Updates on IFRS, IAS, IFRIC and SCI

The Journal is running a series of updates on IFRS, IAS, IFRIC and SCI and this section has been updated by Md. Abu Khair Hasanul Hasif Sowdagar FCMA, FCA. He is currently working with Standard Chartered Bank, Bangladesh as Senior Manager, Financial Controls.

Abstract:

International Financial Reporting Standards (IFRS) have become the de facto global standard for financial reporting. Its quality has been validated by almost a decade of use by markets in both advanced and developing economies. Today, more than 100 countries require the use of IFRS by public companies, while most other jurisdictions permit the use of IFRS in at least some circumstances.

The IASB (International Accounting Standards Board) is the independent standard-setting body of the IFRS Foundation, are not yet at the point at which IFRS adoption is total and complete. But if we consider that just 15 years ago very few jurisdictions even permitted IFRS, we have come a very long way in a short period of time. Here, we have covered an overview of IFRS implementing body as well as current adaption of IFRS, IAS, IFRIC & SIC globally by IASB.

What are IFRS?

High quality, reliable financial information is the lifeblood of capital markets.

Accounting provides companies, investors, regulators and others with a standardised way to describe the financial performance of an entity. Accounting standards present preparers of financial statements with a set of rules to abide by when preparing an entity's accounts, ensuring this standardisation across the market.

Companies listed on public stock exchanges are legally required to publish financial statements in accordance with the relevant accounting standards.

International Financial Reporting Standards (IFRS) is a single set of accounting standards, developed and maintained by the IASB with the intention of those standards being capable of being applied on a globally consistent basis-by developed, emerging and developing economies-thus providing investors and other users of financial statements with the ability to compare the financial performance of publicly listed companies on a like-for-like basis with their international peers.

IFRS are now mandated for use by more than 100 countries, including the European Union and by more than two-thirds of the G20.

The G20 and other international organisations have consistently supported the work of the IASB and its mission of global accounting standards.

The IFRS Foundation

The primary mission of the IFRS Foundation is to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles.

The principal objectives of the IFRS Foundation are:

- ❑ to develop International Financial Reporting Standards (IFRS)through its standard-setting body, the International Accounting Standards Board (IASB);
- ❑ to promote the use and rigorous application of those Standards;
- ❑ to take account of the financial reporting needs of emerging economies and small and medium-sized entities (SMEs); and
- ❑ to promote and facilitate adoption of IFRS, being the Standards and Interpretations issued by the IASB, through the convergence of national accounting standards and IFRS.

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The functions of the IFRS Foundation can be divided into two main areas:

