المجمع العربي للمحاسبين القانونيين

Arab Society of Certified Accountants (ASCA)

June 2009 Monthly Electronic Newsletter

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.

In This Issue

ASCA-Jordan Holds its Extraordinary Meeting

Members Granted Discount on TAG-College Tuition Fees

AMMAN --- July 6, 2009 --- The General Assembly of the Arab Society of Certified Accountants (Jordan) held on June 14, 2009 its extraordinary meeting under the chairmanship of Mr. Talal Abu-Ghazaleh, ASCA chairman.

During the meeting, members elected Mr. Mahmoud Sa›adeh the first vice chairman and Mr. Ibraheem Nakhaleh the second vice chairman following the resignation of Mr. Tawfeeq Ayoub.

In addition, the Assembly extended their appreciation to Mr. Abu-Ghazaleh for his initiative to grant ASCA-Jordan members a 20% discount on study tuition fees at Talal Abu-Ghazaleh College of Business (TAG-College).

The Assembly also agreed on distributing copies of ASCA-Jordan publications among all members who fulfilled their fees; in addition to other discounts that will be granted to them.

Mr. Abu-Ghazaleh updated the Assembly members of the latest preparations for the conference to be held by ASCA in Beirut under the patronage of the Lebanese President. He, moreover, urged them to participate in the event besides the accountants societies, financial institutions, Lebanese financial market, Arab banks federation and the Lebanese central bank.

The Board members were also updated of ASCA's preparation of the G20 Summit's requirements of accountancy which are significant for the Arab community.

A plan to promote ASCA-Jordan activities and tasks will be set and submitted to members for discussion and endorsement in the next meeting.

At the end of the meeting, the General Assembly decided to increase the number of members to be twelve and their selection will be based on prior nomination.

Other financial and administrative issues were discussed during the meeting.

ASCA and Damascus University Sign Cooperation Agreement

The Agreement entails that the ACPA program shall be accredited at all colleges, institutes and training centers in different Arab countries

DAMASCUS --- June 20, 2009 --- Damascus University and the Arab Society of Certified Accountants (ASCA) signed on June 17, 2009 a Cooperation Agreement to enhance collaboration between the two parties in different fields such as professional qualification and training.

Signing the Agreement were Mr. Talal Abu-Ghazaleh, ASCA president and Dr. Wael Mualla , president of Damascus University.

The parties agreed on considering the Accounting Practice Office at the Faculty of Economy - Damascus University the official body in implementing this Agreement through providing specialized training programs. In addition, the Office will be responsible for conducting training courses in the fields of legal accounting and auditing, workshops as well as seminars to promote ASCA's Arab Certified Public Accountant (ACPA) program.

Under terms of the Agreement, the Office shall also provide training means, materials and professional staff in the fields of Accounting and Finance.

Moreover, the Agreement entails that the ACPA program shall be accredited at all colleges, institutes and training centers in different Arab countries. In this respect, the University and the Society will cooperate in convening ACPA's professional examinations in which they will both mutually supervise the process.

The two parties furthermore agreed on promoting and disseminating the professional publications translated into Arabic by ASCA and issued by the International Federation of Accountants, the International Financial Reporting Standards (IFRS) and Wiley.

The Arab Certified Public Accountant (ACPA) program was developed in accordance with the accredited accountant qualification curriculum issued by the United Nations Conference on Trade and Development (UNCTAD). The curriculum consists of eight papers offered in Arabic except for the eighth paper, which is offered in English or French as an additional syllabus.

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UN Appoints Abu-Ghazaleh Chair of UN Global alliance for ICT and Development

NEW YORK --- June 14, 2009 --- Mr. Talal Abu- Ghazaleh, chairman of the Arab Society of Certified Accountant (ASCA), has been appointed as the Chairman of the Global Alliance for ICT and Development of the United Nations Department of Economic and Social Affairs (UNDESA-GAID) to succeed Craig Baret, Intel CEO.

Mr. Abu-Ghazaleh received a letter from the Under-Secretary General of the United Nations Department of Economic and Social Affairs (UNDESA) HE Sha Zukang inviting him to lead the Alliance, composed of representatives from public, private and civil society sectors as well as international organizations.

"You have played an outstanding leadership role in advancing the objectives of the World Summit on Information Society and in helping to promote and transforming vision for the universal and inclusive information society," noted HE Zukang.

