



PRESIDENT'S MESSAGE



Harry Parmesar
ICAC President

Produced by:
The ICAC Secretariat
6 Lockett Avenue, Kingston 4,
Jamaica
Tel: (876) 922-3223
Fax: (876) 948-6610
Email: icac@cwjamaica.com
Website: www.icac.org.jm
Contact: Misha Lobban, CEO

Designed by:
E. Stephen King, Graphic Designer



As the year 2010 draws to a close, we reflect on the achievements as well as the many challenges that confronted the accountancy profession regionally and globally. For the New Year, we must continue to explore ways to survive these uncertain times and to become more proactive in formulating new strategies to strengthen the profession in the Caribbean. It is also critical that we devise new approaches to remain relevant as accounting professionals and seize opportunities to add value to our clients and to the various industries in which we are engaged as well as to the wider society, so that we can influence and make meaningful change.

This year the regional accountancy profession celebrated significant milestones. On October 14th & 15th, the Institute of Chartered Accountants of Trinidad and Tobago (ICATT) celebrated its 40th Anniversary with a seminar themed, "Governance and Transparency: Back to Basics" and a gala banquet. The ICAC Board of Directors had the privilege of celebrating this milestone with ICATT at the banquet held on October 15 at Hyatt Regency Hotel, Trinidad.

In November the Bahamas Institute of Chartered Accountants (BICA) will be celebrating its Accountants' Week with a series of activities and the Institute of Chartered Accountants of Guyana (ICAG) will also be celebrating its anniversary. The Institute of Chartered Accountants of Jamaica (ICAJ), which started the year with services to commemorate its 45th Anniversary, will culminate its activities with an annual awards dinner on December 2. On behalf of the Institute of Chartered Accountants of the Caribbean (ICAC), I extend heartiest congratulations to these regional institutes.

I also wish to congratulate the Department of Management Studies, UWI Mona on the 35th Anniversary of its Master of Science Degree in Accounting Programme. The MSc. in Ac-

counting has facilitated the certification and professional development of accountants in Jamaica since 1975 and I was honoured to have been asked to deliver the keynote address at the 35th anniversary dinner held at the Mona Visitors' Lodge on Saturday, October 30, 2010.

On the international scene, accountants from all over the world converged in Kuala Lumpur, Malaysia over the period November 8-11 for the 18th World Congress of Accountants themed, "Accountants: Sustaining Value Creation." This event is the largest gathering of accountants and business professionals in the world who come together each year to share their ideas, knowledge and to network.

Regionally, the ICAC continues to pursue CPD initiatives in collaboration with member institutes and our affiliates, in an effort to help meet the professional development needs of accountants in the region, where the need exists. In this regard, a CPD seminar was held jointly with CGA Caribbean in Grenada and St. Lucia in September and plans are being made to host CPD events in the first quarter of 2011.

The ICAC, in its continued effort to provide support and value-added services to its member institutes, had discussions with Michael Scott of PCP Limited in the UK regarding the provision of audit support services in the Caribbean, where the need may exist. A similar project is being carried out successfully by the Institute of Chartered Accountants of Trinidad and Tobago (ICATT), in which the services of Mr. Scott is contracted to provide technical support on ISAs and other issues related to Small and Medium Practices (SMPs) in Trinidad.

We consider this service a low-cost approach to providing technical support to SMPs in the Caribbean and so we encourage all regional institutes to take advantage of the technical audit support services being offered by

- In Brief:
- Board of Directors Meeting.....3
- ICAC Affiliate News.....4-5
- Highlights:
- ICAC President Calls for Harmonisation as UWI Celebrates 35th Anniversary of its MSc Accounting Programme6

- ICAB President Appointed to IASB Implementation Group.....6
- Regional Events.....7
- FYI:
- Get Ready for the ICACs 29th Annual Conference in Jamaica – June 2011.....8

- Technical Feature Article:
- Countdown to Convergence: Chart progress on plans to overhaul US GAAP and IFRS over the next 15 months..10-11
- Territorial Reports.....12-16
- Global Accountancy Update.....18

President's Message cont'd

Michael Scott for the benefit of SMPs within their respective territories. We believe that this initiative provides an opportunity for SMPs to get the technical and expert help that will ensure improvements in the quality of audit services in the region.

Through this medium, I also wish to inform you that the ICAC has established a Task Force to undertake further review of its Articles and Memorandum of Association, in consultation with regional institutes, and to make recommendations to the ICAC Board on suitable amendments. This is in an effort to further improve the governance framework of the ICAC. The Task Force will be seeking the input of regional institutes in the process and we look forward to receiving your feedback/recommendations re proposed amendments as we work together to improve the governance and legislative framework of the ICAC in the interest of the regional accountancy profession.

The ICAC/ACCA Practice Monitoring programme has been progressing very well in Barbados, Guyana and Trinidad and Tobago and I am pleased to report that it has commenced in the Eastern Caribbean. Based on the positive feedback we have been receiving, practitioners in the region are seeing the benefits of the monitoring review programme in helping to improve their audit procedures and the quality of audits.

The regional practice monitoring programme has also received recognition from international interest groups who wish to learn from our experience. In this regard, the ICAC was invited by the Audit and Oversight Community of Practice (AOCOP) to share the region's experience with practice monitoring and improvements to our quality assurance systems for the benefit of the community. I had the opportunity to make a presentation via videolink at the AOCOP workshop on Wednesday, October 13 to share the experience of member bodies in the region with the implementation of the

monitoring review programme.

The AOCOP workshop provides a forum for those charged with strengthening auditing and oversight in their countries to share ideas and experiences, learn from external reference points and offer suggestions on the theme of strengthening auditing and oversight under the "Road to Europe: Program of Accounting Reform and Institutional Strengthening" (REPARIS). This is a World Bank-managed programme financed by the governments of Austria and Luxembourg which is aimed at creating a transparent policy environment and effective institutional framework for corporate financial reporting in South Central and South East Europe. Participating countries include Albania, Bosnia and Herzegovina, Croatia, Kosovo, Former Yugoslav Republic of Macedonia, Moldova, Montenegro, and Serbia.

The ICAC's 29th Annual Caribbean Conference of Accountants will be hosted by the Institute of Chartered Accountants of Jamaica (ICAJ) in Kingston, over the period June 23-25, 2011. We anticipate another high quality ICAC Annual Conference and so, we encourage you to save this date in your calendar of events for next year. The ICAJ planning team has promised a superb conference and that exciting plans are being made for delegates and spouses so we encourage you to begin to make preparations to be there.

Finally, I extend Seasons Greetings to all ICAC Directors and their families. I especially thank the Chief Executive Officer of the ICAC, Miss Misha Lobban and Administrative Assistant, Lomeah Reid, for their support over the past year and look forward to their continued assistance in the New Year.

Harryram Parmesar
President



Supporting 360,000 members
and other accountancy
professionals worldwide.

aicpa.org

BOARD OF DIRECTORS' MEETING

The following are highlights of issues discussed at the ICAC's 58th Board of Directors' Meeting held on Saturday, October 16, 2010 in Trinidad and Tobago.

ICAC/ACCA Practice Monitoring Programme - Update

The monitoring programme has been progressing in Guyana and a report on findings by the monitoring team should be submitted shortly to the Council of the Institute of Chartered Accountants of Guyana for follow-up action.

In Barbados, monitoring reviews will be completed soon and the next phase of the process will involve follow-up visits with firms based on the findings of the review team.

In Trinidad and Tobago, a Licensing Review Committee was established to examine the findings based on the report of the monitoring team arising from the practice review process.

Following the signing of the practice monitoring contract by the Institute of Chartered Accountants of the Eastern Caribbean in June 2009, monitoring reviews have commenced in St. Lucia and Antigua. Workshops are being conducted in Grenada by ACCA's monitoring team to prepare practitioners for the start of practice reviews in that territory soon.

Revisions to the ICAC's Memorandum & Articles of Association

Phase two of the comprehensive review and modernization of the Articles is scheduled to commence shortly. This will involve consultation with each regional institute for input regarding the proposed amendments aimed at strengthening the existing organizational structure and governance framework of the ICAC.

The Task Force spearheading the process of review and recommendations to the ICAC Board on proposed amendments to the Memorandum and Articles is chaired by Vice-President, Joan Braithwaite and comprises Directors, Frank Myers, Prunella Vas-

sell, Andrew Braithwaite, Anthony Pierre and Lyle Handfield.

Mutual Reciprocity Agreement for ICAC Member Institutes

A draft Reciprocity Agreement, intended to establish mutual recognition among regional institutes and to facilitate the free movement of professional accountants within the Caribbean, was circulated to member institutes in September inviting their input/feedback.

The ICAC Task Force spearheading this initiative is seeking to ensure consensus on the draft MRA and anticipates that feedback/input from regional institutes will be received early in the New Year to facilitate finalization of the agreement for sign-off at the ICAC's Board Meeting in February 2011.

The draft MRA is consistent with provisions for free movement of labour under CARICOM's protocol for the Caribbean Single Market & Economy (CSME), which encourages the removal of all obstacles to intra-regional movement of skills, labour and travel and the establishing of common standards and measures for accreditation and equivalency.

Economic Partnership Agreement (EPA) & the Accountancy Profession

A project proposal for technical assistance to support the accounting sector in preparation for the negotiation of Mutual Recognition Agreements (MRAs) under the EPA has been submitted to a regional donor development agency for funding. The overall objective of the proposal is to implement preparatory activities in relation to MRAs that will be entered into by the accounting sector with European trading partners under the CARIFORUM-EU Economic Partnership Agreement.

CONDOLENCES

- The ICAC Board extends deepest condolences to the members and Council of the Institute of Chartered Accountants of Belize on the tragic death of former Council member and Treasurer, Maria Fernandez-Stuart CFE, CrFA, FCPA, CPA. Mrs. Fernandez-Stuart died on Saturday, October 16, 2010 as a result of injuries sustained in a senseless attack at her home in Belize City that also claimed the life of her husband, Richard Stuart.

Mrs. Fernandez-Stuart had been a member of the Institute since 1996 and served on the ICA-Belize Council from April 2005 to April 2009. She held the post of Treasurer for three years and made an invaluable service to the Council and membership.

