



The Institute of  
Chartered Accountants  
of Pakistan

# e Technical Update

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## Contents .....

### IASB Update

Exposure Draft - Amendment to IAS 32 Financial Instruments: Presentation on the Classification of Rights Issues

Exposure Draft - Financial Instruments: Classification and Measurement

Exposure Draft - Rate-Regulated Activities

IFRIC D25 *Extinguishing Financial Liabilities with Equity Instruments*

### IFAC Update

IAASB Staff Issues Q&As to Guide Auditors' Effective Implementation of Clarified ISAs;

IPSASB Advances Global Convergence Program

Update of ISA Guide Underway

New Quality Control Guide for SMPs

IFAC Focuses on Accounting Technicians

PAIB Committee Addresses Governance and Organization Performance

IFAC Report Focuses on Developments in Financial Reporting Supply Chain

Monitoring Group Launches Assessment of the Effectiveness of IFAC Governance Reforms

IFAC G20 Accountancy Summit Issues Renewed Mandate for Adoption of Global Standards

New IFAC Publication explains how Better Costing can Result in Better Management Decision-Making

### SECP Update

### SBP Update

### FBR Update

### ICAP News

### Local News Brief

### World News Brief

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## IASB Update

### Exposure Draft - Amendment to IAS 32 Financial Instruments: Presentation on the Classification of Rights Issues (Due Date for Comments: 7 September 2009)

This exposure draft contains a proposal issued by the IASB to amend IAS 32 *Financial Instruments: Presentation*. The purpose of the amendment is to clarify the classification of instruments that give the holders the right to acquire an entity's own equity instruments at a fixed price (rights issue) when that price is stated in a currency other than the entity's functional currency. The proposed amendment specifies that a rights issue offered pro rata to all of an entity's existing shareholders on the exercise of which the entity will receive a fixed amount of cash for a fixed number of the entity's own equity instruments is classified as an equity instrument regardless of the currency in which the exercise price is denominated. The proposed amendment is intended to clarify the circumstances in which the currency the entity will receive on the issue of an instrument does not affect its classification as a liability or an equity instrument. The exposure draft can be downloaded at: [www.iasb.org](http://www.iasb.org)

### Exposure Draft - Financial Instruments: Classification and Measurement

(Due Date for Comments: 14 September 2009)

The IASB has published an exposure draft (ED) on Financial Instruments: Classification and Measurement as the first part of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The Board decided to address classification and measurement of financial assets and financial liabilities first because they form the foundation of the standard. The IASB plans to finalise the classification and measurement proposals in time for non-mandatory application in 2009 year-end financial statements. The other phases of the IAS 39 project are addressing Impairment and Hedge Accounting. Additionally, the Board's project on Derecognition of Financial Instruments will also result in amendments to IAS 39. The IASB plans to complete the replacement of IAS 39 during 2010, although mandatory application will not be before January 2012. The exposure draft can be downloaded at: [www.iasb.org](http://www.iasb.org)

### Exposure Draft - Rate-Regulated Activities

(Due Date for Comments: 20 November 2009)

The IASB would require the recognition of assets and liabilities resulting from certain rate-regulated activities and would provide guidance on the

measurement of those asset and liabilities. The IASB added the project to its agenda after receiving ongoing requests for guidance and because of the importance of rate regulation in many jurisdictions that are in the process of adopting IFRSs. IASB plans to issue a final standard in 2010.

The objective of the proposals is to establish whether and how assets and liabilities resulting from rate-regulated activities should be recognised and measured under IFRSs. If adopted, the proposed IFRS would:

- define regulatory assets and regulatory liabilities.
- set out criteria for their recognition.
- specify how they should be measured.
- require disclosures about their financial effects.

The IASB was asked for guidance on the issue from many jurisdictions. Clarifying the accounting for rate regulation is of particular importance for jurisdictions that are in the process of adopting IFRSs and where accounting for the effect of rate regulation is in place for some sectors. In those cases entities are currently recognising sometimes significant 'regulatory' assets and liabilities by reference to an existing US standard in the absence of an IFRS.