In his letter, HE Zukang expressed his appreciation for Mr. Abu-

Ghazaleh's strong commitment and important contribution as UNDESA-GAID co-chair over the past three years.

GAID was established by the UN Secretary General in March 2006, to meet the need for an inclusive, multi-stakeholder global forum and platform for policy dialogue and partnership building, to promote the use of ICT for the achievement of the Millennium Development Goals (MDGs), and to enable and catalyze multi-stakeholder partnerships for action under the GAID umbrella.

Since its inaugural meeting in Kuala Lumpur on 1920- June 2006, the alliance has achieved good progress. However, a lot remains to be done particularly to address the slow pace progress towards the achievement of Millennium Development Goals in the least developed countries.

The ongoing world economic and financial crisis has added to the difficulties facing the least developed countries.

During this changing time, UNDESA-GAID will focus on key message of how ICTs and innovation can be harnessed to meet key global challengers such as poverty eradication, the financial crisis, climate change, governance and mainstreaming gender within the broader United Nations Development Agenda.

IFRS Terminology Translation Project (XBRL) for 2009

ASCA Society, being the only Arab entity translating all terminology related to IFRS 2009 book to be posted on IASB website within the so-called project XBRL, completed for the third consecutive year the translation of IFRS terminology. It is worth mentioning that this terminology was translated into international languages including Chinese, Spanish, English, Italian and Arabic.

This terminology can be accessed on IASB website at the following link:

http://www.iasb.org/Translations/Arabic%202006%20Taxonomy.htm

TAG-Consultants Participates in ACPA 2009 Workshop in Gaza

The workshop was attended by Palestinian accountants and auditors working at public and private institutions, including those who obtained full scholarships from Mr. Talal Abu-Ghazaleh, ASCA chairman, offered to the people of Gaza

GAZA --- June 2, 2009 --- The Deanship of Continuous Education at the Islamic University in Gaza held today a workshop on the new Arab Certified Professional Accountant (ACPA 2009) training program.

The program shall be held this year according to the new curriculum of the Arab Society of Certified Accountants, ASCA/Jordan.

The workshop was attended by Palestinian accountants and auditors working at public and private institutions, including those who obtained full scholarships from Mr. Talal Abu-Ghazaleh, ASCA chairman, offered to the people of Gaza.

The workshop was attended by Professor Akram Joudeh, Projects and Training Manager at the Deanship of the Community Service and Continuous Education and Mr. Arafat Al-Aff, ACPA program coordinator at the Deanship in addition to Mr. Zuhair El-Nazer, executive director of Talal Abu-Ghazaleh Consultants (TAG-Consultants) – Gaza Office.

Mr. Joudeh said that the Deanship of Community Service and Continuous Education seeks to enhance the skills of the national professionals holding accredited certificates in accounting and auditing fields. He also announced that a series of training courses to qualify students to sit for the ASCA examinations shall be held in November 2009.

On his part, Mr. El Nazir stated that the number of students who will benefit from the scholarship of Mr. Abu-Ghazaleh for the session of November 2009 has reached 400 students who shall sit for the exams at the Islamic University.

On this occasion, Mr. El Nazir urged the students who obtained the scholarship to prepare for exams adding that those who do not sit for the exams this year will lose their rights to benefit from the scholarship.

New Members

Samer Izzat Doghmosh

Jordan

Yahia Mustafa Aqel

UAE

Razan Yousef Al Maidaneh

Jordan

Khaled Mohammad Al Kordi

Lebanon

Hilal Naser Al Sdrani/Al

Saudi arabia

Articles

Environmental Matters and Financial Statements Auditing (4)

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33/ Substantive Procedures to Detect a Material Misstatement Due to Environmental Matters

The auditor should give consideration to the following in the audit of financial statements:

1.Using Environmental Experts

According to the International Auditing and Assurance Standards Board with respect to this Statement (1010), management is responsible for accounting estimates included in the financial statements. Management may require technical advice from specialists such as lawyers, engineers or other environmental experts to assist in developing accounting estimates and disclosures related to environmental matters. Such experts may be involved in many stages in the process of developing accounting estimates and disclosures, including assisting management in:

i. Identifying situations where the recognition of liabilities and related estimates is required (for example, an environmental engineer may make a preliminary investigation of a site to determine if contamination has occurred, or a lawyer may be used to determine the entity's legal responsibility to restore the site);

ii. iGathering the necessary data on which to base estimates and providing details of information that needs to be disclosed in the financial statements (for example, an environmental expert may test a site in order to assist in quantifying the nature and extent of contamination and considering acceptable alternative methods of site restoration); and

iii. Designing the appropriate remedial action plan and calculating related financial consequences.

iv. If the auditor intends to use the results of such work as part of the audit, the auditor considers the adequacy of the work performed by environmental experts for the purposes of the audit, as well as the expert's competence and objectivity, in accordance with ISA 620. The auditor may need to engage another expert in considering such work, to apply additional procedures, or to modify the auditor's report.

