

TAG-Audit Newsletter

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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 Global (TAG.Global). TAG-Audit provides a complete range of internal auditing, external auditing, taxation, and other financial services based on international professional standards.

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Abu-Ghazaleh Launches Professional Examination System and E-evaluation Service



AMMAN – HE Dr. Talal Abu-Ghazaleh, founder and chairman of the International Arab Society of Certified Accountants (IASCA), announced the launch of the professional examination system and the electronic evaluation service; both developed by Talal Abu-Ghazaleh E-Solutions Department at Talal Abu-Ghazaleh Global (TAG.Global).

The new system enables companies and institutions to evaluate the performance of their employees for the purposes of promotion, job transfers, and training. The electronic evaluation system examines employees' professional knowledge, analyzes the results and provides the necessary recommendations. The system also allows the concerned organizations to conduct professional exams for their staffs, in addition to university students in Arabic and English.

The new system provides the following set of features:

- Enabling institutions to measure the performance of their staff transparently

at lower cost and with less effort.

- Providing and hosting a base of questions and evaluation forms and templates for clients.
- Analyzing the evaluation results and determining the training needs of both departments and employees.
- Conducting recruitment exams for new employees.
- Conducting professional exams for the institution's existing employees.

The International Arab Society of Certified Accountants (IASCA) was established as a non-profit professional accounting organization on January 12, 1984 in London - UK and was officially registered in Amman on February 24, 1994. IASCA aims to improve the science of accounting, auditing and other related subjects at the international level, as well as to maintain the professional independence of accountants, ensure their protection and apply professional supervision standards as means of upgrading the accountancy and auditing professions.

Abu-Ghazaleh: IASCA Programs and Qualifications through Qatar Association of Certified Public Accountants

Doha, Qatar– HE Dr. Talal Abu-Ghazaleh announced the launch of implementation of cooperation and partnership agreement with Qatar Association of Certified Public Accountants (QCPA) in the fields of professional qualifications and capacity building.

IASCA has launched a comprehensive training plan in cooperation with the Qatari Association, which aims at offering programs, qualifications and training organized by the Society in Qatar.

In this regard, QCPA in cooperation with the IASCA organized an introductory seminar at the headquarters of the Qatari Ministry of Commerce and Industry on the approved professional qualifications in the presence of a host of government and private sectors employees as well as university students.

During the seminar, Executive Director of IASCA, Mr. Salem Al-Ouri, reviewed the professional certificates issued by the Society in the fields of accounting, auditing and related sciences and registration requirements of these certificates, with the possibility of obtaining preparatory training courses for such certificates in cooperation with the Qatari Association through the provision of professional curricula and training materials presented by a group of highly qualified and experienced lecturers.



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IFRS 9 and covid-19

Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the covid-19 pandemic.

This document is intended to support the consistent application of requirements in IFRS® Standards.

IFRS 9 sets out a framework for determining the amount of expected credit losses (ECL) that should be recognised. It requires that lifetime ECLs be recognised when there is a significant increase in credit risk (SICR) on a financial instrument. However, it does not set bright lines or a mechanistic approach to determining when lifetime losses are required to be recognised. Nor does it dictate the exact basis on which entities should determine forward-looking scenarios to consider when estimating ECLs.

IFRS 9 requires the application of judgement and both requires and allows entities to adjust their approach to determining ECLs in different circumstances. A number of assumptions and linkages underlying the way ECLs have been implemented to date may no longer hold in the current environment. Entities should not continue to apply their existing ECL methodology mechanically. For example, the extension of payment holidays to all borrowers in particular classes of financial instruments should not automatically result in all those instruments being considered to have suffered an SICR.

To assess SICR IFRS 9 requires that entities assess changes in the risk of a default occurring over the expected life of a financial instrument. Both the assessment of SICRs and the measurement of ECLs are required to be based on reasonable and supportable information that is available to an entity without undue cost or effort.

Entities are required to develop estimates based on the best available information about past events, current conditions and forecasts of economic conditions. In assessing forecast conditions, consideration should be given both to the effects of covid-19 and the significant government support measures being undertaken.

It is likely to be difficult at this time to incorporate the specific effects of covid-19 and government support measures on a reasonable and supportable basis. However, changes in economic conditions should be reflected in macroeconomic scenarios applied by entities and in their weightings. If the effects of covid-19 cannot be reflected in models, post-model overlays or adjustments will need to be considered. The environment is subject to rapid change and updated facts and circumstances should continue to be monitored as new information becomes available.

Although current circumstances are difficult and create high levels of uncertainty, if ECL estimates are based on reasonable and supportable information and IFRS 9 is not applied mechanistically, useful information can be provided about ECLs. Indeed, in the current stressed environment, IFRS 9 and the associated disclosures can provide much needed transparency to users of financial statements.

We have been closely engaged with many prudential and securities regulators and others regarding the application of IFRS 9 in the context of the covid-19 pandemic. Several prudential and securities regulators have published guidance commenting on the application of IFRS 9 in the current environment (including the European Banking Authority, the European Central Bank, the European Securities and Market Authority, the Prudential Regulation Authority and the Malaysian Accounting Standards Board). We encourage entities whose regulators have issued guidance to consider that guidance.

