

# IASCA Newsletter

November 2016 - Issue 24

## YOUR GATE TO ACCOUNTING, AUDITING AND CODE OF ETHICS

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### Abu- Ghazaleh: We are proud of our partnership with the Audit Bureau and applaud its keenness to train and develop its staff



**DEAD SEA** - The Arab Society of Certified Accountants (ASCA/Jordan) conducted a training course, financed by the World Bank, on International Public Sector Accounting Standards (IPSAS) for Jordan Audit Bureau staff.

HE Dr. Talal Abu-Ghazaleh, Chairman of ASCA/Jordan, expressed his pride in the partnership between ASCA and the Audit Bureau and the Bureau's keenness to provide continuous education and training for its staff to enable them to qualify at the highest professional levels and enable them to play their proper role.

For his part, HE Dr. Abdullah Al Kharabsheh, President of the Audit Bureau, expressed his appreciation for the professional services provided by ASCA, while reaffirming the significance of constantly

developing the potential of the Bureau's staff and of utilizing ASCA's expertise in this field. Moreover, he underlined the Bureau's success in developing the capacity of its staff over the past years, an effort culminating in its having a large number of employees with advanced professional and academic qualifications.

During the course, the participants were introduced to the importance of IPSAS and were provided with the basic skills and knowledge to implement those standards. The course focused on the principles of the transition from a cash basis to an accruals basis and in presenting financial statements prepared in accordance with the international standards, as well as overviewing several of the accounting procedures in IPSAS.

## IFAC Announces Rachel Grimes Of Australia As IFAC President

### In-Ki Joo Elected Deputy President; Board Members Elected and New Members Admitted



**NEW YORK** – The International Federation of Accountants® (IFAC®), the global organization for the accountancy profession, announced the election of Rachel Grimes (Australia) as its President, for a two-year term effective through November 2018. Ms. Grimes is IFAC’s second female President. IFAC also announced the election of In-Ki Joo (South Korea) as Deputy President.

“I am honored to serve as IFAC’s President at a time of great global challenges. There are also remarkable opportunities to strengthen the accountancy profession and further the adoption of global standards in the public interest,” Ms. Grimes said. “As President, I look forward to working with our member organizations and other stakeholders as we continue to put trust at the heart of all we do, and at the heart of the global economy.”

Ms. Grimes is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of CPA Australia. She is CFO of Technology at Westpac, a multinational financial services firm, and previously served as Director of Mergers and Acquisitions. She brings more than 25 years of experience across the financial services sector, at Westpac/BT Financial Group as well as at PwC. Ms. Grimes has served the Australian accounting profession for over a decade, having been elected in 2011 as President of Chartered Accountants Australia & New Zealand (formerly the Institute of Chartered Accountants in Australia) after serving on its Board since 2006. An IFAC Board member since 2011, Ms. Grimes was elected Deputy President in 2014 and previously chaired IFAC’s Planning and Finance Committee.

Dr. In-Ki Joo is Professor, Emeritus, of Accounting at the Yonsei University School of Business, after serving as Dean of various departments. He has served as President of a number professional institutions in

Asia, notably the Confederation of Asian and Pacific Accountants, the Korean Accounting Association, and the Korean Academic Society of Business Administration. He was a member of the Advisory Committee to the Republic of Korea General Audit Bureau and the Vice President, International Affairs, at the Korean Institute of Certified Public Accountants (KICPA). A member of both the American Institute of CPAs and KICPA, Dr. Joo received the Decoration of Excellent Achievement from the President of Korea in 2004 and Honor from the Deputy Prime Minister and the Ministry of Finance and Economy in 2001. As an IFAC Board member since 2012, he has chaired the Governance Committee and served on the Nominating Committee. As Deputy President, he will chair the Planning and Finance Committee.

#### New Board Members Elected

The IFAC Council elected three new members to the IFAC Board: Philippe Arraou (France), Tommye Barie (United States), and Idesio da Silva Coelho (Brazil). Wienand Schruff (Germany), Michael Hathorn (UK), Gail McEvoy (Ireland), and Sebastian Owuama (Nigeria) were reappointed for a second term of service.

#### IFAC Admits New Members

**The IFAC Council admitted three new members (previously IFAC associates):**

- Mauritius Institute of Professional Accountants;
- Ordem dos Contabilistas Certificados (Portugal); and
- Union of Accountants, Auditors and Financial Workers of Federation of Bosnia and Herzegovina.

