



April 2013

# A&A Update

## The Technical Standards Update of Crowe Horwath International

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### From the Standards Setters

#### **2017 Effective Date for New Revenue Recognition Standard**

The joint revenue recognition standard under development by the FASB and the IASB will affect revenue recognition for many entities. Because of the magnitude and scope of the changes, the Boards tentatively decided to make the standard effective for reporting periods beginning on or after 1 January 2017. The final standard is expected to be released later this year.

#### **IASB Diverges from FASB in Revised Loan Loss Proposals**

The IASB has issued an exposure draft covering expected credit losses as part of the financial instruments project that it has been working to converge with the FASB, but the two proposals still take different approaches.

The IASB ED is available [here](#).

#### **IESBA Strengthens Key Sections of Code of Ethics**

In March, the International Ethics Standards Board for Accountants (IESBA) released strengthened provisions in its *Code of Ethics for Professional Accountants* (the Code) to address [conflicts of interest](#) and a [breach of a requirement](#) of the Code. It also released amendments to the definition of the term "[engagement team](#)" in the Code.

#### **Companies Will Get to Apply Revenue Recognition Standard Ahead of Effective Date**

Complaints about the existing guidance for real estate transactions caused the IASB to reverse an earlier decision about the transition to its forthcoming standard on revenue recognition. The standard will replace IFRIC 15, which had caused problems for companies in Asia and Brazil. Companies complained to the IFRS Interpretations Committee that IFRIC 15 is unclear about the recognition of revenue from sales of units in a multi-unit development. The IASB has agreed to let companies apply the sweeping new revenue recognition standard before it officially comes into effect.

## PCAOB Seeking Comment on Proposed Reorganization of Auditing Standards

The PCAOB released a [new proposed framework](#) for its auditing standards. Comments are requested by 28 May 2013. The new framework would integrate the “interim” standards adopted when the PCAOB was formed with the standards it has issued since, but would not adopt the same structure and numbering as ISA and recently-clarified U.S. GAAS.

## IAASB Seeks Input on Strategic Review: Small- and Medium-Sized Practices Encouraged to Respond

The IAASB released an online [survey](#), seeking public comment, insights, and views from all stakeholders to help shape its future direction for 2015 and beyond. The related press release is found [here](#). The IAASB is seeking the input of interested parties to identify key issues for discussion. You can contribute your views by clicking on the link above and taking the survey. Here’s a chance to be heard. The survey closes 7 May.

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## From the Regulators

### Economic and Monetary Affairs Committee Votes Against Mandatory Auditor Rotation

The latest European Parliamentary Committee to vote on audit changes has rejected proposals for mandatory rotation, a cap on non-audit services and audit-only firms.

In March, the influential Economic and Monetary Affairs Committee decided instead that it would go for mandatory tendering every seven years. It adopted a compromise that the company’s audit committee would need to assess the audit quality of firms tendering and make recommendations, providing a choice of at least two firms and setting out a justified preference for one of them. There will not be any minimum or maximum duration for the audit engagement although renewal will be subject to approval of an audit committee recommendation at the company’s annual general meeting.

The committee also refused to require joint audits.

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## Headlines from Around the World

### Trustees Announce Membership of ASAF

The Trustees of the IFRS Foundation, the oversight body of the International Accounting Standards Board (IASB), announced today the inaugural membership of the Accounting Standards Advisory Forum (ASAF). The ASAF will serve as a technical advisory body to the IASB and will consist of various members of the global accounting standard-setting community. The Trustees will review the ASAF and its membership after two years.

To see the press release, which includes the list of members, click [here](#).

### **Chartered Accounting Institutes Join Forces**

Six of the world's chartered accounting institutes have launched Chartered Accountants Worldwide in order to support, develop and promote the role of Chartered Accountants (CA) in the global economy.

Chartered Accountants Ireland, Institute of Chartered Accountants Australia, Institute of Chartered Accountants in England and Wales (ICAEW), Institute of Chartered Accountants of Scotland, New Zealand Institute of Chartered Accountants and the South African Institute of Chartered Accountants have launched a [joint website](#), which will help to promote the role of CAs across the world and enable closer collaboration between the bodies.

### **Russia Eyes 2018 Date for Final IFRS Transition**

Russia is pushing to complete its transition to IFRS by 2018. Russia adopted IFRS for public interest entities in 2012, including banking and insurance companies.

### **U.K.'s FRC Issues New IFRS-oriented Standard**

The U.K.'s Financial Reporting Council has issued FRS 102 (350 pages), a replacement standard for the current U.K. GAAP (3,000 pages) that moves to a modified IFRS for SME based framework.

FRS 102 can be downloaded [here](#).

### **Polish Audit in Crisis**

“Heavy fee discounting, little quality oversight, a fragmented market and frequent retendering are pushing audit services in Poland near to collapse. Top firm leaders raise alarm bells as further discounting could seriously endanger the market and its reputation.”

This quotation is taken from [an article](#) published in the International Accounting Bulletin on 25 March 2013. The article makes for interesting reading. A subscription may be required to access the article.

### **One Size Doesn't Fit All**

The same issue of the IAB contains a [related article](#) discussing how mandatory tendering has not, in Poland anyway, had the intended positive effects.

## Useful Links

- International Accounting Standards Board (IASB) [www.iasb.org](http://www.iasb.org)
- IASB Exposure Drafts open for comment <http://www.ifrs.org/Open-to-Comment/Pages/International-Accounting-Standards-Board-Open-to-Comment.aspx>
- International Auditing and Assurance Standards Board (IAASB) [www.ifac.org/iaasb](http://www.ifac.org/iaasb)
- International Federation of Accountants (IFAC) [www.ifac.org](http://www.ifac.org)
- IFRS Interpretations Committee (IFRIC) <http://www.ifrs.org/IFRSs/Pages/IFRICs.aspx>
- Financial Accounting Standards Board (FASB) [www.fasb.org](http://www.fasb.org)
- Public Company Accounting Oversight Board (PCAOB) [www.pcaob.org](http://www.pcaob.org)
- American Institute of CPAs Auditing Standards Board (AICPA ASB) <http://www.aicpa.org/Research/Standards/AuditAttest/Pages/audit%20and%20attest%20standards.aspx>
- United States Securities and Exchange Commission (SEC) [www.sec.gov](http://www.sec.gov)
- European Commission (EC) [ec.europa.eu/internal\\_market/index\\_en.htm](http://ec.europa.eu/internal_market/index_en.htm)
- Forum of Firms (FoF) [www.ifac.org/Forum\\_of\\_Firms](http://www.ifac.org/Forum_of_Firms)
- Transnational Auditors Committee (TAC) [www.ifac.org/TransnationalAuditors](http://www.ifac.org/TransnationalAuditors)
- TAC Guidance Statement No. 1, Definition of Transnational Audit - [web.ifac.org/download/TAC\\_Guidance\\_Statement\\_1.pdf](http://web.ifac.org/download/TAC_Guidance_Statement_1.pdf)
- UK Financial Reporting Council [www.frc.org.uk](http://www.frc.org.uk)
- AICPA Center for Audit Quality document explaining PCAOB inspections <http://www.theacaq.org/resources/pdfs/GuidetoPCAOBInspections.pdf>

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