

# TAG-Audit Newsletter

Issue 35 - January 2021

tagi.com | tagorg.com

*Talal Abu-Ghazaleh & Co. International (TAG-Audit) is a leading global accounting and auditing firm. It is considered as an independent member company of Talal Abu- Ghazaleh organization (TAG-Org). TAG-Audit provides a complete range of internal auditing, external auditing, taxation, and other financial services based on international professional standards.*

## IN THIS ISSUE



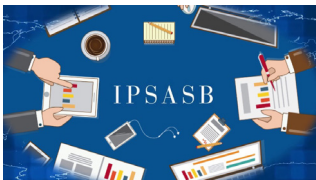
**Abu-Ghazaleh: The Technological Infrastructure is the solid Foundation of Strong Economy**

2



**IASB proposes new IFRS Standard to give investors a more complete picture of the financial performance of rate-regulated companies**

3



**IPSASB ISSUES TWO LEASES-RELATED PUBLICATIONS FOR PUBLIC COMMENT**

4



**Anti-Money Laundering, the Basics: Installment 4 – Asset Transfers**

5

## Abu-Ghazaleh: The Technological Infrastructure is the solid Foundation of Strong Economy

AMMAN – HE Dr. Talal Abu-Ghazaleh, founder and chairman of Talal Abu-Ghazaleh Global (TAG.Global), stated that the technological infrastructure is the most important factor that helps building a strong economy.

In his interview with the Egyptian weekly ‘Rose Alyousef’ Dr. Abu-Ghazaleh said: “The current Egyptian political leadership has decided to sell the present to buy the country’s future as it had to choose one of two available options: either to seek populist acceptance by spoiling the people and offering them luxurious and comfortable life which could end up destroying the State’s economic future; or pursue an austere life style, however unpopular, in favor of a secure economic future based on solid and sustainable infrastructure”. Dr. Abu-Ghazaleh affirmed that Egypt has chosen the second option; which has been evaded by a number of former Egyptian presidents, therefore, the idea of ‘culture transformation’ has become a major achievement.

Regarding the reason for shifting to digital education where students are becoming digital learners, Dr. Abu-Ghazaleh stated that: “It is a historical achievement since the future would not exist without digital knowledge. Wealth creation by individuals or countries could not be achieved without digital inventions.”

He further elaborated that: “Google and Amazon, for instance, some of the largest and most dominant corporations in the information technology industry of the world, have a market value that could reach up to \$1 trillion (a thousand billion US dollars), and they are just ‘computer programming companies – knowledge corporations’ that operate without basic materials, products or services that they provide to the market, and their main resource is a person who sits in front of a computer screen and invents an idea.”



During the interview, Dr. Abu-Ghazaleh explained that “Egypt today is implementing an ambitious plan to restore and to reconstruct the country’s agricultural potential as basis for national economic self-sufficiency”; adding that “the government chose to plant huge quantities of wheat, despite the fact that it could be purchased at a lower cost. However the measure is seen as a long term food security strategy and a safe leap into the future.”

Furthermore, Dr. Abu-Ghazaleh talked about culture change, noting that it starts from the top, which means the Head of State and political leadership the they are the authorized entities to make the appropriate decisions for development and success; the decisions that need to be accompanied by raising peoples’ awareness and understanding of the benefits of cultural change for their better future.

## IASB proposes new IFRS Standard to give investors a more complete picture of the financial performance of rate-regulated companies

The International Accounting Standards Board (Board) has published proposals for a new accounting standard that would require companies subject to rate regulation to give investors better information about their financial performance.

Rate regulation, which is common in some industries, including the utilities and public transport industries, determines the amount a company can charge its customers for goods or services supplied to them and the period when the company can charge that amount.

In some cases, the period when a company supplies goods or services differs from the period when the company can charge customers for those goods or services—and thus differs from the period when the company reports revenue in its income statement.

When those differences in timing occur, the revenue a company reports for a period in its income statement and the assets and liabilities it reports in its balance sheet do not give a complete picture of the amount that the rate regulation entitles the company to charge for goods or services supplied in that period.

Currently, IFRS Standards do not require companies to give investors information about those differences in timing.

