



Worldwide Update

Periodic roundup of recent and upcoming actions and activities by audit and accounting organizations throughout the world.

International

IASB – International Accounting Standards Board (www.ifrs.org)

- 1. Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)**, issued October 12, 2017, “clarify that companies account for long-term interests in an associate or joint venture—to which the equity method is not applied—using IFRS 9.” Effective January 1, 2019, with early application permitted.
- 2. Prepayment Features with Negative Compensation (Amendments to IFRS 9)**, issued October 12, 2017, “allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss.” Effective January 1, 2019, with early application permitted.
- 3. Exposure Draft - Accounting Policies and Accounting Estimates (Proposed amendments to IAS 8)** –issued September 12, 2017, “to help companies distinguish accounting policies from accounting estimates. The distinction is important because changes in accounting estimates often affect a company’s profit or loss, but changes in accounting policies generally do not.” The comment period ends January 15, 2018.
- 4. IFRS Practice Statement 2 - Making Materiality Judgement** – issued September 14, 2014, “encourages companies to apply judgement instead of using IFRS requirements as a checklist, so that financial statements focus on the information that is useful to investors.”
- 5. Exposure Draft - Definition of Material (Proposed amendments to IAS 1 and IAS 8)** – issued September 14, 2017, to “refine the definition of material and clarify its application to:
 - align the wording of the definition in IFRS Standards and the definition in the Conceptual Framework for Financial Reporting (the Conceptual Framework)—the wording is currently similar but not identical—and make some minor improvements to that wording;
 - incorporate some of the existing supporting requirements in IAS 1 into the definition to give them additional prominence; and
 - improve the clarity of the explanation accompanying the definition of material.”

The comment period ends January 15, 2018.

IFAC – *International Federation of Accountants* (www.ifac.org)

1. **International Ethics Standards Board (IESBA) –Exposure Draft, Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements**, released September 8, 2017, establishes “a comprehensive framework that covers all forms of inducements and which applies to both professional accountants in business and professional accountants in public practice. The proposals would also require professional accountants to understand and comply with relevant laws and regulations in situations related to bribery and corruption and prohibit the offering and accepting of inducements with intent to improperly influence behavior.” The comment period ends December 8, 2017.
2. **International Public Sector Accounting Standards Board (IPASB) - Exposure Draft 62, Financial Instruments** released August 24, 2017, “proposes new simplified classification and measurement requirements for financial assets, a forward looking impairment model and a flexible principle-based hedge accounting model,” consistent with IFRS 9, Financial Instruments. The comment period ends December 31, 2017.
3. **International Public Sector Accounting Standards Board (IPASB) - Accounting for Revenue and Non-Exchange Expenses**, - Consultation Paper issued on August 22, 2017, “discusses two potential approaches for recognition of revenue for transactions that have performance obligations or stipulations...and...two potential approaches for recognition of non-exchange expenses,” as well as some implementation and measurement issues. Comments are due by January 15, 2018.

ACCA – *Association of Chartered Certified Accountants* (www.accaglobal.com/)

1. **The CFOs’ Guide to Technology Roadmapping**, research report issued in collaboration with the Institute of Management Accountants, on September 28, 2017, stating that “CFOs and their finance departments need to be included in the early stages of research and development (R&D) to identify risk, but without stifling innovation.”

IIRC - *International Integrated Reporting Council* (www.theiirc.org)

1. **International Framework Implementation Feedback Summary Report**, issued on October 12, 2017, presents results “from the first worldwide consultation on how companies are adopting integrated reporting since the International <IR> Framework was released in 2013,” and “show how the focus has moved from one of initial acceptance to progress in actual implementation.

Africa, Europe, India, and the Middle East (AEIME)

FRC – *Financial Reporting Council of the UK* (www.frc.org.uk)

1. **Financial Reporting Exposure Draft (FRED) 68: Payments by subsidiaries to their charitable parents that qualify for gift aid**, issued September 20, 2017, proposes to amend FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, such that “the tax effects of such a gift aid payment, when it is

probable that it will be made in the nine months following the reporting date, shall be taken into account at the reporting date.” Comments are due by October 20, 2017.

2. **Invitation to comment: Draft Amendments to Strategic Report**, issued August 17, 2017, “encouraging companies, to provide better information on how companies have fulfilled this duty to improve accountability to shareholders and other stakeholders,” through the annual Strategic Report. Comments are due by October 24, 2017.

Americas, Asia, Australia and New Zealand (AAANZ)

FASB – *Financial Accounting Standards Board* (www.fasb.org)

1. **Exposure Draft – Codification Improvements** – issued October 3, 2017, “are changes to clarify the Codification or correct unintended application of guidance that is not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities.” The comment period ends December 4, 2017.
2. **Exposure Draft – Technical Corrections and Improvements to Recently Issued Standards: I. Accounting Standards Update No. 2016-01, Financial Instruments— Overall: Recognition and Measurement of Financial Assets and Financial Liabilities; II. Accounting Standards Update No. 2016-02, Leases** – issued September 27, 2017, covers a variety of issues. The comment period ends October 25, 2017.
3. **Exposure Draft – Leases: Land Easement Practical Expedient for Transition to Topic 842** – issued September 24, 2017, “would (1) clarify that land easements should be evaluated under Topic 842 and (2) address stakeholder concerns about the costs and complexity of complying with the transition requirements in Topic 842 for land easements not previously assessed under Topic 840 by providing an optional transition expedient.” The comment period ends October 25, 2017.
4. **Exposure Draft – Consolidation: Reorganization** – issued September 20, 2017, “would affect the organization of the consolidation guidance and would clarify certain items within that guidance. The comment period ends December 4, 2017
5. **Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities – ASU 2017-12**, issued August 28, 2017, “with the objective of improving the financial reporting of hedging relationships to better portray the economic results of an entity’s risk management activities in its financial statements. In addition to that main objective, the amendments in this Update make certain targeted improvements to simplify the application of the hedge accounting guidance in current GAAP.” Effective for public companies in 2019 and private companies in 2020, with early adoption permitted.

