

TECHNICAL E-NEWSLETTER

FOR THE MONTH OF JANUARY 2008

ACCOUNTING & AUDITING UPDATE

Exposure Drafts

- International Accounting Standards Board (IASB) issued following exposure drafts on 13 December 2007

Exposure Drafts	Date for Comments
Proposed amendments to IFRS 2 and IFRIC 11	17/3/2008
Proposed amendments to IFRS 1 and IAS 27	26/2/2008

The exposure drafts may be viewed at <http://www.iasb.org/opentocomment>

- The International Auditing and Assurance Standards Board (IAASB) released the following two exposure drafts:

Exposure Drafts	Date for Comments
Proposed ISA 505 (Revised and Redrafted) External Confirmations	15/2/2008
Proposed ISA 620 (Revised and Redrafted), Using the Work of an Auditor's Expert	15/2/2008

Proposed ISA 505 (Revised and Redrafted), External Confirmations, addresses concerns about the use and reliability of external confirmations as audit evidence. It is directed at the effective performance of external confirmation procedures when the auditor determines that such procedures are an appropriate response to an assessed risk of material misstatement.

Proposed ISA 620 (Revised and Redrafted), Using the Work of an Auditor's Expert, deals with the auditor's use of the work of a

person or organization possessing expertise in a field other than accounting or auditing, who is engaged by the auditor to assist in obtaining sufficient appropriate audit evidence. The proposed ISA has specific requirements for the auditor to determine whether the work of an expert is needed and, when it is, to obtain an understanding of the expert's field of expertise.

The proposed ISA 505 and 620 can be viewed at <http://www.ifac.org/eds>

Members valuable comments

IASB and IAASB has asked for the comments on the said exposure drafts, all members are requested to send their valuable comments before the due date to ICAP at the following email ID naeem.ahsan@icap.org.pk.

Clarity Standards Issued

Following four clarity standards was issued by IASB and IAASB:

Revised IAS 1, Presentation of Financial Statements
ISA 230 (Redrafted), Audit Documentation
ISA 260 (Revised and Redrafted), Communication with Those Charged with Governance
ISA 720 (Redrafted), The Auditor's Responsibility in Relation to Other Information

- ***Revised IAS 1 Presentation of Financial Statements*** was issued by IASB in September 2007. It requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting

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from transactions with owners in their capacity as owners separately from 'non-owner' changes (such as transactions with third parties). The revised standard gives preparers of financial statements the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals or in two separate statements.

The revised standard comes into effect for periods beginning on or after 1 January 2009. Early adoption is permitted.

- The IAASB issued the following three clarity standards. They will be effective for audits of financial statements for periods beginning on or after December 15, 2009.

ISA 230 (Redrafted) Audit Documentation incorporates several enhancements and additional guidance. In particular, it explains in clearer terms what is expected of the auditor in fulfilling the requirement to document compliance with ISAs, and provides clarifying guidance regarding the circumstances in which it is appropriate for the auditor to prepare audit documentation relating to the use of professional judgment. The flow of the requirements in the redrafted ISA, particularly in relation to changes to audit documentation after the date of the auditor's report, has also been simplified and clarified.

ISA 260 (Revised and Redrafted) Communication with Those Charged with Governance has been fully revised. It sets out an overarching framework for communication with those charged with

governance; it also identifies specific matters to be communicated by the auditor, including a requirement to communicate in writing about auditor independence. It acknowledges that law or regulation or an agreement with the entity, for example, may require that other matters be communicated. The ISA contains new requirements and guidance dealing with the communication process, including a specific requirement for the auditor to evaluate the adequacy of the two-way communication between the auditor and those charged with governance.

ISA 720 (Redrafted) The Auditor's Responsibility in Relation to Other Information deals with the auditor's responsibility in relation to other information in documents containing audited financial statements and the corresponding auditor's report. It requires the auditor to read this other information and to respond appropriately when such information could undermine the credibility of the financial statements.

The said ISAs can be downloaded free-of-charge from the IFAC online bookstore at <http://www.ifac.org/store>.

TAXES & COMPANIES ORDINANCE **UPDATE**

Income Tax 2001

The FBR issued the following Notification/Circular:

SRO#1128 (I) /2007 dated 15/11/2007	Amendments in Capital Value Tax Rules, 1990
Circular # (I) / 2008 dated 1/1/2008	Extension in filing of returns due on 31/12/2007 till 14/1/2008

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Sales Tax 1990

The FBR issued the following Notifications and General Orders:

SRO No.	Subject
1164 (I) / 2007 dated 30/11/2007	Amendment to SRO 462 (I) 2007 dated 09 June 2007
1161 (I) / 2007 dated 30/11/2007	Notification of the goods on which sales tax shall be charged at the rate of zero percent
1197 (I) / 2007 dated 8/12/2007	Appointment of Director General, Collectors.....
1196 (I) / 2007 dated 8/12/2007	Amendment in SRO 1160(I)/96 dated 06/10/1996
1195 (I) / 2007 dated 10/12/2007	Amendment in SRO No. 564(I)/2006 dated 5/06/2006
1204 (I) / 2007 dated 11/12/2007	Delegation of powers to Collectors for extension of time limit for submission of documents
1203 (I) / 2007 dated 11/12/2007	Procedure for payment of refund to OEMs of vehicles for months 07/2007 to 12/2007
1202 (I) / 2007 dated 11/12/2007	Procedure for payment of refund to IPPs for months 07/2007 to 12/2007
1201 (I) / 2007 dated 11/12/2007	Amendment in notification no.993(I)2006 dated 21/9/2006

General Orders

STGO # 23/2007 dated 06/12/2007
STGO # 24/2007 dated 06/12/2007
STGO # 25/2007 dated 06/12/2007
STGO # 26/2007 dated 06/12/2007
STGO # 27/2007 dated 06/12/2007
STGO # 28/2007 dated 06/12/2007
STGO # 29/2007 dated 06/12/2007
STGO # 30/2007 dated 06/12/2007

Customs Act, 1969

The FBR issued the following Notifications regarding Imports and Exports:

Notification regarding Imports

SRO # 1260 (I) / 2007 dated 31/12/2007
SRO # 1261 (I) / 2007 dated 31/12/2007
SRO # (I) / 2007 dated 26/12/2007
SRO # 1228 (I) / 2007 dated 17/12/2007
SRO # 1172 (I) / 2007 dated 5/12/2007
SRO # (I) / 2007 dated 28/11/2007
SRO # 1151 (I) / 2007 dated 26/11/2007
SRO # 1121 (I) / 2007 dated 17/11/2007

Notification regarding Exports

SRO # 1 (I) / 2008 dated 1/1/2008
SRO # 1185 (I) / 2007 dated 5/12/2007
SRO # 1186 (I) / 2007 dated 5/12/2007

A more detailed view of the above mentioned Notifications, General Orders and Circulars may be obtained at <http://www.cbr.gov.pk>.