The ICAC also extends condolences to the family of Mr. and Mrs. Stuart. May God grant you strength during this difficult time and may the souls of Maria and her husband rest in peace.

- The ICAC also extends deepest condolences to the mem-

bers and Council of the Institute of Chartered Accountants of Barbados (ICAB) and the people of Barbados on the passing of their Prime Minister, the Honourable David Thompson, who died on Saturday, October 23, 2010.

Former Prime Minister Thompson will always be remembered as one of the region's youngest, most vibrant and outstanding leaders, who made a significant contribution to CARICOM and one who had an unconditional love and commitment to his country and to the people of Barbados. He is hailed as a true statesman in the region and one who embodied great hope and inspiration. His life and legacy will long be remembered. May his soul rest in peace.

- Condolences are also being extended to former ICAC Treasurer and Partner, PWC (Barbados), Brian Robinson on the passing of his father in September. May the peace of God strengthen you and your family during your period of mourning.

Association of Chartered Certified Accountants (ACCA)

ACCA launches Foundations in Accountancy

ACCA has announced “Foundations in Accountancy”, a new flexible suite of entry-level awards designed with both students and employers in mind. Retaining a revised Certified Accounting Technician (CAT) Qualification, Foundations in Accountancy provides grounding in financial and management accounting, with professionalism and ethical behaviour at its core. The wide-ranging syllabus spans the key elements of financial and management accounting, including an Accountant in Business module which puts students’ new knowledge into an economic, legal and regulatory context.

Flexibility is a key feature of ACCA’s new suite of awards in terms of assessment delivery and level of progression. ACCA has increased its computer-based offering and now allows students to sit computer-based exams or paper for the first seven exams which make up Foundations in Accountancy.

New President of ACCA Elected

Mark Gold, a Senior Partner in the London offices of Silver Levene, the largest ACCA accountancy practice in the United Kingdom, was elected President of ACCA at the organisation’s Annual General Meeting on September 16.

He joined Silver Levene as a Partner in 1988 and has seen the firm grow to become an Accountancy Age medium-size firm winner and an award winner for Innovation. Silver Levene, specialists in Small and Medium sized Enterprises (SME), are also well known in the media and entertainment sector, working for a wide range of clients including film and television companies, actors, directors, writers and producers along with all other commercial interests in the sector.

A well-recognised figure in the entertainment sector and a champion of SMEs, Mr. Gold has been a member of the ACCA Council for 10 years and has served as Chairman of the Finance, ACCA UK and the Creative Industries Committees. He is also Vice Chairman of the ACCA SME Committee.

Finance Director with NHS West Essex, Dean Westcott, was elected Deputy President while Professor of Accounting at Melbourne’s Deakin University, Barry J. Cooper, was elected Vice President of ACCA.

Financial Management in Emerging Economies

ACCA has published a report exploring how public financial management can be strengthened in developing countries and emerging economies. The report, *‘Improving public sector financial management in developing countries and emerging economies’*, discusses common issues relating to public financial management, drawing on ACCA’s experience of working with governments, regulators and stakeholders in these regions. It provides useful guidance for organisations to improve public financial management, including case studies which examine the lessons learnt from Botswana, Pakistan, Vietnam, Zambia and Zimbabwe.

American Institute of Chartered Public Accountants (AICPA)

CIMA and AICPA Research Paper Provides Insights into ERM Implementation

As the global economic crisis continues to cast its shadow over organizations in the U.S. and globally, more organizations are tackling business challenges by embracing Enterprise Risk Management (ERM). To more fully understand global views surrounding ERM, the AICPA partnered with the Chartered Institute of Management Accountants (CIMA) to publish a joint paper *“Enterprise Risk Oversight: A Global Analysis of its Current State,”* based on U.S.A. and global ERM surveys conducted by the ERM Initiative at North Carolina State University. Read the joint paper at <http://www.aicpa.org/InterestAreas/BusinessIndustryAndGovernment/Resources/ERM/DownloadableDocuments/Enterprise%20Risk%20v3.pdf>.

New AICPA Learning Center Offers Online Access to Convenient & Cost-Effective CPE

Designed to address members’ requests and needs, the recently launched AICPA Learning Center launched recently was developed by CPA2Biz, in partnership with the AICPA. This platform provides members with instant online access to AICPA CPE self-study courses, live web events and virtual conferences. Persons will be able to easily track their CPE credits and access transcripts and certificates of completion on demand. Also featured are competency pathways to help members gain the knowledge and skills to chart their careers. To access the AICPA Learning Center, go to <http://www.cpa2biz.com/learning> and browse the list of available titles.

Certified General Accountants of Canada (CGA –Canada)

Government of Canada helping internationally trained accountants enter the workforce

The Government of Canada is funding a project that will make it easier for internationally trained accountants to find work in their field. The Honourable Rob Moore, Minister of State (Small Business and Tourism), made the announcement on behalf of the Honourable Diane Finley, Minister of Human Resources and Skills Development.

“Attracting and retaining the best international talent to address existing and future labour market challenges is critical to Canada’s long-term economic success,” said Minister of State Moore. “Through Canada’s Economic Action Plan, we invested \$50 million to improve foreign credential recognition so that newcomers can put their knowledge and skills to work sooner.”

CGA-Canada will receive \$990,993 in Foreign Credential Recognition Program funding for its project entitled Foreign Credential Recognition National Harmonization. CGA-Canada’s project will create a national online self-assessment tool that will provide timely, fair and consistent evaluations of foreign-trained accountants’ education and work experience. The Association will also work with international accounting bodies whose programmes align closely with Canadian standards to develop mutual credential

recognition agreements.

“We are gratified that the Government of Canada has recognized the need for this project, and delighted to have been approved to develop it,” said Mr. Anthony Ariganello, President and Chief Executive Officer, CGA-Canada. “This online self-assessment tool will quickly reveal to foreign-trained accountants the steps they’ll have to take to become certified as accountants in Canada. It will save them a great deal of time and guesswork, and should make it easier for them to begin working in their chosen field.”

CPA Australia/CGA-Canada: Report of the Forum on SME Issues

In the spring of 2010, CPA Australia and CGA-Canada undertook to examine the financial and regulatory challenges facing the Small and Medium size Enterprise (SME) sector in their respective countries in the aftermath of the global financial crisis. The report is based on direct consultation with members of both organizations, as well as two roundtable discussions with government and business leaders held May 21, 2010 in Melbourne, Australia and June 9, 2010 in Gatineau, Canada.

The Melbourne and Ottawa Forum on SME Issues was designed to identify, evaluate, and highlight successful approaches to sustaining a robust, competitive SME sector through more efficient and effective public policy-making. Discussion targeted three key policy areas: access to funding/ finance; regulatory burden; and taxation policy. To view the report, visit: <http://www.cga-canada.org/>

Certified Management Accountants (Canada)

CMA Canada is a partnership of the national body and the individual provincial/territorial societies which, guided by an affiliation agreement, are collectively and individually committed to common strategic goals. The work being done in the Caribbean, as well as the support being given to our members, students, and partners in the region, is done through the CMA Nova Scotia partner. This update focuses on the activities of CMA Nova Scotia, Bermuda, and the Caribbean.

New Programmes:

CMA is proud to be launching its Executive CMA programme in the Caribbean region starting January 2011. Following very strong interest shown in its Atlantic Canadian programme, the decision was made to extend the offer to the region as well.

Other programmes currently offered in the region are:

- CMA Foundational Studies Programme through the campuses of UWI and through distance in all other locations;
- CMA Entrance Exam throughout the Caribbean; and,
- CMA Professional Programme through the Cave Hill School of Business and soon to be offered at the Arthur Lok Jack Graduate School of Business in Trinidad.

Key partnerships and relationship building in the Caribbean:

CMA was admitted as an affiliate member of the ICAC in June 2010. CMA was also recognized as an approved training institution with the Accreditation Council of Trinidad and Tobago (ACTT) in November 2009, and is currently awaiting confirmation of its application through the Barbados Accreditation Council (BAC).

Within the Ministry of Science, Technology, and Tertiary Education of Trinidad and Tobago, the combined IMBA-CMA programme, offered in partnership with the Cave Hill School of Business, was

approved for GATE funding.

Institute of Chartered Accountants of England and Wales (ICAEW)

ICAEW welcomes EU-level debate on role of auditors

The European Commissioner for Internal Market and Services, Michel Barnier, has published a Green Paper on corporate governance in financial institutions. It is a wide-reaching document, with one of the questions asked being whether the auditor’s role should be amended or extended. The Green Paper calls for a review of auditors’ role in relation to risk-related information in financial institutions and also asks whether auditors’ duty to flag to boards and authorities any risks they uncover as part of their auditing work needs to be examined.

Commenting on the Green Paper, Iain Coke, Head of the ICAEW Financial Services Faculty, said: “All market participants, including auditors, need to reflect on the crisis and consider the lessons they can learn from it.

“Auditors are in a unique position, and interim findings from our own stakeholder research show that many believe that auditors could play a bigger role in risk reporting. However, it is fundamental that this exploration of the auditor’s role does not create an expectation gap between what auditors can and cannot achieve, especially as regards to predicting future economic events. More may need to be done to explain what the audit process entails and what goes on behind the final audit report, including the discussions between auditors and audit committees.”

ICAEW Reports on Audit of Banks – Lessons from Crisis

The ICAEW Financial Services Faculty has issued its report, *Audit of banks: lessons from the crisis*. The report follows a six month research project, including interviews with senior stakeholders from banks, investors and policymakers and seeks to identify improvements in the functioning of the audit system in the future. Iain Coke, Head of the Financial Services Faculty, commented: “Our report suggests improvements to the way that banks present risk information and how auditors and bank supervisors interact. If there is one big lesson for bank auditors, it may be that more needs to be done to explain the value of audits to outsiders. As well as making recommendation for banks, auditors and supervisors, the ICAEW has made a number of commitments. These include developing good practice guidance for bank auditors reporting to audit committees and setting up an investor-auditor forum to highlight themes that auditors will be paying particular attention to across the banking sector in a reporting season.”

