

IFRS News

Shedding light on the IASB's activities*

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Issue of the month

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IFRS 3R and IAS 27R

The IASB has issued two new standards: IFRS 3R on business combinations and IAS 27R on consolidated and separate financial statements. The standards require greater use of fair value through the income statement and cement the 'economic entity' view of the reporting entity. Michael Gaull looks at the key issues facing preparers and deal-makers and lists the key differences between the new standards and the previous ones.

Explaining the income statement

One of the key challenges will be explaining a different and more volatile income statement to users of financial statements. Provisions of the standard that affect the income statement at the time of acquisition and afterwards are outlined below:

- *Transaction costs are expensed:* acquisition costs are no longer capitalised and included in goodwill. They are expensed as costs are incurred and the related service is received.
- *Pre-existing interests are fair valued through income:* where the acquirer already owned an interest in the acquiree (a financial asset or associate), it is measured to fair value when control of the acquiree is obtained; any gain or loss is recognised (or recycled) in income.
- *Share options given to vendors may be expensed:* the standard gives guidance on whether share options given as part of the business combination are payments for the business (and included in the purchase price) or are payments for employee services (and included as a post-combination expense).
- *Changes in estimates of earn-out payments are income or expense:* contingent consideration is fair valued at acquisition date. Most liability-based contingent consideration is fair valued through the income statement after the acquisition date. It is no longer adjusted against goodwill.
- *Full goodwill may mean increased impairment charges:* in a less than 100% acquisition, 100% of goodwill is recognised if an acquirer chooses to measure non-controlling (minority) interest at fair value. If goodwill is impaired, a higher charge will be recorded in the income statement than if non-controlling interest is measured at share of net assets.
- *Indemnities will match related liabilities:* one requirement that reduces volatility relates to indemnities received from a seller. IFRS 3R is explicit that indemnification assets are recognised separately from goodwill, and their subsequent measurement should match that of the indemnified liability.

- *Disposals to non-controlling interests do not affect income:* under the previous standards, most entities that sold part of a subsidiary recognised a gain or loss in the income statement. The new standards treat non-controlling interests as equity participants of the group. Selling shares of a subsidiary to a non-controlling interest is accounted for like the issue of treasury shares, and any 'gain' or 'loss' is recognised in equity.

Potential acquirers should look closely at transaction structures to understand the potential earnings effects.

Dealing with greater use of fair value

The use of fair value was extensive in IFRS 3: most acquired assets and liabilities were measured at fair value, and intangible assets were recognised at fair value. IFRS 3R extends this:

- *All elements of consideration are fair valued:* under the previous standard contingent consideration was recognised only if payment was probable. Under IFRS 3R it is always recognised and measured at fair value.
- *Non-controlling interest may be measured at fair value:* IFRS 3R gives acquirers the option, on a transaction-by-transaction basis, to measure non-controlling interest at fair value.
- *Previously held interests are measured at fair value:* as noted above, if an acquirer holds a financial asset or associate interest in an acquiree before it gains control, that interest is measured at fair value at acquisition date.
- *On disposal, retained interests are measured at fair value:* if an entity sells a subsidiary but retains an associate or a financial asset interest, that interest is fair valued on disposal of the subsidiary.

Acquirers will often not have sufficient valuations expertise in-house and will need to consider using experts. Since more post-acquisition adjustments are made against income (and not goodwill),

Key differences between IFRS 3R and IAS 27R and the previous standards

- Business combinations achieved by contract alone and business combinations involving only mutual entities are accounted for under the revised IFRS 3.
- Transaction costs incurred in connection with the business combination are expensed when incurred and are no longer included in the cost of the acquiree.
- An acquirer recognises contingent consideration at fair value at the acquisition date. Subsequent changes in the fair value of such contingent consideration will often affect the income statement.
- The acquirer recognises either the entire goodwill inherent in the acquiree, independent of whether a 100% interest is acquired (full goodwill method), or only the portion of the total goodwill which corresponds to the proportionate interest acquired (as currently the case under IFRS 3).
- Any previously held non-controlling interest (as a financial asset or associate, for example) is remeasured to its fair value at the date of obtaining control, and a gain or loss is recognised in the income statement.
- There are new provisions to determine whether a portion of the consideration transferred for the acquiree or the assets acquired and liabilities assumed are part of the business combination or part of another transaction to be accounted for separately under applicable IFRS.
- There is new guidance on classification and designation of assets, liabilities and equity instruments acquired or assumed in a business combination on the basis of the conditions that exist at the acquisition date, except for leases and insurance contracts.
- Intangible assets are recognised separately from goodwill if they are identifiable ? ie, if they are separable or arise from contractual or other legal rights. The reliably-measurable criterion no longer has to be met.
- Recognition of deferred tax assets of the acquiree after the initial accounting for the business combination leads to an adjustment of goodwill only if the adjustment is made within the measurement period (not exceeding one year from the acquisition date) and the adjustment results from new information about facts and circumstances that already existed at the acquisition date. Otherwise, it must be reflected in the income statement with no change to goodwill.
- Additional disclosure requirements.

it is more important to get the accounting and valuation right at the time of the business combination. Acquirers may wish to get complete valuations information at an earlier stage.