Rate regulation is designed to ensure that customers are charged a reasonable rate for services or products while giving entities an opportunity to earn a fair return on their investments. This is generally achieved through price setting by a governmental regulator on the basis of the regulated entity's cost of providing the product or service. Requirements already exist in some jurisdictions addressing this issue. For example, under U.S. GAAP, Statement 71 provides guidance on the recognition of regulatory assets and liabilities that result from the actions of regulatory bodies that direct the rate-making process of the entity. The exposure draft can be downloaded at: [www.iasb.org](http://www.iasb.org)

### **IFRIC D25 *Extinguishing Financial Liabilities with Equity Instruments*** **(Due Date for Comments - 5 October 2009)**

The International Financial Reporting Interpretations Committee (IFRIC) has published a draft Interpretation, IFRIC D25 *Extinguishing Financial Liabilities with Equity Instruments*. The proposal addresses the appropriate accounting under IFRSs when a creditor agrees to accept an entity's shares or other equity instruments to settle the financial liability fully or partially. IFRIC D25 proposes that:

- an entity's equity instruments are part of any 'consideration paid' to extinguish a financial liability.
- the equity instruments should be measured at either their fair value or the fair value of the financial liability extinguished, whichever is more reliably determinable.
- any difference between the carrying amount of the financial liability extinguished and the initial measurement amount of those equity instruments should be included in the entity's profit or loss for the period.

The IFRIC D25 can be downloaded from: [www.iasb.org](http://www.iasb.org)

## IFAC Update

### IAASB Staff Issues Q&As to Guide Auditors' Effective Implementation of Clarified ISAs

To assist auditors worldwide in implementing the clarified International Standards on Auditing (ISAs), the staff of the International Auditing and Assurance Standards Board (IAASB) has developed a new question and answer publication entitled 'Applying ISAs Proportionately with the Size and Complexity of an Entity'. The publication is relevant in the context of any audit, but will be of particular help to those who audit or oversee the audits of small- and medium-sized entities (SMEs).

The questions and answers explain how the design of the ISAs enables them to be applied in a manner that is proportionate to the specific characteristics of the entity subject to audit. Furthermore, answers are given to questions relating to audit procedures, work effort, documentation, and professional judgment.

The publication can be downloaded from the IFAC website at: [web.ifac.org/clarity-center/support-and-guidance](http://web.ifac.org/clarity-center/support-and-guidance).

### IPSASB Advances Global Convergence Program

The International Public Sector Accounting Standards Board (IPSASB) has achieved significant progress on its global convergence program with the approval of seven exposure drafts (EDs) related to agriculture, financial instruments, intangible assets, and entity combinations.

The convergence program, scheduled for completion by December 31, 2009, will substantially converge International Public Sector Accounting Standards (IPSASs) with IFRSs approved at December 31, 2008.

#### **ED 36, *Agriculture***

The first ED issued was ED 36, *Agriculture*. It proposes an IPSAS that converges with the IASB's IAS 41, *Agriculture*, with limited changes to ensure consistency with other IPSASs. These changes include an acknowledgment that, in some jurisdictions, biological assets may be sold or transferred for nominal amounts.

#### **EDs 37–39, *Financial Instruments***

To help public sector entities account for financial instruments, such as derivatives, bonds, and loans, the IPSASB has proposed new financial reporting requirements in the following three EDs:

- ED 37—*Financial Instruments: Presentation*, based on IAS 32;
- ED 38—*Financial Instruments: Recognition and Measurement*, based on IAS 39; and
- ED 39—*Financial Instruments: Disclosures*, based on IFRS 7.

The drafts also include application guidance on the provision of financial guarantees at zero cost or below market price and the use of below market rate concessionary loans.

### EDs 40–41, *Intangible Assets and Entity Combinations*

To help public sector entities address the accounting of intangible assets and entity combinations in a consistent and transparent manner, the IPSASB has released for comment the following EDs:

- ED 40, *Intangible Assets*; and
- ED 41, *Entity Combinations from Exchange Transactions*.

Both of these subject areas have grown increasingly important in the public sector as the financial crisis forces more governments to acquire businesses that would otherwise have been liquidated.

### ED 42, *Improvements to IPSASs*

To improve the usability of IPSASs and to ensure consistency with related IFRSs, the IPSASB issued ED 42, *Improvements to IPSASs*, which proposes technical and editorial amendments to 12 IPSASs.