While the auditing and the regulatory framework that supports it has generally held up well in the crisis, questions have nevertheless been asked, including by the UK House of Commons Treasury Committee, about the value of bank audits, since auditing did not provide forewarning of the banking crisis. The European Commission, in its Green Paper on Corporate Governance in Financial Institutions and Remuneration Policies, issued in June 2010, questions the scope of auditor responsibilities, covering areas similar to some of the proposals in this paper.

For a copy of *Lessons from the Crisis*, browse:

http://www.icaew.com/index.cfm/route/172480/icaew_ga/Technical_and_Business_Topics/Thought_leadership/Inspiring_confidence_in_financial_services/Audit_of_banks_lessons_from_the_crisis/pdf

ICAC President Calls for More Harmonization as UWI Celebrates 35th Anniversary of its MSc. Accounting Programme

ICAC President, Harryram Parmesar, has called for the accounting curriculum at the University of the West (UWI) to be tailored to suit the Caribbean environment and that the necessary education, research and training be provided to produce accounting professionals who are equipped to make sound economic and financial decisions.

The ICAC President was the keynote speaker at the University of the West Indies Department of Management Studies' dinner on October 10 at the Mona Visitor's Lodge, UWI to commemorate the 35th Anniversary of its Master of Science Degree in Accounting Programme.

Addressing the theme, *Harmonization of the Accounting Curriculum within the Caribbean*, Mr. Parmesar noted that the process had started but there was need for greater levels of harmonization throughout the region.

He said that the accounting curriculum needed further harmonisation, citing the inadequate co-operation among universities across the Caribbean which has resulted in differences in equivalent accounting programmes. Another reason he cited was the lack of recognition given by international professional bodies to the regional accounting qualifications.

He further noted that "The curriculum must be geared to produce accountants who will provide the support that will generate confidence in financial reporting, assist businesses to inspire confidence in their operations, attract investors, achieve growth, create more jobs and ultimately contribute to vibrant economies and the overall development of the region."

Mr. Parmesar added that the accounting curriculum in the Caribbean should also be established in accordance with international standards.

The ICAC President said there is need for a comprehensive study to clearly identify the accounting skills that are required to meet the increasing demands of today's business environment. The results of such a study, he said, should form the basis for the formulation of a relevant and comprehensive accounting education programme and the establishment of regional accounting qualifications that are administered regionally.

"Such a programme should be implemented by the various universities in the region. In that way, all students will be doing the same, not similar exams, regardless of the location of the University. This is not an easy task but it is achievable if we demonstrate the will and commitment to embrace change," he noted

He challenged the UWI to take the lead in initiating the implementation of a harmonised regional accounting programme at the University level.

Mr. Parmesar congratulated the Department of Management Studies on achieving this milestone and for the efforts to improve the standard and relevance of the MSc Accounting programme. The MSc in Accounting has been offered by the Department of Management Studies since 1975 and has been instrumental in facilitating the certification and professional development of accountants in Jamaica

The event was attended by Professor Gordon Shirley, Principal of UWI, Mona; Mrs. Elaine Robinson, Bursar, UWI; Mr. Michael Williams, Director,

UWI MSc Accounting programme; Professor Evette Jackson, Chairperson, UWI Graduate Studies; Mrs. Sandra Mangaroo-Powell, Senior Assistant Registrar, Graduate Studies, Mr. Leighton McKnight, former ICAC Secretary and past President of the ICAJ; Ms. Misha Lobban, Chief Executive Officer, ICAC and other representatives from the accountancy profession in Jamaica.



ICAC President, Harryram Parmesar (second from left) makes a point to Leighton McKnight, former ICAC Secretary and past President of the ICAJ (left). Sharing in the discussion are Professor Gordon Shirley, Principal of UWI, Mona (second from right) and Mr. Michael Williams, Director, UWI MSc Accounting programme.

ICAB President Appointed to IASB SME Implementation Group



The ICAC welcomes the appointment of Andrew F. Brathwaite, President of the Institute of Chartered Accountants of Barbados (ICAB) to the membership of International Accounting Standard Board (IASB) SME Implementation Group (SMEIG) effective July 2010. He will represent the Caribbean on the SMEIG for a term ending in June 2012.

The ICAC congratulates Mr. Brathwaite on this well-deserved appointment and views this as another opportunity for the accountancy profession in the Caribbean to make a meaningful contribution at the international level.

Mr. Brathwaite is the Principal of AFB Consulting Chartered Accountants and has extensive experience as it relates to IFRS for SMEs. A former Chairman of ICAB's Accounting and Auditing Standards Committee, he has been actively involved in reviewing and commenting on the exposure drafts of the IFRS for SMEs Standards and has been an advocate of SMEs in Barbados. He is a sole practitioner with 18 years of experience in the profession and has been a member of ICAB's Council since 2002, where he has served as Treasurer and Vice-President.

Chaired by Paul Pacter, IASB Board member, the 21-member Group was selected on the basis of their knowledge and experience in the financial reporting of SMEs. The Group's mission is to

support the international adoption of IFRS for Small and Medium-sized Entities (IFRS for SMEs) and to monitor its implementation. The group has two main responsibilities:

- i. To develop non-mandatory guidance for implementing the IFRS for SMEs in the form of questions and answers that will be made publicly available on a timely basis; and
- ii. To make recommendations to the IASB as necessary regarding amendments to the IFRS for SMEs.

While the SMEIG has not yet convened its first meeting, a brief update on recent IFRS for SMEs developments is as follows:

- Sixty-six (66) jurisdictions throughout the world have now adopted or stated a plan to adopt the IFRS for SMEs.
- An eight-page executive briefing to the standard intended for lenders, vendors, owner-managers and others has been published. It is available at <http://www.ifrs.org/IFRS+for+SMEs/IFRS+for+SMEs.htm>
- Issue #7 of the IFRS for SMEs Update newsletter should be available shortly. Previous issues are available at <http://www.ifrs.org/IFRS+for+SMEs/Update.htm>.
- As a reminder, the full text of the standard, along with a disclosure checklist and illustrative financial statements may be downloaded free of charge at <http://www.ifrs.org/IFRS+for+SMEs/IFRS+for+SMEs+and+related+material.htm>.

- Training modules are available at <http://www.ifrs.org/IFRS+for+SMEs/Training+modules.htm>. These modules include the full text of each section of the standard with explanatory notes and several pages of worked examples, multiple choice questions and case studies.
- The SME Implementation Group (SMEIG) has obtained the services of a part-time staff member, who will assist with the technical work that needs to be done.
- The initial focus of the SMEIG will be on resolving pervasive implementation issues by developing unofficial guidance in the form of Q&As. The work of the Group will initially be via email rather than formal meetings.
- The SMEIG will shortly make a formal request for submission of queries and issues for consideration. Some of the unsolicited queries received include:
 - If a group uses full IFRS, can its parent use IFRS for SMEs?
 - Can a captive insurance company or a property/casualty insurer use IFRS for SMEs?
 - Can non-profit or government entities use the standard?
 - Does the allowed use of IAS 39 now also allow use of IFRS 9?
 - What exactly is meant by “undue cost or effort”?

HIGHLIGHTS

R REGIONAL EVENTS

Seminar on Strategies for Successful Business Planning in Grenada

The ICAC in partnership with the Certified General Accountants of the Caribbean (CGA-Caribbean) hosted a joint CPD Seminar in Grenada on Tuesday, 7th September, 2010. The seminar entitled, *Challenges Facing Businesses and Strategies for Successful Business Planning*, was held in the main conference room of the National Stadium in St. Georges, Grenada.

Seminar presenter, Oral Dowell, Chartered Accountant and CEO of Dowell’s Advisory Services gave participants an in-depth understanding of the challenges and complexities facing businesses in today’s globally competitive environment, the solutions they can apply to shift their business in the right direction as well as the benefits of employing continuous business improvement strategies.

Seminar on IFRS Updates & Strategies for Successful Business Planning in St. Lucia

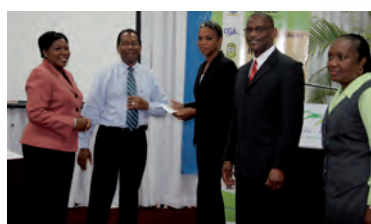
The ICAC and CGA-Caribbean in collaboration with ICAEC St. Lucia branch also hosted a joint seminar on *IFRS Updates & Strategies for Successful Business Planning* on Wednesday, September 8 at the Bay Gardens Hotel, Rodney Bay, St. Lucia.

Sponsored in part by Sagikor, the seminar attracted some 40 participants including, accountants and finance personnel from the private and public sectors in St. Lucia.

The first presentation focused on International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities (SMEs) and the applicability of the standard in financial reporting requirements of various companies and institutions. The presenter was Andrew Braithwaite, President of the Institute of

Chartered Accountants of Barbados (ICAB), and a member of the International Accounting Standards Committee Foundation’s SME Implementation Group (SMEIG).

The second presentation was an overview of International Financial Reporting Standards (IFRS) which are effective in 2010. This was presented by Harryram Parmesar, President of ICAC. Participants were also exposed to the challenges facing businesses in the Caribbean and strategies for successful business planning.



Joanne Cooper, Vice President of ICAEC St. Lucia branch (third from right) is pleased to receive a sponsorship cheque from Sagikor (St. Lucia) Branch Manager, Geoffrey Stephenson (2nd from left). Also participating in the presentation during the joint

CPD seminar held on September 8 in St. Lucia are Misha Lobban, Chief Executive Officer, ICAC (left); Graham Clarke, Chief Executive Officer, CGA-Caribbean (2nd from right) and Diane Scotland, Admin Officer, Sagikor (St. Lucia) at right.



Andrew Braithwaite, ICAB President and a member of the IASB’s SME Implementation Group (SMEIG) outlines the major differences between IFRS for SMEs and full IFRS to participants during the joint

CPD seminar held on Wednesday, September 8 at the Bay Gardens Hotel in St. Lucia.

Cont'd on page 18

Get Ready for the ICAC's 29th Annual Caribbean Conference of Accountants in Jamaica - June 2011

The Institute of Chartered Accountants of Jamaica (ICAJ) will be hosting the Institute of Chartered Accountants of the Caribbean's (ICAC) 29th Annual Conference over the period Thursday, June 23 to Saturday, June 25, 2011.

