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Regulatory Framework

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Regulatory Framework

1. The regulatory system
2. The International Accounting Standards Board (IASB)
3. International Financial Reporting Standards (IFRSs)

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The regulatory system

- National/local legislation
- Accounting concepts and individual judgment
- Accounting standards: deal with some of the subjectivity, and to achieve comparability between different organizations
- Other international influences
- Generally accepted accounting principles (GAAP)
- Fair presentation

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International Accounting Standards Board

- The International Accounting Standards Board (IASB) is an independent, privately-funded body that develops and approves IFRSs.
- Prior to 2003, standards were issued as International Accounting Standards (IASs). In 2003 IFRS 1 was issued and all new standards are now designated as IFRSs.

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IASB Structure

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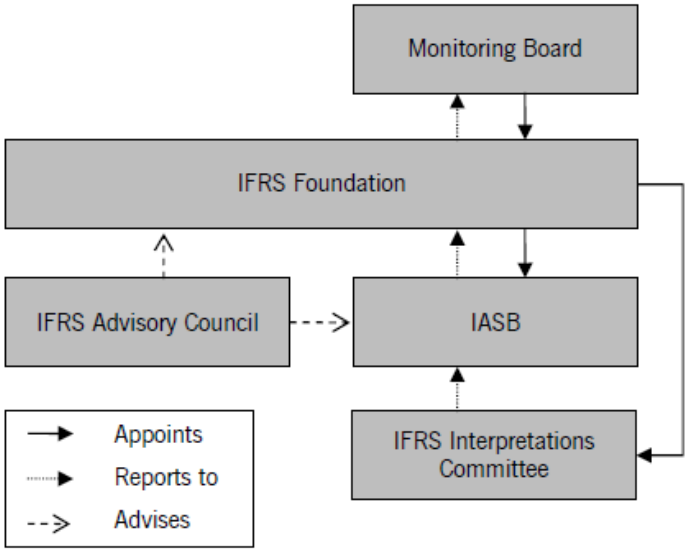
The **IASB** develops International Financial Reporting Standards (IFRSs). The members of the IASB come from nine countries and have a variety of backgrounds with a mix of auditors, preparers of financial statements, users of financial statements and academics.



IFRS Foundation is a not-for-profit, private sector body that oversees the IASB. The main objectives of the IFRS Foundation are to raise the standard of financial reporting and eventually bring about global harmonisation of accounting standards.

The IFRS Advisory Council is essentially a forum used by the IASB to consult with the outside world, e.g. national standard setters, academics, user groups etc.

The IFRS Interpretations Committee was set up in March 2002 and provides guidance on specific practical issues in the interpretation of IFRSs.

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International Financial Reporting Standards (IFRSs)

1. Use and application of IFRS

- As national requirements
- As the basis for all or some national requirements
- As an international benchmark for those countries which develop their own requirements
- By regulatory authorities for domestic and foreign companies
- By companies themselves

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International Financial Reporting Standards (IFRSs)

2. Standard setting process

The IASB prepares IFRSs in accordance with due process (not required for exam)

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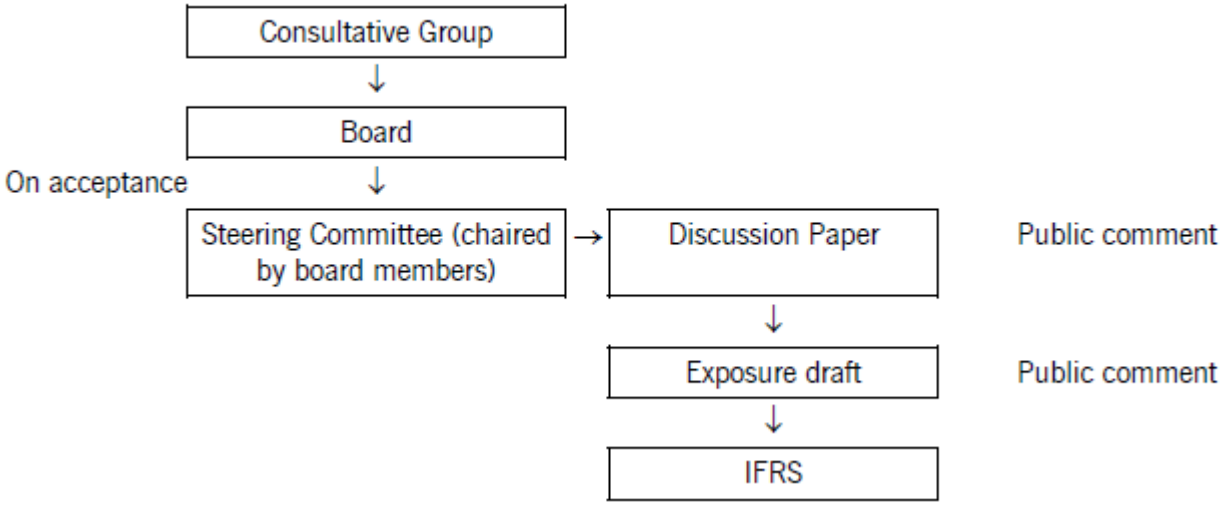
The procedure can be summarised as follows.



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Current IFRS

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Conceptual Framework for Financial Reporting *

IFRS 1 First time adoption of International Financial Reporting Standards

IFRS 2 Share based payment

IFRS 3* Business combinations

IFRS 4 Insurance contracts

IFRS 5 Non-current assets held for sale and discontinued operations

IFRS 6 Exploration for the evaluation of mineral resources

IFRS 7 Financial instruments: disclosures

IFRS 8 Operating segments

IFRS 9 Financial instruments

IFRS 10* Consolidated financial statements

IFRS 11 Joint arrangements

IFRS 12 Disclosure of interests in other entities

IFRS 13 Fair value measurement

IAS 1* Presentation of financial statements

IAS 2* Inventories

IAS 7* Statement of cash flows

IAS 8 Accounting policies, changes in accounting estimates and errors

IAS 10* Events after the reporting period

IAS 11 Construction contracts

IAS 12 Income taxes

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Current IAS

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IAS 16* Property, plant and equipment

IAS 17 Leases

IAS 18* Revenue

IAS 19 Employee benefits

IAS 20 Accounting for government grants and disclosure of government assistance

IAS 21 The effects of changes in foreign exchange rates

IAS 23 Borrowing costs

IAS 24 Related party disclosures

IAS 26 Accounting and reporting by retirement benefit plans

IAS 27* Separate financial statements

IAS 28* Investments in associates and joint ventures

IAS 29 Financial reporting in hyperinflationary economies

IAS 32 Financial instruments: presentation

IAS 33 Earnings per share

IAS 34 Interim financial reporting

IAS 36 Impairment of assets

IAS 37* Provisions, contingent liabilities and contingent assets

IAS 38* Intangible assets

IAS 39 Financial instruments: recognition and measurement

IAS 40 Investment property

IAS 41 Agriculture

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Conclusion

1. The regulatory system

2. The International Accounting Standards Board (IASB)

3. International Financial Reporting Standards (IFRSs)

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