

A regional professional society dedicated to the promotion of the highest accounting, auditing and ethical standards and to capacity building through the institution of globally recognized educational and examination qualification programs.

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LOCAL NEWS

Abu-Ghazaleh Grants Scholarship to Palestinian Accounts



Amman - The Arab Society of Certified Accountants (ASCA) announced on January 6, 2007 that Mr. Talal Abu-Ghazaleh, the chairman of ASCA, has renewed the scholarship offered to the Palestinian accountants, business accounting and economics' graduates in Palestine and Gaza.

"The scholarship's expenses, covered by Abu-Ghazaleh,

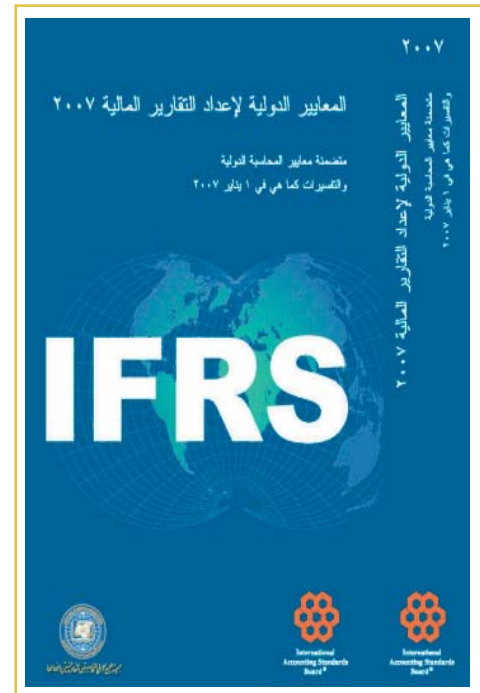
include the registration fees and the required studying materials," Said ASCA's manager Moh'd Nusair.

Nusair also pointed out that the ACPA is accredited by ASCA as well as the University of Cambridge International Examinations (CIE). However, candidates will be required to pay \$500 registration fee for Cambridge University.

ASCA” JORDAN” PUBLISHES THE ARAB ACCREDITED TRANSLATION FOR THE IFRS 2007

ASCA “Jordan” has published the Arab accredited translation for the IFRS 2007. This version includes the changes that took place since the 2006 edition which was incorporated in this edition of IFRS volume. The main changes included in this volume’s version are a summary of the following:

- **IFRS 8 “Operating Segments”**
- **The new 4 interpretations (912-) of IFRS Committee:**
 - **IFRIC 9 Reassessment of Embedded Derivatives**
 - **IFRIC 10 Interim Financial Reporting and Impairment**
 - **IFRIC 11 IFRS 2–Group and Treasury Share Transactions**
 - **IFRIC 12 Service Concession Arrangements**
- **The IAS 14 was crossed out and replaced with IFRS 8**



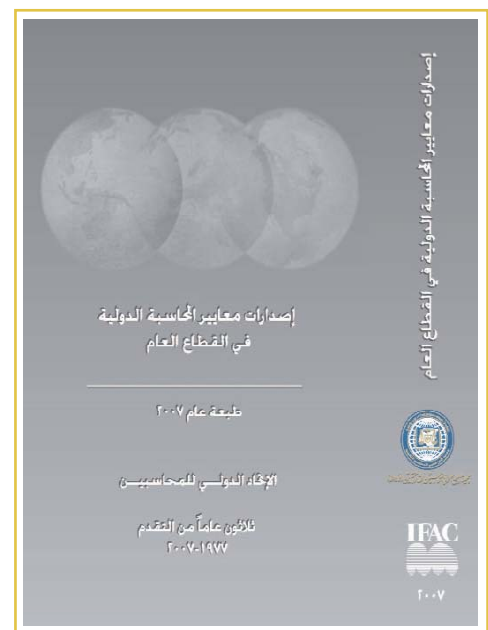
ASCA “Jordan” publishes IPSAS book 2007

ASCA “Jordan” has published IPSAS book which included the most important changes as follows:

Addition of the following:

- **IPSAS 22 Disclosure of Information About the General Government Sector**
- **IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers)**
- **IPSAS 24 Presentation of Budget Information in Financial Statements;**

In addition to several changes to the other standards and the introduction concerning the IFAC



ANNUNCIATION OF TRAINING COURSES FOR 2007

In cooperation with TAG Collage of Business, ASCA would like to announce the holding of the following Training Courses:

- 1- Jordan Certified Professional Accountant (JCPA).
- 2- Computer Application for Financial Accounting.
- 3- Practical Applications on IASs.



These courses aim to provide participants, who are specialized in accounting, auditing and financial management at all different levels, with the necessary skills and experience in the public and private sectors.

Lecturing in the above Training Courses has been assigned to a number of specialized and experienced lecturers from various Jordanian Universities.

Preparing for 2007 ACPA exam session

The exams will start at the beginning of November for the year 2007. they will be held in (28) Arab society of certified accountant "ASCA" institutions that are located in different Arab countries, these institutions are fully qualified and equipped to hold such exams.



The University of Cambridge-International Examination (CIE) validated the "Arab Certified Professional Accountant (ACPA)" Certificate designation after a thorough evaluation and review of the curriculum material of the professional accounting qualification program, related prescribed academic reference books, level of examinations and procedures for preparing, proctoring, and correcting the examinations and ensuring that the level meets the best and highest international standards.

