



The Institute of Chartered Accountants of Guyana

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

Welcome to December 2011 Newsletter

We welcome you to the December 2011 newsletter of the Institute of Chartered Accountants of Guyana in which we highlight developments over the past six months in accounting, auditing, tax and other relevant areas.

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

Khalil Alli
Editor

New Accounting Issues

IFRS 9 - Deferral of Effective Date

During December 2011 the IASB published amendments to IFRS 9 that defer the effective date from 01 January 2013 to 01 January 2015. The deferral will allow all phases of IFRS 9 to be completed and to have the same effective date.

The amendments also provide relief from the requirement to restate comparative information with the adoption of IFRS 9.

IFRS 7 - Disclosures for Offsetting

During December 2011 the IASB issued amendments to IFRS 7 covering disclosures for offsetting of financial assets and financial liabilities.

The amendments require that the gross amounts subject to set-off be shown, as well as the amount set-off and the net credit exposure.

The amendments were issued in conjunction with the US FASB and are effective from 01 January 2013.

Revenue Recognition - Revised ED

During November 2011 the IASB issued a revised exposure draft on revenue recognition in conjunction with the US FASB.

The IASB decided to issue the revised exposure draft, even though it was not required to, given the importance of revenue recognition to financial statements. Some simplifications and clarifications have been made based on responses received to the 2010 exposure draft.

The closing date for comments is 13 March 2012.

IFRIC 20 - Accounting for Stripping Costs

During October 2011 the IASB issued an interpretation addressing the accounting for costs of waste removal in a surface mine.

The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods.

The interpretation is effective from 01 January 2013.

New Auditing Issues

Practice Note 1000 - Auditing Financial Instruments

During December 2011 the IAASB issued a practice note which provides practical advice on auditing financial instruments.

The practice note covers the following areas.

- Professional skepticism in auditing financial instruments
- Considerations for audit planning
- Assessing and responding to the risks of material misstatement
- Valuation issues



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The practice note is available for immediate use.

Assurance Engagement – Reporting on Financial Information in a Prospectus

During December 2011 the IAASB issued assurance standard 3420 addressing engagements to report on the compilation of pro-forma financial information included in a prospectus.

The standard is applicable for reports issued on or after 31 March 2013.

[New Ethics Issues](#)

Exposure Draft – Breach of Code of Ethics

During October 2011 the IESBA issued an exposure draft in relation to the provisions applicable to a breach of the Code of Ethics.

The existing Code contains several provisions relating to breaches. However the International Organisation of Securities Commissions expressed concern over these provisions because they suggest that inadvertent breaches could be rectified by applying appropriate safeguards.

The exposure draft provides a framework for the auditor to determine whether to resign from an engagement when there is an independence violation or whether other actions can be taken to remedy the violation. It also includes a general provision to address breaches of the Code other than for independence reasons.

The comment period was opened until 23 January 2012.

Exposure Draft – Conflicts of Interest

During December 2011 the IESBA issued an exposure draft covering conflict of interest situations.

The exposure draft provides additional guidance for professional accountants to consider in judging whether a conflict of interest exists on an engagement. It also gives guidance on managing conflict of interest situations.

The comment period is open until 31 March 2012.

[Editorial Information](#)

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

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