[http://www.ifac.org/news-events/2016-11/ifac-announces-rachel-grimes-australia-ifac-president?utm\\_source=IFAC+Main+List&utm\\_campaign=5499c84d92-EMAIL\\_CAMPAIGN\\_2016\\_11\\_21&utm\\_medium=email&utm\\_term=0\\_cc08d67019-5499c84d92-80264885](http://www.ifac.org/news-events/2016-11/ifac-announces-rachel-grimes-australia-ifac-president?utm_source=IFAC+Main+List&utm_campaign=5499c84d92-EMAIL_CAMPAIGN_2016_11_21&utm_medium=email&utm_term=0_cc08d67019-5499c84d92-80264885)

# The Impact of Accounting Changes on Regulation

## Business Mirror

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## Philippine

In December 2015, the IASB responded to these potential (the impact of accounting changes on regulation) issues by proposing amendments to the existing IFRS 4. The exposure draft ED/2015/11 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts proposed:

Temporary exemption from applying IFRS 9 for certain entities that issue contracts in the scope of IFRS 4 (the deferral approach).

Exclusion from profit or loss of the difference between the amounts recognized under IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement for specified assets relating to insurance activities (the overlay approach).

The overlay approach aims to address insurers' concerns about temporary accounting mismatches and volatility in profit or loss, but would not address the concern of implementing two significant accounting changes within a short period of time. The deferral approach addresses this concern for eligible entities.

Entities will be permitted to defer the application of IFRS 9 for annual reporting periods beginning before January 1, 2021, (or application of the new insurance contracts standard if earlier) if its activities are predominantly related to insurance and it has not previously applied IFRS 9. These activities include issuing investment contracts measured at fair value through profit or loss or FVTPL under IAS 39 and issuing contracts in the scope of IFRS 4. An entity will be required to assess the eligibility based on the ratio of liabilities arising from these activities plus 'other' liabilities that are connected to those activities compared to the entity's total liabilities. An entity's activities would be deemed predominantly related to insurance only if the ratio is greater than 90 percent; or if the ratio is above 80 percent but less than or equal to 90 percent and the entity can offer evidence that they do not have a significant activity that is unrelated to insurance.

For the first time, the forthcoming insurance contracts standard will require consistent accounting for insurance contracts, providing the ability to analyze results more meaningfully across entities and jurisdictions. The standard will be one of the most complex standards issued by the IASB and its implementation will reflect this, particularly for those insurers that issue long-duration insurance contracts.

Some of the related impacts include:



### **The measurement model will change the way insurance liabilities are measured and presented.**

Due to the even release of the CSM, earnings patterns may change, especially for long-duration contracts. For many contracts, earnings (and, hence, the creation of capital) will arise later compared to both Solvency II and market consistent embedded values. However, for other contracts, such as regular premium contracts with participation features, the recognition of earnings may be accelerated.

The level of aggregation used for measuring the CSM and for determining when contracts are onerous will influence an entity's profit profile (and, hence, the creation of capital)

A reduction in equity may occur on transition and in subsequent periods, impacting reported capital.

Volatility may increase for entities that have not previously measured their insurance contracts using current information and assumptions. Although various accounting options are expected in the forthcoming insurance contracts standard, it remains unclear precisely what effect these options will have on reducing volatility in profit or loss.

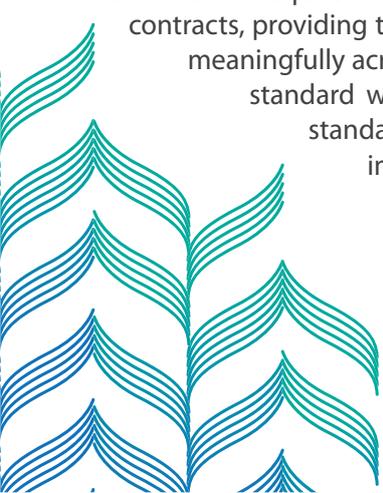
Calculating and releasing the CSM, both at transition, and subsequently, will present a new operational challenge.

The new measure of insurance contract revenue and the presentation of other comprehensive income, or OCI, will represent a significant change to current practices and the metrics utilized by analysts and other users of financial statements, such as regulators and supervisors.

Significant effort and investment may be needed to develop, test and operationalize new processes and controls to implement the forthcoming insurance contracts standard. Systems may need upgrading, for example, to ensure that they can handle the new requirements to collect and store data and track the CSM.

The forthcoming standard will require significant changes on the part of both preparers and users of insurers' financial statements.

<http://www.businessmirror.com.ph/the-impact-of-accounting-changes-on-regulation-2/>



## Jerash University Incorporates IACPA Program within its Economics and Administrative Science Faculty's Curriculum



**JERASH** - The International Arab Society of Certified Accountants (IASCA) and Jerash University will implement a cooperation agreement that includes the incorporation of the International Arab Certified Public Accountant (IACPA) program within the curriculum of the University's Economics and Administrative Sciences Faculty.

The cooperation agreement aims at providing students with professional programs and courses that enable them to meet labor requirements.

The fields of cooperation include training, qualifications and consultancy in addition to awarding Jerash University students professional training courses at competitive prices.

Jerash University President Dr. Abdel Razzaq Bani Hani commended the role exerted by the Society in supporting the accounting and professional sectors in the Kingdom and specifically its support to develop skills and capacities of students, accountants and auditors among others.