GASB – *Governmental Accounting Standards Board* (www.gasb.org)

- 1. Why Governmental Accounting and Financial Reporting Is—and Should Be—Different**, issued October 3, 2017, is a revision to a previously issued White Paper, that describes the differences between governmental entity and business entity accounting and reporting.

AICPA – *American Institute of Certified Public Accountants* (www.aicpa.org)

- 1. Enhancing Audit Quality - 2017 highlights and progress** – report issued October 23, 2017, “highlights the past year’s progress in the continuing effort to enhance audit quality. The publication outlines key accomplishments in the areas of peer review, audit documentation, single audits, employee benefit plan audits and quality control. It also addresses changing talent needs with sections dedicated to the Uniform CPA Examination and Valuation credentials.”
- 2. Accounting and Review Services Committee (ARSC)**
 - a. Exposure Draft – Omnibus Statement on Standards for Accounting and Review Services – 2018**, issued September 14, 2017, would provide guidance regarding international reporting and other issues. The comment period ends December 14, 2017.
 - b. Exposure Draft – Statement on Standards for Attestation Engagements (SSAE) Selected Procedures**, issued September 1, 2017, would “• provide flexibility by not requiring the specified parties to either establish the procedures or agree to the sufficiency of the procedures for their purposes...• not include a requirement to either request an assertion or disclose in the accountant’s report when the practitioner does not obtain a written assertion...• not include a requirement for the practitioner to restrict the use of the report. The comment period ends December 1, 2017

PCAOB – *Public Company Accounting Oversight Board* (www.pcaob.org)

- 1. Supplemental Request for Comment - Proposed Amendments Relating to the Supervision of Audits Involving Other Auditors and Proposed Auditing Standard—Dividing Responsibility for the Audit with Another Accounting Firm**, issued September 26, 2017. The original proposal issued April 12, 2016, “spells out a lead auditor’s responsibilities for planning, supervising, and evaluating the work of other auditors. Today’s supplemental request for comment responds to some comments received asking for clarification to some provisions and modifications to others.” The comment period ends November 15, 2017.

SASB – *Sustainability Accounting Standards Board* (<http://www.sasb.org>)

- 1. Exposure Draft Standards** – issued October 2, 2017, is a comprehensive compendium of updates to provisional standards previously issued for 79 industries in 11 major sectors. The changes “reflect the nature of sustainability issues, which are often newly emerging, frequently evolving, and increasingly well understood. These

changes arose from significant market feedback and/or regulatory and scientific advancement, and priority was given to items that would improve the quality of the standard, including the materiality and/or decision-usefulness of the information the standard is designed to yield and the cost-effectiveness of implementation.” The comment period ends December 31, 2017

COSO - The Committee of Sponsoring Organizations of the Treadway Commission
(www.coso.org)

- 1. Enterprise Risk Management — Aligning Risk with Strategy and Performance**, issued September 6, 2017, as an update to the original issued in 2004, “designed to address the needs of all organizations to improve their approach to managing new and existing risks as a way to help create, preserve, sustain and realize value.” See first article in this issue for further details.

Additional A & A News

[Big data, analytics, AI, and the finance professional](https://www.cgma.org/magazine/2017/oct/big-data-analytics-opportunities-for-management-accountants.html)

(<https://www.cgma.org/magazine/2017/oct/big-data-analytics-opportunities-for-management-accountants.html>)

[Global Regulators Play Bitcoin Whack-a-Mole as Demand Explodes](https://www.bloomberg.com/news/articles/2017-10-11/global-regulators-play-bitcoin-whack-a-mole-as-demand-explodes)

(<https://www.bloomberg.com/news/articles/2017-10-11/global-regulators-play-bitcoin-whack-a-mole-as-demand-explodes>)

[AI and Big Data – three years in the evolution of accounting](https://diginomica.com/2017/10/12/ai-big-data-accounting-three-years-evolution/)

(<https://diginomica.com/2017/10/12/ai-big-data-accounting-three-years-evolution/>)

[SEC Endorses Simplification of Disclosure Rules](http://ww2.cfo.com/disclosure/2017/10/sec-endorses-simplification-disclosure-rules/)

(<http://ww2.cfo.com/disclosure/2017/10/sec-endorses-simplification-disclosure-rules/>)

[Potential areas of risk for the 2017 audit cycle](https://www.journalofaccountancy.com/news/2017/oct/2017-audit-cycle-risks-201717635.html?utm_source=mnl:cpald&utm_medium=email&utm_campaign=12Oct2017)

(https://www.journalofaccountancy.com/news/2017/oct/2017-audit-cycle-risks-201717635.html?utm_source=mnl:cpald&utm_medium=email&utm_campaign=12Oct2017)

[There’s no room for blurring ethical rules in accounting profession](https://www.businesslive.co.za/bd/opinion/2017-10-09-theres-no-room-for-blurring-ethical-rules-in-accounting-profession/)

(<https://www.businesslive.co.za/bd/opinion/2017-10-09-theres-no-room-for-blurring-ethical-rules-in-accounting-profession/>)