • Work deferred pending IAS 37 amendments project • ED expected second half 2007
Fair Value Measurement Guidance*	<ul style="list-style-type: none"> • IASB will issue DP wrap-around of final FASB standard on FV measurement – expected fourth quarter 2006 • ED expected second half 2007
IFRS 1 Amendment – Cost of Investment in Subsidiary in Separate Statements of Parent	<ul style="list-style-type: none"> • Added to agenda March 2006 • ED expected third quarter 2006
IFRS 2 Amendment – Vesting Conditions and Cancellations	<ul style="list-style-type: none"> • ED issued February 2006 • Final amendment expected fourth quarter 2006
Insurance Contracts – Phase II	<ul style="list-style-type: none"> • DP expected fourth quarter 2006 • ED expected in 2008
Revenue Recognition*	<ul style="list-style-type: none"> • DP expected second half 2007 • ED expected in 2008
Puttable instruments	<ul style="list-style-type: none"> • ED was issued June 2006 • Final Standards expected first half 2007

IASB PROJECT TIMETABLE – RESEARCH AGENDA	
<i>Projects agreed in the February 2006 IASB-FASB convergence agreement:</i>	
Derecognition*	<ul style="list-style-type: none"> • Staff research paper being developed
Financial Instruments*	<ul style="list-style-type: none"> • Working group appointed • Staff research questionnaire issued March 2006
Intangible Assets*	<ul style="list-style-type: none"> • Staff research under way
Leases*	<ul style="list-style-type: none"> • Added to agenda July 2006 • DP in 2006
Liabilities and Equity*	<ul style="list-style-type: none"> • DP in 2006 or later
Post-retirement Benefits (including Pensions)*	<ul style="list-style-type: none"> • Added to agenda July 2006 • Staff research under way
<i>Other IASB Research Projects:</i>	
Extractive Industries	<ul style="list-style-type: none"> • Group of national standard setters conducting research
Hyperinflationary Economies	<ul style="list-style-type: none"> • Group of national standard setters conducting research
Investment Entities	<ul style="list-style-type: none"> • Plans not announced
Management Commentary	<ul style="list-style-type: none"> • DP issued October 2005
Measurement Objectives	<ul style="list-style-type: none"> • DP issued November 2005
Related Party Disclosures	<ul style="list-style-type: none"> • Added to agenda July 2006 • ED expected fourth quarter 2006

* IASB projects with milestones agreed in the February 2006 IASB-FASB Memorandum of Understanding on convergence – download the MoU at www.iasplus.com/pressrel/0602roadmapmou.pdf.

This timetable is derived from the IASB's published timetable supplemented by decisions and comments made at recent meetings of the Board. You will find details on each project, including decision summaries from each Board meeting, at www.iasplus.com/agenda/agenda.htm

Details:

www.iasplus.com/agenda/ias39rev2.htm#put

The ED is available on the IASB's website until the close of the comment period:

www.iasb.org

IASB News

IASB ED on puttable instruments

In June 2006, the IASB published an exposure draft on *Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation*. The proposals would amend IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements*. The ED would require:

- An obligation to redeem or repurchase a financial instrument puttable at fair value would be classified as equity provided that specified criteria are met, particularly that all financial instruments in the most subordinated class of instruments with a claim to the assets of the entity are financial instruments puttable at fair value.
- An instrument that imposes an obligation to deliver to another entity a pro rata share of the net assets of the entity upon its liquidation to be classified as equity, provided specified criteria are met. Thus, for example, ordinary shares of limited life entities and partners' interests in a partnership that must liquidate upon exit of a partner (eg on retirement or death) would be equity.

Comments are due by 23 October 2006.

Details:

www.iasplus.com/agenda/framework.htm

The DP is available on the IASB's website until the close of the comment period:

www.iasb.org

Discussion paper on conceptual framework

As a first step in their joint project on the Conceptual Framework for financial reporting, in July 2006 the US Financial Accounting Standards Board (FASB) and the IASB each published and invited comment on a Discussion Paper (DP) setting out their preliminary views on:

- the objective of financial reporting, and
- the qualitative characteristics of decision-useful financial information.

This DP includes drafts of the first two chapters of a new Conceptual Framework that will guide the two Boards in developing accounting standards. The proposed objective of general purpose external financial reporting is substantively the same as in the two Boards' current frameworks: providing information that is useful to present and potential investors and creditors and others in making investment, credit and similar resource allocation decisions. The DP also identifies relevance, faithful representation, comparability (including consistency) and understandability among the characteristics of financial information that make it decision-useful. Some details:

- Title of the document: *Preliminary Views on an improved Conceptual Framework for Financial Reporting: The Objective of Financial Reporting and Qualitative Characteristics of Decision-useful Financial Reporting Information*.
- Comment deadline: 3 November 2006.
- Next step: Exposure draft of the two chapters some time in 2007.

DP on conceptual framework, continued

- Additional steps: The project is being addressed in phases, as follows:
 - Phase A: Objectives and qualitative characteristics
 - Phase B: Elements and recognition
 - Phase C: Measurement
 - Phase D: Reporting entity
 - Phase E: Presentation and disclosure
 - Phase F: Purpose and status of framework
 - Phase G: Applicability to not-for-profit entities
 - Phase H: Finalisation

Biographies of IASB Board members:
www.iasplus.com/restruct/iasbbios.htm

Bruns, McGregor, Yamada reappointed to IASB

Following a recommendation of their nominating committee, the Trustees of the International Accounting Standards Committee Foundation, under which the IASB operates, voted unanimously at their June 2006 meeting to reappoint three members of the International Accounting Standards Board to five-year terms beginning 1 July 2006 and ending 30 June 2011. The three Board members are Hans-Georg Bruns, Warren McGregor, and Tatsumi Yamada.

The Trustees had previously announced that IASB Chairman Sir David Tweedie has been reappointed to a five-year term beginning 1 July 2006.

Biographies of IASB Board members:
www.iasplus.com/restruct/iasbbios.htm

Philippe Danjou will succeed Geoffrey Whittington on IASB

Philippe Danjou, director of the accounting division of the Autorite des Marches Financiers (AMF), the French securities regulator, will join the IASB on 1 November 2006, replacing Geoffrey Whittington, who retired on 30 June 2006. Mr Danjou graduated from HEC, then qualified as a Chartered Accountant and Registered Statutory Auditor, and rose to be an audit partner with Arthur Andersen & Co. (Paris). He was also Executive Director of the French Ordre des Experts Comptables (OEC) from 1982 until 1986. Mr Danjou is appointed for a five-year term ending 30 June 2011.

Board member selection criteria:
www.iasplus.com/restruct/iasbbios.htm/criteria

IASCF begins search to fill 2007 Board vacancies

The IASC Foundation has begun its search to fill three Board Member positions effective 1 July 2007. The appointments of two full-time IASB members (Anthony T Cope and Patricia O'Malley) and one part-time IASB member (John T Smith) will end on 30 June 2007. Mr Cope and Ms O'Malley are not eligible for reappointment. Mr Smith is eligible for reappointment and will receive particular consideration from the IASCF Trustees.

The Trustees invite applications for both the full-time and part-time positions. Part-time membership means that the member concerned commits most of his or her time in paid employment to the IASCF. The qualifications of candidates will be considered on the basis of the criteria listed in the Annex of the IASC Foundation's Constitution. Interested persons are invited to apply by 15 September 2006.

You can download the full text of Sir David's and Mr Herz's testimony on the June 2006 news page on our website: www.iasplus.com/pastnews/2006jun.htm

IASB Chairman testifies before US Senate committee

On 14 June 2006, IASB Chairman Sir David Tweedie testified before the US Senate Committee on Banking, Housing and Urban Affairs, which was conducting a hearing on "FASB's Proposed Standard on Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans". FASB Chairman Robert H Herz also testified. Sir David updated the committee on the work of the IASB in general, the use of IFRSs globally, the February 2006 joint IASB-FASB memorandum of understanding, the SEC 'roadmap', and progress toward convergence of IFRSs and US GAAP. He then commented on pension accounting – here is an excerpt:

Accounting standard-setters often hear that accounting should not change behaviour, but there is a case, I fear, that poor accounting has led to neglect or mismanagement of pension resources. The numbers are staggering, and the emergence of large pension deficits are not confined to the United States. The overall deficit for the European companies in the Dow Jones STOXX 50 was €116 billion at 31 December 2004 and for the UK FTSE 100 was £37 billion at July 2005. The SEC staff estimated in June 2005 that the overall deficit for active US filers might be \$201 billion. [Citations omitted]

For a long time, companies and investors failed to give proper attention to a growing problem of increasingly unhealthy pension programmes, and the accounting shares some of the blame. The international standard, IAS 19 Employee Benefits, and US GAAP obscure reality by permitting gains and losses to be smoothed over time with the result that

- *income and expense may be under or overstated.*
- *the asset or liability in the balance sheet may be under or over stated.*

You can find information about the proposed IAS 37 revisions here: www.iasplus.com/agenda/converge-ias37.htm

IASB will hold round-tables on IAS 37 revisions

As part of its due process for possible amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the IASB will host public round-table discussions in the following three locations:

- Thursday 30 November 2006, Connecticut, United States
- Friday 8 December 2006, London, United Kingdom
- Wednesday 20 December 2006, Melbourne, Australia

The round-tables will focus on the Board's June 2005 Exposure Draft proposing to change the conceptual approach to recognising non-financial liabilities. All obligations that satisfy the definition of a liability in the IASB's Framework would be recognised, unless they cannot be measured reliably. Uncertainty about the amount or timing of the cost to settle a liability would be reflected in measuring the liability instead of (as is currently the case) affecting whether or not it is recognised.

