

# Review Times

MAY 2015



## PART 1: FINANCIAL REPORTING

### IASB proposes a one-year deferral of the effective date of the revenue standard (IFRS 15) to 1 January 2018

On 28 April 2015, the International Accounting Standards Board (IASB) voted to publish an Exposure Draft (ED) proposing a one-year deferral of the effective date of International Financial Reporting Standard (IFRS) 15 to 1 January 2018.

The IASB will consult on the proposed deferral of the effective date by one year before it is confirmed, as is required by its due process. Early application of the Standard would still be permitted.

The reason for deferring the effective date is that the IASB is planning to issue an ED with proposed clarifications to the Standard, stemming from the joint Transition Resource Group (TRG) meetings, as well as the desire to keep the effective date of the IASB's and the FASB's revenue Standards aligned. The FASB voted to propose a one-year deferral of the effective date of the Standard in early April.

IFRS 15 *Revenue from Contracts with Customers* was issued jointly by the IASB and the US Financial Accounting Standards Board (FASB) in May 2014 with an effective date of 1 January 2017.

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## PART 2: REGULATORY AND BUSINESS

### ACRA announces phased implementation of the Companies (Amendment) Act 2014

On 15 April 2015, the Accounting and Corporate Regulatory Authority (ACRA) announced a two-phase implementation approach for the legislative amendments to the Companies (Amendment) Act. About 40% of the over 200 legislative amendments will take effect in the first phase on 1 July 2015. The second phase encompassing the rest of the legislative amendments is expected to come into effect in the first quarter of 2016. Details on the key legislative amendments to be implemented in each phase can be viewed [here](#).

The commencement notification for Phase 1 of the legislative amendments to be implemented on 1 July 2015 will be published by end May 2015, with supporting subsidiary legislation to be issued in June 2015.

For the effective date of implementation of Phase 2, ACRA will provide about two months' advance notice.



## ***PART 3: ETHICS***

### **IESBA announces changes to independence provisions in the *Code of Ethics for Professional Accountants***

On 14 April 2015, the International Ethics Standards Board for Accountants (IESBA) released changes to enhance the independence provisions in the *Code of Ethics for Professional Accountants* (the Code) by, in particular, no longer permitting auditors to provide certain prohibited non-assurance services to public interest entity (PIE) audit clients in emergency situations, and ensuring that they do not assume management responsibility when providing non-assurance services to audit clients.

The revisions include the removal of provisions that permitted an audit firm to provide certain bookkeeping and taxation services to PIE audit clients in emergency situations, as these were susceptible to being interpreted too generally.

In addition, the revised provisions include:

- New and clarified guidance regarding what constitutes management responsibility; and
- Clarified guidance regarding the concept of “routine or mechanical” services relating to the preparation of accounting records and financial statements for audit clients that are not PIEs.

The revisions also include corresponding changes to the Code’s non-assurance services provisions with respect to other assurance clients.

To access the revised pronouncement, please click [here](#). The changes will be effective from 15 April 2016, with early adoption permitted.

## ***PART 4: ASSURANCE AND AUDITING***

### **4.1 AASB issues Revised ISA 720**

On 8 April 2015, the International Auditing and Assurance Standards Board (IAASB) released International Standard on Auditing (ISA) 720 (Revised), *The Auditor’s Responsibilities Relating to Other Information*. The revisions aim to clarify and increase the auditor’s involvement with “other information”—defined in the standard as financial and non-financial information, other than the audited financial statements, that is included in entities’ annual reports.

The standard also includes new requirements related to auditor reporting on other information that complement the changes arising from the IAASB’s new and revised Auditor Reporting standards, issued earlier this year. Concurrent with those standards, ISA 720 (Revised) will be effective for audits of financial statements for periods ending on or after 15 December 2016.

The Basis for Conclusions, which explains the IAASB’s rationale for its decisions, and an “At a Glance” document, which explains the main changes from the extant ISA, are also available.

For further information and to access the above mentioned documents, please click [here](#).



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## ***PART 4: ASSURANCE AND AUDITING (CONT'D)***

### **4.2 ACRA issues Practice Direction No. 3 of 2015**

On 28 April 2015, ACRA issued Practice Direction No. 3 of 2015: *Revocation of Practice Directions relating to Practical Experience Requirement for Registration as a Public Accountant*.

This Practice Direction states that with the implementation of the new practical experience requirements which took effect from 1 February 2015, the following Practice Directions have been revoked:

- Practice Direction No. 2 of 2013: Required Practical Experience under the Second Schedule to the Accountants (Public Accountants) Rules for Registration as a Public Accountant;
- Practice Direction No. 1 of 2008: Application for Registration as a Public Accountant - Revised Structured Practical Experience Log Book;
- Practice Direction No. 6 of 2007: Practical Experience Requirements for Registration as a Public Accountant and New Fees; and
- Practice Direction No. 1 of 2005: Application for Registration as a Public Accountant, except for paragraphs 17 and 18 which continue to apply and are reproduced at paragraphs 2 and 3 of this practice direction.

To access the Practice Direction No 3 of 2015, please click [here](#).



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