ICAJ, under the leadership of its President, Archibald Campbell, is committed to hosting a successful conference, and has already commenced planning for the event. The 2011 Conference Planning Committee is working to deliver a conference that will have a strong technical programme and a high quality entertainment package. Activities and field trips for the spouses' programme will help to round off a truly unforgettable conference experience.

Conference Theme & Programme

Themed, *Third to First - Going the Distance*, the concept behind the conference programme has been inspired by the Caribbean's and Jamaica's strong athletic achievements. To be successful, athletes must be extremely disciplined. In like manner, accountants in the Caribbean need to prepare and focus on being number one in our profession. We also want to see our nations move up to first world status, hence, the conference theme.

The conference's technical programme will be organised into sub-themes. All the specific agenda items will fall into one of the following categories, or Tracks, to ensure that participants benefit from the intended programme objectives:



- **Track 1 - "Clearing the Hurdles"** – This session will examine the opportunities provided through the increased use of Information & Communication Technology within the profession; developments or advances already realised through Information Technology applications, as well as the nature and consequences of attendant risks. The programme will also look at future technologies and their potential to change the region; associated risks, opportunities and the management of risks.



- **Track 2 - "Staying the Course"** – In addition to focusing on the profession's contributions to economic recovery and development, the programme will consider how the profession can position recovery towards stability and prosperity on a sustainable

basis within the region and beyond. The relevance and importance of international accounting and reporting standards will also be examined.



- **Track 3 - "Going for Gold"** - This session will assess governance and performance improvement.

- **Track 4 - "Breaking the Record"** - This is the value and wealth creation segment of the conference. It will focus on the importance of attracting investors to the region, brand recognition, value as well as the Caribbean as a financial centre.

Conference Fees

Delegates	- US \$500 (members of ICAC regional institutes)
	- US \$550 (non-members)
Spouses	- US \$250

A 10% discount will be available for early registration. Registration is scheduled to commence in early January 2011.

Conference Hotel and Accommodation

The 2011 ICAC Conference will be held at the Jamaica Pegasus Hotel, Kingston, located in the heart of Kingston's commercial district (New Kingston). The Jamaica Pegasus is the ultimate meeting place..... the social hub.....for a balanced blend of business, leisure and entertainment. It boasts various types of rooms and suites to suit the unique tastes of travellers. There are gym facilities, restaurants, internet service – both wired and wireless. Visit the hotel's [website, www.jamaicapegasus.com](http://www.jamaicapegasus.com), to learn more.

Special rates at the Jamaica Pegasus for the Conference are as follows:

	Single	Double
Deluxe Room/Suite	US \$152.00	US \$174.00
Royal Junior Suite	US \$185.00	US \$207.00
Royal 1-Bedroom Suite	US \$245.00	US \$267.00
Luxury Suite	US \$570.00	US \$570.00

*Rates quoted are per room, per night, and include Jamaican buffet breakfast daily and all related taxes and gratuities.

Additional accommodation will be available for delegates at hotels within close proximity to the Conference hotel, namely Wyndham Kingston, The Courtleigh, and Spanish Court Hotels. The ICAJ Planning team will arrange shuttle service, where necessary.

The 2011 Conference promises to be exciting and so we encourage you to save the date of June 23 - 25, 2011 on your calendars, and make Kingston, Jamaica your destination for the ICAC's 29th Annual Caribbean Conference of Accountants.

Further details will be provided in upcoming issues of this newsletter or via the ICAJ's website at www.icaaj.org or the ICAC's website, www.icac.org.jm.

ACCOUNTANTS WHO THINK BIG (AND SMALL)

We ensure our trainees and members have a grasp of the bigger picture. And also understand international business and local market issues. That's why ACCA accountants are good for business. Their rigorous training allows them to be effective and relevant, whatever and wherever the challenge.



**PREPARED TO
BE DIFFERENT**



FIND OUT MORE ABOUT
THE GLOBAL BODY FOR
PROFESSIONAL ACCOUNTANTS

1 868 622 3434
info@wi.accaglobal.com
caribbean.accaglobal.com

Countdown to Convergence:

Chart progress on the plans to overhaul U.S. GAAP and IFRS over the next 15 months

Editor's Note:

The following article which was previously published in the March 2010 issue of the Journal of Accountancy (JofA), is reprinted with the permission of the Journal of Accountancy.

by Matthew G. Lamoreaux
Senior Editor, Journal of Accountancy

In November, FASB and the IASB reaffirmed their commitment to a 2006 Memorandum of Understanding (MoU) that outlines major convergence projects scheduled for completion by June 2011. The affirmed convergence plan continues the commitment made by the two boards seven years ago in the Norwalk Agreement to "make their existing financial reporting standards fully compatible as soon as is practicable." But it also expands the convergence plan to include the much more ambitious goal of creating new standards where the existing standards of both boards were deemed to need improvement. As a result, many of the MoU projects—and all of the projects covered in this article—are collaborative efforts by the boards to develop entirely new standards. By changing much of what has been commonplace in financial reporting for the past 30 years, the current projects will significantly affect all CPAs and all companies that report under U.S. GAAP or IFRS.

As of this writing, of the 11 projects outlined in the 2006 MoU, only one, Business Combinations, has been completed. Another, Intangible Assets, has been removed from the active agendas of both boards. And a third, Post-Employment Benefits, though still on the IASB's agenda, was removed from the list of priority MoU projects at the boards' October joint meeting. Of the remaining projects in the MoU, the boards provided fewer details on their plans to complete standards for value measurement and financial instruments with characteristics of equity. This article provides a synopsis of the six remaining priority projects in the MoU.

Three of the convergence projects—Financial Instruments, Consolidation and Derecognition—have taken on greater significance and are thus subject to more scrutiny because of the financial crisis that began in 2008; as a result, the standard setters have been pressed to deal with them on an accelerated schedule. The remaining projects deal with important fundamental accounting issues such as revenue recognition, financial statement presentation, and lease accounting. See Exhibit 1 for the boards' project plan timeline. For two major accounting standard setters to complete such a large number of difficult joint projects in less than two years would be unprecedented. The June 2011 deadline, however, has been affirmed by the Group of 20 (G-20) leaders; former Federal Reserve Chairman Paul Volcker, who chairs the President's Economic Recovery Advisory Board; the SEC and the Financial Crisis Advisory Group that was set up to advise FASB and the IASB on how they should respond to the financial crisis.

Financial Instruments

As a result of the subprime mortgage collapse, accounting for loans and securities derived from loans was widely criticized. When the financial crisis started in 2008, this project was already on the active agendas of both standard setters, but the crisis has put enormous political pressure on the IASB and FASB to improve their standards as soon as possible. In a move that was not followed by FASB, the IASB split its project to replace IAS 39, Financial Instruments: Recognition and Measurement, into three parts to deal separately with classification and measurement; impairment; and hedging, respectively. FASB is dealing with financial instruments in a single project and plans to issue an exposure draft in the first quarter of 2010.

Classification and measurement. Despite intense joint deliberations, FASB and the IASB were unable to agree on a common approach for

classification and measurement. The IASB published its approach on Nov. 12, 2009, with the release of IFRS 9, Financial Instruments. IFRS 9 may be adopted early but is not effective until Jan. 1, 2013. IASB Board Member James Leisenring, a former FASB board member who serves as liaison between the boards, said at an AICPA conference in December that he would not recommend anyone adopt IFRS 9 early because both boards have recommitted to achieving convergence on financial instruments, which will likely bring significant changes to IFRS 9. Under the proposed FASB model:

- All instruments would be measured on the statement of financial position at fair value with changes in fair value reflected in net income, or net income and other comprehensive income;
- A limited amortized cost option would be available for financial liabilities; and
- No reclassification would be permitted between categories. Under the IASB model (IFRS 9):
- The scope of the standard is limited to assets only;
- Amortized cost is used when it matches the entity's business model and cash flow characteristics of the asset;
- Fair value is used for equity instruments, most derivatives and some hybrid instruments; and
- Bifurcation of embedded derivatives is not permitted.

Impairment. The IASB published its exposure draft dealing with impairment on Nov. 5, 2009, with comments due July 5. The IASB plans to publish a request for views on FASB's model when FASB publishes its ED. The boards plan to jointly consider the comments received on respective proposed models. They will also discuss feedback received from an expert advisory panel that has been established to advise the boards on operational issues on the application of their credit impairment models and how those issues might be resolved. Under the proposed FASB model:

- A credit impairment would be recognized when information is available indicating that there is an adverse change in the expected future cash flows of the financial asset;
- An entity must consider all available information on past events and existing conditions but not future scenarios; and
- Creditors would not be prevented from evaluating losses on a pool or portfolio basis.

The IASB published on Nov. 5, 2009, a proposed impairment model for those financial assets measured at amortized cost. The model uses expected cash flows. Comments are due June 30. The proposed IASB model requires an entity:

- To determine the expected credit losses on a financial asset when that asset is first obtained;
- To recognize contractual interest revenue, less the initial expected credit losses, over the life of the instrument;
- To build up a provision over the life of the instrument for the expected credit losses; and
- To reassess the expected credit loss each period and to recognize immediately the effects of any changes in credit loss expectations.

Hedging. The IASB plans to publish an ED on hedging, the third part of its financial instruments project, in the first quarter of 2010 to co-

ordinate with publication of FASB's ED. At this writing, no decisions had been made by either board.

Consolidation

The subprime mortgage crisis highlighted the complexity of determining what entities must be consolidated. FASB and the IASB are working jointly to improve consolidation guidance so that financial statements are fully informative. In response to the recommendations of the Financial Stability Board (an organization created by the G-20 to deal with the global financial crisis), the IASB accelerated its consolidation project and published an ED in December 2008. The comment period ended March 20, 2009. At their October 2009 joint meeting, the boards agreed to conduct their respective consolidation projects jointly. They also concluded that the objectives and principles for assessing control of structures that would be classified as variable-interest entities are fundamentally the same under the recent amendments to U.S. GAAP on consolidation and in the proposed IASB model. FASB is expected to publish an ED in the second quarter of 2010. The IASB will make available a staff draft of its proposed final standard and will also publish a request for views on the FASB proposals. The IASB and FASB are aiming to publish final, converged standards on consolidation by the third quarter of 2010.