All EDs can be downloaded from the IFAC website at: [www.ifac.org/Guidance/EXD-Outstanding.php](http://www.ifac.org/Guidance/EXD-Outstanding.php)

### Update of ISA Guide Underway

IFAC has started work on updating the *Guide to Using International Standards on Auditing in the Audits of Small- and Medium-sized Entities* (ISA Guide). Developed by the Canadian Institute of Chartered Accountants, the ISA Guide is designed to help practitioners efficiently apply ISAs to audits of small- and medium-sized entities (SMEs). The update will conform the ISA Guide to the newly redrafted ISAs under the Clarity Project, as well as accommodate feedback from users of the first edition. A first draft of the updated ISA Guide is currently being reviewed and is scheduled for release in late 2009.

The current version can be downloaded from IFAC website at [www.ifac.org/store](http://www.ifac.org/store)

### New Quality Control Guide for SMPs

To help small and medium practices (SMPs) with the implementation of international standards, the SMP Committee has published a *Guide to Quality Control for Small- and Medium-sized Practices*. This non-authoritative implementation guide is intended to help SMPs understand and efficiently apply International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, as redrafted under the IAASB's Clarity Project. Developed by CGA-Canada, the guide uses an integrated case study to illustrate how to implement the requirements of ISQC 1 and includes two sample firm policy manuals and key checklists and forms. The guide can be downloaded from IFAC's website at [www.ifac.org/store](http://www.ifac.org/store).

### IFAC Focuses on Accounting Technicians

In order to build the capacity of the accountancy profession in developing countries, IFAC is fostering the development of accounting technicians. As part of this strategy, the Developing Nations Committee has released a new good practice guide entitled, *The Education, Training, and Development of Accounting Technicians*. The guide was designed to raise awareness of the role and value of accounting technicians in both the public and private sectors. It promotes the importance of technician-level accounting programs in both developed and developing countries and encourages professional accountancy organizations to offer technician programs that lead to certification and membership within the organization.

The guide can be downloaded from IFAC website at: [www.ifac.org/store](http://www.ifac.org/store)

### PAIB Committee Addresses Governance and Organization Performance

IFAC's Professional Accountants in Business (PAIB) Committee has released a new International Good Practice Guidance document titled, *Evaluating and Improving Governance in Organizations*, to help professional accountants in business enhance governance and improve organizational performance.

The document includes a framework, a series of fundamental principles, supporting guidance, and references on how PAIBs can contribute to evaluating and improving governance in organizations.

The guidance encourages organizations to achieve a balance between conformance with rules and regulations and driving organizational performance. It was designed to complement existing governance codes, such as the *OECD Principles of Corporate Governance* (2004) issued by the Organisation for Economic Co-operation and Development (OECD).

It also focuses on how organizations can create sustainable stakeholder value in the form of good products or services, economic profitability, job security, safety, or other social or economic responsibilities.

The committee has also issued a separate document, *Preface to IFAC's International Good Practice Guidance*, which sets out the scope, purpose, and due process of the committee's International Good Practice Guidance series.

Both *Evaluating and Improving Governance in Organizations* and the *Preface to IFAC's International Good Practice Guidance* can be downloaded from the PAIB section of the IFAC website at: [www.ifac.org/store](http://www.ifac.org/store).

### IFAC Report Focuses on Developments in Financial Reporting Supply Chain

IFAC remains focused on initiatives to strengthen the financial reporting supply chain. In its latest report, *Developments in the Financial Reporting Supply Chain—Results from a Global Study among IFAC Member Bodies*, the global research study includes data provided by 74 IFAC member bodies from 59 different countries and jurisdictions, including all major economies.

The study indicates that progress has been achieved in the areas of governance, financial reporting, and auditing. This progress includes the development of new or revised codes, as well as increased convergence of standards.

However, the study also highlighted a number of vital issues that still require addressing:

- **Corporate governance:** Issues include risk and control systems that are too narrowly focused; insufficient integration of governance into the overarching business model; and lack of safe harbor protection for those charged with governance;
- **Financial reporting:** Issues include the adoption of suitable reporting standards for small- and medium-sized entities and other entities; further convergence to principles-based reporting standards; and meeting the challenges of fair value accounting;
- **Financial auditing:** Issues include the challenges of small and medium accountancy practices to keep up-to-date with changes in International Standards on Auditing and other standards; and
- **The usefulness of financial reports:** Issues include insufficient reporting on non-financial indicators, risks, and sustainability performance.