Comments on the ED were due 28 October 2005.

Complete list of agenda projects and project summaries:
www.iasplus.com/agenda/agenda.htm

Leases, pensions, related parties added to IASB's agenda

In July 2006, the IASB added to its agenda projects on:

- Leases.
- Employee Benefits (which includes pensions).
- Related Party Disclosures.

Leases and employee benefits are convergence projects under the Memorandum of Understanding between the IASB and the FASB.

The exposure draft may be downloaded without charge from the IASB Website.
www.iasb.org

IASB exposure draft on borrowing costs

In May 2006, the IASB published an exposure draft proposing to amend IAS 23 *Borrowing Costs* as part of its short-term convergence project with the US Financial Accounting Standards Board (FASB). The objective of the convergence project is to reduce differences between the IASB's International Financial Reporting Standards (IFRSs) and US generally accepted accounting principles (GAAP).

The Exposure Draft proposes to require an entity to capitalise borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset. The option of immediately recognising those borrowing costs as an expense, which is in the current version of IAS 23, would be removed. Deadline for comments on the exposure draft is 29 September 2006.

You can download the Due Process Handbook from IASCF Website:
www.iascf.org

New IASB Due Process Handbook

In April 2006, the Trustees of the International Accounting Standards Committee Foundation published a new Due Process Handbook for the IASB. The Handbook describes the IASB's consultative procedures. Those procedures require that all decisions are made in public meetings and that proposals receive appropriate public scrutiny. The Due Process Handbook does not mark a significant change in existing IASB practice and is meant to provide interested parties and the general public with a better understanding of the IASB's operations.

The Trustees had finalised the handbook at their March 2006 meeting.

The corrections list is available on the IASB's website:
www.iasb.org

Editorial corrections to 2006 Bound Volume of IFRSs

On 10 July 2006: the IASB posted to its website a list of Editorial Corrections to the 2006 Bound Volume of IFRSs. There are 15 minor corrections.

You can download the complete announcement here:

www.iasplus.com/pressrel/0607iasbannouncement.pdf

No new major IFRSs will be effective until 2009

The IASB has announced a number of steps to assist jurisdictions and entities in adopting IFRSs and to enhance its consultation processes. The most significant announcement is that no new IFRSs will be effective until 2009. Following consultation with the Trustees of the IASC Foundation, the Standards Advisory Council, and a wide range of interested parties, the IASB has agreed to the following:

- **Increased lead time to prepare for new standards:** The IASB recognises that many countries require time for translations and implementation of new standards into practice and, where IFRSs are legally binding, into law. To accommodate the time required, the IASB intends to allow a minimum of one year between the date of the publication of wholly new IFRSs or major amendments to existing IFRSs and the date when implementation is required.
- **Increased opportunity for input on conceptual issues:** The IASB and the FASB have agreed to publish discussion papers, rather than moving directly to exposure drafts, on the individual sections of their Conceptual Framework project. The IASB announced at its meeting in June that it will also publish a discussion paper as the next step of its Fair Value Measurement project, which is aimed at providing consistency in the application of existing fair value requirements. The decision to use discussion papers as part of these projects means that there will be at least two opportunities for public comment.
- **Public round-tables on key topics:** The IASB will hold public round-table discussions in the near future on two key topics on which constituents have expressed particular interest.
 - Round-tables on the proposed amendments to the recognition and measurement principles in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* will be held in November and December 2006.
 - Round-tables on the measurement phase of the Conceptual Framework project will be held in the first quarter of 2007.
- **No new major standards to be effective before 2009:** Consistent with the steps described above, the IASB will not require the application of new IFRSs under development or major amendments to existing standards before 1 January 2009. The establishment of 2009 as the first date of required implementation of new standards will also provide countries yet to adopt IFRSs with a clear target date for adoption. By refraining from requiring new standards to be applied before 2009, the IASB will also be providing four years of stability in the IFRS platform of standards for those companies that adopted IFRSs in 2005. This approach does not preclude the publication of new standards before that date, and companies would be permitted to adopt a new standard on a voluntary basis before its effective date. Interpretations and minor amendments to deal with potential issues identified during implementation would not be subject to this approach.

Deloitte Letters of Comment

All Deloitte letters of comment to IASC and IASB may be found here:

www.iasplus.com/dttletr/comment.htm

Our view: Deloitte letter on ED 8 on segment reporting

We have submitted our letter of comments to the IASB on ED 8 Operating Segments. Our overall view:

Whilst we support much of the Board's strategy on convergence between IFRS and US GAAP, we do not believe that the tactic on converging the requirements on segmental reporting is necessary at this time, and share many of the concerns of the three dissenting Board members. We believe that convergence should be to the superior standard and, as discussed further below, do not believe that a sufficient case has been made that moving to the approach required by SFAS 131 Disclosures about Segments of an Enterprise and Related Information would result in enhanced segmental disclosures.

In 1997, when IAS 14 and SFAS 131 were being developed, the IASC deliberately chose not to take a purely management approach to segmental reporting. We do not believe that convergence alone is justification for the proposed changes. Segmental reporting is solely a disclosure requirement and so does not affect reconciliations between IFRS and US GAAP. The convergence project should focus on items reported in the primary financial statements. If the two Boards believe that IAS 14 needs improving, they should do so by considering the advantages and disadvantages of both it and SFAS 131, rather than converge to a single standard that has not proved to be superior and we believe to be inferior.

All Deloitte letters of comment to IASC and IASB may be found here:

www.iasplus.com/dttletr/comment.htm

Our view: Deloitte letter on proposed amendments to IFRS 2

We have also commented to the IASB on the Proposed Amendments to IFRS 2 Share-based Payment Vesting Conditions and Cancellations. Our overall view:

We do not believe the Board should issue the proposed amendments at this time. We refer you to our comment letter responding to D11 Changes in Contributions to Employee Share Purchase Plans dated 1 March 2005. The proposed amendments would codify in the standard the same requirements as the IFRIC were proposing as an interpretation. We believe that the Board should undertake further research and consider alternative approaches that may be better suited to address the wide range of schemes that exist in practice today.

All Deloitte letters of comment to IASC and IASB may be found here:

www.iasplus.com/dttletr/comment.htm

Our view: Proposed amendments to IAS 1

Deloitte's overall view on the IASB's proposed amendments to IAS 1 Presentation of Financial Statements: *A Revised Presentation* is as follows:

We do not think the proposals in the ED are desirable at this time, given that the more fundamental issues related to financial statement presentation are under consideration by the IASB and the US Financial Accounting Standards Board within Segment B of the Financial Statement Presentation Project.

You can download the comment document from the IASB's website:
www.iasb.org/uploaded_files/documents/8_137_DraftDueProcessIFRIC.pdf

Our summary of issues not added to IFRIC's agenda:
www.iasplus.com/ifric/notadded.htm

Summaries of interpretations:
www.iasplus.com/interps.htm

News from IFRIC

Comments invited on IFRIC due process

In May 2006, the Trustees of the International Accounting Standards Committee (IASC) Foundation invited public comment on the Draft Due Process for the International Financial Reporting Interpretations Committee (IFRIC). Comment deadline is 30 September 2006.

Issues not added to IFRIC agenda

At its meetings in May and July 2006, the IFRIC reached final decisions not to add to its agenda the following potential projects:

- Scope of IFRS 2: Share plans with cash alternatives at the discretion of the entity
- IFRS 2: Share plans with cash alternatives at the discretion of employees: grant date and vesting periods
- IFRS 2 Share-based Payment – Fair value measurement of a post-vesting transfer restriction
- IAS 17 Leases – Recognition of contingent rentals

IFRIC 10 interprets IAS 34

Interpretation 10 *Interim Financial Reporting and Impairment* addresses an apparent conflict between the requirements of IAS 34 *Interim Financial Reporting* and those in other standards on the recognition and reversal in financial statements of impairment losses on goodwill and certain financial assets. IFRIC 10 concludes that:

- An entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.
- An entity shall not extend this consensus by analogy to other areas of potential conflict between IAS 34 and other standards.

IFRIC 10 is effective for annual periods beginning on or after 1 November 2006. Earlier application is encouraged.

Webcasts begun of IFRIC meetings

The audio portion of IFRIC meetings is being webcast, starting with the July 2006 IFRIC meeting. There is no charge for this service. At the time of each meeting there will be a link on the IASB's website www.iasb.org.

IASC Foundation news

Full list of IASCF Trustees:
www.iasplus.com/restruct/trustees.htm

Nominations invited for IASC Foundation chairman

The IASC Foundation (IASCF) has begun a search for a new Chairman of the Trustees to replace Tommaso Padoa-Schioppa, who has been named the Finance Minister of Italy. Before Mr Padoa-Schioppa, Paul Volcker, the former Chairman of the US Federal Reserve Board, served as Chairman. The appointment will be for a term expiring on 31 December 2008. The appointment may be renewed for a further three years. Nominations are requested by 7 July 2006.

The IASCF Nominating Committee will consult the Trustee Appointments Advisory Group, a body comprising leaders of regional and international organisations, in developing recommendations to present to the full Trustees

The Trustees of the IASC Foundation have appointed Philip Laskawy, a retired Chairman of Ernst & Young International, as Chairman of the Trustees for the interim period.

