

IASCA Newsletter

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YOUR GATE TO ACCOUNTING, AUDITING AND CODE OF ETHICS

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Two Parks named after Prince Firas Bin Ra'ad and Dr. Talal Abu-Ghazaleh in Ma'an Governorate



Upon an invitation by Ma'an Mayor Mr. Majid Al Sharari, HRH Princess Dana Firas, HE Dr. Talal Abu-Ghazaleh and their accompanying delegation visited the premises of Ma'an Governorate and Municipality in the presence of member of the Lower House HE Amjad Khattab, CEO of Ma'an Development Company (MDC) Eng. Hussein Krishan, and Chairman of Ma'an Chamber of Commerce as well as a number of Ma'an high-ranking personalities.

During the visit, a number of service projects were inaugurated which were provided by Talal Abu-Ghazaleh Organization

(TAG-Org) for the Governorate's citizens, children, youths, and investors. During the gathering, discussions with stakeholders centered on potential key projects that investors could embark on in the area to serve the Governorate and different areas of the Southern Region.

HRH Princess Dana Firas confirmed that this is her first visit to the Governorate, the residence of our ancient ancestors, praising the kindness and generosity of its people. Moreover, Her Highness confirmed her willingness to cooperate to meet the needs of the region stressing that we all

work to best serve our country and our King His Majesty King Abdullah II bin Al-Hussein.

Dr. Abu-Ghazaleh underscored that the projects provided by TAG-Org for the Governorate's citizens are part of the corporate social responsibility of the Organization, and he himself as a citizen strives to serve this country, and he is always willing to provide expertise to serve the citizens.

Dr. Abu-Ghazaleh stressed the importance of education, training programs and qualification of human resources to create qualified manpower to meet the projects' needs in the Governorate of Ma'an, especially in Ma'an Development Zone to create job opportunities and turn suffering into creativity, as creativity is always the road to success.

Dr. Abu-Ghazaleh indicated that Ma'an Governorate needs to benefit from the youths' energy in real plans and programs that aim at achieving development which plays an important role in fighting poverty and unemployment, stressing the importance to focus on children and bring up a generation capable to cope with the various aspects of development. Under such framework, TAG Technology Learning Center for Children was established.

At the governorate premises, the attendees confirmed the need to establish a hotel in Ma'an that serves investors in the region, and Dr. Abu-Ghazaleh promised that this hotel would be established through contributions from Ma'an citizens by establishing a public shareholding company.

Ma'an Governor HE Dr. Ghaleb Shamayleh confirmed that all practical indicators in Ma'an signal the start of a better era, pending on the advent of a variety of economic projects in the Governorate where work is underway to provide a secure investment environment and to qualify the youths to benefit from all possible job opportunities.

Since the Governorate suffers from the low demand on the part of students, the Governor indicated that practical steps should be taken to motivate people to move to the Governorate to speed up growth and development within the Governorate. Ideas proposed included provision of support for the establishment

of a medical college and military hospital as per the directives and instructions of His Majesty King Abdullah II, in addition to providing university seats to the sons of military personnel to increase the number of students by 3000 per year.

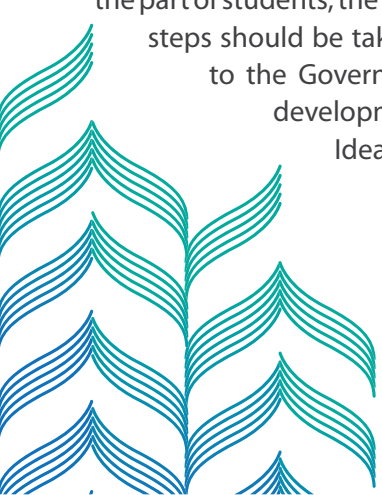
During the visit to Ma'an Municipality, Mayor Al Sharari expressed his pleasure with the visit of Princess Dana Firas and Dr. Talal Abu-Ghazaleh and for accepting his invitation. He also expressed his pleasure for naming the park located opposite to the Municipality building after His Highness Prince Firas bin Ra'ad Park, and the park opposite to the Agriculture Directorate after Dr. Talal Abu-Ghazaleh Park for the support he extends to the Governorate and its citizens.

The Mayor emphasized that Ma'an prides itself in being inspired by the vision of His Majesty King Abdullah II that "development cannot be achieved except through honorable citizens" and it has strived to realize this vision in a way that guarantees a promising start on the basis of active participation with the honorable compatriots.

He added that Ma'an Municipality is working hard to activate partnership with national institutions and with TAG-Org in particular which has implemented pioneering projects that comply with the city requirements to achieve the development. He stressed that the Organization proved to be carefully established on firm grounds in addition to the comprehensiveness and diversity of its activities as embodied in the several pilot projects it has carried out.

