



March /April 2016

Technical Roundup

The Technical Standards Update of Crowe Horwath International

From the International Accounting Standards Board (IASB)

Revenue Amendments

The IASB has issued amendments to IFRS 15 *Revenue from Contracts with Customers*, to clarify some requirements and provide transitional relief for companies that are implementing the new Standard. The amendments, which arose as a result of discussions of the Transition Resource Group (TRG), clarify how the standard should be applied. For more information and to view the amendments [click here](#).

SME Guide

In March, the IASB published a plain English overview of their IFRS for Small and Medium-Sized Entities called [A Guide to the IFRS for SMEs](#). The guide is directed toward lenders, creditors, and owners or managers who use the standard.

Leases

To support the implementation of IFRS 16 *Leases*, the IASB staff recorded the second in a series of webcasts discussing the transition requirements for lessees. The webcast provides a detailed walk-through of the transition requirements for those leases previously classified as operating leases under IAS 17. Access the webcast on the [Leases implementation page](#).

From the International Audit and Assurance Standards Board (IAASB)

Reporting on Summary Financial Statements

In March, the IAASB released ISA 810 (Revised), *Engagements to Report on Summary Financial Statements*, which deals with summary financial statements derived from financial statements audited under the IAASB's International Standards on Auditing (ISA) by that same auditor. The amendments incorporate the added transparency in the auditor's report from the IAASB's revised auditor reporting standards that were issued in January 2015. ISA 810 (R) will become effective at the same time as the auditor reporting standards addressing general purpose financial statements—for engagements to report on summary financial statements for periods ending on or after December 15, 2016. This completes their long-range project on auditor reporting that began in 2006. See the Final Standard and the Basis for Conclusions [here](#).

Audit Quality

The IAASB has updated their webpage. The revised "[Focus on Audit Quality](#)" page contains new resources, including templates for commenting on the Invitation to Comment and the Overview discussed below.

The IAASB also published two documents on audit quality for which they are seeking comment / feedback:

- ***Invitation to Comment, Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits*** – highlights the potential standard-setting activities the Board feels might enhance audit quality in these areas; and
- ***Overview, Invitation to Comment, Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control, and Group Audits*** – a companion document which includes a summary of the key areas of focus and the direction the Board might take.

Comments on each are due by 16 May 2016.

The Corporate Reporting Dialogue (CRD)

Materiality

The CRD is an initiative of a group of organisations that are responsible for setting standards or developing guidance for corporate reporting, including the IASB and FASB. They've published a '**statement of common principles of materiality**,' which outlines the common principles in the CRD organisations' definitions of materiality and is part of the initiative's work to collaborate on clarifying reporting concepts.

From the Public Company Accounting Oversight Board (PCAOB)

Auditor Supervision on a Group Audit

In April, the PCAOB issued a **proposal** that spells out a lead auditor's responsibilities for planning, supervising, and evaluating the work of other auditors. The proposal is intended to increase the lead auditor's supervision of the work of other auditors and to enhance the lead auditor's ability to prevent or detect deficiencies in the other auditors' work. A fact sheet on the proposal is available [here](#).

Comments are due by July 29, 2016.

From the American Institute of CPAs (AICPA)

Illustrative Financial Statements

The AICPA has published a guide, ***Illustrative Financial Statements Prepared Using the Financial Reporting Framework for Small- and Medium-Entities*** that contains sample financial statements based on the FRF for SMEs as well as US GAAP to illustrate the differences between the two reporting options.

Reporting on Financial Statements

In April, the AICPA issued **AU-C Section 9700**, "Forming an Opinion and Reporting on Financial Statements: Auditing Interpretations of AU-C Section 700" to clarify some reporting requirements for auditors when examining financial statements. The interpretive guidance says auditors who are examining client financial statements while applying GAAS and other standards, such as the IAASB's ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*, may refer to both sets of standards in the auditor report, but only if there is no conflict between the requirements of each set of standards. The auditor should also adhere to ISA 700's requirements for identifying national audit standards. This guidance is a response to the revised ISA issued by the IAASB in January 2015, which included several changes to the layout and wording of an auditor's report. AU-C Section 9700 includes samples of auditor reports for statements that are prepared in IFRS and in U.S. GAAP.

From the Financial Accounting Standards Board (FASB)

#	Newly-Issued ASUs	Effective Date
2016-02	<i>Leases (Topic 842).</i> An informational document, <i>FASB: Understanding Costs and Benefits</i> , and a video, <i>Why a New Leases Standard?</i> , are also available.	Varied
2016-03	<i>Intangibles—Goodwill and Other (Topic 350); Business Combinations (Topic 805); Consolidation (Topic 810); Derivatives and Hedging (Topic 815): Effective Date and Transition Guidance</i> (a consensus of the Private Company Council)	Immediately
2016-04	<i>Liabilities—Extinguishments of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Products</i> (a consensus of the Emerging Issues Task Force)	Varied
2016-05	<i>Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships</i> (a consensus of the Emerging Issues Task Force)	Varied
2016-06	<i>Derivatives and Hedging (Topic 815): Contingent Put and Call Options in Debt Instruments</i> (a consensus of the Emerging Issues Task Force)	Varied
2016-07	<i>Investments—Equity Method and Joint Ventures (Topic 323); Simplifying the Transition to the Equity Method of Accounting</i>	Dec 15, 2016
2016-08	<i>Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)</i>	Same as ASU 2014-09
2016-09	<i>Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting</i>	Varied
2016-10	<i>Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing</i>	Same as ASU 2014-09

Proposed ASUs

Following are the recent Proposed Accounting Standards Updates (ASUs) and their comment due dates. Each has a link to the Exposure Draft.

Proposed ASUs	Comments due
<i>Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost</i>	25 April 2016
<i>Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Changes to the Disclosure Requirements for Defined Benefit Plans</i>	25 April 2016