The report can be downloaded from IFAC at: [www.ifac.org/frsc](http://www.ifac.org/frsc)

### **Monitoring Group Launches Assessment of the Effectiveness of IFAC Governance Reforms**

The Monitoring Group that oversees the governance of the IFAC has begun a review of the effectiveness of the reforms to the governance of IFAC that were put in place in 2003. The objective of those reforms was to increase confidence that IFAC's activities are properly responsive to the public interest and will lead to the establishment of high quality standards and practices by the IAASB, the International Ethics Standards Board for Accountants (IESBA), and the International Accounting Education Standards Board (IAESB). IFAC's Monitoring Group comprises regulatory and international .

Among the major enhancements introduced by the IFAC reforms was the creation of the Public Interest Oversight Board (PIOB) to oversee IFAC standard setting activities in the areas of audit performance standards, independence, and other ethical standards for auditors, audit quality control and assurance standards. It also oversees IFAC's Compliance Program. Changes were agreed to the functioning of the Boards responsible for setting the standards mentioned (the Public Interest Activities Committees - PIACs), including a strengthening of the roles of their respective Consultative Advisory Groups (CAGs).

### **IFAC G20 Accountancy Summit Issues Renewed Mandate for Adoption of Global Standards**

Governments and regulators need to step up initiatives to promote convergence to global accountancy and auditing standards-and they need to do so quickly-according to over 60 leaders of the accountancy profession who attended the International Federation of Accountants' (IFAC's) G20 Accountancy Summit on July 23 and 24 in London. The summit was organized to achieve consensus by the profession on a series of recommendations to be made to the G20 leaders prior to their meeting in September on issues related to the financial crisis.

Participants unanimously agreed that the public interest would best be served by a single set of high-quality, principles based financial reporting and auditing standards for listed and public interest entities.

The group stressed the importance of having balanced views in the standard-setting process and ensuring that there is no undue influence from any one stakeholder group. They also emphasized the need for the International Accounting Standards Board to have a robust governance structure that will ensure its effectiveness and independence.

In addition, summit participants called upon governments to follow the same high standards of financial reporting as their private sector counterparts and to adopt International Public Sector Accounting Standards.

Other key recommendations from the group included the following:

- The needs of small and medium enterprises (SMEs) need to be considered in the development of standards, as well as in any re-regulation.
- The G20 should continue to make strengthening corporate governance a priority. Focus should be placed on examining the role of independent directors, CFOs, and audit committees, as well as improving the linkage of remuneration schemes with performance.
- There is a need for a more robust financial reporting model that includes, among other things, reporting on sustainability and environmental issues.

### **New IFAC Publication explains how Better Costing can Result in Better Management Decision-Making**

The Professional Accountants in Business (PAIB) Committee of the IFAC has released a new International Good Practice Guidance publication, *Evaluating and Improving Costing in Organizations*, which establishes six fundamental principles that can help professional accountants and their organizations to evaluate and improve their approach to costing. The guidance recognizes the importance of distinguishing between the purposes and information needs of cost accounting to meet the demands of external reporting, cost measurement, and reporting for internal decision support. A companion document, *Costing Levels Maturity Model*, has also been published to help professional accountants decide what level of costing sophistication to use given organizational requirements and the needs of managers and employees.

This IFAC guidance is targeted to professionals working in commerce and industry, as well as the public sector, education, and the not-for-profit sector. It recognizes that, when used effectively, costing can provide clear and timely information. The guidance cautions, however, that all cost information is not created equal: Highly aggregated cost information, for example, which is compiled for external reporting purposes, may not reflect such relationships closely enough to support future strategic and operational decisions.

The new *Costing Levels Maturity Model* can also help professional accountants exercise professional judgment to assess their organization's existing costing capability for supporting internal managerial analysis and decisions. The PAIB Committee seeks comments from professional accountants and IFAC member bodies on the model to help its continued development.

*Evaluating and Improving Costing in Organizations* and *Costing Levels Maturity Model* can be downloaded from the PAIB section of the IFAC at [www.ifac.org/store](http://www.ifac.org/store).