The Trustees meet next in the United States on 26-27 October 2006.

IASCF Trustees meeting 28 June 2006

The Trustees of the IASC Foundation (IASCF), under which the IASB operates, met in public session on 28 June 2006.

IASB agenda topics. The IASCF Constitution as revised in 2005 requires the IASCF trustees to consider the IASB's agenda projects. Accordingly, the Chairman of the IASB presented three potential IASB agenda projects for Trustee consideration:

- Amendment to IAS 24 Related Party Disclosures.
- Revision of IAS 19 Employee Benefits.
- Revision of IAS 17 Leases.

In general, Trustees supported the Board's taking on these projects.

Reports from IFRIC and SAC Chairmen. The chairs updated the Trustees on recent activities of the two groups. Regarding IFRIC's procedures for considering potential agenda issues, Trustees tended to agree with IFRIC's procedures; however, some concerns were raised about the number of 'non-interpretations' issued in the form of agenda rejections, since other 'interpretative bodies' might fill the gap and issue guidance they believed to be correct. The IFRIC Chairman acknowledged that this was a known issue.

IASB's Work Programme. The IASB's Chairman, Sir David Tweedie, made a presentation updating the Trustees on the IASB's work programme. A summary of Sir David's report is presented on the next page.

Report of IASB Chairman to IASCF Trustees, 28 June 2006

Chairman's report on the Board's work programme and other matters included the following:

Convergence with US GAAP

- Convergence of the IASB's and FASB's conceptual frameworks:
 - Due process steps will be on a chapter-by-chapter basis rather than for entire framework.
 - Steps will include a Discussion Paper, an Exposure Draft, and a final version of the chapter.
 - Of the eight chapters, the one on measurement seems to be the one that elicits most concerns from constituents. To address these, the Board plans to hold public roundtables early in 2007.
- Short-term convergence projects resolvable by the end of 2007:
 - Two EDs already issued : segment reporting and borrowing costs.
 - EDs on income taxes, joint ventures, and impairment are likely towards the end of the year.
- Medium- to longer-term
 - The Boards expect to have made progress on each of the longer-term projects by 2008.
 - For some projects, this may mean simply an agenda decision, whilst for others some due process document or considerable progress is expected.
 - Only two projects are likely to be finalised by the end of 2007 – business combinations and fair value measurement. The Board will issue a Discussion Paper on the forthcoming FASB statement on Fair Value Measurement, rather than an ED.

Other convergence activities

In addition to seeking convergence with US GAAP, the Board has also launched convergence projects with China, Canada, and Japan. India has also asked to initiate a convergence project.

Amendments to IFRSs

- Board's policy is for a transition period of at least one-year. Thus, a standard finished before year-end 2007 would not become effective before January 1, 2009.
- If the Board detects a flaw in its literature, that flaw will be put on a list of amendments that will be published as an 'omnibus amendments draft' on a yearly basis.

Use of IFRSs

- Approximately 100 countries using IFRSs already.
- Goal is to increase that number by another 50 in the next few years.

IFRS for Small and Medium-sized Entities (SMEs)

- Work on ED of an IFRS for SMEs is in its final stage. Planned for completion in September.
- Key decisions that the Board had made:
 - the standard should cover all transactions usually expected to occur in an SME environment;
 - the SME book should be self-contained;
 - if a transaction occurring is not dealt with in the SME book, an SME should try to develop its accounting policy by using the principles in the SME book. Only when an SME could not derive a policy by following this path would it be referred back to the full IFRSs;
 - the Board will describe the type of entities to which the standard is intended to apply. However, each individual jurisdiction will decide which entities should/could apply the SME standard.
 - All but three of the 40 draft chapters of the SME draft standard are completed – the ones requiring further work being financial instruments, income taxes, and pensions.

Principles-based standards

- Board fully supports principles-based accounting standards. FASB and IASB will try to formulate 'overriding principles' that leave no room for exceptions. From those, the individual accounting principles would be derived. If, for whatever reason, the FASB decided to add guidance in their version of the agreed-upon pronouncements, a mechanism would have to be installed to prevent these from flowing into the IFRSs.

We have a complete list of IASCF Trustees here:
www.iasplus.com/restruct/trustees.htm

New IASC Foundation Trustee from Poland

Alicja Kornasiewicz of Poland has been named a Trustee of the IASC Foundation, under which the IASB operates. Mrs Kornasiewicz will complete the term of Jens Røder, who retired following the Trustees' meeting in March 2006. Mrs Kornasiewicz's term expires on 31 December 2007.

Mrs Kornasiewicz is a member of the Board of CA IB Corporate Finance GmbH, Vienna, and serves as CEO and Chairman of CA IB Group in Poland. She is also Chairman of the Supervisory Board of Bank BPH S.A., the third largest bank in Poland. Previously, until October 2000, Mrs Kornasiewicz was Secretary of State - First Deputy Minister of the Ministry of the State Treasury of Poland.

You can download the IASCF annual report here:
www.iasb.org/uploaded_files/documents/10_845_IASCF2005-AnnualReports.pdf

IASC Foundation 2005 annual report is available

The IASC Foundation has published its report on its activities in 2005. The report also contains audited financial statements and other information, including a report on the IASB's activities.

Except for administrative and personnel matters, all of these meetings are open to public observation. Registration forms are on IASB's website: www.iasb.org

IASB and IFRIC meetings are also webcast.

Upcoming meeting dates

IASB and SAC MEETINGS 2006	
London, UK	18-22 September 2006
London, UK	16-20 October 2006
Norwalk, CT, USA	23-24 October 2006 joint meeting with FASB
London, UK	13-17 November 2006, and 9-10 November 2006 with the Standards Advisory Council
London, UK	11-15 December 2006
IASB and SAC MEETINGS 2007	
London, UK	22-26 January 2007
London, UK	19 to 23 February 2007, and 26-27 February 2007 with the Standards Advisory Council
London, UK	19 to 23 March 2007
London, UK	16 to 20 April 2007
London, UK	23 to 24 April 2007 – Joint IASB/FASB Meeting
London, UK	14-18 May 2007
London, UK	18-22 June 2007, and 25-26 June 2007 with the Standards Advisory Council
London, UK	16-20 July 2007
London, UK	17-21 September 2007
London, UK	24-25 September 2007 – World Standard Setters Meeting
London, UK	15-19 October 2007
Norwalk, CT, USA	22-23 October 2007 – Joint IASB/FASB Meeting
London, UK	12-16 November 2007, and 8-9 November 2007 with the Standards Advisory Council
London, UK	10-14 December 2007

IFRIC MEETINGS 2006	
London, UK	7-8 September 2006
London, UK	2-3 November 2006
IFRIC MEETINGS 2007	
London, UK	11-12 January 2007
London, UK	8-9 March 2007
London, UK	3-4 May 2007
London, UK	12-13 July 2007
London, UK	6-7 September 2007
London, UK	1-2 November 2006

IASC FOUNDATION TRUSTEES MEETING 2006	
United States	26-27 October 2006

Other News

IOSCO's website:
www.iosco.org/

We have also posted the Final Communiqué here:
www.iasplus.com/resource/0606iosco.pdf

IFRSs discussed at IOSCO annual meeting

The International Organization of Securities Commissions (IOSCO) held its XXXI Annual Conference in Hong Kong on 5-8 June. IASB Chairman Sir David Tweedie was among the speakers on an IFRS panel. The Final Communiqué of the conference includes the following summary of the panel:

International Financial Reporting Standards

The arrival of IFRS promised a new era of high quality international standards and a better way for investors to assess their investment decisions. In the course of their discussion, the Panel confirmed that within a short time since the adoption of the IFRS, the debate over their implementation has been intense. Although expectations have been high, it was agreed that managing these expectations will play a role in their ultimate success.

IASB Director of Standards for SMEs Paul Pacter briefed IOSCO's Emerging Markets Committee on the IASB's SME project.

The Final Communiqué also reports on progress in developing an International Financial Reporting Standards enforcement database:

International Financial Reporting Standards Database

In October 2005, IOSCO approved a Statement of Principle for the development of a database in order to facilitate the sharing by securities regulators of regulatory decisions relating to the enforcement of International Financial Reporting Standards (IFRS). Such a database of information will provide a useful reference source for regulators on IFRS decisions and will facilitate coordination and convergence.

IOSCO anticipates that the database will be fully operational during the second half of 2006. IOSCO is liaising with the Committee of European Securities Regulators (CESR) which has developed and implemented a similar database for use in the European Union.

IVSC's website:
www.ivsc.org/

You can also download the MoU here:
www.iasplus.com/resource/0606ivscagreement.pdf

Convergence of global valuation standards

The International Valuation Standards Committee (IVSC) and The Appraisal Foundation of the United States (TAF) have issued a memorandum of understanding (MoU) that commits the two bodies to the ultimate goal of a single set of understandable and enforceable global valuation standards.

As a first step towards the goal, both parties are preparing to seek greater convergence of the Uniform Standards of Professional Appraisal Practice (USPAP) and the International Valuation Standards (IVS), and have appointed small working groups to identify current differences between the two sets of standards and to report by September 2006. Both organisations will then use their best efforts to progress towards the elimination of identified differences working within the due process procedures of each organisation.