Control. The December 2008 IASB exposure draft ED 10, Consolidated Financial Statements, defined control as the "power to direct the activities of [another] entity to generate returns for the reporting entity." Under the definition, the IASB has tentatively decided that:

- Power requires judgment and is "the current ability to enforce one's will in directing the activities of the entity that significantly affect the returns";
- Power does not need to be exercised nor does it need to be absolute;
- Power must be assessed based on current facts and circumstances;
- Activities are those that significantly affect its returns;
- Returns "vary with the activities of the entity" and can be "wholly positive, wholly negative, or positive and negative."

Derecognition

FASB amended its requirements in relation to the derecognition of some financial assets and liabilities last June by issuing Statement no. 166, Accounting for Transfers of Financial Assets, and Statement no. 167, Amendments to FASB Interpretation No. 46(R). FASB's main change was the elimination of qualifying special-purpose entities, or QSPEs. Eliminating the QSPE requirements potentially could cause many entities applying U.S. GAAP to retain more assets and liabilities in their statement of financial position. Remaining differences between IFRS and U.S. GAAP derecognition requirements include: U.S. GAAP relies on the concept of legal isolation, while IFRS includes the concept of retention or transfer of substantial risks and rewards relating to the asset transferred. The models also differ in the accounting for transfer of portions of assets and the accounting for retained interests.

In March 2009, the IASB published an ED proposing a derecognition model based on control. The comment period closed in July 2009. The proposal was not well received, although there was qualified support for an alternative model also included in the ED. The IASB plans to continue developing derecognition requirements based on that alternative model. The boards have agreed to assess in the first half of 2010 the differences between IFRS and U.S. GAAP. The boards will then consider together the model that the IASB has been developing. Key issues that the boards will need to address include:

- What criteria should be applied when derecognizing financial assets; how is derecognition different from impairment?
- At what amount should gains/losses be reported?
- How should those gains/losses be presented in the financial statements (realized or unrealized)?

- Under what circumstances would it be appropriate to re-recognize previously derecognized financial assets?
- What disclosures are needed to adequately inform financial statement users about remaining risks and their potential outcomes?

Revenue Recognition

The boards published a discussion paper, *Preliminary Views on Revenue Recognition in Contracts with Customers*, together in December 2008. U.S. GAAP provides detailed guidance that is often industry-specific. The new converged standard is expected to apply one model and certain basic principles across all industries. Under the proposed new model presented in the discussion paper, *Preliminary Views on Revenue Recognition in Contracts with Customers*, an entity should recognize revenue when it satisfies its performance obligations in a contract by transferring control of goods and services to a customer. The boards have agreed to publish a joint ED in the second quarter of 2010 and a final standard by the second quarter of 2011.

At an AICPA conference in December, IASB Board Member Patrick Finnegan presented the following six-step process to demonstrate how the proposed model would be applied:

- Step 1: Identify the contract.
- Step 2: Identify the performance obligations.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price.
- Step 5: Recognize revenue when performance obligations are satisfied.
- Step 6: Account for contract costs.

Percentage of completion accounting. In response to what he said was a common misconception among readers of the discussion paper, Finnegan said the boards do not intend to abolish percentage of completion accounting under the new model. He pointed out that the notion of a "continuous sale" contained in SOP 81-1 has been incorporated into the new model in the notion of a "continuous delivery." However, FASB Technical Director Russell Golden said the new model moves away from the matching principle because, under the new model, incurring a percentage of costs associated with a performance obligation is no longer a criterion for recognizing associated revenues.

Definition of control. Finnegan said many comments received on the discussion paper focused on the need to clarify the meaning of control. He said the IASB, after consulting with FASB, tentatively decided at its September 2009 board meeting that the principle of control involved a customer's "unconditional obligation to pay for an asset, legal title to an asset, the ability to sell the asset or physical possession of the asset."

Allocation to contract segments. Another concern raised in comments, Finnegan said, was whether the model would be operational, particularly in regard to allocating the transaction price to individual performance obligations. In response, Finnegan says, the boards introduced the notion of a "contract segment" that would allow similar performance obligations to be grouped together for the purpose of allocating the transaction price. Preparers in multiple countries tested the concept in the fourth quarter of 2009.

Estimated stand-alone selling prices. In October, FASB issued Accounting Standards Codification (ASC) Update no. 2009-13, *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements—a consensus of the FASB Emerging Issues Task Force*, which applies to multiple-deliverable revenue arrangements that were within the scope of EITF Issue no. 00-21, *Revenue Arrangements with Multiple Deliverables*. Both ASC Update no. 2009-13 and EITF Issue no. 00-21 have been codified under ASC 605-25. ASC Update no. 2009-13 provides principles and application guidance on whether multiple deliverables exist, how the arrangement should be separated, and the

Continued on page 19

The Bahamas Institute of Chartered Accountants

The Bahamas Institute of Chartered Accountants (BICA) continues to promote the accounting profession through educational seminars and collaborative efforts with industry stakeholders, the government and regulatory agencies within the country. In this regard, the following events were held during the period under review.

Continuing Professional Education Seminars

The Institute hosted two seminars designed specifically to update accountants and finance professionals on legislative reforms in the insurance industry, current financial reporting framework and expected changes in that industry as well as new developments in relation to taxation issues.

On August 27, an insurance seminar was held at the British Colonial Hilton Hotel, which was attended by professionals from the insurance industry and BICA members. Mr. Dashwell Flowers, an insurance executive, gave an overview of the insurance industry in the Bahamas and Mr. Lennox McCartney, Registrar of Insurance Companies spoke on, *The Insurance Act of 2005 and Proposed Insurance (General) Regulations, 2010*. During the afternoon session, Mrs. Annie Chinafat, Principal, KPMG addressed the topic, *IFRS 4: Insurance Contracts – Current Financial Reporting Framework and Expected Changes*, and Mr. Algernon Cargill, Director and Chief Executive Officer of the National Insurance Board spoke on *Embracing the Era of Action and Accountability – Understanding your Role*.

A tax seminar was held on September 29 at which Ms. Melinda Schmidt, Director of KPMG, U.S.A. spoke on *FATCA: An Overview of the New U.S. Withholding Regime and FATCA: Preliminary Guidance, Recap of Knowns and Unknowns, What's Next?*. Mrs. Samantha Knowles-Pratt, Attorney, Halsbury Chambers wrapped up the morning session with a presentation on the topic, *Overview of TIEAs – Current Initiatives, Future Plans and Outlook*. During the afternoon session, Mr. L. Ryan Pinder, Member of Parliament, Tax Attorney, Becker & Poliakoff, P.A. addressed the topic, *Tax Transparency – Legal and Regulatory Framework of the Bahamas* and Deloitte Managers - Mr. Anthony Smith and Mrs. Stacy Brown-Johnson - spoke on *Qualified Intermediary Audits – An Overview*.

The Institute in collaboration with the Bahamas Financial Services Board and other industry partners hosted a one day seminar on *Captive as a Business Solution* on September 20. The seminar was designed to build awareness of the Captive Insurance Industry in the Bahamas. Alan E. Morris Director, Financial Risk Management & Actuarial Services,

Mr. L. Ryan Pinder, Member of Parliament, Tax Attorney, Becker & Poliakoff addresses participants on the topic, "Tax Transparency – Legal and Regulatory Framework of the Bahamas" during the tax seminar held on September 29



KPMG Cayman Islands spoke on *Captive 101* and Ron Sulisz Director, Strategic Risk Solution (Cayman) Limited spoke on the *Global Captive Market*. Other topics covered were *Captive & Wealth Management Strategies*, *Captive Taxation* and *Developing a Bahamas Niche*.

Business Licence Act 2010

The Legislative Reform Committee of BICA was asked by the Ministry of Finance to review the Business Licence Act 2010. A detailed report was submitted to the Ministry of Finance outlining areas to be clarified in order to enhance public education and also as a matter of regulation and public policy.

Chinese Embassy

On September 8, BICA President, Mr. Reece Chipman along with the Institute's Executive Officer, Tanya Rahming paid a courtesy call to the Chinese Embassy. They met the Chief Economic Officer Mr. Quan Huo Wang and First Secretary Mr. Tan Jian. Realizing the importance that China will play in the Bahamian economy in the upcoming months, an open dialogue on Accounting Regulations and Financial Reporting and the benefits of mutual recognition of qualifications were among the issues discussed.

National Career Awareness Month

BICA participated in a month-long National Career Awareness initiative, which focused on careers in the financial services industry and targeted senior level grades in public and private secondary schools. A National Career Fair was held November 26-29, where students from all over the island visited exhibits of industry professional associations and regulators in the financial sector. Hundreds of students visited the BICA exhibit and received printed material on How to be an Accountant and the many career options that accountants can pursue. Members from BICA's Education Committee participated in the speakers' circuit that visited various schools to speak on the accounting profession and how persons can pursue a career as an accountant.

Accountants' Week 2010

BICA's Accountants' Week 2010 was held over the period November 14-20 under the theme, *Paving the Way Forward - Fostering Transparency and Accountability*. The week began with a church service at St Agnes Anglican Church, followed by a CPD seminar on November 14 at which the keynote address was delivered by the Governor General, Sir Arthur Foulkes. Topics addressed during the week of events included Financial Reporting for Banks; Revisiting Internal Controls; BICA's Ethical Code; Raising the Standard of Conduct and Compliance with IFAC; Identifying & Combating Fraud and technical updates. Accountants' Week ended with a Fun Run/Walk and Mini Health Fair. Part proceeds from the event will be donated to the National Aids Foundation.

IASB World Standard Setters

On September 20-21, 2010, BICA's President, Mr. Reece Chipman attended the IASB World Standard Setters Meeting in London. The purpose of the meeting was to update participants on initiatives of the International Accounting Standards Board (IASB). Topics discussed included IFRS for SME's Adoption and Implementation Updates, Fair Value Measurements, Revenue Recognition, Emission Trading Schemes and XBRL IFRS Taxonomy.