As the environmental area is an emerging specialty, the expert's professional competence may be more difficult to assess than is the case with some other experts, because there may be no certification or licensing by, or membership of, an appropriate professional body. In this situation, it may be necessary for the auditor to give particular consideration to the experience and reputation of the environmental expert.

Timely and ongoing communication with the expert may assist the auditor to understand the nature, scope, objective and limitations of the expert's report. The report might deal with only one aspect of the entity's operations. For example, the expert's report may be based on cost estimates related to only one element of a particular issue (for example, soil contamination), rather than on cost estimates of all relevant issues (for example, contamination of soil and groundwater, including vicarious liability imposed by law). It is also necessary for the auditor to discuss the assumptions, methods, procedures, and source data used by the expert.

2. Environmental Audit

"Environmental audits" are becoming increasingly common in certain industries. On 01.10.1996, Guidelines for "environmental auditing" have been issued by the International Organization for Standardization (ISO), "Guidelines for environmental auditing—General principles" (International Organization for Standardization, Geneva, Switzerland, First Edition). The term "environmental audit" has a wide variety of meanings. They can be performed by external or internal experts (sometimes including internal auditors), at the discretion of the entity's management.

In practice, persons from various disciplines can qualify to perform "environmental audits." Often the work is performed by a multi-disciplinary team. Normally, "environmental audits" are performed at the request of management and are for internal use. They may address various subject matters, including site contamination, or compliance with environmental laws and regulations. However, an "environmental audit" is not necessarily an equivalent to an audit of an environmental performance report.

The auditor of the entity's financial statements may consider using the findings of "environmental audits" as appropriate audit evidence. In that situation the auditor has to decide whether the "environmental audit" meets the evaluation criteria included in ISA 610, "Considering the Work of Internal Auditing" or ISA 620. Important criteria to be considered are:

- The impact of the results of the environmental audit on the financial statements;
- The competency and skill of the environmental audit team and the objectivity of the auditors, specially when chosen from the entity's staff;
- The scope of the environmental audit, including management's reactions to the recommendations that result from the environmental audit and how this is evidenced;
- The due professional care exercised by the team in the performance of the environmental audit; and
- The proper direction, supervision, and review of the audit.

Internal Audit

If the entity has an internal auditing function, the auditor considers whether the internal auditors address environmental aspects of the entity's operations as part of their internal auditing activities. If this is the case, the auditor considers the appropriateness of using such work for the purpose of the audit, applying the criteria set out in ISA 610 "Considering the Work of Internal Auditing".

3. Management Representations

ISA 580, "Management Representations" requires that the auditor obtain written representations from management on matters material to the financial statements when other sufficient appropriate audit evidence cannot reasonably be expected to exist. Much Environmental Matters and Financial Statements Auditing

If the evidence available to the auditor with respect to the impact of environmental matters on the financial statements will be persuasive in nature rather than conclusive. The auditor may therefore wish to obtain specific representation that management:

- Is not aware of any material liabilities or contingencies arising from environmental matters, including those resulting from illegal or possibly illegal acts;
- Is not aware of any other environmental matters that may have a material impact on the financial statements; or
- If aware of such matters, has disclosed them properly in the financial statements.

Reporting

According to the International Auditing and Assurance Standards Board with respect to this Statement (1010), when forming an opinion on the financial statements, the auditor considers whether the effects of environmental matters are adequately treated or disclosed in accordance with the appropriate financial reporting framework.

In addition, the auditor reads any other information to be included with the financial statements in order to identify any material inconsistencies, for example, regarding environmental matters.

Management's assessment of uncertainties and the extent of their disclosure in the financial statements are key issues in determining the impact on the auditor's report.

The auditor may conclude that there are significant uncertainties, or inappropriate disclosures, due to environmental matters. There may even be circumstances when, in the auditor's judgment, the going concern assumption is no longer appropriate. ISA 700, "The Auditor's Report on Financial Statements" and ISA 570, "Going Concern" provide detailed guidance to auditors in these circumstances.