News from IFAC

IFAC website:
www.ifac.org

IFAC 2006 audit and ethics handbook is published

The International Federation of Accountants (IFAC) has published its 2006 Handbook of International Auditing, Assurance, and Ethics Pronouncements in print and in two electronic formats. The Handbook includes all pronouncements issued by the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants through 31 December 2005. One of the electronic formats is a free PDF version (1,098 pages, 5.3mb) downloadable from IFAC's Website. The other is an 'eComPress' version, usable on-line and off-line, that has features designed to make accessing the pronouncements more user-friendly.

International Ethics Standards Board for Accountants website:
www.ifac.org/Ethics/

Independent chair for IFAC's ethics advisory panel

Richard Fleck has been appointed as the first independent chair of the Consultative Advisory Group (CAG) to the International Ethics Standards Board for Accountants (IESBA), an independent standard setter within the IFAC structure. Mr. Fleck is a partner with the international law firm of Herbert Smith. His three-year term begins May 2006.

IFAC website:
www.ifac.org

IFAC's 2005 annual report

The International Federation of Accountants has published its Annual Report for 2005. Among IFAC's most notable accomplishments for 2005 are:

- Strengthening of its standard-setting processes including establishment of the Public Interest Oversight Board (PIOB) and establishment and expansion of Consultative Advisory Groups for IFAC standard-setting boards.
- Development of good practice guidance to help developing nations build accounting capacity.
- Release of an updated international Code of Ethics for Professional Accountants.
- Progress on developing a global electronic knowledge resource for professional accountants in business.
- Successful implementation of Part 1 of the IFAC Member Body Compliance Program, which provides comprehensive information about the regulatory and standard-setting frameworks in countries around the world.

IAASB website:
www.ifac.org/IAASB/

John Kellas is reappointed IAASB chair

The Board of the International Federation of Accountants (IFAC) has reappointed John Kellas as Chair of the International Auditing and Assurance Standards Board (IAASB), the body that sets International Standards on Auditing. Mr. Kellas has served on the IAASB since October 2000 and as Chair since January 2004, a position that became full-time on 1 October 2004 of that year. His appointment to a second term, beginning 1 January 2007 and ending 31 December 2008, was endorsed by the Public Interest Oversight Board (PIOB – see story on next page), which oversees the IAASB's activities to ensure that they are properly responsive to the public interest.

PIOB website:
www.ipiob.org.

POB page on IAS Plus:
[www.iasplus.com/
 ifac/piob.htm](http://www.iasplus.com/ifac/piob.htm)

IFAC PIOB's first annual report

IFAC's Public Interest Oversight Board (PIOB) has issued its first public report, which highlights its activities during its first year of operation. It includes comments on its oversight of IFAC's ethical, auditing, and education standard-setting activities. The report, along with other information, may be downloaded from the PIOB's new website at www.ipiob.org.

The PIOB was formally established in February 2005 to oversee IFAC's auditing and assurance, ethics, and education standard-setting activities as well as its Member Body Compliance Program. This last activity is designed to encourage member bodies to adopt international standards and to implement quality assurance and investigation and discipline programs. A Monitoring Group comprised of international financial regulators oversees the work of the PIOB.

IFRS-related news from the United States

www.fasb.org

Prof. Thomas Linsmeier appointed to FASB

Professor Thomas J. Linsmeier has been appointed to the US Financial Accounting Standards Board (FASB). Mr. Linsmeier is the Russell E. Palmer Endowed Professor and Chairman of the Department of Accounting and Information Systems in the Eli Broad College of Business at Michigan State University. His term began on 1 July 2006 and runs through 30 June 2011. He succeeds current FASB member Katherine Schipper, whose term expired on 30 June 2006.

www.fasb.org
 and
www.asb.or.jp/index_e.php

ASBJ and FASB convergence meeting

Representatives of the Accounting Standards Board of Japan (ASBJ) and the US Financial Accounting Standards Board (FASB) met in Tokyo on 18 and 19 May 2006 in the "first of what is expected to be periodic meetings to enhance dialogue between the two Boards in their pursuit of international convergence".

SEC annual reports are here:
www.sec.gov/about/annrep.shtml

SEC 2005 annual report

The 2005 Annual Report of the US Securities and Exchange Commission includes sections on (1) Management Discussion and Analysis; (2) Performance; and (3) Financial Statements, including report of independent auditors, management's response to the audit opinion, and the Inspector General's summary of management challenges. A few items of interest:

- 74 new foreign private issuers registered US\$250 million of securities in 2005 (compared to 63 and \$146 million in 2004; 50 and \$163 million in 2003; and 70 and \$147 million in 2002)
- 'Milestones for international regulatory cooperation' include:
 - Eliminating GAAP reconciliation requirement for foreign issuers
 - Bilateral regulatory dialogues (China, Japan, EC, CESR)
 - IOSCO MOU on Enforcement Cooperation and Information Sharing
 - IOSCO initiatives on cross-border cases and financial fraud
- The SEC made 438 requests to foreign securities regulators for enforcement assistance and received 315 requests for assistance from foreign regulators
- 51% of the approximately 15,000 registered companies had their disclosures reviewed by the SEC (compared to 23% in 2003 and 22% in 2004)
- 37% of the approximately 35,000 registered investment companies (including mutual funds) had their disclosures reviewed by the SEC (compared to 10% in 2003 and 57% in 2004)
- 29% of SEC enforcement cases relate to financial reporting and disclosures
- 99% of enforcement cases were successfully resolved in favour of the SEC
- Number of on-line searches of SEC EDGAR database: 2002 96.9 million; 2003 141.5 million; 2004 288.9 million; 2005 379.0 million

The full text of the proposed rules may be downloaded from www.pcaobus.org/Rules/Rulemaking_Docket.aspx

PCAOB proposes rules for reporting by accounting firms

The US Public Company Accounting Oversight Board has proposed rules for annual and special reporting of information and events by registered public accounting firms. Nearly 1,700 accounting firms are registered with the PCAOB, of which about 40% are non-US firms. The proposed rules implement Section 102(d) of the Sarbanes-Oxley Act of 2002, which provides that each registered accounting firm must submit an annual report to the Board, and may also be required to report more frequently. The reporting framework proposed by the PCAOB includes two types of reporting obligations:

- First, the proposal would require each registered firm to provide basic information once a year about the firm and the firm's issuer-related practice over the most recent 12-month period.
- Second, the proposal identifies certain events that, if they occur with respect to a registered firm, must be reported by the firm within 14 days.

In addition, the PCAOB has proposed rules that, in certain circumstances, would allow a successor firm to succeed to the registration status of a predecessor firm following a merger or other change in the registered firm's legal form. Comments are due 24 July 2006.

www.pcaobus.org/

Mark W. Olson named PCAOB Chairman

US Federal Reserve Board Governor Mark W. Olson has been appointed Chairman of the five-member US Public Company Accounting Oversight Board until 2010. Mr. Olson, 63, joined the Federal Reserve on Dec. 7, 2001. In addition to his policy-making duties as a Fed Governor, he has served as Administrative Governor since August 2002, responsible for management of the Federal Reserve Board. Before joining the Federal Reserve Board, Mr. Olson had a 35-year career in banking and was president of the American Bankers Association.

News about IFRSs in Europe

You will find the full text of the provisional report of the meeting here:
www.iasplus.com/europe/0607ecofinpr.pdf

ECOFIN discusses IASB financing

At its meeting on 11 July 2006, the Economic and Financial Affairs Council (ECOFIN) of the European Union discussed the funding of the International Accounting Standards Board and adopted the following conclusions:

The Council emphasises the importance of high quality financial statements for the development of the EU financial markets; and acknowledges the role of the International Accounting Standards Board (IASB) in producing International Financial Reporting Standards (IFRS), as well as interpretations of these standards. The Council notes that the current funding scheme of the IASB expires at the end of 2007, and considers that stable and secure financing must be ensured in order for the IASB to fulfil its function.

The Council welcomes the current private sector efforts to create a broad-based voluntary financing system for the IASB and recognises the need to finalise the financing system in order to prevent any disruption of the operations of the IASB. The Council stresses the importance of the following factors, which must be taken into account in structuring a future financing system of the IASB:

- the financing system would benefit from a very broad base of contributors and the involvement of stakeholders from all parts of the world so as to avoid possible conflicts of interest;
- financing allocations should be clearly determined for all categories of contributors taking into account the precise financing need; and they should be based on objective criteria for contributors from different geographical regions or jurisdictions;
- stakeholders benefiting from the use of IFRS financial statements should be the primary contributors to the financing of the IASB;
- the relevant parties are urged to co-operate in their jurisdictions in relation to the practical modalities relating to the funding of the IASB. The Commission is invited to monitor this process inside the EU and provide its assistance, if needed;
- a financing system based on voluntary contributions should be reviewed after three years of operation in order to see if the system has fulfilled its objectives. The possibility of funding the IASB partly through public means remains to be examined;
- in more general terms, the IASB should continue to:
 1. strengthen its governance structure...;
 2. strengthen its due process with stakeholders...; as well as
 3. ensure that stakeholders are adequately represented in the IASC Foundation, IASB and International Financial Reporting Interpretations Committee (IFRIC) governing bodies, bringing additional technical expertise.

CESR's website:
www.cesr-eu.org/

You can also find CESR's
 annual report here:
www.iasplus.com/europe/0606cesrar.pdf

'Convergent enforcement' of IFRSs in Europe

The Annual Report for 2005 of the Committee of European Securities Regulators notes that one of CESR's key objectives for 2006 is "facilitating convergent enforcement of IFRSs for all listed companies in Europe".