He also supported the incorporation of IACPA certificate within the Faculty's curriculum since it will enhance the graduates' professional capacities and help them acquire exceptional job opportunities since many students encounter hardships in finding job opportunities due to lack of professional and practical experience.

Bani Hani also reiterated the significance of academic and professional cooperation between the University and the Society which professionally serves the students and reduces the gap exists between university outputs and labor requirements using a professional programs that is acknowledged at the Arab world level.



### Accountancy Has a Major Role to Play in UN Global Goals Attainment

**NEW YORK** – As we rapidly approach the 8.5 billion people on Earth expected by 2030, sustainable development challenges, such as inequality and extreme poverty, climate change, and trust in business and government, pose challenges for societies, economies, organizations, and financial markets. The 17 Sustainable Development Goals represent the means to sustain people, planet, and prosperity to 2030, and include a clear call for partnerships between the public, private, and voluntary sectors to address these challenges.

A new report from the International Federation of Accountants® (IFAC®) provides a snapshot of the accountancy profession's contribution to achieving these Goals. "Accountancy is the basis of strong and sustainable organizations, financial markets, and economies," said IFAC Chief Executive Officer Fayez Choudhury. "It is important for our profession to be conscious of how we contribute, both directly and indirectly, to the

Goals. The skillset, experience, and influence professional accountants possess gives them enormous scope to shape solutions to sustainable development challenges."

"'Business as usual' is no longer sustainable—if business ignores the Goals, they do so at their own peril," said Charles Tilley, Chair of the IFAC Professional Accountants in Business Committee, which contributed to the report, as did the IFAC Professional Accountancy Organization Development Committee. "The public and private sectors should embrace the opportunities presented by the Goals to act in the public interest as well as create value for business and investors. What we do as accountants benefits society and contributes to the resilience of the organizations we work in, both of which are key themes of this publication."

#### About this Report

The 2030 Agenda for Sustainable Development: A Snapshot of the Accountancy Profession's Contribution highlights the importance of the Goals to business and the profession, and considers how accountancy contributes to eight specific Goals. It features existing activities and initiatives within the profession that support the Goals and poses questions for professional accountancy organizations and professional accountants to consider.

[http://www.ifac.org/news-events/2016-11/accountancy-has-major-role-play-un-global-goals-attainment?utm\\_source=IFAC+Main+List&utm\\_campaign=df66c9c34f-EMAIL\\_CAMPAIGN\\_2016\\_11\\_08&utm\\_medium=email&utm\\_term=0\\_cc08d67019-df66c9c34f-80264841](http://www.ifac.org/news-events/2016-11/accountancy-has-major-role-play-un-global-goals-attainment?utm_source=IFAC+Main+List&utm_campaign=df66c9c34f-EMAIL_CAMPAIGN_2016_11_08&utm_medium=email&utm_term=0_cc08d67019-df66c9c34f-80264841)

## IASCA Holds IFRS Experts Program in Tunisia



**HAMMAMET, Tunisia** - The International Arab Society of Certified Accountants (IASCA) held a program of IFRS Expert certificate for the employees of LICO Service Group in Hammamet city- Tunisia. The program aimed at building and developing the required knowledge capacities related to the theoretical and conceptual aspects of IFRS. It also helped in the continuous professional development and follow up of IFRS, its updates and amendments. At the end of the program, certificates were granted to the participants, who confirmed that attending this program enabled them to apply IFRS in a real time professional manner.

## International Ethics Standards Board for Accountants Issues the 2016 Code of Ethics for Professional Accountants

**NEW YORK** - The 2016 IESBA Handbook contains the entire Code of Ethics for Professional Accountants (the Code). This edition contains new Sections 225 and 360 addressing professional accountants' responsibilities when they become aware of non-compliance or suspected non-compliance with laws and regulations (NOCLAR) committed by a client or employer. Consequential and conforming changes have been made to Sections 100, 140, 150, 210, and 270 of the Code. These changes will be effective July 15, 2017.



For information on recent developments and to obtain final pronouncements issued subsequent to July 2016, visit the IESBA's website at [www.ethicsboard.org](http://www.ethicsboard.org).

<http://www.ifac.org/news-events/2016-09/2016-iesba-handbook-now-available>



## IACMA October 2016 Examination Results Announced

**AMMAN** - The International Arab Society of Certified Accountants (IASCA) announced the Examination Results of the International Arab Certified Management Accountant (IACMA) - October 2016 cycle, a significant number of students sat for the IACMA exam from around the Arab world.

IACMA seeks to qualify the participants to the highest levels in the field of management accounting to enable them to analyze the financial statements in accordance with financial reporting standards, risk management and increase knowledge in many fields of management, financial accounting, cost accounting and finance.

IASCA Management congratulates those who successfully passed the exam and wishes success in the next cycle to those who did not.



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