The proposed Standard would introduce a requirement for companies to give investors such information by reporting regulatory assets



and regulatory liabilities in their balance sheet, and related regulatory income and regulatory expense in their income statement.

This information would complement the information companies already provide applying current IFRS Standards and give investors a more complete picture. The additional information would help investors understand which fluctuations in the relationship between a company's revenue and expenses are caused by differences in timing and enable investors to make better assessments of the company's prospects for future cash flows.

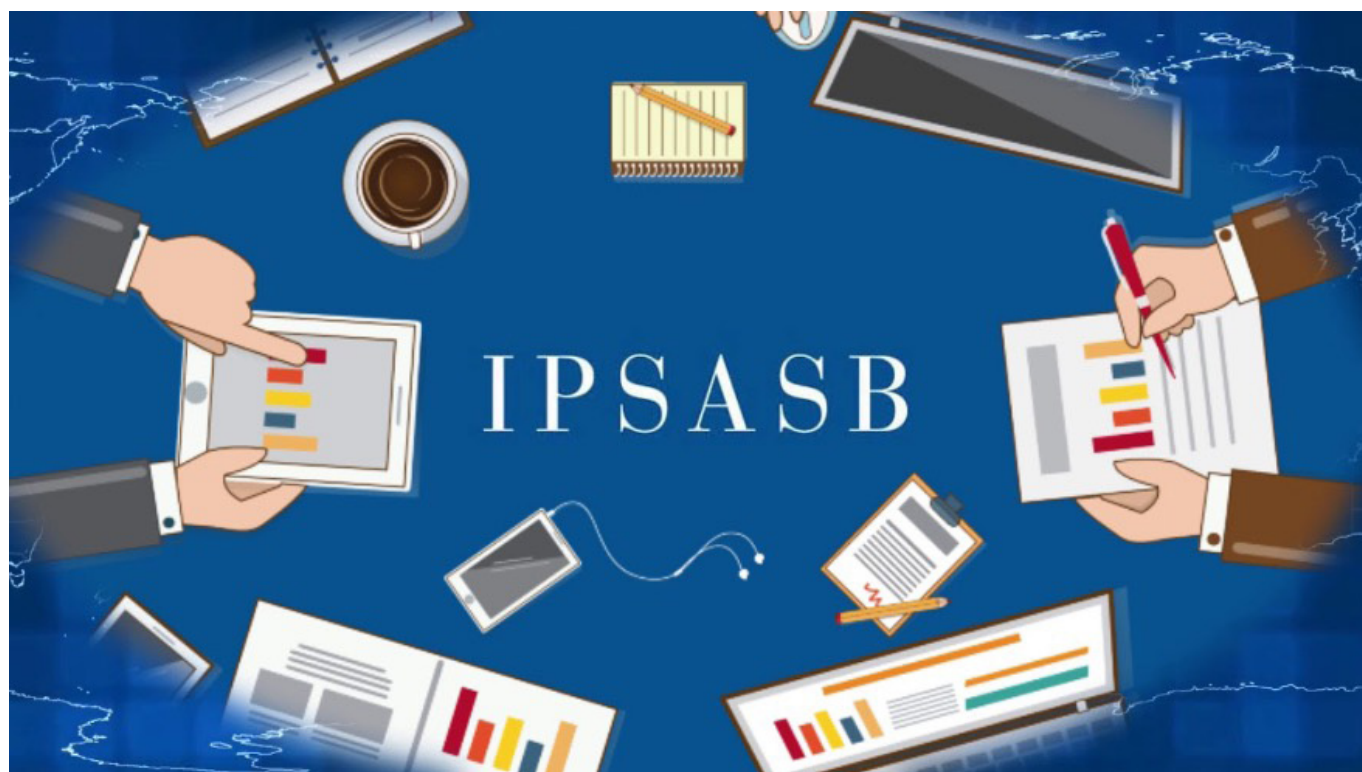
Hans Hoogervorst, Chair of the Board, said: Rate regulation can have a big impact on a company's revenue and profit, but currently investors don't get the full picture of this impact. Our proposed new IFRS Standard will require additional information to give investors a more complete picture.

