



Treasury and New Accounting Standards - There may be challenges ahead!

**Niall MacLochlainn, Company Accountant,
Ridge Developments
1 March 2006, Cork**

**Treasury and New
Accounting Standards –
There may be trouble
ahead**

An Introduction

IFRS's? – They won't affect me!

- 2000 – Big gaps between UK/Irish GAAP, IASB and US GAAP.
- 2005 – UK/ Irish GAAP and IASB same for plc's and movement between new standards and US GAAP.
- 2008 UK/Irish GAAP = IASB for all entities
- 2010? IASB and US GAAP move to common ground.

Look at the titles of the ASB's latest standards!

- FRS 29 (IFRS 7) Financial Instruments: Disclosure
- FRS 28 Corresponding amounts
- FRS 27 Life Assurance
- FRS 26 (IAS 39) Financial Instruments: Measurement
- FRS 25 (IAS 32) Financial Instruments: Disclosure and Presentation

More recent FRS's (cont'd)

- FRS 24 (IAS 29) Financial Reporting in Hyperinflationary Economies
- FRS 23 (IAS 21) The effects of changes in Foreign Exchange Rates
- Amendment to FRS 23 (IAS 21) – net investment in a Foreign Operation (Dec 2005)
- FRS 22 (IAS 33) Earnings per Share

Revenue Recognition

- UITF 40 Revenue Recognition and Service Contracts

(for accounting periods ending on or after 22 June 2005)

This is likely to cause difficulties in UK and Ireland (for non IFRS entities)

Possible Forthcoming FRS's (FRED's issued- comments in!)

- FRED 39 – Amendments to FRS 12 Provisions, contingent liabilities and contingent assets and amendments to FRS 17 Retirement Benefits
- FRED 38 Impairment of assets (IAS 36)
- FRED 37 Intangible Assets (IAS 38)
- FRED 36 Business Combinations (IFRS 3) etc.

Possible new IFRS's

- IAS 12 Income Taxes – convergence project
- IAS 14 Segment Reporting
- IAS 20 Government Grants and disclosure of Government assistance
- Performance Reporting
- Accounting Standards for Small and Medium-sized Entities

IFRS's -Opportunity or Threat?

- IFRS's have Interpretations issued on difficult areas (PRO)
- New Standards means more study required (CON)
- Many areas will not impact on SME's – or at most only part of Standards will apply (may be able to use Simplified Standard)

IFRS Implementation Problems

- PWC Survey Nov 2005 (Transition experience in order of Difficulty!)
 1. IAS 18 Revenue Recognition
 2. IAS 1 Presentation of Financial Statements
 3. IAS 32/39 Financial Instruments
 4. IAS 38 Intangible Assets
 5. IAS 21 The Effects of Changes in Foreign Exchange Rates

What to Do!

- Don't be an Ostrich! IFRS's are coming to a Practice/Business near you whether you like it or not.

Be Aware of what the new standards are – and which of them affect you and your clients – List the key points for you/your staff