

UPDATES ON TECHNICAL ISSUES –FIRST QUARTER 2017

Introduction

These updates on Technical Issues – First Quarter 2017 cover a summary of updates/issues including International Financial Reporting Standards (IFRSs) and International Public Sector Accounting Standards (IPSASs), International Standards on Auditing (ISAs) and NBAA Technical Pronouncements and other reporting issues.

This document covers updates/issues published in September, October, November and December, 2016.

INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSASs)

New standards issued and are effective for annual period beginning on or after 1st January, 2017

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
IPSAS 33 “First time Adoption of Accrual Based International Public Sector Accounting Standards”	<p>The objective of this Standard is to provide guidance to a first-time adopter that prepares and presents financial statements following the adoption of accrual basis IPSASs, in order to present high quality information:</p> <ul style="list-style-type: none"> a) That provides transparent reporting about a first-time adopter’s transition to accrual basis IPSASs; b) That provides a suitable starting point for accounting in accordance with accrual basis IPSASs irrespective of the basis of accounting the first-time adopter has used prior to the date of adoption; and c) Where the benefits are expected to exceed the costs. 	Effective for annual periods beginning on or after 1st January 2017.
IPSAS 34 “Separate Financial Statements”	<p>The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.</p> <p>This standard replaces IPSAS 6 Consolidated Financial Statements and Separate Financial Statements.</p>	Effective for annual periods beginning on or after 1st January 2017.

IPSAS 35 “Consolidated Financial Statements”	<p>The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.</p> <p>This standard replaces IPSAS 6 Consolidated Financial Statements and Separate Financial Statements.</p>	<p>Effective for annual periods beginning on or after 1st January 2017.</p>
IPSAS 36 “Investments in Associates and Joint Ventures”	<p>The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p> <p>This standard replaces IPSAS 8 Interest in Joint Venture</p>	<p>Effective for annual periods beginning on or after 1st January 2017.</p>
IPSAS 37 “Joint Arrangements”	<p>This standard has been issued purposely to</p> <ol style="list-style-type: none"> 1. Establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e., joint arrangements). 2. Meet the above objective, this Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement. <p>This standard replaces IPSAS 8 Interest in Joint Venture</p>	<p>Effective for annual periods beginning on or after 1st January 2017.</p>
IPSAS 38 “Disclosure of interests in other entities”	<p>This standard require an entity to disclose information that enables users of its financial statements to evaluate:</p> <ol style="list-style-type: none"> a) The nature of, and risks associated with, its interests uncontrolled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and b) The effects of those interests on its financial position, financial performance and cash flows. 	<p>Effective for annual periods beginning on or after 1st January 2017.</p>

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

New standards issued and are effective for annual period beginning on or after 1st January, 2017

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
Amendment to IAS 7 – Disclosure Initiatives	<p>The objective of this standard is to enhance disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, such as:</p> <ul style="list-style-type: none"> (i) Changes from financing cash flows; (ii) Changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) The effect of changes in foreign exchange rates; (iv) Changes in fair values; and (v) Other changes. 	<p>For audits of financial statements for periods beginning on or after 15th December, 2017</p>

INTERNATIONAL STANDARDS ON AUDITING (ISAs)

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
ISA 250 (Revised): Consideration of laws and regulations in an audit of financial statements	<p>The International Auditing and Assurance Standards Board (IAASB) issued International Standard on Auditing (ISA) 250 (Revised).</p> <p>The revised standard conform amendments to other International Standards, which respond to new requirements in the International Ethics Standards Board for Accountants (IESBA)'s Code of Ethics for Professional Accountants addressing non-compliance with laws and regulations (NOCLAR).</p> <p>These amendments address actual or perceived inconsistencies of the scope of laws and regulations and approach to identifying and dealing with NOCLAR.</p>	<p>For audits of financial statements for periods beginning on or after 15th December, 2017</p>

	<p>For more information go to: http://www.ifac.org/system/files/publications/files/IAASB-NOCLAR-ISA-250-Revised-and-Related-Conforming-Amendments-Oct-2016.pdf</p>	
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NBAA TECHNICAL PRONOUNCEMENTS AND OTHER REPORTING ISSUES

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
<p>Technical Pronouncement No.2 of 2016 – The scope of applicability of ISA 701: Communicating key audit matters in the independent audit report.</p>	<p>The National Board of Accountants and Auditors (NBAA) has issued a Technical Pronouncement No.2 of 2016.</p> <p>The pronouncement requires an inclusion of the section of the Key Audit Matters (KAM) in the Auditor’s Report of the reporting entities having public accountability, it also requires the auditor’s Report to state the reasons for the audit matter to be reported as KAM.</p> <p>For more information go to: http://www.nbaa.go.tz/techpro2.pdf</p>	<p>To all financial statements with accounting period ending on or after 31st December 2016.</p>
<p>Technical Pronouncement No. 1: Declaration of head of finance/accounting to be included in financial statements of entities</p>	<p>The National Board of Accountants and Auditors (NBAA) has issued a Technical Pronouncement No.1 of 2016.</p> <p>The pronouncement requires an inclusion of the declaration within the financial statements to be issued by the Head of Finance or Accounting responsible for the preparation of those financial statements.</p> <p>All financial statements will be required to include the Declaration by Head of Finance/Accounting indicating name of the professional accountant, signature, date signed, and the NBAA membership number of the signatory.</p> <p>The Declaration by the Head of Finance/Accounting is required to appear immediately after the Statement of Directors’ Responsibility.</p> <p>For more information go to: http://www.nbaa.go.tz/techpro2.pdf</p>	<p>For financial statements with accounting period ending on or after 30th June 2016.</p>

<p>Clarification on applicability of the technical pronouncement No.1 of 2016:</p>	<p>The National Board of Accountants and Auditors (NBAA) has issued a clarification on the Technical Pronouncement No.1 of 2016: Declaration by head of finance/accounting to be included in the financial statements of entities in Tanzania.</p> <p>The clarification issued gives clear explanations on four important critical areas purposely for ensuring smooth applicability of the said technical pronouncement. The areas clarified are for:</p> <ol style="list-style-type: none"> 1. Entities that do not have a registered accountant. 2. Entities whose head of finance/accounting is not a registered accountant. 3. Government entities which do not have a registered accountant. 4. Foreign subsidiary company in Tanzania whose consolidation of the financial statements is done by a parent company outside Tanzania. <p>For more information go to: http://www.nbaa.go.tz/clarification1916.pdf</p>	<p>No extension to the applicability of the pronouncement.</p>
<p>Declaration form for related party transactions for key management personnel</p>	<p>The National Board of Accountants and Auditors (NBAA) has issued a declaration form for related party transactions.</p> <p>The form has been issued purposely for enhancing the applicability of IPSAS 20 and IAS 24 on related party transactions, specifically to be filled in by individuals in the category of key management personnel.</p> <p>For more information go to: http://www.nbaa.go.tz/partrans.pdf</p>	<p>The form to be effectively applied for financial statements ending on or after 31st December 2016.</p>