Institute of Chartered Accountants of Barbados

The period under review ended on a sad note for the people of Barbados with the passing of Prime Minister the Honourable David J. H. Thompson, on October 23, 2010. One week later the island suffered severe damage from Tropical Storm Tomas. The President, Council and members of ICAB were deeply appreciative of the outpouring of support from members of the ICAC during that very trying period.

Policy advocacy

During the month of September, the Institute devoted considerable time and resources to the proposed increase in the audit threshold which is being considered by Government. The Institute sought to provide scholarly, practical and international perspectives on the proposal.

Dr. Jill Collis of Brunel University, UK, who has written and consulted on the subject, was invited to Barbados to be the main resource person for a two-day programme on September 22 and 23, 2010. The session on Wednesday, September 22 included a presentation to the members of ICAB, the Barbados International Business Association (BIBA) and the wider business community. A meeting was also held with the Councils of ICAB and BIBA and representatives of Deloitte, KPMG, Ernst & Young and PWC as well as a presentation to Government Regulators. On Thursday, September 23, 2010 a meeting of ICAB audit practitioners was held.

In order to assist the Institute to determine its position on the issue, members who attended the presentation on September 22 were asked to complete a questionnaire. Additionally, auditors have been requested to provide information on the impact that different levels of audit threshold would have on their practices. ICAB will make a submission to Government shortly outlining its position.

Tax Status of Non-profit Organizations

The Tax Committee of ICAB has been working on a solution to the problem created by recent changes to the Charities Act and the Income Tax Act. The legislative amendments reveal that not-for-profit groups that are not charities are not explicitly covered under the new legislation. The Inland Revenue has indicated verbally that it would look "favorably" upon such not-for-profit groups and not impose a tax. However, an issue will arise with respect to audit reports for these entities. Before providing an audit opinion for such groups the auditors must determine the taxation status of such groups. There is concern that in the absence of specific legislation or at least a written opinion from Inland Revenue that there may have to be a disclosure that those not-for-profit organizations could be subject to taxation.

The Committee will make submissions on behalf of ICAB; BIBA; Barbados Chamber of Commerce; the Barbados Hotel and Tourism Association; the Tourism Development Corporation and the Barbados Manufacturers Association

E-Filing

The Taxation Committee of ICAB continues to work with the Inland Revenue Department on measures to improve e-filing. The answers to a number of frequently asked questions on e-filing have been developed. These FAQs have been posted on the ICAB Website for the information and guidance of members and the wider public.

Continuing Professional Development

During July to October, ICAB hosted 11 CPD events offering a total of 79 CPD credit hours. The seminars focussed on the following topics:

- IFRS for SMEs
- Practice Monitoring
- Risk Management and Internal Controls
- Advanced Excel
- International Financial Services
- IFRS and ISA updates
- Technology Matters
- Application of Tax Treaties

Public Outreach

ICAB's programme to enhance its profile and strengthen relations with the wider public was pursued during the period under review.

On October 18, 2010, ICAB, BAPE and BIA (with sponsorship support from KPMG) hosted a free public seminar at the Savannah Hotel. Presenter Ms. Lisa Taylor, Advisory Services Partner of KPMG Barbados, spoke on the topic, *Public Private Partnerships – Are they the best way of planning, financing, and implementing Government projects.*

ICAB has identified the use of social networking sites as a strategy to reach its members and the wider public. The ICAB Facebook Group was launched during September 2010. It has been very useful in disseminating articles of interest to members of the accounting profession; photos of ICAB events; details of upcoming events and facilitating discussion among members on issues of common interest

ACCA Activities

The new President of ACCA, Mr. Mark Gold, paid a courtesy call on the President of ICAB, Andrew Brathwaite on October 5, 2010. ICAB also participated in the ACCA awards and induction ceremony held on October 5, 2010 at the Hilton, Barbados.

ACCA also hosted a forum on Small and Medium Entities (SME) on October 6 at the Lloyd Erskine Sandiford Centre.

CMA Awards Function

ICAB participated in the awards function hosted by the CMA Society of Barbados on October 19, 2010. The event was held in honour of Senator the Hon. Darcy Boyce and to present awards to students advancing in the CMA Programme.

Institute of Chartered Accountants of Belize

The new Council, which was elected on April 22 at the Institute's Annual General Meeting, continues to focus on efforts to update the By-Laws, to make the regulations more current and more importantly, to address existing weaknesses.

Three (3) new professional members were admitted in August which brings the Institute's total membership to 55.

The Institute will be making plans to host its annual Christmas function, its major end-of-year activity for members.

ICAEC Antigua & Barbuda Branch

Accountants Week 2010 was held from September 26 to October 2 2010 under the theme, *Accountants - critical in reshaping businesses in a challenging economic environment*. The week commenced with a church service at the St. Andrew's Anglican Church on Sunday, September 26.

On Monday, September 27, members of the Technical and Public Relations Committees of ICAEC Antigua branch appeared on Good Morning Antigua on ABS Television and Wake Up Antigua on Observer Radio to increase awareness of the Institute and the activities organised for accountant's week. Other public relations activities during the week included issuing a press release regarding the week of activities, announcement of the scholarship winner and articles on choosing a profession, budgeting and making ends meet. These articles focussed on how accountants can reshape businesses in a challenging economic environment. The list of practicing accountants was also published in the local press during the week.

A Meet and Greet Cocktail Reception was held on September 29 at which four new members were admitted and practicing certificates were distributed to members. On Thursday, September 30, a seminar was held jointly with CGA Caribbean on the topic, *Challenges Facing Businesses & Strategies for Successful Business Planning*. Seminar presenter was Gregory E. Hinkson, FCGA, FCA, founder and Managing Director of SAMDOR Services Limited, an independent financial services firm.

Members were encouraged to wear their Institute shirts to work on Friday, October 1 and to use the opportunity to promote the Institute and recruit new members. On Saturday, October 2, the Institute hosted a movie day at Caribbean Cinemas as its charity event for less fortunate children. Girls from the Salvation Army-operated Sunshine Home for Girls as well as young boys from the Planned Parenthood Group for abandoned children were treated to a movie party at the cinemas.

The Antigua & Barbuda Branch is pleased to announce the award of its 2010 scholarship to Ms. Kimberly King, an 18-year-old graduate of the Antigua State College, Advanced Levels Department. King was chosen from among six applicants. The criteria for selection included the submission of an essay entitled, "*Why I want to be an Accountant.*" Other criteria included matriculation at an institution where the applicant is pursuing studies in accounting or finance and the achievement of an acceptable level of academic performance.

Chairperson of the scholarship selection committee, Mr. Marlon Higgins, in explaining the selection of Kimberley as this year's awardee pointed out her consistent academic achievements. King was a Lime CXC bronze awardee and recipient of a National Award in the 2008 CXC examinations. While pursuing her Advanced Level studies at the Antigua State College, King registered for and successfully sat six papers in the Certified Accounting Technician, CAT programme, in one year. Higgins also commented on her commitment to her career choice and being sufficiently motivated to undertake both A' Level studies and CAT studies simultaneously.

Her interest in the profession began in fifth form at the Antigua Girls High School following a presentation on accounting by rep-

resentatives from ICAEC Antigua and Barbuda branch.



Newly admitted member of the Institute, Jabari Thomas (right), receives his membership certificate from Graham Clarke, CEO, CGA-Caribbean (left) during the Meet and Greet Cocktail Reception held on September 29.

ICAEC Grenada Branch

On October 14, 2010, the Institute of Chartered Accountants of the Eastern Caribbean Agreement Act, 2010 was assented to, thus giving the Grenada branch of the Institute legal status. The branch's steering committee anticipates that by the end of the year 90% of the qualified accountants on the island would have applied for membership within the Institute and the first Regional Branch Council of Grenada will be established.

A workshop on *Practice Monitoring* facilitated by ACCA's Senior Practice Reviewer Faizal Ali and Prajesh Damani, also of the ACCA, was held on October 26, 2010. The objective of the workshop was to sensitise local accountants to the ICAC/ACCA practice monitoring programme currently being implemented in the region. The workshop covered:

- the reason for implementation of a practice monitoring programme by ICAEC;
- the ICAEC's approach to audit regulation;
- ACCA's role in the practice monitoring programme;
- the scope of audit monitoring visits;
- the selection of firms and the selection of files for review;
- the assessment of audit work and the grading of audit files; and
- the reporting of findings to the firm and ICAEC.

It is expected that all practicing members of the ICAEC in Grenada will be subject to independent monitoring beginning in the second quarter of 2011.

ICAEC St. Lucia Branch

The branch held its Annual General Meeting on May 5, 2010, and the following officers were elected to Council for 2010-2011:

- Andrea St. Rose - President
- Joanne Cooper - Vice President
- Melissa Simon - Secretary
- Sharon Raoul - Treasurer
- Sue-Ann Charlery - Membership
- Brenda Williams
- Maria Martinez
- Jn Charl Miller
- Johnnies Descartes

The new Council has identified as its priorities the updating of the registry of members and a membership drive to encourage the registration of new members. Other strategic actions for the coming year include:

- Sensitising the public on the role of the Institute
- Establishing a secretariat
- Creating social and professional networking opportunities

On September 8, 2010, a CPD workshop was held in collaboration with ICAC and CGA- Caribbean on *IFRS Updates & Strategies*

for *Successful Business Planning*. This was the first of four CPD events to be organised by the Institute for the year.

Institute of Chartered Accountants of Guyana

Audit and Quality Control Standards Seminar

The Institute of Chartered Accountants of Guyana (ICAG) hosted a seminar for members on Audit and Quality Control Standards during September. The seminar examined areas for improvement as reported by the ACCA Practice Review team and was well-attended by practicing members and staff of practicing firms. The seminar was conducted by Rameshwar Lal, Senior Partner, TSD Lal & Co. and Leslie Veerasammy, Partner, Nizam Ali & Co.

New Public Disclosure Proposals

The Institute continued to actively engage the Bank of Guyana on the refinement of new public disclosure proposals that are under

consideration. The new disclosure requirements will be applicable to all financial institutions licensed in Guyana. The Bank of Guyana is the primary regulator of financial institutions in that country.