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Main amendments to the International Accounting Standard (IAS) Requirements Effective as from 12009/1/

Amendments to IAS (1):

The term "Balance Sheet" and "Minority Interest" were changed to "Financial Position" and "Non-Controlling Equity" respectively, in addition to many other amendments, most importantly:

1. Components of Financial Statements

A complete set of financial statements should include:

a. A statement of financial position as at the end of the period, including the entity assets, liabilities, and equity as at a certain date.
b. A statement of comprehensive income for the period.
c. A statement of changes in equity for the period.
d. A statement of cash flows for the period. A statement that outlines the cash inflows and outflows during a certain period of time. It also shows the sources of such flows; including cash flows from operating, investing and financing activities. It supplements other statements as it provides information on a cash basis, noting that IAS (7) relates to the preparation of this statement.
e. Notes, comprising a summary of significant accounting policies and other explanatory information.
They give a summary of the accounting policies and explanatory notes related to the items of financial statements and disclosures required by other international financial reporting standards.

Overall Considerations of financial statements presentation.
In the new amendments to IAS 1, an eighth consideration was added to the seventh considerations:

Frequency of Reporting
Entities should present a complete set of financial statements (including comparative information). When the entity changes the end of financial reporting period and presents the financial statements for a period longer or shorter than one year, it should disclose the period covered by the financial statements, the reason of using a period more or less than one year, and that the amounts presented in the financial statements are not compared in full.

2. Comparative Information Requirements were changed as follow:

Comparative Information
IAS 1 requires that comparative information shall be disclosed in respect of the previous period for all amounts reported in the financial statements for the current period, and to include the comparative information in descriptive clarifications and notes when are appropriate to understand the contents of financial statements for the current period.

IAS 1 requires presentation of two statements of financial position and two of each financial statement.

When an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements, it must also present a minimum of three financial statements of financial position, two statements of the other lists, and the notes related thereto. Three financial statements of the financial position are presented as at the date of:

- The end of the current financial period,
- The end of the previous period (considered the same beginning of the current period),
- The beginning of the earliest comparative period.

Comparability enables comparing financial statements of a certain financial period with financial statements of previous periods, or comparing financial statements of a certain entity with the financial statements of other entities. Users of accounting information benefit from comparability in evaluating the entity performance from period to period and from one entity to another, guiding them in making different economic decisions and helping them in the forecasting process.

3. The amended standard requires presentation of income and comprehensive income statement as follows:

IAS 1 requires presentation of all income and expenses items recognized during the period as follows:

- In a single statement of comprehensive income, or
- In two separate statements:
  1. A separate income statement (showing the components of profit and loss).
  2. A statement starting with the profit and loss shown in the separate income statement, as well as presenting the components of other comprehensive income.

4. The items to be separately presented in the comprehensive income statement:

As a minimum, IAS 1 requires that the statement of comprehensive income includes line items that present the following amounts for the financial period:

a. Revenue
b. Finance costs
c. Entity share of profit or loss in associates and joint ventures accounted for using the equity method
d. Income tax expense
e. A single amount comprising:
   - Post-tax profit or loss from discontinued operations.
   - Post-tax profit or loss recognized on the measurement of fair value less costs to sell or on the disposal of assets or assets group (disposal group) of discontinued operation.
f. Profit or loss
g. All components of other comprehensive income classified by nature.
h. Entity share of other comprehensive income of associates and joint ventures subject to common control accounted for using the equity method.
i. Total comprehensive income.

IAS (1) also requires that the statement of comprehensive income discloses the following items as allocations of profit or loss for the period:

a. Profit or loss attributable to:
   - non-controlled equity (minority interest)
   - Owners of the parent.

b. Total comprehensive income for the financial period attributable to:
   - Non-controlled equity (minority interest)
   - Owners of the parent.

5. Both the amount of dividends recognized as distributions to owners and the related amount per share are required to be disclosed:

a. IAS (1) requires to disclose the amounts recognized as distributions to shareholders and the amount per share either:
   - In the statement of changes in equity; or
   - In the notes.
b. Regarding the profits proposed or declared after the end of the financial year and before issuing the unrecognized financial statements (unrecognized as dividends), the Standard requires disclosing them in the notes accompanying the financial statements.

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