At the end of the celebration, the Mayor honored both Princess Dana Firas and HE Dr. Talal Abu-Ghazaleh for their dedicated and relentless efforts in supporting Ma'an and presented "a rifle" as a souvenir to Dr. Abu-Ghazaleh, in addition to a sword from Ma'an Municipality Staff Association. During the visit, both guests had the chance to tour the museum placed inside the Municipality.

It is noteworthy to underline that this is the second visit paid to Ma'an by TAG-Org upon the invitation of the Mayor, with the aim of completing some of the projects that the Organization has decided to establish in the Governorate and to explore what can be done in the near future to serve the Governorate so as to achieve development and to provide expertise to all those in need in this area.



IAASB PROPOSES LIMITED CHANGES TO AUDITING STANDARDS IN RESPONSE TO THE IESBA'S PROJECT ADDRESSING NON-COMPLIANCE WITH LAWS AND REGULATIONS

The logo for the International Auditing and Assurance Standards Board (IAASB), featuring the letters 'IAASB' in a white, serif font on a blue rectangular background.

International Auditing and Assurance Standards Board™

The International Auditing and Assurance Standards Board® (IAASB®) today released an Exposure Draft, Proposed Amendments to the IAASB's International Standards—Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations, to propose limited amendments to the IAASB's International Standards in response to the International Ethics Standards Board for Accountants® (IESBA's®) May 2015 Re-Exposure Draft, Responding to Non-Compliance with Laws and Regulations

“The IESBA's Exposure Draft proposes a framework for professional accountants in deciding how best to act in the public interest when they come across an act or suspected act of non-compliance with laws and regulations, which will be highly relevant for auditors,” explained Prof. Arnold Schilder, IAASB Chairman. “The IAASB therefore believes that amendments are needed to the IAASB's International Standards in the public interest to enable them to operate in concert with the IESBA standards and without confusion due to the many jurisdictions that utilize both.”

The focus of the Exposure Draft is proposed amendments to International Standard on Auditing™ (ISATM) 250, Consideration of Laws and Regulations in an Audit of Financial Statements, with less extensive changes proposed to seven other standards. The amendments, which are limited in nature, do not explicitly duplicate in detail all the specific requirements in the IESBA Code of Ethics for Professional Accountants™ (the Code), as this allows for flexibility when ethical codes other than the Code are applied. Rather, the IAASB's proposals seek to acknowledge the enhancements that

will be made by the IESBA in the Code and clarify and emphasize key aspects of the IESBA's proposals in the IAASB's International Standards.

The IAASB's Exposure Draft is open for comment through October 21, 2015, noted Kathleen Healy, IAASB Technical Director.

“The IAASB has issued its proposals with a 90-day comment period in hopes that stakeholders will consider them alongside the IESBA's re-Exposure Draft,” she added. “The IAASB intends to continue to coordinate with the IESBA as both Boards move forward on this important topic.”

About the International Auditing and Assurance Standards Board (IAASB)

The IAASB develops auditing and assurance standards and guidance for use by all professional accountants under a shared standard-setting process involving the Public Interest Oversight Board, which oversees the activities of the IAASB, and the IAASB Consultative Advisory Group, which provides public interest input into the development of the standards and guidance. The structures and processes that support the operations of the IAASB are facilitated by the International Federation of Accountants (IFAC).



SOVEREIGN DEBT CRISES— ACCOUNTING MATTERS

The International Federation of Accountants® (IFAC®), the global organization for the accountancy profession with members and associates in 130 countries, recently joined a multi-disciplinary group at the CESifo Institute in Munich, Germany, to share past lessons of over-borrowing and default, and analyze present weaknesses in sovereign debt management. The discussion was timely in light of Greece's debt crisis.

The participants—accountants, economists, finance specialists, lawyers, statisticians, and representatives of academia, business, governments, international organizations, and think tanks—held varied views on how to resolve Greece's debt crisis.

IFAC supports the argument that Greece must build trust and confidence with all stakeholders by making transparency and accountability its most urgent and important reform. Whether the issue is political, economic, or social—accounting matters, and starting with the right numbers is essential to assessing the economic and financial consequences of alternative solutions. Thus, a fresh start for Greece should begin with government financial information based on accrual-based International Public Sector Accounting Standards™.

To support greater awareness of the need for higher quality government financial reporting, IFAC has convened the broad-based Accountability Now coalition. Coalition member organizations believe there is a better way forward for governments of all sizes and it starts with equipping governments with the foundation for good financial management: transparent, accountable financial information.

About Accountability Now.

Accountability Now represents a coalition of organizations that believe there's a better way forward for governments of all sizes. It starts with equipping governments with the foundation for good financial management: transparent, accountable financial information that: captures the entire picture of funding commitments, now and in the future; facilitates wise spending; strengthens economies; and builds trust with their citizens. Better quality financial information and increased transparency won't solve all the challenges of governing, but they will greatly assist government decision making and performance.

