

# IASCA Newsletter

February 2017 - Issue 27

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

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### Entitled "Towards an Efficient Profession"

*Abu-Ghazaleh Participates in 5th Professional Conference for Accounting & Auditing*



**KUWAIT** - Kuwait Accountants and Auditors Association (KAAA) organized the 5th Professional Conference for Accounting & Auditing entitled "Towards an Efficient Profession" in cooperation with the International Arab Society of Certified Accountants (IASCA), Gulf Cooperation Council Accounting and Auditing Organization (GCCAAO) and Arab Federation of Accountants and Auditors (AFAA).

The Conference held under the patronage of the Prime Minister of Kuwait His Highness Sheikh Jaber Mubarak Al-Hamad Al-Sabah. HE Khaled Nasser Al-Roudan Minister of Commerce and Industry represented the Prime Minister in the Conference, which was also attended

by HE Salman Sabah Al-Hmoud Minister of State for Youth Affairs and HE Dr. Talal Abu-Ghazaleh.

Dr. Abu-Ghazaleh said that he was born in Palestine in 1938, fled to Lebanon in 1948 due to occupation, traveled to Kuwait in pursuit of job opportunity after graduation from the university; finally fled to Jordan in 1990 also due to occupation. Dr. Abu-Ghazaleh added that all of his past experience made him proud that he is an Arab who belongs to a great Arab nation.

He added: "Kuwait offered me great favors. I was first recruited in Kuwait, obtained first professional license in accounting, established the International Arab Society of Certified



Accountants (IASCA), elected as a member in all international accounting councils, established all companies of Talal Abu-Ghazaleh Organization (TAG-Org), chaired United Nations Team for International Accounting and Reporting Standards and received the first Certified Accounting Shield in 1983.”

He concluded: “During my stay in Kuwait, Abu-Ghazaleh Intellectual Property (AGIP) became the best intellectual property services provider worldwide and Talal Abu-Ghazaleh & Co. International (TAGI-Auditors) maintained its position among the Group of 20 Leading Professional Firms. Moreover, I learnt noble values, love and giving from the Kuwaiti people and I learned much from the great Emirs of Kuwait during the last thirty years.”

Al-Roudan addressed the importance of accounting and auditing, their role in improving the economy and the role of quality financial statements in economic decision-making.

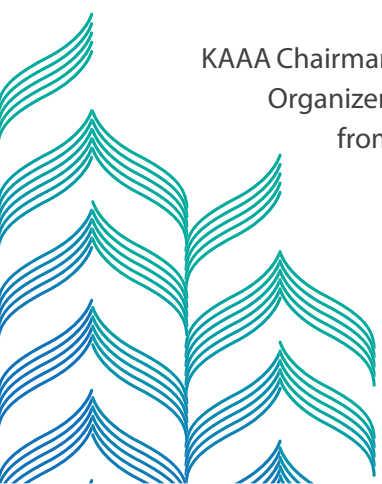
KAAA Chairman Mr. Ahmad Al Faris (Conference Organizer) welcomed the attendants from professional Arab associations and international institutions

and highlighted the Association’s role in improving accounting and auditing and professionally qualifying Kuwaiti accountants.

The Conference discussed various issues, including: promoting social responsibility and sustainability, the role of audit institutions in maintaining the countries’ economies, the government accounting on an accrual basis and its role in raising the financial system efficiency in the state, accounting disclosure and international standards of financial reporting and its impact on investment decisions and recent trends in the audit profession.

KAAA Chairman presented an honorary shield to Dr. Abu-Ghazaleh. On his side, Dr. Abu-Ghazaleh presented an honorary shield to the Kuwaiti Prime Minister (represented by Minister of Commerce and Industry) and an honorary shield to KAAA (represented by its Chairman Mr. Ahmad Al Faris).

It is noteworthy that IASCA and TAG-Org participated in an exhibition that was organized during the Conference.





## Abu-Ghazaleh Highlights IASCA's Compliance with the International Federation of Accountants' SMOs



**DEAD SEA** - The International Arab Society of Certified Accountants (IASCA) participated in the workshop entitled "Exchanging Experiences and Taking Advantage of Challenges" organized by the Jordanian Association of Certified Public Accountants (JACPA), the International Federation of Accountants (IFAC) and the World Bank and attended by representatives of many Arab professional associations.

During the three professional sessions, the workshop shed the light on a number of key issues, challenges and opportunities in the world of accounting and businesses, in addition to the IFAC membership requirements and obligations. Other topics included the need to promote the adoption and implementation of the International Financial Reporting Standards (IFRS), collaborating with stakeholders to ensure the quality of the control systems and to implement them when adopting the international standards, as well as developing competencies and professional credibility.

Mr In-Ki Joo , Deputy President of IFAC discussed issues relating to the adoption of IFRS pointing out that they have not been adopted in all countries so far, and that the gradual process of adoption is still underway and will continue in the coming years.

Arab accountant, particularly IASCA members, with the latest amendments and changes in the profession at the international level.