CESR's work in the area of financial reporting in Europe is coordinated by CESR-Fin, a permanent operational group within CESR chaired by John Tiner, Chief Executive of the UK Financial Services Authority. Writing in CESR's 2005 report, Mr. Tiner states:

CESR was closely associated to the process that led to the introduction of the standards in the EU, notably through its monitoring work on the development and adoption of the EU standards, or with the publication of additional recommendations accompanying the transition to IFRS, but also with the advice given in June 2005 to the European Commission on the equivalence between certain third country GAAP and IFRS. Now that we are starting to see IFRS information and the process becomes more real, we must move on to think about consistency of application and interpretation.

CESR-Fin has already taken the initiative to help with the development of robust and coordinated enforcement across the EU by establishing a framework for discussion and information sharing among European enforcement agencies. It is in everyone's interests for the standards to be applied, interpreted and enforced consistently in all major capital markets, and for investors to have confidence in financial information from listed companies. In this context, the coordination of enforcement activities and consolidation of our relationship with third-countries' enforcement agencies will be high on the agenda of CESR-Fin for the near future.

The directives are here:
ec.europa.eu/internal_market/accounting/officialdocs_en.htm

EU Council amends 4th and 7th directives

The Council of the European Union has adopted revisions to the EU's existing directives on the annual and consolidated accounts of European companies.

The new directive modifies the 4th and 7th company law directives ('accounting directives' 78/660/EEC and 83/349/EEC), and also the accounting directives for banks (86/635/EEC) and insurance undertakings (91/674/EEC). It establishes collective responsibility of board members for the financial statements and annual reports, enhances transparency in related parties' transactions and off-balance sheet arrangements, and, for publicly traded companies, introduces a requirement for a corporate governance statement.

The size thresholds for exempting small and medium-sized entities from specified accounting and auditing rules were also raised.

The new directive must be signed by the Presidents of the Council and the European Parliament, and then will take effect 20 days after publication in the Official Journal of the EU. EU member states will then have two years to enact the provisions of the new directive into their national legislation.

We have created a web page on IAS Plus for the Roundtable:
www.iasplus.com/europe/roundtable.htm

We have posted the Commissioner's remarks on IAS Plus:
www.iasplus.com/europe/0606mccreevydublin.pdf

UK Accounting Standards Board:
www.frc.org.uk/asb/

EC Roundtable on Consistent Application of IFRSs

Earlier this year, the European Commission agreed to form a Roundtable on Consistent Application of IFRSs. The purpose of the Roundtable is to identify cases where the accounting treatment in Europe under IFRSs is so divergent, significant, and widespread as to warrant 'common concern' among the different groups of participants (preparers, auditors, national standard setters, regulators).

When such issues of common concern are identified, the Roundtable will generally recommend referring them to IFRIC, though circumstances could also arise where the matter should be addressed directly to the IASB Board. The Roundtable itself will not make any interpretations.

The Roundtable held its first meeting in May 2006 at which it considered 11 issues. Roundtable members concluded that three issues are of common concern, one of which (de facto control) should be further discussed at the Roundtable's next meeting. The other two are already on IFRIC's agenda; the Commission will monitor and work with IFRIC on these.

Adherence to global standards

In his remarks on Globalisation and Financial Services at a conference in Dublin in June 2006, Charlie McCreevy, the European Commissioner for Internal Market and Services, spoke about the 'competitive edge' that IFRSs bring to European capital markets:

The EU's openness is exemplified in our decision to adhere to high quality global standards. To give just two examples, since the 1st of January 2005, listed companies throughout the EU have been obliged to prepare their financial statements in compliance with IFRS. And next year, the Capital Requirements Directive, which implements the Basel II regime, will enter into force. Being an early mover to such highly regarded international standards can provide a decisive competitive edge in attracting economic activity, as well as in facilitating the expansion of EU companies abroad. And incidentally, the rest of the world is basically following our lead, and adopting IAS or IAS-type standards.

Given our commitment to these stringent global standards, it is only right that the EU, through the European Commission, should continue to play a leading role in international rule-making and standard-setting bodies, in order to ensure that the best interests of European businesses and citizens, who abide by these rules, are rigorously defended.

UK will not apply IAS 39 equivalent to unlisted entities

The United Kingdom Accounting Standards Board (ASB) has decided not to finalise its proposal to extend the scope of Financial Reporting Standard (FRS) 26 *Financial Instruments: Measurement* to all entities other than SMEs that apply the Financial Reporting Standard for Smaller Entities (FRSSE). FRS 26 is essentially equivalent to IAS 39.

Currently, FRS 26 applies to all listed entities still following UK standards and a small group of unlisted entities whose financial statements are prepared in accordance with the fair value accounting rules set out in the Companies Act. In April 2005, the ASB had proposed to extend the applicability of FRS 26.

Information about the ARC is here:

http://ec.europa.eu/internal_market/accounting/committees_en.htm

ARC recommends deferral of convergence decision

At its meetings in April and July 2006, the European Commission's Accounting Regulatory Committee (ARC) recommended that the Commission defer a decision on whether Canadian, Japanese, and/or US GAAP are equivalent to IFRSs for the purpose of financial statements prepared by non-EU companies listed on EU regulated securities markets.

This would mean that non-EU issuers using one of those three countries' GAAPs may continue to use that GAAP, without having to restate to IFRSs, in prospectuses filed through 31 December 2008. However, from 1 January 2007, non-EU issuers using a national GAAP other than Canadian, Japanese, or US GAAP will be required to restate their financial statements using IFRSs – unless their national GAAP is equivalent to IFRSs. A national GAAP from a country other than one of those three will be deemed equivalent to IFRSs only if the notes to financial statements drawn up in accordance with those national standards contain an explicit and unreserved statement that they comply with International Financial Reporting Standards.

The foregoing recommendations must be approved by the European Commission.

Summaries of IFRIC 8...

www.iasplus.com/interps/ifric008.htm

...and IFRIC 9:

www.iasplus.com/interps/ifric009.htm

ARC recommends endorsement of IFRICs 8 and 9

The ARC has recommended that the Commission endorse IFRIC 8 Scope of IFRS 2 and IFRIC 9 Reassessment of Embedded Derivatives for use in Europe. The Commission is expected to consider those two Interpretations during the summer of 2006. The two other pronouncements awaiting Commission action are IFRIC 7 *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies* and the December 2005 Amendments to IAS 21.

EFrag has also recommended adoption of IFRICs 8 and 9.

You will find the Directive here:

www.iasplus.com/europe/0606auditdirective.pdf

New Auditing Directive adopted in the EU

On 25 April 2006, the Council of the European Union adopted a new directive on the audit of company accounts. The directive broadens the scope of application of existing EU legislation (directive 84/253/EEC) by specifying the duties of statutory auditors, their independence, and ethics. It introduces requirements for external quality assurance and public oversight of the auditing profession. The new law also amends directives 78/660/EEC and 83/349/EEC on accounting.

The European Union's new Directive 2006/43/EC on Statutory Audits of Annual Accounts and Consolidated Accounts was published in the *Official Journal of the European Union* on 9 June 2006, bringing it into law. See summary on next page.

Main Provisions of the Revised European Union Directive on the Audit of Company Accounts

- **Statutory auditor and audit firm.** Clear definition of 'audit firm'. Many of the new provisions deal specifically with audit firms.
- **Public reports of audit firms.** Firms that audit public interest entities must provide a detailed public report that gives an insight into the audit firm and the network to which it belongs, including information about quality assurance reviews, policies on continuing education, and a fee break-down.
- **Independent audit committees.** Required. They must monitor the financial reporting process and the statutory audit.
- **Registration of auditors and audit firms.** Member states must ensure that each statutory auditor and audit firm is identified in an electronic public register and that the registration information is kept updated. For audit firms, the register must show size of the firm and owners and members of the management of the audit firm.
- **Independence.** Clearly defined. Auditor/firm can not be involved in any way in decision-making of the audited entity.
- **Quality assurance.** All statutory auditors and audit firms are subject to a system of quality assurance and subject to public oversight.
- **Audit standards.** Statutory audits must be carried out in accordance with international standards on auditing.
- **Investigations and sanctions.** Member states must organise effective systems of investigation and sanctions, which may be civil, administrative, or criminal.
- **Competent authorities.** Member states must designate competent authorities responsible for approval, registration, quality assurance, inspection, and discipline for the purposes stipulated by the directive. They must cooperate with each other.
- **Public oversight.** Member states must handle this with integrity and independence.
- **Appointment, dismissal, and communication.** Various principles established, including one whereby the statutory auditor or audit firm can only be dismissed if there is a significant reason why the statutory auditor cannot finalise the audit. The reasons for dismissal or resignation must be disclosed.
- **Registration of non-EU audit firms.** Auditors and/or audit firms from non-EU countries that issue audit reports in relation to securities traded in the EU must be registered in the EU and be subject to member state systems of oversight, quality assurance, and investigations and sanctions. Only auditors or audit firms that meet quality criteria equivalent to the directive can be registered. The directive allows for exemption from registration, oversight, quality assurance, and investigations and sanctions only if audit firms from non-EU countries are subject to equivalent systems of registration and oversight.
- **Fees.** Audited companies must disclose total fees paid to the statutory auditor or audit firm, broken down by fees for audit services, other assurance services, tax services and other non-audit services.
- **Local adoption.** Member states are required to adopt provisions to comply with the new directive within two years of its entry into force. The directive comes into force 20 days after its publication in the Official Journal of the EU.