HISTORICAL COST AND FAIR VALUE ARE NOT AS FAR APART AS THEY MAY SEEM



Hans Hoogervorst, Chairman of the International Accounting Standards Board (IASB), has today delivered a speech on what he calls one of the most difficult topics in accounting—how assets and liabilities should be measured. Speaking at the IFRS Foundation's conference in Paris, he presented high-level, general observations on when historical cost and current value measurement could be most appropriate.

When measuring an asset or a liability, different measurement models are available: historical cost and current value, which includes fair value. They are often seen to be at opposite ends of the measurement spectrum, and both have their own 'fan clubs' with strong views on which is the better model.

Hoogervorst outlined the benefits and challenges linked to the measurement models and said the differences between them are not as great as they may seem.

Hoogervorst commented: -

The dichotomy between historical cost and fair value is not as stark as one would expect. Historical cost needs a degree of current measurement to maintain its relevance, is not free from subjective updating requirements and it is not necessarily stable. It is also open to abuse.

All the vulnerabilities that are often attributed to fair value accounting can be equally applicable to historical cost accounting.

Hoogervorst concluded that both historical cost and current value (including fair value) have advantages and shortcomings and that therefore neither should be the overall preferred measurement model.

The IASB has, in the recently-published proposed changes to its Conceptual Framework, opted to stick with a mixed measurement model, using both historical cost and current value measurement.

IFAC EXPLAINS HOW ACCOUNTANTS CONTRIBUTE TO MEETING ORGANIZATIONS' SUSTAINABILITY CHALLENGES

To support accountants in developing a greater awareness of how they can help their organizations address issues of sustainability and more fully incorporate these issues into business decisions, the International Federation of Accountants® (IFAC®) today released Accounting for Sustainability. From Sustainability to Business Resilience.

The briefing highlights the important role accountants can, and must, play in embracing sustainability challenges and ensuring that the organizations they serve are resilient by linking these challenges to a broader business agenda and strategy.

“Businesses are resilient when they are able to create and continue to deliver value to stakeholders, which involves considering both the risks and opportunities presented by sustainability issues, including environmental and social aspects, that ultimately affect financial performance and value creation,” according to IFAC President Olivia Kirtley. “Accountants working in the public and private sectors

have a significant role to play in supporting and making the decisions that guide an organization’s ability to be resilient.”

The briefing examines the link between sustainability and business resilience, how integrating sustainability leads to better performance, and the key elements of developing a sustainable strategy and business model.

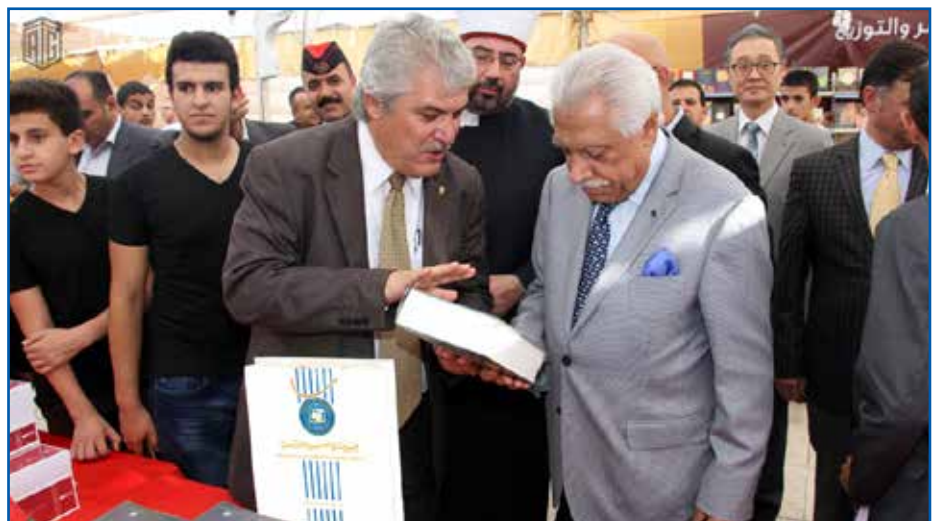
It clarifies how professional accountants can make a difference and includes references to some of the many resources and tools available to help develop knowledge and skillsets.

The briefing was previewed earlier this week during the Institute of Certified Management Accountants of Sri Lanka’s Global Management Accounting Summit in Colombo, Sri Lanka, by Ms. Kirtley. The conference, themed Business Resilience through Integrated Reporting, addressed many different issues related to integrated reporting, including sustainability.