(a) Governance and oversight

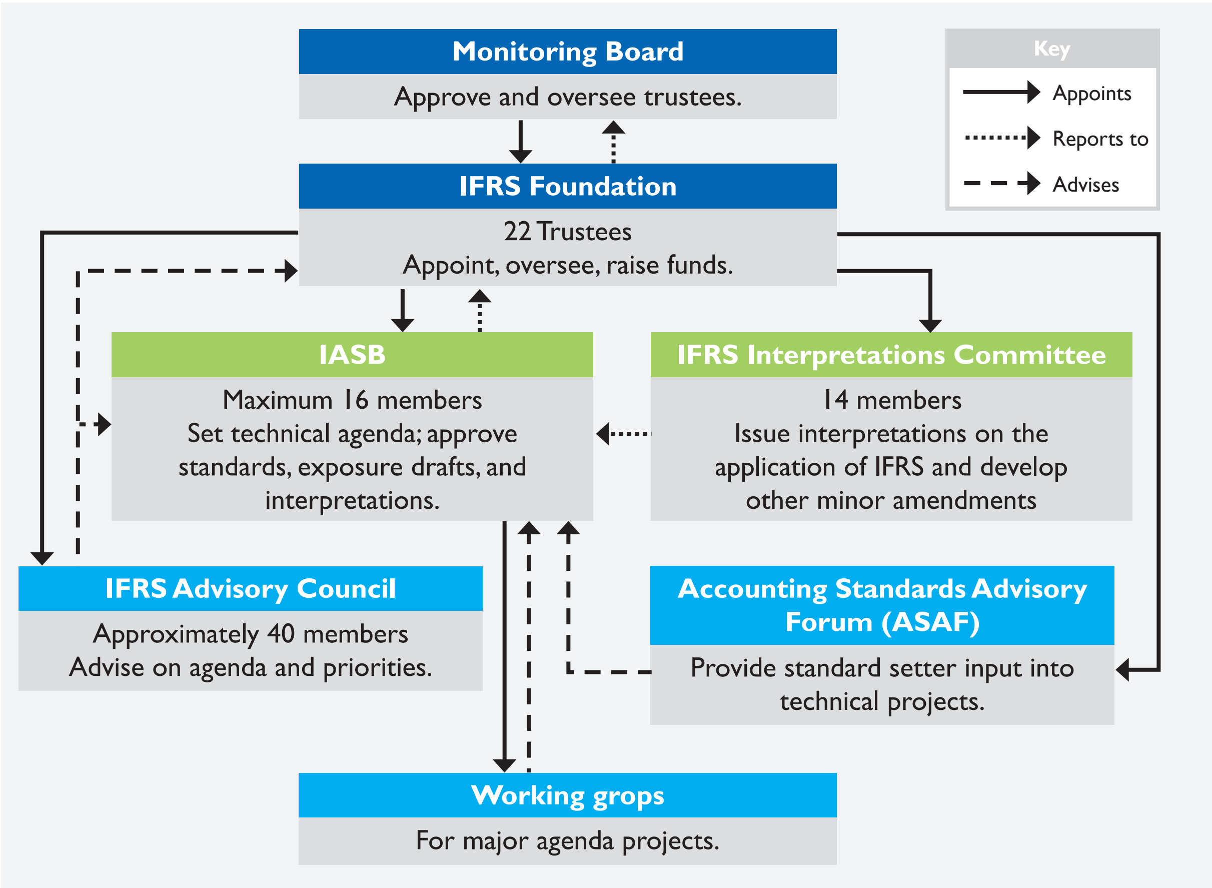
(b) Operations

International Accounting Standards Board (IASB)

The IASB (International Accounting Standards Board) is the independent standard-setting body of the IFRS Foundation. All meetings of the IASB are held in public and webcast. In fulfilling its standard-setting duties the IASB follows a thorough, open and transparent due process of which the publication of consultative documents, such as Discussion Papers and Exposure Drafts, for public comment is an important component.

The IASB engages closely with stakeholders around the world, including investors, analysts, regulators, business leaders, accounting standard-setters and the accountancy profession.

Structure of the IASB



IFRS Advisory Council

The IFRS Advisory Council is the formal advisory body to the IASB and the Trustees of the IFRS Foundation. It consists of a wide range of representatives from groups that are affected by and interested in the IASB's work.

These include investors, financial analysts and other users of financial statements, as well as preparers, academics, auditors, regulators, professional accounting bodies and standard-setters.

43 organisations from across the world are represented on the Advisory Council, with 48 individual members. Three additional organisations are official observers. Members of the Advisory Council are appointed by the Trustees.

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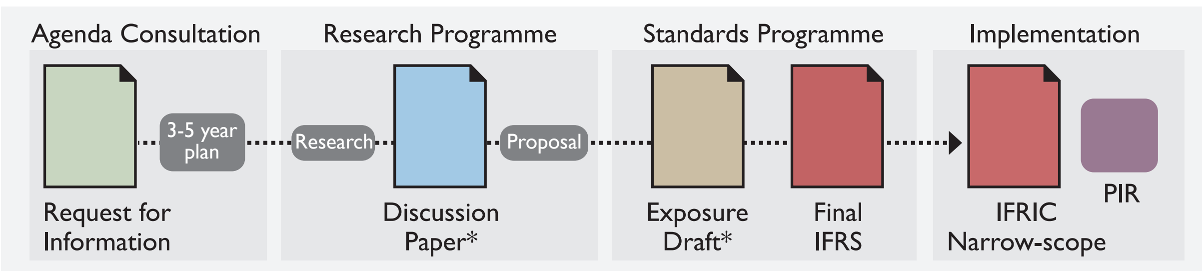
IFRS Advisory Council members February 2015

How IFRSs are Developed

International Financial Reporting Standards (IFRS) are developed through an international consultation process, the "due process", which involves interested individuals and organisations from around the world.

