

## UPDATES ON TECHNICAL ISSUES –SECOND QUARTER 2016

### Introduction

These updates on Technical Issues – Second Quarter 2016 cover a summary of updates/issues including International Financial Reporting Standards (IFRSs) and International Public Sector Accounting Standards (IPSASs).

This document covers updates/issues published in December, January, February and March, 2016.

### 1. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs).

<b>PROJECTS/APPROVED STANDARDS</b>	<b>CHANGES</b>	<b>EFFECTIVE DATES</b>
<b>Amendment to IAS 12 – Recognition of Deferred Tax Assets for Unrealized Losses</b>	<p><b>The International Accounting Standards Board (IASB) has issued amendments to IAS 12 Income Taxes.</b></p> <p>The amendment, Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value.</p> <p>IAS 12 provides requirements on the recognition and measurement of current or deferred tax liabilities or assets. The amendments issued clarify the requirements on recognition of deferred tax assets for unrealized losses, to address diversity in practice.</p> <p><b>For more information on exposure draft go to:</b><a href="http://www.ifrs.org/Current-Projects/IASB-Projects/Recognition-of-Deferred-Tax-Assets-for-Unrealised-Losses/Documents/Amendments-to-IAS-12-January-2016.pdf">http://www.ifrs.org/Current-Projects/IASB-Projects/Recognition-of-Deferred-Tax-Assets-for-Unrealised-Losses/Documents/Amendments-to-IAS-12-January-2016.pdf</a></p>	For annual periods beginning on or after 1 January 2017. Earlier application is permitted

<p><b>New standard IFRS 16 <i>Leases</i></b></p>	<p><b>The International Accounting Standards Board (IASB) has issued a new accounting Standard, called IFRS 16 <i>Leases</i>.</b></p> <p><b>The standard introduces major revision of the way in which companies account for leases.</b></p> <p>The new standard - IFRS 16 requires all leases to be reported in a company's statement of financial position as assets and liabilities.</p> <p><b>For more information on exposure draft go to:</b>  <a href="http://www.ifrs.org/Alerts/PressRelease/Pages/IASB-shines-light-on-leases-by-bringing-them-onto-the-balance-sheet.aspx">http://www.ifrs.org/Alerts/PressRelease/Pages/IASB-shines-light-on-leases-by-bringing-them-onto-the-balance-sheet.aspx</a></p>	<p>1 January 2019.</p> <p>Early application is permitted for companies that also apply IFRS 15 Revenue from Contracts with Customers.</p>
<p><b>Amendments to IFRS 15 <i>Revenue from Contracts with Customers</i></b></p>	<p><b>The International Accounting Standards Board (IASB) has issued amendments to the Revenue Standard, IFRS 15 <i>Revenue from Contracts with Customers</i>.</b></p> <p>The amendments clarify how the underlying principles of the Standard should be applied including two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.</p> <p><b>For more information go to:</b> <a href="http://www.ifrs.org/Current-Projects/IASB-Projects/Clarifications-IFRS-15-Issues-from-TRG-discussions/Pages/default.aspx">http://www.ifrs.org/Current-Projects/IASB-Projects/Clarifications-IFRS-15-Issues-from-TRG-discussions/Pages/default.aspx</a></p>	<p>No change to the effective date of the Standard: 1 January 2018</p>