The Arab Certified Professional Accountant exam (ACPA) consists of the following papers:

1. *Organizational Knowledge & Business Knowledge (I)*
2. *Organizational Knowledge & Business Knowledge (II)*
3. *Accountancy and Accountancy Related Knowledge (I)*
4. *Accountancy and Accountancy Related Knowledge (II)*
5. *Taxes & Laws*
6. *Auditing*
7. *Information Technology*
8. *Languages*





A COOPERATIVE AGREEMENT WITH “THE PROFESSIONAL ACADEMY FOR FINANCE AND MANAGEMENT”



“MOU” was accomplished with The Professional Academy for Finance and Management (Ram Allah) on the ninth of October 2007.

“ASCA” is an Arab foundation responsible for developing the accounting career in the Arab region. It also offers the “ACPA” exam which is recognized in many Arab countries.

Since “ACPA” was established it has gained a huge standing on professional level locally and internationally, it has worked hard to give a good impression of the Arab accountants as an element in development and progress.

As for The Professional Academy for Finance and Management, it has been an imposing structure for multiple services in Palestine. Therefore, the academy showed a lot of interest in developing cooperative training courses with “ASCA” Jordan to help the students who are keen on setting the “ACPA” exam.

Based on the agreement above between both parties here are the courses that have been agreed on:

1. *Excel financial*
2. *EEBA- excel expert for business and accounting*
3. *APA -advanced practical accounting*
4. *PAC – practical auditing course*
5. *ACCOUNTANCY FOR NON ACCOUNTANTS*
6. *COMPUTERIZED ACCOUNTING*
7. *INTERNATIONAL ACCOUNTING STANDARDS IAS*

ARTICLES

Non-Realized Profit and Loss and Results of Jordanian Companies’ Businesses

Dr. Jum’a Hmedat/ University of Petra



Paragraph (39) of the IAS 16; which is effective following the amendments as of the 1st of January, 2005 and having the title “Property, Plant and Equipment” which means the assets used by a company for running its business and not for investing

or trading such assets when the company follows the revaluation model; provides for the following:

“If the book value increases due to revaluation, it must be directly treated within equity under the title Revaluation Surplus. The increase in the assets value, which results from recovering any previous impairment amount (which has been already recognized as a loss in the income statement) in the assets value, should be considered as income in the income statement.”

If, for example, the value of land rises from 100,000 JD to 250,000 JD, bearing in mind that the company is following

the revaluation model, there would be a raise of 150.000 JD to be recognized when calculating the revaluation surplus within equity in the balance sheet.

The company can follow the other model to account for the said assets by following the cost model without the revaluation of property, plant, and equipment at fair value, rather it remains in cost less the depreciation aggregate and its impairment loss if any.

Paragraph (41) of the same standard emphasizes the impermissibility of closing the revaluation surplus within the income statement even if the asset was sold or excluded, rather, this should be through retained profits.

Thus, IAS 16 includes no processing that requires closing the revaluation surplus for property, plant and equipment within the income statement, i.e. that there will be no effect on the income statement upon the revaluation of the assets.

The issue of non-realized profit has realized an important status in IFRSs and IASs due to the adoption of the fair value concept in an extended fashion upon the preparation and presentation of the financial statements. This is because the concept fulfills the adequacy feature for the computer information which is presented in these statements.

The dilemma of non-realized profits and losses raises upon the valuation of investment property (land, buildings, or any part thereof which is maintained to generate leasing revenues or to be sold when its value raises in the future) as per IAS 40. Paragraph (30) of IAS 40 provides that the entity must select either the revaluation model or the cost model upon presenting the investment property in the financial statements, the balance sheet, and are accounted for as follows:

A - If a cost model is applied, investment property shall not be revaluated at a fair value when the value is high, but shall remain registered at cost less



accumulated depreciation and any accumulated impairment or reduction in value if any, in accordance with paragraph (56) of that standard.

B- If the company has chosen the revaluation model as an accounting policy, it must, in accordance with paragraph (35) of IAS 40, recognize the change of profit or loss in the fair value in the list of income for the period of revaluation.

The International Accounting Standards Board IASB justifies the existence of two alternatives for treating this matter until the least developed countries are granted adequate opportunity for the existence of active real estate markets for the use of cost model so that markets with active real estate and other investment property mature and the possibility of assessing according the fair value is available.

The issue of unrealized profit or loss for some types of financial investments (in stocks, bonds and financial derivatives and other financial investments), which is required by the International Accounting Standard No. 39 to be revaluated at fair value, along with recognition of variations in the valuation of the income list is highlighted directly, namely, the financial assets or liabilities classified as (assets and liabilities at fair value and variations through the income statement), which

include specific or allocated fair value or retained for trading. This appears at the revaluation of many Jordanian companies of the non - realized profits or losses which inflates the amount of the net profit in the case of a unrealized profit or reduction in the case of a unrealized loss.

It already is clear that the problem of unrealized profits is not an accounting problem rather than a regulatory one related to the requirements imposed by regulatory and control authorities on the Jordanian companies. Since the international accounting standards allow alternatives in accounting treatments, regulatory and control authorities, such as the central bank, companies controller, the Securities Authority, Insurance Authority and other stakeholders may compel the companies to apply these alternatives with consistency in adopting,

and consistent with the reality and conditions of the Jordanian economy and this does not detract the reliability and appropriateness of information provided by these companies nor it contradicts the international standards applicable in the Kingdom.

In this regard, I suggest that the companies when determining the proportion of the profits to be distributed, may exclude the unrealized profits and may take into account the unrealized losses when determining that ratio to preserve the expansionist capabilities of those companies, and to avoid the risks of adverse fluctuations in the value of their financial and investment assets, revaluated at the fair value. I also suggest that companies state in the list of income, the net profit before the unrealized profit or loss and then, the net profit after the unrealized profit or loss.

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