Corporate Governance Code for Guyana

The Institute is part of a collective of stakeholders that is working on the development of corporate governance code for Guyana. During this quarter, there was significant advancement in the development of the code with two extensive workshops being conducted. This initiative is being pursued as part of the National Competitiveness Strategy for Guyana.

Institute of Chartered Accountants of Jamaica

ICAJ Annual General Meeting

The Institute held its Annual General Meeting (AGM) on Wednesday, July 28, at the Knutsford Court Hotel. Immediately following, the Council met and re-elected Archibald Campbell as President and Vintoria Bernard as Vice-President of the Institute. The other Principal Officers were Patrick Chin, who was re-appointed Treasurer, and Ethlyn Norton-Coke, who was re-appointed Honorary Secretary.

Other members of Council are Dennis Brown, Martin Gooden, Prunella Vassell, Dennis Chung, Bruce Scott, Ann-marie Rhoden, Glossie Stone, Linroy Marshall and Audley Gordon.

L. Garth Kiddoe, a Past President of ICAJ, retired from Council.

Another highlight of the AGM was a presentation by Raymond Campbell, Chairman of the 2011 Conference Planning Committee, to sensitise members about plans for the Institute of Chartered Accountants of the Caribbean's 29th Annual Caribbean Conference of Accountants to be hosted by the ICAJ from June 23 to 25, 2011.

The first quarter winner of the ICAJ Writers Competition, which is in its first year - Patreena Bailey-Green, was also recognised at the AGM. The Deputy Chairman of the Institute's Current Affairs Committee, Geoffrey Messado, presented the prize of a plaque and a cheque valued at \$10,000 - to John Waite, a member of the ICAJ for Mrs. Bailey-Green, who was unable to attend.

Certified Accounting Technician Graduation Ceremony

On August 28, ICAJ, jointly with ACCA, hosted the 2010 Certified Accounting Technician (CAT) Graduation Ceremony in honour of 70 students who were successful in the June and December 2009 sittings of the examination. Paula Marcelle-Irish, ACCA Caribbean's Manager for the Northern Region, gave the opening address and the keynote address was delivered by Mrs. Sharon Donaldson-Levine, General Manager for General Accident Insurance Company Jamaica Limited. The ceremony was held at the Jamaica Pegasus Hotel in Kingston.

ICAJ/ACCA Joint Graduation Ceremony

The Institute jointly hosted a second Graduation Ceremony with

ACCA on Saturday, October 30, at the Jamaica Pegasus Hotel in honour of 65 graduates who successfully completed the ACCA professional examination.

Five graduates and one student received awards during the Ceremony. Graduates Georgia Francis and Shatorna Davis received the Jasper Burnett Award; Latoya Ruddock received the Raphael E. Gordon Award while Latoya Maragh and Alerie Hull received the Sushil Jain Award. Student Alicia Dyer received the ICAJ Part 1 Examination Award.

ACCA Regional Head of Europe and the Americas, Roger Acton, brought greetings on behalf of ACCA and the keynote speaker was the Honourable Mr. Bryan Sykes, Puisne Judge, Jamaica's Supreme Court. Also in attendance from ACCA were Brenda Lee Tang, ACCA Caribbean's Head of Corporate Development, and Paula Marcelle-Irish, ACCA Manager for the Northern Caribbean.

Continuing Professional Development Seminars

During the reporting period, CPD activities included a forum on International Financial Reporting Standards (IFRS) and another on the Economic Partnership Agreement, as well as two seminars, one of which was held jointly with ACCA.

The forum – *International Financial Reporting Standards for Small and Medium Sized Entities (IFRS for SMEs)* - was held on October 27 at the Jamaica Pegasus Hotel to update Accountants on changes in IFRS. Alok Jain, Partner at PricewaterhouseCoopers, gave an overview of IFRS for SMEs while Linval Freeman, Partner at Ernst & Young, gave an overview of the adoption of IFRS for SMEs within the Jamaican context.

The second forum, *Importance of the Economic Partnership Agreement (EPA) to Professional Services Suppliers*, was considered necessary for the accounting and finance sectors within the context of Europe's plan to shortly implement the terms of the EPA. Two main areas of focus were ways to organise nationally and regionally in order to take advantage of the EPA and opportunities for professional services providers in the European Union. Making presentations were Natallie Rochester-King, Technical Advisor at the CARICOM Secretariat; Maxine Harris, Consultant in Interna-

tional Trade and Development; and Robert Woodstock, Immediate Past President of the Association of Commonwealth Societies of Architects in the Caribbean. The forum which was held on August 17 attracted approximately 120 persons.

A joint ICAJ/ACCA CPD seminar entitled, *Forensic Accounting/Fraud Prevention*, was held on October 30. Nagin Ladd, Trainer in Forensic Accounting in the United Kingdom, presented on the topic, Forensic Accounting; Sergeant Carl Berry of the Organised Crime Investigation Division, spoke on the topic, Financial Crimes and Berdie Dixon-Daley, Director of Intelligence for Financial Investigations gave a presentation on the *Implications of*

the Proceeds of Crime Act (POCA) for the Accountant.

Taxation Compliance Measures was the theme of a taxation seminar held on September 8 which examined new tax measures and guidelines recently introduced by the Jamaican government. Tax experts, Ethlyn Norton-Coke, Legal and Compliance Officer at the University of Technology; Jacqueline Murray, Tax Manager at KPMG; Denzil Whyte, Group Taxation and Regulatory Reporting Manager in the National Commercial Bank's Financial Control Division; and Brian Denning, Tax Partner at PricewaterhouseCoopers delivered presentations at the seminar.

Institute of Chartered Accountants of Trinidad and Tobago

ICATT Fun Day 2010

Accountants, finance professionals, students and their families braved the rains on July 17 to participate in ICATT's Fun Day. Over 300 persons were in attendance. The day's activities included windball cricket, all fours race events and karaoke. Competitors included Ernst & Young, KPMG, PricewaterhouseCoopers, Omardeen's School of Accountancy, SAC & Water and Sewerage Authority of Trinidad & Tobago (WASA). WASA was the day's main winner as they captured the all fours cricket and karaoke titles.

40th Anniversary Celebrations

ICATT celebrated its 40th Anniversary on October 14th & 15th with a one and a half day seminar under the theme, *Governance and Transparency: Back to Basics* at the Hyatt Regency Hotel, Port of Spain. The seminar attracted over 200 participants as well as international, regional and local presenters.

The anniversary celebrations culminated with a gala banquet on October 15, which was attended by over 300 guests. Four persons were honoured for their contribution to the Institute and the development of Trinidad and Tobago in various capacities. They were Mr. Bernard Dulal-Whiteway, ICATT member and business pioneer (posthumous honour); Mr. Herman Marcano Sr., ICATT member and local accountancy education pioneer (posthumous honour); Mrs. Angela Lee Loy, a Past President of ICATT, first female President of the ICAC and Chairperson of the National Aids Coordinating Committee (NACC) and Mr. Ramganie Bob Gopee, former ICATT Council member and founder of the Bob Gopee Foundation. ICATT's past presidents were also recognised at the event.

Stakeholder Engagement

In October, ICATT met with representatives from Ernst & Young; KPMG; PricewaterhouseCoopers; PKF Chartered Accountants & Business Advisors; Deloitte & Touche; KPMG; BDO and MontanoRamcharitar Chartered Accountants, a full independent member of Baker Tilly International to discuss the establishment of ICATT's Forum of Firms. The Forum of Firms is intended to provide a mechanism whereby firms with international affiliations operating in Trinidad & Tobago can have a forum to discuss their unique concerns with ICATT. This is in keeping with ICATT's thrust to foster greater stakeholder representation.

Continuing Professional Development

In July, ICATT and ACCA hosted a joint CPD seminar on the topic, *Critical Thinking*. Presenter was Nazeer Sultan, a performance consultant and coach based in Trinidad. Nazeer is also a Managing Director of Delta 55 - a company dedicated to building organizational processes and capabilities based on key triggers of human performance such as individual motives, strengths and genius.

Membership Update

During the period July to October 2010, sixteen (16) new members joined the Institute. This brings the number of members to approximately 990.



ICATT Past President, Michael Mansoor (at podium) raises a toast to past presidents of ICATT during the gala banquet held at the Hyatt Regency Hotel on October 15.

We see opportunities at every stage of your career.

Certified Management Accountants (CMA) offers a designation focused on the integration of strategy, management, and accounting.

Our Caribbean-based programs currently include:

- CMA Foundational Studies Program
- CMA Professional Program
- Combined International MBA-CMA Program
- Executive CMA Program

To find out your path, including whether you may be eligible for advanced standing, please contact Ms. Shannon Murphy, CMA Program Advisor at +1 800.204.0001 ext. 221 or smurphy@cma-caribbean.com.

www.CMA-Caribbean.com



**Certified
Management
Accountants**

World Congress of Accountants 2010 Opened with Record Number of Delegates

The 18th World Congress of Accountants (WCOA) opened on November 8 with the participation of a record-breaking number of 6,000 distinguished delegates from 134 countries.

The Congress, which originated in 1904 and has been held regularly since 1977, was jointly organised by the Malaysian Institute of Accountants (MIA) and the International Federation of Accountants (IFAC). It was officiated by the Minister in the Prime Minister's Department Tan Sri Nor Mohamed Yakcop on behalf of the Prime Minister Datuk Seri Najib Tun Razak.

Themed "Accountants: Sustaining Value Creation," the Congress, which was held in Malaysia for the first time, brought together 183 eminent speakers from over 40 countries, who explored issues that affect the accountancy profession and provided concrete solutions to overcome the challenges faced by the industry. The key issues discussed included accounting ethics, governance, standards, and development of the accounting profession as well as International Financial Reporting Standards (IFRS) convergence.

International Federation of Accountants Announces Göran Tidström As Its New President

The International Federation of Accountants (IFAC) announced on November 5 at its Council meeting in Kuala Lumpur, Malaysia, the appointment of Mr. Göran Tidström of Sweden as President of IFAC for a two-year term ending in November 2012. The IFAC Council also approved the nomination of Mr. Warren Allen of New Zealand for deputy President.

