



February 2016

Technical Roundup

The Technical Standards Update of Crowe Horwath International

From the International Accounting Standards Board (IASB)

Leases

The IASB has issued a new standard, IFRS 16 *Leases*, which is a major revision of the way in which companies account for leases. For an overview of the new Standard, watch a [video](#) of IASB Chairman Hans Hoogervorst discussing the new requirements.

You can also refer to:

- an [Effects Analysis](#) [PDF]; and
- a [Project Summary](#) [PDF]

Read the full press release [here](#).

Investments in Associates and Joint Ventures

The IASB postponed the effective date of narrow-scope amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. Those changes, which affect how an entity should determine gain or loss recognised when assets are sold or contributed between the entity and an associate or joint venture in which it invests, no longer have to be implemented by 2016.

Income Taxes

The IASB issued amendments to IAS 12 *Income Taxes*. The amendments, *Recognition of Deferred Tax Assets for Unrealised Losses* (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value.

Read the full press release and access the amendment [here](#).

Cash Flows

The IASB has issued amendments to IAS 7 *Statement of Cash Flows*. The amendments, a response to requests from investors for information that helps them better understand changes in a company's debt, require companies to provide information about changes in their financing liabilities. Read the full press release and access the amendments [here](#).

From the International Audit and Assurance Standards Board (IAASB)

Special Purpose Financial Statements

As a result of their work on auditor reporting, the IAASB released **ISA 800 (Revised), Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks**, and **ISA 805 (Revised), Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement**. The amendments are limited to auditor reporting and are not intended to substantively change the underlying premise of these engagements.

ISA 800 (Revised) and ISA 805 (Revised) will become effective at the same time as the auditor reporting standards addressing general purpose financial statements—for audits of financial statements for periods ending on or after 15 December 2016.

Audit Quality

The IAASB has published two documents on audit quality for which they are seeking comment / feedback:

- **Invitation to Comment, Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits** – highlights the potential standard-setting activities the Board feels might enhance audit quality in these areas; and
- **Overview, Invitation to Comment, Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control, and Group Audits** – a companion document which includes a summary of the key areas of focus and the direction the Board might take.

Comments on each are due by 16 May 2016.

From the IFRS Foundation

IFRS Teaching Material Available

The IFRS Foundation Education Initiative has published 2 more parts of its comprehensive Framework-based IFRS teaching material. The first 3 parts covered liabilities, non-financial assets and the IAS 8 hierarchy.

- Part 4 focusses on accounting for business combinations and consolidated financial statements.
- Part 5 focusses on changing accounting policies and accounting estimates, correcting prior period errors and reflecting changes in circumstances.

The material is designed to assist those teaching IFRS to help their students develop the ability to make the estimates and judgements that are necessary to apply IFRS and *IFRS for SMEs*. It also includes case studies. Download the free material [here](#).

From the Federation of European Accountants (FEE)

Non-financial Information

FEE has issued a Position Paper on what the requirements of the EU Directive for providing assurance on disclosure of non-financial information mean in practice, and how the accountancy profession in Europe can lend credibility and trust to this data when European companies start reporting in 2017. See **EU Directive on disclosure of non-financial and diversity information: The role of practitioners in providing assurance** and the original **Factsheet** for more detail.

From the International Public Sector Accounting Standards Board (IPSASB)

Exposure Drafts

The IPSASB released for comment [Exposure Draft \(ED\) 59, Amendments to IPSAS 25, Employee Benefits](#). IPSAS 25 was based on IAS 19, *Employee Benefits*, which has since been revised. The main changes proposed to maintain convergence with IAS 19 are:

- Remove an option that allows an entity to defer the recognition of changes in the net defined benefit liability (the “corridor approach”);
- Introduce the net interest approach for defined benefit plans;
- Amend certain disclosure requirements for defined benefit plans and multi-employer plans; and
- Simplify the requirements for contributions from employees or third parties to a defined benefit plan when those contributions are applied to a simple contributory plan that is linked to service.

Comments are requested by 30 April 2016.

The IPSASB also release for comment [Exposure Draft \(ED\) 60, Public Sector Combinations](#), which classifies public sector combinations as either amalgamations or acquisitions taking into account control and other factors. A party to the combination must gain control over an operation for it to be treated as an acquisition rather than an amalgamation, but control is not sufficient in itself to determine that a combination is an acquisition.

Comments are requested by 30 June 2016.

From the International Ethics Standards Board for Accountants (IESBA)

Structure

The Board has issued an Exposure Draft, [Improving the Structure of the Code of Ethics for Professional Accountants—Phase 1](#) that aims to restructure the Code to make it more understandable and usable. Key features of the ED include:

- Requirements clearly distinguished from application material;
- Increased clarity of responsibility for compliance with the Code’s requirements;
- A reorganization of the content of the Code; and
- A new Guide to the Code.

Comments are requested by 18 April 2016.

Safeguards

The IESBA has also issued a second ED, [Proposed Revisions Pertaining to Safeguards in the Code—Phase 1](#), with enhanced requirements and application material concerning the application of the Code’s conceptual framework. Key features include:

- Clearer requirements, including a required overall assessment of the judgments made and conclusions reached;
- A clearer and more robust description of the concept of safeguards, and clarified and streamlined examples of safeguards; and

- New guidance regarding the application of the concept of a “reasonable and informed third party” that is essential to properly applying the conceptual framework.

Comments are requested by 21 March 2016.

From the American Institute of CPAs (AICPA)

Auditors' Reports

The AICPA Auditing Standards Board issued Statement on Auditing Standards ([SAS No. 131, Amendment to Statement on Auditing Standards No. 122 Section 700](#)), to clarify the format of the auditor's report to be used for an audit conducted in accordance with PCAOB standards when the audit is *not* under the PCAOB's jurisdiction. SAS 131 also addresses the differences between GAAS reporting requirements and the PCAOB's. When the auditor refers to the PCAOB's standards in addition to GAAS in the auditor's report, SAS 131 requires the auditor to use the form of report required by PCAOB standards, amended to state that the audit also was conducted in accordance with GAAS. The amendments are effective for audits of financial statements for periods ending on or after 15 June 2016 with early application permitted.

From the Financial Accounting Standards Board (FASB)

Financial Instruments

The FASB issued Accounting Standards Update No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. Public business entities must apply the new requirements for fiscal years beginning after 15 December 2017, including interim periods within those fiscal years. All other entities must apply the new requirements for fiscal years beginning after 15 December 2018, and interim periods within fiscal years beginning after 15 December 2019. All entities that are not public business entities may adopt the amendments in this Update earlier as of the fiscal years beginning after 15 December 2017, including interim periods within those fiscal years.

Additional information is available in the [news release](#) or [FASB in Focus](#) document. Download the ASU [here](#).

Proposed ASUs

Following are the recent Proposed Accounting Standards Updates (ASUs) and their comment due dates. Each has a link to the Exposure Draft.

Proposed ASUs	Comments due
Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement	29 February 2016
Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the FASB Emerging Issues Task Force)	29 March 2016
Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost	25 April 2016
Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Changes to the Disclosure Requirements for Defined Benefit Plans	25 April 2016

From the Center for Audit Quality (CAQ)

From the Public Company Accounting Oversight Board (PCAOB)

Update

Find the latest updates:

- IFRS for SMEs Update
 - IFRIC Update
 - IASB Update
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