## 1. INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSASs)

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATES
<p>Exposure Draft 60, Public Sector Combinations</p>	<p><b>The International Public Sector Accounting Standards Board (IPSASB) has issued Exposure Draft 60, <i>Public Sector Combinations</i>.</b></p> <p>The purpose of the IPSASB’s project on public sector combinations is to establish requirements for classifying, recognizing and measuring public sector combinations.</p> <p>ED 60 classifies public sector combinations as either amalgamations or acquisitions taking into account control and other factors. A party to the combination must gain control over an operation for it to be treated as an acquisition rather than an amalgamation, but control is not sufficient in itself to determine that a combination is an acquisition. Instead, gaining of control over an operation creates a rebuttable presumption that the combination is an acquisition. If the acquisition presumption is rebutted, then the transaction is treated as an amalgamation.</p> <p>For recognition and measurement of amalgamations, ED 60 proposes use of the “modified pooling of interests” method of accounting. This method, also referred to as “merger accounting”, recognizes the amalgamation on the date it takes place. For acquisitions, ED 60 proposes use of the “acquisition” method of accounting, applying the same approach as in IFRS 3, <i>Business Combinations</i>. This is supplemented with guidance for public sector-specific situations.</p> <p>The IPSASB seeks feedback on ED 60 to guide it in developing a final International Public Sector Accounting Standard (IPSAS) that establishes requirements for accounting for public sector combinations.</p> <p><b>For more information go to:</b> <a href="http://www.ifac.org/system/files/publications/files/IPSASB-Public-Sector-Combinations-At-a-Glance.pdf">http://www.ifac.org/system/files/publications/files/IPSASB-Public-Sector-Combinations-At-a-Glance.pdf</a></p>	<p>ED 60 is open for public comment until <b>June 30, 2016</b>.</p> <p>NBAA Members should submit their comments by <b>1<sup>st</sup> April, 2016</b>.</p>

<p><b>Exposure Draft 61, Amendments to Financial Reporting under the Cash Basis of Accounting (the Cash Basis IPSAS)</b></p>	<p><b>Exposure Draft 61, Amendments to Financial Reporting under the Cash Basis of Accounting (the Cash Basis IPSAS)</b></p> <p>The International Public Sector Accounting Standards Board (IPSASB) has issued Exposure Draft (ED) 61, <i>Amendments to Financial Reporting under the Cash Basis of Accounting</i> (the Cash Basis IPSAS).</p> <p><b>Project objectives</b></p> <p>To make amendments to the Cash Basis IPSAS to overcome obstacles to its adoption that result from the current requirements for the preparation of consolidated financial statements and disclosures of information about external assistance and third party payments.</p> <p>The Cash Basis IPSAS has two parts. Part 1 identifies requirements that a reporting entity needs to adopt to claim that its financial statements comply with the IPSAS. It presently includes requirements for preparation of consolidated financial statements and for disclosure of information about external assistance and payments made by third parties.</p> <p>ED 61 proposes that these requirements be revised, recast as encouragements, and moved into Part 2 of the IPSAS. Part 2 identifies encouraged disclosures that an entity may choose to provide, but which are not required to claim compliance with the IPSAS.</p> <p>The ED 61 also proposes amendments to ensure that the existing requirements and encouragements of the Cash Basis IPSAS are better aligned with the equivalent accrual IPSAS, unless there is a reason to deviate as a result of adopting the cash basis of accounting.</p> <p><b>For more information go to:</b> <a href="http://www.ifac.org/publications-resources/exposure-draft-61-amendments-financial-reporting-under-cash-basis-accounting">http://www.ifac.org/publications-resources/exposure-draft-61-amendments-financial-reporting-under-cash-basis-accounting</a></p>	<p>Open for public comment until July 31, 2016.</p>
--	--	---

## NBAA TECHNICAL PRONOUNCEMENTS

<b>PROJECTS/APPROVED STANDARDS</b>	<b>CHANGES</b>	<b>EFFECTIVE DATES</b>
<p><b>Technical Pronouncement No. 1 of 2016 – Declaration of head of finance/accounting to be included in financial statements of entities</b></p>	<p><b>The National Board of Accountants and Auditors (NBAA) has issued a Technical Pronouncement No.1 of 2016.</b></p> <p>The pronouncement requires all financial statements 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 should state compliance with applicable accounting standards and statutory requirements relating to financial reporting and confirm that the financial statements give a true and fair view position of the concerned entity</p> <p><b>For more information go to:</b> <a href="http://www.nbaa.go.tz/techpro.pdf">http://www.nbaa.go.tz/techpro.pdf</a></p>	<p>To all financial statements with accounting period ending on or after <b>30<sup>th</sup> June 2016</b></p>