### SECP Update

- SECP S.R.O.658(I)/2009 - powers of the Additional Registrar, Company Registration Office, Karachi, Lahore and the Islamabad conferred by section 476(1a) of the Ordinance in the matters of companies falling in their jurisdiction, shall be exercised by the Joint Registrars of the respective Company Registration Offices, as specified by the Registrar of Companies.
- SECP S.R.O.659(I)/2009 - SECP delegates the powers and functions of the Commission to its Commissioner and officers
- SECP has approved the draft of Margin Financing.

### SBP Update

- SMEFD Circular No 12 – export performance of eligible goods sold in the international fairs/exhibitions will be taken into account for performance /entitlement purpose under Part-II of the Export Finance Scheme provided that exporters have not already availed loan(s) under Part-I on post shipment basis there-against as well as fulfillment of the requirements as prescribed by EPD in category 'B' of para 31 of Chapter XVII of FE Manual.
- BSD Circular no. 8 - clarifies that those Banks / DFIs, which have provided for the impairment on Available for Sale (AFS) securities as on December 31, 2008, may adjust their impairment, due to recovery in market prices during the year 2009. However, this adjustment shall be only to the extent which is in excess of already created impairment as on 31-12-2008. Such adjustments, authenticated by the Statutory Auditors of Banks / DFIs, shall be taken to Revaluation Surplus / (Deficit) account and not to be routed through Profit / Loss account, with adequate disclosures in the financial statements.
- BPRD Circular no. 14 – Para 2 of Section C of Prudential Regulation G-1 revised regarding Remuneration Of Directors And Chairman
- BPRD Circular Letter No. 20 - Certificate for Refund of Unclaimed Account (Annexure – C) now will also be authorized by Head of Internal Control Audit
- FE Circular No. 03 – From 1st August, 2009, in addition to the requirements of FE Circular No. 02 dated 15th January 2009, all purchases of foreign exchange related to import of Diesel and other refined products shall be made by the banks from the interbank market.
- SBP will set up a new department for remittances in collaboration with federal ministry for overseas Pakistani.
- Islamic Banking Department of SBP issued Handbook of Islamic Banking Products & Services

## FBR Update

- SRO 684 (I)/2009 - Amendments in Rule 73 of the Income Tax Rules, 2002 regarding e-filing:
  - (2C) In case a person registered for sales tax, electronic filing of income tax return shall be from the first day of July, 2009 onwards.
  - (2D) In case of an Association of Persons, electronic filing of income tax return and withholding tax statements shall be mandatory from the first day of July, 2009 onwards.
- FBR Circular No. 04 of 2009 - Explanation of Important Provisions Relating to Capital Value Tax (CVT) made in Finance Act, 2009.
- SRO 704(I)/2009 - Amendments in Sales Tax Special Procedure withholding Rules 2007- A registered person in the LTU, who purchases goods from a registered person, other than one registered in an LTU, shall deduct and withhold one percent of value of taxable supplies received by him as sales tax from payment due to the supplier. This amount will be deposited by the withholding agent through his monthly return. Remaining amount of fifteen percent or more, as the case may be, of the value of taxable supplies shall be paid by the withholding agent to supplier who will account for that in his monthly return

## ICAP News

- Circular No. 07/2009 dated July 28, 2009 issued on 'impact on Half Yearly Financial Statements of Banks Due to Amendments in Finance Act 2009'
- Circular No. 08/2009 dated August 11, 2009 issued on 'Review of Consolidated Financial Statements by External Auditors'
- Circular No. 09/2009 dated August 11, 2009 issued on 'Related Party Transactions'

## Technical Advisory Committee Opinion

### 1. ENQUIRY

This in connection with accounting treatment, of excess of fair value over par value of shares to be issued upon amalgamation, under the purchase method prescribed by the International Financial Reporting Standard – 3 (the "IFRS – 3")

Company A and B entered into a duly sanctioned scheme of amalgamation. In consideration of amalgamation company A issued specified number of its shares to the shareholders of Company B. The amalgamation was accounted for applying the purchase method provided in IFRS – 3. Since the fair value of shares was determined to be higher than their par value, a reserve has been created to account for the difference. The Company is of the opinion that reserve thus created is in the nature of share premium account and the same can be used for the purpose of issuing bonus shares in terms of Section 83 of the Companies Ordinance, 1984 ("the Ordinance").