Use of IFRSs elsewhere in the world

SEC announcement:
www.iasplus.com/china/0605chinasec.pdf

Agreement between US SEC and China CSRC

The United States Securities and Exchange Commission (SEC) and the China Securities Regulatory Commission (CSRC) announced today a new relationship to increase their co-operation and collaboration through an enhanced bilateral dialogue. Meeting at SEC headquarters in Washington, D.C., SEC Chairman Christopher Cox and CSRC Chairman Shang Fulin presented terms of reference that establish the structure of this enhanced dialogue and discussion subjects for the agenda during 2006. Several aspects of the dialogue relate to financial reporting. The new dialogue has three primary objectives:

- to identify and discuss securities markets regulatory developments of common interest, particularly those relevant to reporting requirements for public companies listed in one another's markets;
- to improve cooperation and the exchange of information in cross-border securities enforcement matters; and
- to continue and expand upon the existing program of training and technical assistance provided by the SEC to the CSRC.

In setting out the areas of dialogue for the agenda in 2006, the following regulatory issues for discussion were identified:

- corporate governance reforms, including requirements for audit committees, auditor independence and internal controls over financial reporting;
- convergence of national accounting standards with International Financial Reporting Standards; and
- the use of information technology, including interactive data tagging systems, to enhance the usefulness of reported financial information.

Link to IAS Plus country pages:
www.iasplus.com/country/country.htm

Adoption of IFRSs in Azerbaijan

Companies listed on the Baku Stock Exchange are required to report under Azerbaijani GAAP. No IFRS reporting is allowed.

All local and foreign banks operating in Azerbaijan are required to produce IFRS reports. Such reports are annually submitted to the National Bank of Azerbaijan.

Effective from 2008 all major state owned enterprises (including major utilities and upstream oil and gas companies) are required to report under IFRSs.

Note however, that many companies in Azerbaijan have already adopted IFRS reporting over the past few years. The major driver behind this process is the desire to borrow from European lenders, including the European Bank for Reconstruction and Development (EBRD) and KfW (the German development bank) who require audited IFRS financial statements.

Download IFRSs in your Pocket 2006 here:
www.iasplus.com/dttpubs/pubs.htm

Download our IFRS model financial statements and presentation and disclosure checklists here:
www.iasplus.com/fs/fs.htm

Download this special edition newsletter here:
www.iasplus.com/iasplus/iasplus.htm

Download this special edition newsletter here:
www.iasplus.com/iasplus/iasplus.htm

You will find this and other Deloitte IFRS-related publications at:
www.iasplus.com/dttpubs/pubs.htm

IFRS publications from Deloitte

IFRSs in your Pocket 2006

We have published the fifth edition of our popular guide to IFRSs – *IFRSs In Your Pocket 2006*. This 96-page guide includes information about:

- IASB structure and contact details
- Use of IFRSs around the world, including updates on Europe, Asia, USA, and Canada
- Summaries of each IASB Standard (through IFRS 7) and Interpretation (through IFRIC 9), as well as the Framework and the Preface to IFRSs
- Background and tentative decisions on all current IASB projects
- IASC and IASB chronology
- Other useful IASB-related information

We are pleased to grant permission for accounting educators and students to print copies of the PDF file for educational purposes. Please contact your local Deloitte practice office to request a printed copy.

New IFRS presentation and disclosure checklist

We have published our IFRS Presentation and Disclosure Checklist in a new format – a format that allows the recording of a review of financial statements, with a place to indicate yes/no/not-applicable for each presentation and disclosure item. This checklist reflects 2005 reporting requirements.

We expect to publish our IFRS Presentation and Disclosure Checklist for 2006 in fourth quarter 2006.

Explanation of the proposed IAS 23 revisions

On 25 May 2006, the International Accounting Standards Board (IASB) issued an Exposure Draft (ED) to amend IAS 23 *Borrowing Costs*. Deloitte has published a special edition of our *IAS Plus Newsletter* explaining the proposed changes to IAS 23. The most fundamental change would be to eliminate the option in IAS 23 of recognising all borrowing costs immediately as an expense.

Newsletter explaining ED on puttable shares

In June 2006, the IASB published an exposure draft on *Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation*. The proposals would amend IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements*. Comments are due by 23 October 2006. Deloitte has published a special edition of our *IAS Plus Newsletter* explaining the proposed changes.

IFRS do kapsy – Czech language IFRS in your Pocket

Deloitte Czech Republic has published IFRS do kapsy, the Czech Language Version of *IFRS in your Pocket* for 2005. This edition includes a special introduction by Michal Petřman, Office Managing Partner of Deloitte Czech Republic, plus all of the information in the English language edition.

You will find a permanent link to this publication, a comparison of NZ-IFRSs and IFRSs, and other information about financial reporting in New Zealand on our New Zealand Page on IAS Plus: www.iasplus.com/country/country.htm

Model annual report for 2005 using 'New Zealand IFRSs'

Deloitte (New Zealand) has published *New Zealand Model Annual Report* – a guide to producing an annual report and consolidated financial statements on first-time adoption of New Zealand Equivalents to International Financial Reporting Standards Financial (NZ-IFRSs) for years ending on or after 31 December 2005. The publication includes:

- an illustrative example of annual financial statements prepared by consolidated entities on first-time adoption of NZ-IFRSs
- discussion and examples of other matters that would typically be included in an entity's annual report to meet the requirements of section 211 of the Companies Act 1993, New Zealand Stock Exchange Listing Rules, and New Zealand Securities Legislation.

You will find a permanent link to this publication, a comparison of AU-IFRSs and IFRSs, and other information about financial reporting in Australia on our Australia Page on IAS Plus: www.iasplus.com/country/country.htm

Model half-year report under Australian IFRSs

Deloitte Touche Tohmatsu (Australia) has published *2006 Consolidated Model Half-Year Report* to illustrate an interim report for periods ending on or after 30 June 2006 in accordance with Australian equivalents to International Financial Reporting Standards (A-IFRSs). The model illustrates a half-year report that complies with:

- the Australian Corporations Act 2001;
- accounting standard AASB 134 Interim Financial Reporting, as amended by AASB 2004-2 and AASB 2005-7 'Amendments to Australian Accounting Standards'; and
- other current requirements and guidelines, including Australian Stock Exchange Listing Rules and Australian Securities and Investments Commission Class Orders, Practice Notes, Policy Statements, and Media Releases.

This model is intended to meet the needs of the vast majority of entities in complying with the half-year reporting requirements of the Corporations Act 2001. It does not illustrate the special reporting requirements for such industries as life insurance and credit unions. Further, of course, this model cannot cover all situations that may be encountered in practice and is not a substitute for knowledge of the disclosure provisions of the Corporations Act 2001, Accounting Standards, and Interpretations are pre-requisites for the preparation of financial reports.

You will find this and other Deloitte IFRS-related publications at: www.iasplus.com/dttdpubs/pubs.htm

Guidance on fair value measurement under FAS 123(R)

Deloitte & Touche (USA) has updated its book of guidance on FASB Statement No. 123(R) Share-Based Payment: *A Roadmap to Applying the Fair Value Guidance to Share-Based Payment Awards*. This second edition reflects all authoritative guidance on FAS 123(R) issued as of 28 April 2006. It includes over 60 new questions and answers, particularly in the areas of earnings per share, income tax accounting, and liability classification.

The interpretations incorporate the views in SEC Staff Accounting Bulletin Topic 14 "Share-Based Payment" (SAB 107), as well as subsequent clarifications of EITF Topic No. D-98 "Classification and Measurement of Redeemable Securities" (dealing with mezzanine equity treatment). Note that while FAS 123 is similar to IFRS 2 *Share-based Payment*, there are some measurement differences.

Accounting Standards Update in the Asia-Pacific Region

AUSTRALIA

Contact: Bruce Porter

bruporter@deloitte.com.au

The Australian Accounting Standards Board ('AASB') began their deliberations on the removal of Australian Guidance attached to Australian equivalents to IFRSs and agreed that most of it should be removed, either because it is no longer relevant or because it may be misinterpreted in the context of seeking compliance with IFRS. Also, preliminary discussions have been held which may result in the reversal of many of the changes made to the IFRSs in the process of making the Australian equivalents to IFRS, for example, reinstating all options that currently exist in IFRS and eliminating additional Australian disclosures.

The AASB noted that ED 148 Proposed Amendments to AASB 101 Presentation of Financial Statements: A Revised Presentation (consistent with IASB ED Proposed Amendments to IAS 1 Presentation of Financial Statements: A Revised Presentation), released in March 2006 contains an international definition of general purpose financial statements which could potentially have the effect that all regulatory filings of accounts on a public register are general purpose financial reports. The application of this definition in Australia would have a significant effect on the contents of financial reports of many entities that are required to file their accounts with ASIC.

The AASB also issued the following exposure drafts:

- ED 149 *Proposed Amendments to AASB 123 Borrowing Costs*
- ED 150 *Proposed Amendments to AASB 132 Financial Instruments: Presentation and AASB 101 Presentation of Financial Statements: Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation.*

Consistent with the IFRIC agenda decision, the Urgent Issues Group ('UIG') has issued a rejection statement on subscriber acquisition costs in the telecommunications industry. In Australia, UIG Interpretation 1042 *Subscriber Acquisition Costs in the Telecommunications Industry* (December 2004) addresses when direct subscriber acquisition costs may be recognised as an asset.