Mr. Hatem Qawasmi, Chairman of JACPA welcomed the attendees and expressed his pleasure to meet representatives from international entities that support the adoption of international standards worldwide. Qawasmi delivered a presentation on the International Education Standards for Professional Accountants underscoring their importance in accounting educational system and provided a brief overview on the standards implemented in Jordan.

Mr. Salem Al-Ouri, Executive Director of (IASCA) and Mr. Jamal Melhem member and representative of IASCA in Palestine participated in the workshop. Mr. Jamal delivered a presentation highlighting the role of IASCA in developing and progressing the accounting profession in Palestine and the Arab region. He pointed out the significant role that IASCA played in inducing the government of the Hashemite Kingdom of Jordan to implement IFRS in the public sector.



HE Dr. Talal Abu-Ghazaleh expressed IASCA keenness to abide by the Statements of Membership Obligations (SMOs) assigned for professional associations members of IFAC. He stressed that IASCA strives unceasingly to develop the profession and provide the



## IESBA Completes First Major Phase of Code of Ethics Restructure

**LONDON** - IESBA announced that the final stage would consist of three new Exposure Drafts (EDs), proposals to enhance the fully restructured code with strengthened ethics requirements for accountants.

The double-stage restructure program, set for completion in December 2017, intends the Code to become more effective for global implementation.

Stavros Thomadakis, IESBA chairman, said: "The timely major upgrade of the Code will lead not only to it being more understandable and easier to use, but also more robust with important improvements in many areas, including auditor independence."

The new proposals (EDs) select sections of the Code including; the length of association between audit firm personnel with an audit or assurance client, and the provisions addressing accountants' response to non-compliance with laws and regulations.

A number of safeguard provisions in the code will be revised, relating to non-assurance services provided to audit and other assurance clients, to enhance the "threats and safeguards" framework. The new code will also clarify the applicability of professional accountants in business (PAIB) provisions to the professional accountants in public practice.

Adam Harper, director of strategy and professional standards at the Association of Accounting Technicians (AAT), said: "The development of the Code is welcomed and the proposed restructure will help with transparency on requirements, so that they are distinguished from guidance. It will also have a greater emphasis on compliance with the fundamental Code principles, and it will strengthen the partner rotation regime for audits of public interest entities."

The Code has been restructured to affect provisions addressing accountants' responses to non-compliance



with laws and regulations (NOCLAR). This means that when a member encounters a suspected fraud or illegal act, the matter should be reported internally. Where it is assessed as public interest to disclose the information, they may do so without breaching confidentiality ethics.

Harper added: "The AAT already has a provision in its Code of Professional Ethics which allows disclosure of professional duty or right to disclose in the public interest, and is not prohibited by law. IESBA's emphasis on public interest issues will only serve to increase confidence in the profession, particularly in present conditions."

The Code will be renamed the International Code of Ethics for Professional Accountants (including International Independence Standards).

Highlights of the main improvements, including details and related timelines, are set out in the January 2017 IESBA Update. The Ethics Board invites all stakeholders to comment on the EDs, structure by May 25, 2017, and safeguards by April 25, 2017 through the website.

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## ASCA (Jordan) Participates in Accounting Conference on Latest IFRS and IAS Developments

AMMAN - International Arab Society Certified Accountants (ASCA- Jordan) participated in the Accounting Conference on International Financial Reporting Standards (IFRS) and International Auditing Standards (IAS), which was organized by the Jordan Association of Certified Public Accountants (JACPA) at Le Meridien Hotel.

The Conference discussed the latest developments concerning the IFRS 15 - Revenue from Contracts with Customers, IFRS 16 - Lease Contracts and auditing standards regarding auditor report and its updates. A number of certified accountants, office workers and companies' staff took part in the conference.



## IPSAS 40, Public Sector Combinations, Improves Reporting of Government Restructurings



**NEW YORK** – The International Public Sector Accounting Standards Board® (IPSASB®) issued a new accounting standard—IPSAS 40, Public Sector Combinations. IPSAS 40 provides the first international accounting requirements that specifically address the needs of the public sector when accounting for combinations of entities and operations.

Public sector combinations - for example, reorganizations of government departments or restructurings of municipalities - occur frequently. In the public sector, these transactions raise different accounting issues from those encountered in the private sector.

“In the past, governments either had to develop their own approach for combinations, or refer to private sector accounting standards. Yet our stakeholders have told us that these private sector standards are not suitable for the public sector,” said IPSASB Chair Ian Carruthers. “IPSAS 40 responds to our stakeholders’ concerns, and fills an important gap in the IPSASB’s literature. Governments now have appropriate, public sector-specific requirements they can apply. This ensures they

can provide users of financial statements with relevant information about combinations.”

IPSAS 40 recognizes two types of public sector combinations: amalgamations and acquisitions. By contrast, International Financial Reporting Standards, used by private sector entities, treat all combinations as acquisitions, which requires obtaining fair value information. Amalgamations, which are much more common in the public sector, do not require this information. The accounting requirements for amalgamations in IPSAS 40 are based on existing information, which enables public sector entities to avoid unnecessary valuation costs, while still meeting users’ needs.