The due process comprises six stages, with the Trustees of the IFRS Foundation having the opportunity to ensure compliance at various points throughout:

1. Setting the agenda
2. Planning the project
3. Developing and publishing the Discussion Paper, including public consultation
4. Developing and publishing the Exposure Draft, including public consultation
5. Developing and publishing the Standard
6. Procedures after an IFRS is issued



Unaccompanied Standards as of 1 January 2015:

IFRS	IFRS	IFRS	IFRS
Preface	IAS 1 *Presentation of Financial Statements*	IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	SIC 7 *Introduction of the Euro*
Framework	IAS 2 *Inventories*	IFRIC 2 *Members' Shares in Co-operative Entities and Similar Instruments*	SIC 10 *Government Assistance - No Specific Relation to Operating Activities*
IFRS 1 *First-time Adoption of International Financial Reporting Standards*	IAS 7 *Statement of Cash Flow*	IFRIC 4 *Determining whether an Arrangement contains a Lease*	SIC 15 *Operating Leases - Incentives*
IFRS 2 *Share-based Payment*	IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	IFRIC 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	SIC 25 *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*
IFRS 3 *Business Combinations*	IAS 10 *Events after the Reporting Period*	IFRIC 6 *Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*	SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*
IFRS 4 *Insurance Contracts*	IAS 12 *Income Taxes*	IFRIC 7 *Applying the Restatement Approach under IAS 29*	SIC 29 *Disclosure - Service Concession Arrangements*
IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	IAS 16 *Property, Plant and Equipment*	IFRIC 10 *Interim Financial Reporting and Impairment*	SIC 32 *Intangible Assets - Website Costs*
IFRS 6 *Exploration for and Evaluation of Mineral Resources*	IAS 17 *Leases*	IFRIC 12 *Service Concession Arrangements*	
IFRS 7 *Financial Instruments: Disclosures*	IAS 19 *Employee Benefits*	IFRIC 14 *IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	
IFRS 8 *Operating Segments*	IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*	IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*	
IFRS 9 *Financial Instruments*	IAS 21 *The Effects of Changes in Foreign Exchange Rates*	IFRIC 17 *Distributions of Non-cash Assets to Owners*	
IFRS 10 *Consolidated Financial Statements*	IAS 23 *Borrowing Costs*	IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*	
IFRS 11 *Joint Arrangements*	IAS 24 *Related Party Disclosure*	IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*	
IFRS 12 *Disclosure of Interest in Other Entities*	IAS 26 *Accounting and Reporting by Retirement Benefit Plans*	IFRIC 21 *Levies*	
IFRS 13 *Fair Value Measurement*	IAS 27 *Separate Financial Statements*		

IFRS	IFRS	IFRS	IFRS
IFRS 14 *Regulatory Deferral Accounts*	IAS 28 *Investments in Associates and Joint Ventures*		
IFRS 15 *Revenue from Contracts with Customers*	IAS 29 *Financial Reporting in Hyperinflationary Economies*		
	IAS 32 *Financial Instruments: Presentation*		
	IAS 33 *Earnings per Share*		
	IAS 33 *Earnings per Share*		
	IAS 34 *Interim Financial Reporting*		
	IAS 36 *Impairment of Assets*		
	IAS 37 *Provisions, Contigent Liabilities and Contingent Assets*		
	IAS 38 *Intangible Assets*		
	IAS 39 *Financial Instruments: Recognition and Measurement*		
	IAS 40 *Investment Property*		
	IAS 41 *Agriculture*		

References:

1. http://www.ifrs.org/Pages/default.aspx
2. http://www.iasplus.com/en/resources/ifrsf
3. IFRS Explained (2012), A Guide to International Financial Reporting Standards, published by BPP Learning Media Ltd.