Monitoring of contingent consideration will need to take place because most needs to be measured at fair value until it is settled.

Explaining post-acquisition 'accounting' volatility

The new standards may result in day 2 accounting volatility because of tensions between historical cost and fair value. Many assets and liabilities of businesses are not remeasured to fair value on an ongoing basis but some elements from IFRS 3R will be. If an acquired business performs well, changes in the carrying

amount of contingent consideration may not be offset by profits and losses of the acquired subsidiary. A substantial payment to the previous owners may be required if an in-process research and development (IPR&D) project meets key approval milestones. The successful IPR&D project may generate substantial profits over 20 years. The increased amounts due under the contingent consideration arrangement are likely to be recognised as expense in the income statement before the project generates any revenue at all.

Using the economic entity concept

Most IFRS preparers have seen the investors of the reporting entity as being the shareholders of the parent company. The changes to IFRS 3 and IAS 27 move us further into the economic entity concept. Non-controlling interests are

equity participants in the reporting entity. As a consequence:

- Non-controlling interest may be measured at fair value when first recognised, resulting in the minority's goodwill being recognised on the consolidated balance sheet;
- All purchases of equity interests from and sales of equity interests to non-controlling interests are treated as treasury share transactions. Any difference between the amount of consideration received or given and the amount of non-controlling interest is recorded in equity. Entities will no longer be able to report gains on the partial disposal of a subsidiary; and
- There may be significant debits to equity if an entity has measured non-controlling interest excluding its share of goodwill and that interest is subsequently purchased. The

difference between the amount paid and the non-controlling interest's carrying value is recorded in equity.

Communications with stakeholders

A business combination under the new standards may result in the financial statements looking very different from the current state of play under existing IFRS 3 and IAS 27. This is true in the period of the acquisition and may continue for some years after the combination. Entities should ensure that they understand how the structure of the business combination is likely to affect the financial statements and should be able to communicate this to stakeholders. The economics of acquisitions has not changed, but the accounting results may surprise some.



ED 9 Joint Arrangements – A step too far, or not far enough?

The IASB has published ED 9 Joint Arrangements, which proposes to replace IAS 31 Interests in Joint Ventures. Michael Stewart, director in PwC's Global ACS Central team, considers the implications of the proposed changes.

ED 9 is another step towards the goals of the Memorandum of Understanding between the IASB and the FASB on the convergence of IFRS and US GAAP. The changes proposed are to IFRS only, there are no changes proposed to US GAAP.

ED 9's core principle is that parties to a joint arrangement recognise their contractual rights and obligations arising from the arrangement. The ED therefore focuses on the recognition of assets and liabilities by the party to the joint arrangement.

The scope of the ED is broadly the same as that of IAS 31. That is, unanimous agreement is required between the key parties that have the power to make the financial and operating policy decisions for the joint arrangement.

The key changes

There are two key changes proposed by ED 9. The first is the elimination of proportionate consolidation for a jointly controlled entity. This is expected to bring improved comparability between entities by removing the policy choice. The elimination of proportionate consolidation will have a fundamental impact on the income statement and balance sheet for some entities – but it should be straightforward to apply. Entities that currently use proportionate consolidation to account for jointly controlled entities may need to account for many of these using the equity method. These entities will replace the line-by-line proportionate consolidation of the income statement and balance sheet by a single net result and a single net investment balance.

The second change is the introduction of a 'dual approach' to the accounting for joint arrangements. ED 9 carries forward with modification from IAS 31, the three types of joint arrangement; each type having specific accounting requirements. The first two types are Joint Operations and Joint Assets. The description of these types and the accounting for them is consistent with Jointly Controlled Operations and Jointly Controlled Assets in IAS 31. The third type of joint arrangement is a Joint Venture which is accounted for using equity accounting. A Joint Venture is identified by the party having rights only to a share of the outcome of the joint arrangement, for example a share of the profit or loss of the joint arrangement. The key change is that a single joint arrangement may contain more than one type; for example Joint Assets and a

Joint Venture. The party to such a joint arrangement accounts first for the assets and liabilities of the Joint Assets arrangement and then uses a residual approach to equity accounting for the Joint Venture part of the joint arrangement.

Accounting for rights and obligations

The ED calls for parties to a joint arrangement to recognise their contractual rights and obligations arising from the joint arrangement. This is consistent with the approach being discussed in other projects such as those on leasing and the conceptual framework. Accounting for a right leads to the recognition of an asset, and accounting for an obligation leads to the recognition of a liability.