As discussed in the First Quarter update, the AASB have agreed to disband the UIG and adopt a new Interpretations model in Australia under which the AASB will have direct responsibility for interpretations. The Interpretations model includes an Interpretations Agenda Committee (IAC) comprising the AASB Chairman and two other AASB members. The role of the IAC is to consider issue proposals, IFRIC Draft Interpretations and IFRIC Interpretations and recommending a course of action to the AASB. The IAC will work together with advisory panels formed from a public register of potential advisory panel members on a topic-by-topic basis.

The new Interpretations model has effect from 1 July 2006.

CHINA

Contact: Joseph Yuen
 josyuen@deloitte.com.hk

The China Securities Regulatory Commission (CSRC) has issued the following important documents relating to public offerings, including IPOs:

- Administrative rules for initial public offerings and listing of shares
- Administrative rules for making public issues by listed companies
- The standard for the form and content of information disclosed by companies making public issues
 - No. 1 Prospectus for Initial Public Offering (2006 revised)
 - No. 9 Application documents for initial public offering and listing of shares (2006 revised)
 - No. 10 Application documents for listed companies making public issues
 - No. 11 Prospectus for fund raising by listed companies making public issues

The CSRC also issued following documents:

- Guidance for Memorandum of Association of Listed Companies (2006 revised)
- Rules for Shareholders Meeting of Listed Companies

The Shanghai Stock Exchange has issued internal control guidance for companies listed on that exchange.

The Ministry of Finance has issued a notice relating to certain accounting matters in the implementation of the revised Companies Law.

HONG KONG

Contact: Stephen Taylor
 stetaylor@deloitte.com.hk

In May 2006, the Hong Kong Institute of CPAs issued two new Interpretations:

- HK(IFRIC)-Int 8 *Scope of HKFRS 2*; and
- HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives*

Both are fully converged with the international interpretations IFRIC 8 and IFRIC 9.

HK(IFRIC)-Int 8 clarifies that HKFRS 2 *Share-based Payment* applies to arrangements where an entity makes share-based payments for apparently nil or inadequate consideration. It explains that, if the identifiable consideration given appears to be less than the fair value of the equity instruments granted or liability incurred, this situation typically indicates that other consideration has been or will be received and HKFRS 2 therefore applies. HK(IFRIC)-Int 8 is effective for annual periods beginning on or after 1 May 2006, with earlier application encouraged.

HK(IFRIC)-Int 9 addresses whether the treatment of an embedded derivative needs to be reassessed subsequently if certain events occur. It concludes that an entity must assess whether an embedded derivative is required to be separated from the host contract and accounted for separately as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. HK(IFRIC)-Int 9 is effective for annual periods beginning on or after 1 June 2006, with earlier application encouraged.

Hong Kong, continued

The HKICPA also revised HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards. The revised standard consolidates all the necessary changes resulting from the issue of new standards, interpretations and amendments to standards during 2004 and 2005 (e.g. HKFRS 6 and 7, HK (IFRIC) – Int 1 and 4, Amendments to HKAS 19 and HKAS 39).

During the second quarter of 2006, the HKICPA also invited comments on two IFRS proposals:

- IASB Discussion Paper on *Management Commentary*
- IASB Exposure Draft of *Proposed Amendments to IAS 23 Borrowing Costs*

JAPAN

Contact: Yasuyuki Miyasaka
yasuyuki.miyasaka
@tohatsu.co.jp

The following accounting and auditing standards and related publications were issued in Japan during the second quarter of 2006:

Issued	Issuer	Document Description
30 Mar. 2006	ASBJ	PITF (Practical Issues Task Force) No.17, Practical Treatment for Software Revenue Recognition and Presentation
14 Apr. 2006	ASBJ	Exposure Draft of Accounting Standards for Measurement of Inventories
17 May. 2006	ASBJ	PITF No.18, Tentative Treatment for the Unification of Accounting Policies of Foreign Subsidiaries in Preparing Consolidated Financial Statements
31 May. 2006	ASBJ	ASB Guidance No.11, Amendment of Accounting Standards for Stock Options
6 June. 2006	ASBJ	Exposure Draft of Accounting Standards (and Guidance) for Disclosure of Related Parties
6 June. 2006	ASBJ	Exposure Draft of Amendment of Accounting Standards for Financial Instruments
6 June. 2006	ASBJ	Exposure Draft of PITF No.23, Tentative Treatment of Accounting for Deferred Charges
6 June. 2006	ASBJ	Exposure Draft of PITF No.24, Practical Treatment of Application of Consolidation Policy for Investment Partnerships
14 June. 2006	FSA	Financial Instruments and Exchange Law (Amendment to the Securities and Exchange Law)
16 June. 2006	ASBJ	Exposure Draft of Amendment of Accounting Standards (and Guidance) for Treasury Stock and Reduction of Legal Reserves
*ASBJ: Accounting Standards Board of Japan FSA: Financial Services Agency		

JAPAN, continued

Exposure Draft of Accounting Standards for Measurement of Inventories

On 14 April 2006, ASBJ issued the Exposure Draft of Accounting Standards for Measurement of Inventories. The draft proposes that all inventories should be measured at the lower of cost or net realisable value, replacing the current standards which allow the use of either the cost method (with impairment) or the lower of cost or market method. This amendment was one of the outcomes of the convergence project between IASB and ASBJ.

The final standard is expected to be issued in 2006, and become effective for fiscal years beginning on or after April 1, 2007. Early adoption is expected to be permitted.

PITF No.18, Tentative Treatment for the Unification of Accounting Policies of Foreign Subsidiaries in Preparing Consolidated Financial Statements

On 17 May, ASBJ issued PITF No.18, Tentative Treatment for the Unification of Accounting Policies of Foreign Subsidiaries in Preparing Consolidated Financial Statements.

Japanese GAAP requires companies to unify their accounting policies within the consolidation group. However, the current guidance allows companies to consolidate financial statements of foreign subsidiaries prepared on the local GAAP basis without unification of policies, if the policy itself is not obviously unreasonable. The new PITF replaces the current guidance and requires companies;

- to unify its accounting policies to Japanese GAAP within the group; or
- to tentatively accept financial statements of foreign subsidiaries that are prepared under either IFRS or US GAAP, to be incorporated in the consolidated financial statements under the conditions set below.

The PITF requires at least six adjustments to be made to financial statements of foreign subsidiaries prepared under IFRS or US GAAP for consolidation, in order to maintain consistency with the current Japanese GAAP. The six required adjustments are set forth below;

1. Amortisation of goodwill;
2. Scheduled amortisation of actuarial gain or loss of pensions that have been directly recorded in the equity;
3. Expensing capitalised development costs of R&D;
4. Cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting;
5. Recording the prior years' effects of changes in accounting policies in the income statements where retrospective adjustments to financial statements have been incorporated; and
6. Exclusion of minority interests from net income, if contained.

The PITF is effective for fiscal years beginning on or after 1 April 2008. Early adoption is permitted.

JAPAN, continued

Exposure Draft of Accounting Standards (and Guidance) for Disclosure of Related Parties

On 6 June 2006, ASBJ issued Exposure Draft of Accounting Standards (and Guidance) for Disclosure of Related Parties. The draft is one of the outcomes of the convergence project between IASB and ASBJ. Although most of current requirements under Japanese Regulation are retained, the draft newly requires the disclosure of summarised financial information of affiliated companies, including the aggregated amounts of assets, liabilities, revenues and profit or loss.

The final standard is expected to be issued in 2006 and become effective for fiscal years beginning on or after 1 April 2008. Early adoption is expected to be permitted.

Financial Instruments and Exchange Law

On 14 June 2006, the Financial Instruments and Exchange Law was promulgated after the passage of the bills in the National Diet. The new Law replaces the Securities and Exchange Law and is expected to be enforced in order within 18 months from the promulgation. The main features of the new Law were described in the Japan update in the *IAS Plus* April 2006 newsletter.

MALAYSIA

Contact: Hiew Kim Tiam
khiew@deloitte.com

MASB releases two Technical Releases on accounting for Islamic financial transactions - zakat and ijarah

The Malaysian Accounting Standards Board (MASB) has issued guidance in the form of technical releases for those involved in Islamic products on how to apply MASB accounting standards to Islamic financial transactions in respect of Zakat (one of the Islamic fundamental obligations) and Ijarah (Islamic leasing).

The technical release on Accounting for Zakat on business only deals with financial reporting issues related to zakat, namely that zakat is an expense of the entity whereas the technical release on Ijarah was written on the premise that an asset under Islamic leasing is split between the underlying asset which belongs to the lessor, and the right which belongs to the lessee.

Amendments to FRS 124 and FRS 139

On 3 May 2006, the MASB announced amendments to certain provisions in FRS 124 *Related Party Disclosures* and FRS 139 *Financial Instruments: Recognition and Measurement*.

The amendments mainly exempt state-controlled entities from complying with FRS 124 with effect from 3 May 2006 and the effective date of FRS 139 and consequential amendments resulting from FRS 139 is deferred to a date to be announced by the MASB.

Exposure Draft on Simpler Accounting Standards for Private Companies

The MASB has issued Exposure Draft 52 on the proposed new standard known as Private Entity Reporting Standards (PERS) for public comment. PERS is intended to provide guidance on the accounting treatments suitable for private entities and at the same time, reduce their reporting burden with less disclosure requirements.