IPSAS 40 applies from January 1, 2019, with earlier adoption encouraged. To help governments understand the new requirements, IPSASB staff have developed an At-a-Glance summary and an introductory webinar.

<https://www.ifac.org/news-events/2017-01/ipsas-40-public-sector-combinations-improves-reporting-government-restructurings>

## IASCA- Palestine

### Holds Awareness Workshops and Sessions

JERUSALEM/ RAMALLAH/ BETHLEHEM - International Arab Society of Certified Accountants (IASCA) branch in Palestine organized various activities to introduce the Society’s services in Palestine.

In cooperation with Talal Abu-Ghazaleh Professional Training Group (TAGI-Train), IASCA organized a workshop at Al-Quds University in Abu Dis in the presence of Head of Accounting Department, Dr. Saher Aqel. During this workshop, several topics were discussed including the terms and concepts of accounting in English along with the concepts of audit, internal control and accounting cycle. Moreover, lecturer discussed the financial statements and transactions of accounting entries and how to record them through examples and practical applications. Additionally, a detailed explanation was provided on the international professional certificates issued by IASCA and the significance of these certificates, as well as their practical and scientific



benefits. Students were encouraged to register and apply for such international certificates and qualifications.

**Bethlehem** - in cooperation with Sounds for Development Co., IASCA held a specialized session entitled “Feasibility Study”. During the session, the basic concepts and foundations of the economic feasibility study were discussed, in addition to their impact on the financial position and performance of enterprises and businesses. The session also identified the expected returns and costs that would be spent on the project, and the best financial and accounting methods to apply to these feasibility studies.

**Ramallah** - in cooperation with Galaxy Institute, a IASCA briefed the attendees on its services and courses and how students can benefit of these courses to meet labor requirements. Additionally, a detailed explanation was provided on the professional certificates issued by IASCA enhance the individual’s qualifications and skills.





## ASCA/Jordan Issues Arabic Version of the International Education Standards 2015 Guide

**AMMAN** - The Arab Society of Certified Accountants (ASCA)/ Jordan issued the certified Arabic version of the International Education Standards (IESs) 2015 Guide, the first book of its kind in this specialty field.

The book contains the standards issued by the International Education Standards Board (IESB) of the International Federation of Accountants (IFAC). IFAC assigned the exclusive Arabic translation of the guide to the Arab Society of Certified Accountants (ASCA) (Jordan).

The guide emphasizes the integration of accounting education and the requirements of the accounting profession and labor market in the light of the constant changes and developments taking place. IESs contained in the guide are essential to enter the accounting profession: they ensure the appropriate level of education for the acquirement of knowledge, skills, values, and the ethics of the accounting profession.

Based on IESs, the accounting education curriculum should involve intellectual, technical, and organizational skills, so that accountants can solve the problems they encounter and take the right decisions.

The desired outputs from the application of the IESs include the following:

- Minimizing the international differences in the requirements of the performance of the role of professional accountant.
- Facilitating the global movement of professional accountants
- Providing international good practice standards in the education of professional accountants.
- Providing an effective method for the development of professional capacities



The International Education Standards (IESs) are:-

- IES1 "Entry Requirements to Professional Accounting Education Programs"
- IES 2 "Initial Professional Development – Technical Competence"
- IES 3 "Initial Professional Development – Professional Skills"
- IES 4 " Initial Professional Development – Professional Values, Ethics, and Attitudes"
- IES 5 " Initial Professional Development – Practical Experience"
- IES6 " Initial Professional Development – Assessment of Professional Competence"
- IES 7 "Continuing Professional Development"
- IES 8 "Competence Requirements for Audit Professionals"
- IES8 (revised) "Professional Development for Engagement Partners Responsible for Audits of Financial Statements (Revised)"

## IFRS 2017 in English (Red Book) to be Published in March 2017

The 2017 IFRS®Standards (Red Book) will be published in March 2017. This is the only official printed edition of the consolidated text of the International Accounting Standards Board's authoritative pronouncements as issued on January 1, 2017.

What's New in this edition?

1. Clarifications to IFRS 15 Revenue from Contracts with Customers;

2. Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
3. Annual Improvements to IFRS Standards 2014–2016 Cycle (which contains amendments to IFRS 1, IFRS 7, IFRS 10, IFRS 12, IAS 19, IAS 28);
4. Amendments to IFRS 2, IAS 7, IAS 12 and IAS 40; and
5. IFRIC® Interpretation 22 Foreign Currency Transactions and Advance Consideration.

<http://eifrs.ifrs.org/eifrs/RegisterMyInterest>



## **FOR MORE INFORMATION**

Tel: (0962-6) 5100900

Fax: (0962-6) 5100901

Or you may reach us electronically through our website:  
[ascasociety.org](http://ascasociety.org)

And our emails:

[asca.jordan@iascasociety.org](mailto:asca.jordan@iascasociety.org)

[salouri@iascasociety.org](mailto:salouri@iascasociety.org)

[www.facebook.com/ASCAsociety](https://www.facebook.com/ASCAsociety)

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