



The Institute of Chartered Accountants of Guyana

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

Welcome to June 2012 Newsletter

We welcome you to the June 2012 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.

We encourage you to submit comments to the proposed changes highlighted in this newsletter by the closing dates. Comments can be submitted through the Institute or directly to the respective standard-setting boards.

Khalil Ali
Editor

New Accounting Issues

Draft IFRIC Interpretation Put Options Written on Non-controlling Interest

During May 2012 the IASB issued a draft interpretation addressing put options written on non-controlling interests.

The draft Interpretation would apply in the parent's consolidated financial statements, to put options that oblige the parent to purchase shares of its subsidiary that are held by a non-controlling interest - NCI puts. The draft interpretation addresses how changes in value of the financial liability created by the NCI put should be recognised. It confirms that changes in the value of the financial liability should be recorded in the profit or loss, and not as an equity transaction.

The comment period is open until 01 October 2012.

Draft IFRIC Interpretation Levies Charged by Public Authorities on Entities that Operate in a Specific Market

During May 2012 the IASB issued a draft interpretation addressing levies charged by public authorities on entities that operate in a specific market.

The interpretation examines the accounting treatment of the levy in the financial records of the payer. Key is the identification of the obligating event that creates a liability to pay a levy. The liability is recognised when the obligating event is triggered. If the obligating event occurs over a period of time then the liability is recognised progressively over that period.

The comment period is open until 05 September 2012.

Annual Improvements to IFRSs 2010 - 2012 Cycle

IFRS 2 - Share-based payment

The IASB is proposing to include further guidance on the definition of 'vesting conditions' by adding definitions for a 'performance condition' and a 'service condition'.

IFRS 3 - Accounting for contingent consideration in a business combination

The IASB is proposing to adjust the standard to make it clear that contingent consideration is assessed as either a liability or an equity instrument only on the basis of the requirements of IAS 32. Further the IASB is proposing to confirm that changes in the fair value of contingent consideration classified as a liability is to be recorded in profit or loss or other comprehensive income.



The Institute of Chartered Accountants of Guyana

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

IFRS 8 - Operating segments

The IASB proposes amending the standard to require entities to disclose those factors that are used to identify the entity's reportable segments when operating segments have been aggregated. Further the IASB is proposing amending the standard to require that the reconciliation of the total of the reportable segments' assets to the entity's assets should be disclosed, if that amount is regularly provided to the chief operating decision maker.

IFRS 13 - Short-term receivables and payables

The IASB proposes to clarify that, when making amendments to IFRS 9 and IAS 39 it did not intend to remove the ability of an entity to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, when the effect of not discounting is immaterial.

IAS 1 - Current/non-current classification of liabilities

The IASB proposes to amend the standard to clarify that a liability is classified as non-current if an entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility with the same lender, on the same or similar terms.

IAS 7 - Interest paid that is capitalised

The IASB proposes to amend IAS 7 to clarify that the classification of interest that is capitalised shall follow the classification of the underlying asset to which those payments were capitalised.

IAS 12 - Recognition of deferred tax assets

The IASB proposes to amend IAS 12 to clarify that an entity should assess whether to recognise the tax effect of a deductible temporary difference as a deferred tax asset in combination with other deferred tax assets. It also clarifies that

the taxable profit against which an entity assesses a deferred tax asset for recognition is the amount before any reversal of deductible temporary differences.

IAS 16 & IAS 38 - Revaluation - Proportionate restatement of accumulated depreciation

The IASB proposes to clarify the requirements of IAS 16 and IAS 38 for the computation of accumulated depreciation at the date of revaluation. The proposals are that the valuation technique selected does not influence the accumulated depreciation and that the accumulated depreciation is computed as the difference between the gross and the net carrying amounts - therefore when the residual value, the useful life or the depreciation method has been re-estimated before a revaluation, restatement of the accumulated depreciation is not proportionate to the change in the gross carrying amount of the asset.

IAS 24 - Key management personnel

The IASB proposes to clarify that the identification and disclosure requirements for related party transactions to also apply to key management personnel services provided by a management entity that is not otherwise a related party of the reporting entity.

IAS 36 - Harmonisation of disclosures for value in use and fair value less costs of disposal

The IASB proposes to clarify that the disclosure requirements in IAS 36 that are applicable to value in use are also applicable to fair value less costs of disposal when there has been a material impairment loss or impairment reversal in the period.

The comment period for the proposed improvements is open until 05 September 2012.



The Institute of Chartered Accountants of Guyana

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

Transition to IFRS 10, IFRS 11 and IFRS 12

During June 2012 the IASB issued additional transitional guidance for IFRS 10, IFRS 11 and IFRS 12.

The additional guidance will require comparative information only from the period prior to the year of adoption. Further, comparative information for unconsolidated structured entities will not be required for periods before the adoption of IFRS 12.

The effective date of the amendments is 01 January 2013.

New Auditing Issues

ISA 610 (Revised) Using the Work of Internal Auditors

ISA 315 (Revised) Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment

During March 2012, the IAASB issued a revised version of ISA 610 aimed at providing a more robust framework for evaluating and using the work of an entity's internal audit function.

Related changes were also made ISA 315 to explain how the internal audit scope and findings can be relied upon by the external auditor in performing a risk assessment.

Both revised standards are effective for audits of financial statements for periods ending on or after 15 December 2013.

ISRS 4410 (Revised) Compilation Engagements

During March 2012, the IAASB issued a revision to ISRS 4410.

The revised standard clarifies the practitioner's role and responsibilities in a compilation

engagement. It also sets out the matters that should be considered when accepting such engagements and also emphasizes the importance of quality control.

The standard also provides an extended compilation report which more clearly identifies the practitioner's responsibilities.

The revised standard is effective for compilation engagement reports dated on or after 01 July 2013.

Invitation to Comment: Future Auditors' Report

The IAASB issued during June 2012 an invitation to comment on proposed changes to the auditor's report.

The main changes to the existing report are:

- a) Additional information which in the auditor's judgement would be of interest to users - referred to as *Auditor's Commentary*.
- b) A conclusion from the auditor that the going concern assumption is appropriate and an explicit statement whether material uncertainties in relation to going concern have been identified.
- c) A statement from the auditor as to whether any inconsistencies between the audited financial statements and other information have been identified and specific identification of the other information read by the auditor.
- d) Prominent placement of the auditor's opinion and other entity-specific information in the auditor's report.
- e) Further suggestions to provide transparency about the audit performed and clarify the respective responsibilities of the auditor, management, and those charged with governance.



The Institute of Chartered Accountants of Guyana

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

The comment period is open until 08 October 2012.

ISAE 3410 Assurance Engagement on Greenhouse Gas Statement

During June 2011 the IAASB issued an assurance standard aimed at enhancing the quality and consistency of assurance engagements to report on Greenhouse Gas Statements, through requirements and guidance addressing the responsibility and work effort of practitioners undertaking such engagement.

The standard is applicable for reports covering periods ending on or after 30 September 2013.

[New Ethics Issue](#)

Exposure Draft - Proposed Change to the Definition of “Engagement Team”

During February 2012 the IESBA approved proposed changes to the definition of engagement team clarifying that internal auditors providing direct assistance in accordance with ISA 610 *Using the Work of Internal Auditors* are not to be considered part of the engagement team for purposes of the IFAC Code of Ethics and, accordingly, are not required to meet the independence requirements that apply to members of the engagement team.

Comments were due by 31 May 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.