The SECP is of the view that the said reserve, created due to excess of fair value over par value of shares in consequence of the said amalgamation, may be classified as merger reserve and can not be classified as share premium reserve. Further since such reserve comes under the ambit of Rule 8 of the Companies Issue of Capital Rules 1996 therefore can not be utilized for the purpose of issuing bonus shares in terms of Section 83 of the Ordinance.

You are requested to provide opinion:

- a) as to whether this excess of fair value of shares over the par value can be classified as share premium reserve;
- b) its accounting treatment is in accordance with the requirements of IFRS; and
- c) the said reserve can be used for the purpose of issuing bonus keeping in view the requirements of the legal framework.

### **COMMITTEE'S VIEWS**

The Committee has considered the above enquiry and its views are as under:

The International Financial Reporting Standard IFRS 3 – 'Business Combinations' requires the application of purchase method of accounting for amalgamations/ business combinations that are within the scope of the standard. Under the purchase method of accounting, the consideration transferred, including in the form of issuance of shares in a business combination shall be measured at fair value notwithstanding the fact that the shares are actually issued at par value. As a result, when the fair value of the shares issued exceeds their nominal or par value, the difference is accounted for in the equity as a "capital reserve" and may even be classified as "share premium" and bonus shares may be issued from the amount credited to the share premium account. This runs contrary to the views expressed by the Commission in the aforesaid enquiry.

The Committee deliberated the issue at length and is of the *view* that in the absence of a clear cut stipulation under the Companies Ordinance, 1984 (the Ordinance) restricting the utilization of such "capital reserve" for distribution as bonus shares, a sustainable legal view can be taken that such "capital reserve" can be utilized for the said purpose. The Committee, therefore, is of the considered opinion that if the Commission intends to put restriction on the utilization of such "share premium reserve", suitable amendments will be required in the Ordinance for which guidance may be taken from the English or Indian Law.

## **2. ENQUIRY**

Please clarify the meaning of term "Deferred Tax Reserves" and whether "Deferred Tax Reserves" would only include the Reserves separately shown in equity section as 'Deferred Tax Reserves' or it will also include the items (like Deferred Tax Asset) routed through Profit and Loss Account and form part of un-appropriated profit/ loss.

It may be mentioned here that "NBFC Rules 2003" (as amended in 2007) define "equity" as:

- (xix) "equity" includes paid up share capital, reserves, subordinated loans and un-appropriated profits (minus accumulated losses) excluding deferred tax reserves, Surplus on Revaluation of Fixed Assets Account as described in section 235 of the Ordinance, treasury stocks and redeemable preference shares: (emphasis added)

Thus, it is to be ascertained whether reserves that form part of the un-appropriated profit/ loss account due to recognition of Deferred Tax Assets will be deducted for the purpose of calculating equity as per NBFC Rules 2003. Any reference to IAS/IFRS or local laws where the subject term has been defined/ clarified shall be of great help.

#### **COMMITTEE'S VIEWS**

The term "Deferred Tax Reserve" is not specially defined in the IFRS. In our local laws (NBFC Rules) the term "Deferred Tax Reserve" was derived from SECP Circular No. 16 of 1999 which was then issued to ensure compliance by the leasing companies with IAS 12 and required to transfer to a capital reserve, amounts equivalent to their deferred tax liability during the period 1 July 1998 to 30 June 2003.

Your attention is drawn to the following paragraphs of IAS 12 "Income Taxes" that deals with recognition of deferred tax liabilities and assets.

**58 Current and deferred tax shall be recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:**

- (a) a transaction or event which is recognised, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity (see paragraphs 61A to 65); or**
- (b) a business combination (see paragraphs 66 to 68).**

**61A Current tax and deferred tax shall be recognised outside profit or loss if the tax relates to items that are recognised, in the same or a different period, outside profit or loss. Therefore, current tax and deferred tax that relates to items that are recognised in the same or a different period:**

- (a) in other comprehensive income, shall be recognised in other comprehensive income (see paragraph 62).**
- (b) directly in equity, shall be recognised directly in equity (see paragraph 62A).**

Based on the above the Committee is of the view that reserves that form part of the un-appropriated profit/ loss account due to recognition of Deferred Tax Assets will not be deducted for the purpose of calculating equity.