A European representative to IFAC since 2000, Mr. Tidström became a member of the IFAC Board in 2003, served as chair of the Planning and Finance Committee and is a member of the IFAC Regulatory Liaison Group. Mr. Tidström has more than 30 years of experience as a public accountant with PWC in Stockholm, Sweden, where he is a senior partner and former chair.

Mr. Allen will serve as deputy president for a two-year term, and also takes the role of chair of the Planning and Finance Committee.

An IFAC Board member since 2006, Mr. Allen has been involved with IFAC in numerous roles, including as chairman of the Education Committee (now called the International Accounting Education Standards Board) from 1998 to 2004 and as a member of the Nominating Committee from 2006 to 2009. He is a resident of New Zealand and is a partner at Ernst & Young.

IFAC SMP Committee Publishes Quality Control Implementation Guide

The Small and Medium Practices (SMP) Committee of the International Federation of Accountants (IFAC) has issued the second edition of its Guide to Quality Control for Small and Medium-sized Practices (QC Guide). The implementation guide is intended to help SMPs understand and efficiently apply the redrafted 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. The new edition conforms to the revised and redrafted Code of Ethics for Professional Accountants and includes improvements based on feedback from users of the first edition. It features an integrated case study, some checklists and forms, and two sample quality control manuals.

IFAC thanks the Certified General Accountants Association of Canada (CGA-Canada) for producing the QC Guide free of charge and the global panel of reviewers for volunteering their time and effort to help with its development. The PDF version of the QC Guide can be downloaded without cost from the Publications and Resources section of the IFAC website at <http://web.ifac.org/publications/small-and-medium-practices-committee>.

The IFAC SMP Committee invites readers to visit its International Center for Small and Medium Practices (www.ifac.org/smp), which hosts a collection of free IFAC publications and relevant links to resources from IFAC member bodies and other organizations, including a category devoted to implementing international standards.

REGIONAL EVENTS cont'd from pg. 7

This was presented by Oral Dowell, Chartered Accountant and CEO of Dowell's Advisory Services Inc., who provided a thought-provoking review on how businesses operate in the Caribbean, and strategies to ensure the viability and success of these businesses in light of global challenges.

ICAC Meets with Executive of newly-elected ICAEC St. Lucia Council

On September 8, the ICAC had an opportunity to meet and interact with the Executive Officers of the new Council of ICAEC St. Lucia branch elected in May 2010. The meeting was held immediately following the CPD Seminar jointly hosted by ICAC, CGA-Caribbean and ICAEC St Lucia at the Bay Gardens Hotel, Rodney Bay, St. Lucia and is part of the ICAC's ongoing efforts to strengthen linkages with its member institutes; to update member institutes about the initiatives of the ICAC and to also hear how ICAC can better serve its member bodies.

The ICAC was represented by President, Harryram Parmesar;

Secretary, Frank V. Myers and Chief Executive Officer, Misha Lobban. The Executive Officers of the ICAEC St. Lucia Council, which comprised Joanne Cooper, Vice President; Melissa Simon, Secretary and Sue-Ann Charlery-Payne, Membership Committee Chair, outlined the plans and initiatives to be undertaken over the next two years. The Council intends to focus on providing continuing professional development (CPD) opportunities for its members as well as initiatives aimed at encouraging increased membership involvement in the local institute and in the development of the accountancy profession in St. Lucia.

The ICAC President congratulated the new Council on its plans and pledged the support of the ICAC in helping to advance the goals and objectives of the Council. He also provided an update on ICAC initiatives including the Regional Practice Monitoring Programme which recently commenced in the Eastern Caribbean and the proposal for the provision of technical audit support services to Small and Medium Practices (SMPs) in the region, which is being offered by Michael Scott of PCP Limited in the UK.

Countdown to Convergence cont'd from pg. 11

consideration allocated. It also requires an entity to allocate revenue in an arrangement using estimated selling prices of deliverables if a vendor does not have vendor-specific objective evidence or third-party evidence of selling price. The guidance eliminates the use of the residual method, requires entities to allocate revenue using the relative-selling-price method and significantly expands the disclosure requirements for multiple-deliverable revenue arrangements. The approach taken in ASC Update no. 2009-13 is basically the same as the approach revealed in FASB's preliminary views document for its joint revenue recognition project with the IASB, according to AICPA Accounting Standards Executive Committee (AcSEC) Chairman Jay Hanson, who is also a member of the EITF.

Financial Statement Presentation

FASB and the IASB have undertaken the largest revamp of financial statements ever conducted in a single step. The work is being conducted in three phases. The boards completed deliberations on Phase A in December 2005, and on Sept. 6, 2007, the IASB published a revised version of IAS 1, Presentation of Financial Statements, that brought IAS 1 largely in line with FASB Statement no. 130, Reporting Comprehensive Income. On Oct. 16, 2008, both boards published a discussion paper, Preliminary Views on Financial Statement Presentation, in which they set out the principles for presenting financial statements in a manner that portrays a cohesive financial picture of an entity's activities, disaggregates information so that it is useful in predicting future cash flows, and helps users assess an entity's liquidity and financial flexibility. The boards plan to publish an ED in the first quarter of 2010 that proposes to eliminate an option in U.S. GAAP and IFRS that allows entities to present some components of total comprehensive income either in a separate statement or directly in equity. In the second quarter, the boards plan to publish a comprehensive ED on financial statement presentation. Tentative decisions include:

- A complete set of financial statements for a reporting period should include a statement of financial position; a statement of comprehensive income; a statement of changes in equity; and a statement of cash flows. In addition, each financial statement should be shown with equal prominence, and a minimum of two years' comparative information is required.
- The proposed financial statements are intended to help predict cash flows for equity valuation. These statements shift focus from net income to total comprehensive income, as all other comprehensive income items are now presented on the face of the statement.
- The boards decided that the financial statement presentation project should not seek to alter existing standards relating to what items are recognized outside of profit or loss. Because of that stance, existing guidance remains unchanged on presentation of other comprehensive income (OCI) items in a statement of comprehensive income and on the recycling mechanism.
- The proposed format of the cash flow statement is similar to FASB Statement no. 95, *Statement of Cash Flows*, and IAS 7, *Statement of Cash Flows*, with two major changes. First, the notion of cash equivalents is scrapped. In addition, cash flow will be presented in the direct method.
- The boards tentatively decided to replace the reconciliation schedule proposed in the discussion paper with a requirement to analyze the changes in balances of significant asset and liability line items.

Leases

The stated objective of this project is to ensure that the assets and liabilities arising from lease contracts are recognized on companies' balance sheets. On March 19, 2009, the boards published for public comment a discussion paper, *Leases: Preliminary Views*. They plan to publish an exposure draft in the second quarter of 2010.

Lessee accounting. The boards tentatively decided to adopt an approach to lessee accounting that would require the lessee in all leases to recognize:

- An asset representing its right to use the leased item for the lease term (measured initially at its fair value, which may be estimated using the leased property's fair value or an estimate of the value of the lease obligation based on a present value of the lease payments discounted at a market rate for similar liabilities).
- A liability for its obligation to pay rentals (measured initially at a present value of the lease payments that approximates the fair value of the liability).

This differs from the current U.S. GAAP model, which separates leases into capital leases, which recognize an asset and a liability, and operating leases, which do not. Under the proposed new model, all leases except those that represent the purchase or sale of an item would result in asset and liability recognition. In addition, subsequent income statements will report interest costs and depreciation of the asset, the sum of which will be different from the cash payments.

Lessor accounting. The boards tentatively decided to adopt the performance obligation approach to lessor accounting. Under that approach, a lessor would:

- Recognize an asset representing its right to receive rental payments (a lease receivable).
- Recognize a liability representing its performance obligation under the lease—that is, its obligation to permit the lessee the right to use one of its assets (the leased item). The lessor would recognize revenue as that performance obligation is satisfied over the lease term. That means that a lessor would not recognize revenue at the inception of a lease contract.

Exhibit 1: Memorandum of Understanding Priority Project Plan	2009	2010				2011	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Financial instruments ¹		ED			ST		
Classification and measurement	ST						
Impairment	ED		CD		ST		
Hedging		ED			ST		
Consolidation ²			ED	ST, ST			
Derecognition ³					ST		
Revenue recognition			ED, ED				ST, ST
Financial statement presentation ⁴		ED, ED	ED, ED				ST, ST
Leases			ED, ED				ST, ST
Fin. Instruments with characteristics of equity			ED, ED				ST
Fair value measurement guidance				ST			
Legend: Red type – FASB; Blue type – IASB; ED – Exposure Draft; CD – Comment Deadline; ST – Final Standard							

FASB publishing single ED and standard to cover classification and measurement, impairment and hedge accounting. IASB publishing each separately and published IFRS 9 on classification and measurement in November 2009.

² The IASB published its ED, December 2008.

³ The IASB published its ED, March 2009. FASB is monitoring the IASB project and as of press time had not provided an updated schedule for its project.

⁴ The Q1 ED proposes to eliminate an option to present some components of total comprehensive income either in a separate statement or directly in equity; the Q2 ED will be a comprehensive exposure draft on financial statement presentation.

Sources: "FASB and IASB Reaffirm Commitment to Memorandum of Understanding: A Joint Statement of the FASB and IASB," Nov. 5, 2009, tinyurl.com/y9wdbri and project schedules published on the boards' respective Web sites, fasb.org and iasb.org.




CGA is the fastest growing accounting designation in Canada and represents a network of more than 70,000 members and students around the world

A black fountain pen is shown in the process of drawing a yellow splash on a white surface. The splash is composed of many small droplets radiating from a central point.

A Well-Recognized
and Highly
Respected
Designation
and Program

International
Mobility

A yellow splash of paint or ink, similar to the one in the fountain pen illustration, is located to the left of this circle.

The Ability to
Work While
Studying

Excellent
Employment
Prospects and
Options

A yellow splash of paint or ink is located to the right of this circle.

Flexibility to Study
through Online
Course Delivery

Top 5
Reasons to
choose the
CGA Program

CGA Caribbean Inc.

Tel: 1 246 424-8596

or 1 246 424-8617

Fax: 1 246 424 8496

Email: students@cga-caribbean.org.bb

www.cga-caribbean.org