UNDER PATRONAGE OF HE MAYOR OF AMMAN, IASCA PARTICIPATES IN AMMAN BOOK FAIR

The International Arab Society of Certified Accountants (IASCA) participated in Amman Book Fair, which was inaugurated by HE Aqel Biltaji, Mayor of Amman, at the Hashemite Square.

The Book Fair organized by Greater Amman Municipality (GAM) in cooperation with the Union of Jordanian Publishers, hosted more than 40 different Jordanian publishing houses in addition to international publishing houses.



The Book Fair was enriched by IASCA’s professional publications such as the International Financial Reporting Standards book,

International Public Sector Accounting Standards, Handbook of International Audit and Quality Control, Auditing, International Financial Reporting Standards for Small and Medium-Sized Enterprises, Handbook of International Quality Control, Auditing Review in addition to Abu-Ghazaleh Accounting and Business Dictionary, as well as Anti-Money Laundering Guide, Guide to

Corporate Governance, and Guide on Legal Retention Period for Books of Accounts and Auditor Working Papers’ Files Under Relevant Laws In Arab Countries.

The book fair is open until the 25th of this month, and offers different types of books; professional, educational, innovative, and scientific as well as jurisprudence and Islamic books.



IPSASB PUBLISHES CONSULTATION PAPER ON RECOGNITION AND MEASUREMENT OF SOCIAL BENEFITS

IPSASB

International Public
Sector Accounting
Standards Board®

The International Public Sector Accounting Standards Board® (IPSASB®) today released for comment a Consultation Paper (CP), Recognition and Measurement of Social Benefits.

The delivery of social benefits to the public is the primary objective of most governments and social benefits often account for a large proportion of a government's budget. There is an opportunity for the IPSASB to improve its suite of standards by developing an International Public Sector Accounting Standard™ (IPSAS™) on social benefits. This CP asks constituents for their views on the different approaches identified.

"Users need information that allows them to evaluate the financial impact of the social benefits that governments provide," said IPSASB Chair Andreas Bergmann. "The IPSASB considers there is a major need for guidance in this area. This Consultation Paper is the first step in achieving appropriate reporting of social benefits. We look forward to receiving constituents' views on the options we have identified."

This CP builds on the IPSASB's previous work on accounting for social benefits while also developing new ideas. It defines social benefits as "benefits provided to

individuals and households, in cash or in kind, to mitigate the effect of social risks." The definitions of social benefits and social risks are consistent with those used in statistical reporting. The scope of the social benefits project includes social assistance and social security, but excludes programs that form part of an employer-employee relationship, other transfers in kind, and collective goods and services such as the provision of universal health care and education services. Consequently, this project has a significantly narrower scope than the IPSASB's earlier work in this area.

The CP identifies three broad options to account for social benefits:-

- **Option 1:** The obligating event approach. This approach considers social benefits by reference to the definition of a liability in The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities. Obligations to pay social benefits are seen as no different from other obligations. The key issue is when a present obligation arises.
- **Option 2:** The social contract approach. This option is based on the view that there is an imputed social contract between the state and the citizens. Under this social contract, citizens agree to pay taxes to enable the state to

provide social benefits. This is analogous to an executory contract for commercial transactions. Obligations are recognized when they become enforceable (or when claims for social benefits are approved).

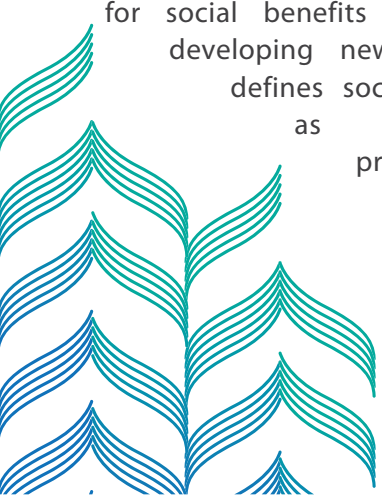
- **Option 3:** The insurance approach. This approach considers that some social benefits are similar in practice to insurance contracts. It uses an insurance accounting model to measure schemes at the net present value of their cash inflows and outflows.

How to Comment

To access the Consultation Paper and the At-a-Glance summary of the Consultation Paper, or to submit a comment, please visit the IPSASB website at www.ipsasb.org/. Comments on the Consultation Paper are requested by January 31, 2016. The IPSASB encourages IFAC® members, associates and regional accountancy bodies to promote the availability of this Consultation Paper to their members and employees.

About the IPSASB

The IPSASB develops accounting standards and guidance for use by public sector entities. It receives support (both direct financial and in-kind) from the World Bank, the Asian Development Bank, the Chartered Professional Accountants of Canada, the South African Accounting Standards Board, and the governments of Canada, New Zealand, and Switzerland. The structures and processes that support the operations of the IPSASB are facilitated by IFAC.



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