MALAYSIA, continued**Three New Draft Interpretations for comments**

The MASB released the following draft interpretations for public comment:

- Interpretation 6: *Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*
- Interpretation 7: *Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economics*
- Interpretation 8: *Scope of FRS 2*

NEW ZEALAND

Contact: Denise Hodgkins
dhodgkins@deloitte.co.nz

IASB Exposure Drafts and Discussion Papers Issued

The Financial Reporting Standards Board (FRSB) issued the following IASB and IFRIC documents for comment:

- Exposure draft of proposed Amendments to NZ IAS 23 Borrowing costs
- Constituents are invited to comment on the International Financial Reporting Interpretations Committee draft due process handbook
- Exposure draft of proposed amendments to NZ IAS 32 *Financial Instruments: Presentation* and NZ IAS 1 *Presentation of Financial Instruments – Financial Instruments Puttable at Fair Value and Obligations arising on Liquidation*

The International Public Sector Accounting Standards Board (IPSASB) Exposure Drafts and Discussion Papers Issued

The Financial Reporting Standards Board (FRSB) issued the following IPSASB documents for comment:

- Consultation paper: *Accounting for Heritage Assets Under the Accrual Basis of Accounting*

PHILIPPINES
Contact: Cindy F. Ortiz
cfortiz@deloitte.com.ph

Securities and Exchange Commission Memorandum Circulars

Newly Adopted Accounting Standards

The Philippine Securities and Exchange Commission (SEC) in its Memorandum Circular No. 4 Series of 2006 approved the adoption in its rules and regulations the following accounting standards as approved by the Accounting Standards Council:

Title	Effective Date
PFRS 6: Exploration for and Evaluation of Mineral Resources	1/1/06
PFRS 7: Financial Instruments: Disclosures	1/1/07
Amendments to PAS 39: Cash Flow Hedge Accounting Forecast Intra-group Transactions	1/1/06
Amendments to PAS 39: The Fair Value Option	1/1/06
Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	1/1/06
Amendments to PAS 1: Capital Disclosures	1/1/07

The Philippine SEC issued Memorandum Circular No. 1 Series of 2006 *Guidelines on the Filing of Functional Currency Financial Statements*. This circular guides companies whose functional currency (currency of the primary economic environment in which the company operates) is other than the Philippine peso and whose financial statements are expressed in that functional currency.

The company's determination of its functional currency must be made in accordance with PAS 21 *The Effects of Changes in Foreign Exchange Rates*.

SRC Rules 68 and 68.1

The SEC has amended SRC Rules 68 and 68, which govern the required form and content of financial statements. The Rules now require that all financial statements filed with the Commission be in accordance with Philippine Financial Reporting Standards (PFRSs) and related interpretations adopted by the Commission and the Financial Reporting Standards Council (FRSC).

PHILIPPINES, continued***SEC Notice to Pre-need Companies***

The SEC has notified pre-need (that is, insurance) companies to submit on or before 15 April 2006 their audited financial statements based on the existing Pre-need Uniform Chart of Accounts (PNUCA) but using all effective Philippine Accounting Standards (PASs)/Philippine Financial Reporting Standards (PFRSs) except for the accounting treatment of revenues and financial liabilities under PAS 39 [equivalent to IAS 39] and PFRS 4 [equivalent to IFRS 4]. For revenues and financial liabilities, the pre-need companies will still follow traditional insurance accounting). Trust fund assets however, must be accounted for under the valuation provisions of PAS 39 and 40;

However, on or before 31 August 2006, the pre-need companies must submit pro-forma financial statements using all effective PAS/PFRS. These statements must be certified correct by the president and chief finance officer of each company, and supported by a supplemental report from its external auditor indicating that the accounting recognition and measurement of revenues and financial liabilities under PAS 39 and insurance contracts under PFRS 4 were complied with. Pre-need companies that are capable of simultaneously preparing the two sets of financial statements (traditional insurance accounting and PAS 39/IFRS 4) are encouraged to submit them on or before 15 April 2006.

The Council on Corporate Disclosure and Governance (CCDG) has issued the following, which are identical to those issued under the IASB's agenda during the 2nd quarter of 2006:

New Interpretations:

- INT FRS 109 Reassessment of Embedded Derivatives (IFRIC Interpretation 9); and
- INT FRS 108 Scope of FRS 102 (IFRIC Interpretation 8).

Proposed Standards:

- ED of Proposed Amendments to FRS 32 (IAS 32) and FRS 1 (IAS 1) on financial instruments puttable at fair value and obligations arising on liquidation; and
- ED Proposed Amendments to FRS 23 (IAS 23) Borrowing Costs.

The following exposure drafts on proposed standards are still outstanding:

Issued in 2004

- ED Proposed Amendments to FRS 103 (IFRS 3) Business Combinations – Combinations by Contract Alone or Involving Mutual Entities.

Issued in 2005

- ED Proposed Amendments to FRS 37 (IAS 37) Provisions, Contingent Liabilities and Contingent Assets and FRS 19 (IAS 19) Employee Benefits;
- ED Proposed Amendments to FRS 27 (IAS 27) Consolidated and Separate Financial Statements; and
- ED Proposed Amendments to FRS 103 (IFRS 3) Business Combinations.

Issued in 2006

- ED Proposed Amendments to FRS 1 (IAS 1) A Revised Presentation;
- ED Proposed Amendments to FRS 102 (IFRS 2) Vesting Conditions and Cancellations; and
- ED FRS Operating Segments (ED IFRS 8).

The following exposure drafts on proposed interpretations are still outstanding:

Issued in 2004

- ED INT FRS Multi-employer Plans (IFRIC Draft Interpretation D6);
- ED INT FRS Members' Shares in Co-operative Entities (IFRIC Interpretation 2);
- ED INT FRS Employee Benefit Plans with a Promised Return on Contributions or Notional Contributions (IFRIC Draft Interpretation D9); and
- ED INT FRS Changes in Contributions to Employee Share Purchase Plans (IFRIC Draft Interpretation D11).

SINGAPORE, continued**Issued in 2005**

- ED INT FRS Service Concession Arrangements – Determining the Accounting Model (IFRIC Draft Interpretation D12);
- ED INT FRS Service Concession Arrangements – The Financial Asset Model (IFRIC Draft Interpretation D13);
- ED INT FRS Service Concession Arrangements – The Intangible Asset Model (IFRIC Draft Interpretation D14); and
- ED INT FRS 102 Group and Treasury Share Transactions (IFRIC Draft Interpretation D17).

Issued in 2006

- ED INT FRS Interim Financial Reporting and Impairment (IFRIC Interpretation 10).

CCDG has now issued a set of accounting standards and interpretations that are almost identical to the current set of International Financial Reporting Standards (IFRSs), though some differences between Singapore Financial Reporting Standards and IFRSs remain, including the following:

- Under the Singapore FRS 16 Property, Plant and Equipment, one-off revaluations of such assets that took place between 1984 and 1996 are permitted without requiring ongoing use of the revaluation model.
- Singapore FRS 17 removes the words in paragraph 14 and 15 of IAS 17, which indicates that land normally has an indefinite economic life and, if title is not expected to pass to the lessee by the end of the lease term, the lessee does not receive substantially all of the risks and rewards incident to ownership.
- Singapore FRS 25 Accounting for Investments is retained until FRS 40 is effective.
- There is no equivalent to IAS 30 Disclosures in the Financial Statements of Banks and Similar Financial Institutions. IAS 30 will be superseded when IFRS 7 Financial Instruments: Disclosures is effective.
- FRS 27, 28 and 31 differs in that it removes the requirement to produce consolidated, equity accounted or proportionate consolidated financial statements available for public use that comply with IFRS.
- Some differences exist in the requirements to present consolidated financial statements and in accounting for associates and joint ventures as compared to IASs 27, 28, and 31.
- Singapore FRS 39 has different transitional provisions as the standard was not previously required to be adopted.
- Differences in effective dates.
- The following have not yet been adopted:
 - IFRIC 2 Members' Shares in Co-operative Entities and Similar Instruments; and
 - IFRIC 10 Interim Financial Reporting and Impairment.

The most comprehensive IFRS news on the Net

The IAS Plus website, maintained by Deloitte, provides the most comprehensive information on the Internet about international financial reporting. It is aimed at accounting professionals, businesses, financial analysts, standard-setters and regulators, and accounting educators and students. The site, which is totally free of charge, has a broad array of resources about the International Accounting Standards Board and International Financial Reporting Standards, including:

- A news page (updated almost daily). Day-by-day past news back to December 2000.
- Detailed summaries of all Standards and Interpretations.
- E-learning modules for each IAS and IFRS – made available at no charge in the public interest.
- Model IFRS financial statements and disclosure checklists.
- Downloadable Deloitte publications relating to IFRSs (over 60 publications available).
- Background and updates on all IASB and IFRIC agenda projects, including decision summaries of all IASB meetings.
- Comparisons of IFRSs and various national GAAPs.
- Complete history of the adoption of IFRSs in Europe, with links to all the relevant documents.
- Information about adoptions of IFRSs elsewhere around the world.
- Updates on national accounting standards development in over 75 countries throughout the world.
- A resource library of important documents relating to International Financial Reporting Standards.
- Description of the IASB structure, component bodies, and key organisations with which it interrelates.
- History of the IASB, including a comprehensive chronology.
- Links to nearly 200 global IFRS-related websites.
- Even some tools to help in your work, such as world time clock, 9-year calendar, unit conversions, amortisation calculator, telephone codes, currency converter, stock market indexes, worldwide weather, and a calculator.
- Over 3,600,000 visitors through June 2006.

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