The proposed Standard would replace IFRS 14 Regulatory Deferral Accounts.

<https://www.ifrs.org/news-and-events/2021/01/iasb-proposes-new-ifrs-standard-to-give-investors-picture-of-rate-regulated-companies/>



# IPSASB ISSUES TWO LEASES-RELATED PUBLICATIONS FOR PUBLIC COMMENT



The International Public Sector Accounting Standards Board® (IPSASB®) has released for comment Exposure Draft (ED) 75, Leases and Request for Information, Concessionary Leases and Other Arrangements Similar to Leases. Stakeholder comments on ED 75 and Request for Information sought by May 17, 2021.

ED 75 proposes an IFRS 16, Leases aligned model for lease accounting in the public sector. For lessees, as with the IPSASB’s previous proposals in ED 64, ED 75 proposes a right-of-use model that will replace the risks and rewards incidental to ownership model in International Public Sector Accounting Standard® (IPSAS®) 13, Leases. For lessors, ED 75 proposes to substantially carry forward the risks and rewards incidental to ownership model in IPSAS 13 in response to ED 64 comments and practical IFRS 16 implementation experience.

Issued alongside ED 75, the Request for Information will provide the IPSASB with further information on the issues that need to be considered in accounting for concessionary leases and other arrangements similar to leases

that are quite common in the public sector. This will then allow the IPSASB to determine the nature and extent of the additional guidance required in phase two of the Leases project.

“In light of the responses to ED 64, Leases, and emerging practical experience with implementing IFRS 16, the IPSASB decided to revise its overall approach to the Leases project,” said IPSASB Chair Ian Carruthers. “The proposals in ED 75 will improve the transparency of lease accounting in the public sector, while allowing it to benefit from the private sector experience in implementing IFRS 16. The Request for Information will provide the IPSASB with further background on the more complex lease-related transactions common in the public sector, enabling the Board to decide what further guidance is required.”

## How to Comment

To access the Exposure Draft, its summary At-a-Glance document, and the Request for Information or to submit a comment, visit the IPSASB website, [www.ipsasb.org](http://www.ipsasb.org). Comments are requested by May 17, 2021. The IPSASB

encourages IFAC members, associates, and Network Partners to promote the availability of this Consultation Paper to their members and employees.

### **About the IPSASB**

The International Public Sector Accounting Standards Board (IPSASB) works to strengthen public financial management globally through developing and maintaining accrual-based International Public Sector Accounting Standards® (IPSAS®) and other high-quality financial reporting guidance for use by governments and other public sector entities. It also raises awareness of IPSAS and the benefits of accrual adoption. The Board receives support from the Asian Development Bank, the Chartered Professional Accountants of Canada, the New Zealand External Reporting Board, and the governments of Canada and New Zealand.

The structures and processes that support the operations of the IPSASB are facilitated by the International Federation of Accountants (IFAC). For copyright, trademark, and permissions information, please go to permissions or contact [permissions@ifac.org](mailto:permissions@ifac.org).

### **About the Public Interest Committee**

The governance and standard-setting activities of the IPSASB are overseen by the Public Interest Committee (PIC), to ensure that they follow due process and reflect the public interest. The PIC is comprised of individuals with expertise in public sector or financial reporting, and professional engagement in organizations that have an interest in promoting high-quality and internationally comparable financial information.

<https://www.ipsasb.org/news-events/2021-01/ipsasb-issues-two-leases-related-public-comment>

---

## **Anti-Money Laundering, the Basics: Installment 4 – Asset Transfers**

This is the fourth installment of a 6-month publication series titled Anti-Money Laundering, The Basics.

The series provides professional accountants with a better understanding of how money laundering works, the risks they face, and what they can do to mitigate these risks and make a positive contribution to the public interest.

To be globally relevant, the series uses the risk-based approach of the Financial Action Task



**International  
Federation  
of Accountants®**

Force (FATF) – the global money laundering and terrorist financing watchdog -- as a starting point.

<https://www.ifac.org/knowledge-gateway/developing-accountancy-profession/publications/anti-money-laundering-basics-installment-4-asset-transfers>