#### **Local News Brief**

- Competition Commission of Pakistan (CCP) issue State Of Competition Report 2008
- KSE/N-3891 - Stock Exchange members are required to submit Certificate of Net capital balance as of June 30 for Capital Adequacy requirement before September 15, 2009.
- The Cabinet which met with the Prime Minister, Syed Yousuf Raza Gilani in chair approved the Strategic Trade Policy Framework 2009-12 and Trade policy 2009-10 by Ministry of Commerce.
- Government has announced proposed Investment policy 2009-15.

## World News Brief

- The 3rd CReCER (Spanish acronym for *Accounting and Accountability for Regional Economic Growth*) Conference will take place September 23–25 in São Paulo, Brazil. The event is being hosted by IFAC, the World Bank, and the Inter-American Development Bank, along with the support of the six largest global accounting networks: BDO International, Deloitte Touche Tohmatsu, Ernst & Young Global Limited, Grant Thornton International Ltd, KPMG International, and PricewaterhouseCoopers International. The main objective of CReCER is to create greater awareness of the importance of sound financial reporting and auditing for the development of a well-functioning market economy and of an efficient public sector. CReCER 2009 will provide specific perspectives on the global financial crisis.
- The Chinese Institute of Certified Public Accountants plans to accelerate its convergence with the clarified International Standards on Auditing and targets convergence by the end of 2009.
- The Malaysian Institute of Accountants has established the Financial Reporting Standards Implementation Committee to conduct road shows and to provide assistance to its members on IFRS implementation issues.
- The Malaysian Institute of Accountants (MIA), in partnership with the IFAC, has made progress preparing for the 18th World Congress of Accountants scheduled for November 8–11, 2010 in Kuala Lumpur. The MIA has started strategic networking with several governmental and regulatory agencies, as well as trade and foreign missions in Malaysia, for the Congress.
- The Institute of Certified Public Accountants of Kenya (ICPAK) reports success in lobbying for a new Accountants Act to officially recognize ICPAK's role and responsibilities relating to quality assurance reviews.
- The International Association for Accounting Education and Research (IAAER) and the Association of Chartered Certified Accountants (ACCA) are inviting research proposals to support the work of the IAASB. The research will be directed at contributing to the IAASB's standard-setting activities.
- The IASC Foundation and the AICPA will jointly sponsor a conference on IFRS in North America 2009: The US Perspective, on 29-30 October 2009 in New York City.
- Listed groups in the United Kingdom have been required to prepare their consolidated financial statements using IFRSs. Almost all other groups have a choice. They can use IFRSs, UK GAAP as developed by the UK Accounting Standards Board (ASB), and if they are small they have a further option of using the Financial Reporting Standard for Smaller Entities (FRSSE). But from 2012, the options are expected to change. UK GAAP is expected to be replaced with the IFRS for Small and Medium-sized Entities.
- The Canadian Securities Administrators (CSA) has concluded that all registrants should be required to use IFRSs for financial years beginning on or after 1 January 2011 regardless of whether the registrant fits the definition of a publicly accountable enterprise established by the Canadian Accounting Standards Board (AcSB).

- The Financial Crisis Advisory Group (FCAG), a high level group of recognised leaders with broad experience in international financial markets, published its recommendations related to accounting standard-setting activities, and other changes to the international regulatory environment following the global financial crisis. The report of the FCAG articulates four main principles and contains a series of recommendations to improve the functioning and effectiveness of global standard-setting. The chief areas addressed in the report are Effective financial reporting, Limitations of financial reporting, Convergence of accounting standards, and Standard setter independence and accountability.
- The Financial Accounting Standards Board (FASB) and XBRL US, the nonprofit consortium for XML business reporting standards, announced that they have completed the work to revise the XBRL US GAAP Taxonomy to reflect the *FASB Accounting Standards Codification* released on July 1, 2009. The Codification is the source of authoritative nongovernmental US generally accepted accounting principles (GAAP) and is effective for interim and annual periods ending after September 15, 2009. The SEC mandated the use of XBRL for all public companies over a three year period; the largest public companies, with a worldwide public float greater than \$5 billion, began filing for interim financial statements with periods ending on or after June 15, 2009. It can be viewed at: **[www.fasb.org](http://www.fasb.org)** or **[www.xbrl.us](http://www.xbrl.us)**