The ED proposes that a joint asset is recognised when the party has exclusive rights to a share of the asset and the economic benefits generated from that asset. There is a similarity between the right to use an asset in a joint arrangement and the right to use an asset in accordance with a lease contract. The ED 9 proposals to recognise a joint asset for such rights is consistent with the expected proposals of the leasing project but a step beyond the existing guidance in IAS 17 Leases that distinguishes between operating and finance leases. The ED 9 proposals to recognise rights and obligations make sense but is there a risk that they are pre-empting the results of some other projects? An indication that the ED 9 proposals may be jumping too far ahead too quickly is the lack of explanation of the nature of the asset recognised. Some aspects of the ED suggest that the asset recognised is the *right to use* the underlying asset, whereas other aspects of the ED suggest the asset is a

share of the underlying asset. This may seem like a subtlety, but it is important that the nature of the asset is clear and consistent with the approach taken in other projects. Clear descriptions in the standard will help ensure consistent application.

The strength and weakness of the 'dual approach'

The identification of more than one type of joint arrangement within a single agreement may be both a strength and weakness of ED 9's proposals. This approach anticipates that some joint arrangements are sophisticated and complex. The proposed dual approach requires an in-depth analysis of the rights and obligations that an entity might have within a joint arrangement agreement.

The 'dual approach' is similar to the general requirement in IFRS to separate transactions into components where this is necessary to properly understand their economic substance. Each component is accounted for separately. A typical example is the sale of goods and an associated service contract for those goods. The sale of the goods and the service contract are accounted for separately, even if they were legally part of the same contract.

A strength of the dual approach is the requirement for an entity to recognise those assets it controls and the liabilities for which it has obligations, regardless of the legal form of the joint arrangement. This is consistent with the core principle of the ED. This approach might lead to some entities continuing to recognise a share of the assets and liabilities of an incorporated joint arrangement. This might be the result, for example, in the extractive industries where each party takes its share of the

minerals produced and each bears its share of the capital and operating costs incurred.

A weakness of the 'dual approach' is the resorting to equity accounting for the residual interest. The IASB has justified the withdrawal of proportionate consolidation by identifying that it leads to recognising assets that an entity does not control and liabilities that it does not have obligations for. However, there are also weaknesses with equity accounting, both conceptually and practically. The current proposals extend the use of the equity method and fail to propose an alternative for dealing with an entity's interest in the net results of a joint arrangement.

A step in the right direction?

The core principle of ED 9 makes sense. The objective of accounting for the rights and obligations arising from a joint arrangement, rather than focusing solely on legal form, is clearly the direction in which the IASB should go. Recognising assets where there are rights, and liabilities where there are obligations makes sense, even if this might sometimes be inconsistent with current lease accounting. However, settling for equity accounting for the residual interest is not sufficiently robust. If changes are to be made to accounting for joint arrangements, the 'answer' should be coherent and comprehensive. One of the IASB's current projects is the consolidation project. The problematic equity accounting, for both joint arrangements and associates, should be addressed as part of a comprehensive project addressing associates, joint arrangements, subsidiaries and special purpose entities. This project needs to ensure that a consistent, seamless model is developed for the continuum of investor influence and control.

Roundtable discussion on business combinations

Four members of PwC's Business Combinations topic team discussed some of the key IFRS issues facing companies in this accounting area. Highlights of this roundtable discussion – covering M&A activity, the role of ACS in advising the market and challenging areas for companies to be aware of – are reproduced below.

MD: What does the M&A landscape look like in your country and region? Which industries are most active?

YK: There is a lot of M&A activity in HK/China. In HK, blue-chip companies are buying overseas companies and companies in mainland China. In mainland China, state-owned enterprises are buying from the parent companies. Some of them may not be acquiring businesses outside of their own group. Rather, they are rationalising their assets.

Traditionally in China, the performing assets have been listed, leaving the non-performing assets at the group level. But now the groups are grooming the non-performing assets to become performing, and they want to put those into listed companies. Foreign investment is also coming in, but the scale is smaller when compared with state-owned enterprises.

It is listed companies in the mining sector, ports and retailers that are mainly doing the acquisitions. Often they issue shares to effect the business combination and not cash. The shares issued include convertible bonds, puts and calls, and options to buy and sell remaining interest. Companies sometimes find it hard to understand these structures. We have a lot of discussions on what the fair value is of an equity instrument. In terms of educating the market, for now we are taking companies through the process one at a time.

PS: There's been a high level of M&A activity in Australia in recent years, and we continue to hit highs with the number of deals and dollar-value. A lot of this has been spurred on by private equity companies taking public companies private. The large amount of money being contributed in to superannuation (pensions) is also fuelling the market.

This is happening to listed companies where there is a perception that they may be undervalued by the market or that private equity could restructure them in a way that current management cannot.

The shareholders and boards of public companies are fighting back; action is being taken to prevent takeovers happening. Some are defending themselves by increasing their gearing, others by returning capital, such as via share buybacks. They are also doing things to realise shareholder value, such as reorganising the group and, or carving the existing group up on the principle that the sum of the pieces will be greater than the whole.

MLK: In Singapore, our issues are a mixture of those in China and Australia. There is a lot of M&A activity, especially from private equity companies, institutional funds and investors from the Middle East. We also see large government-linked companies investing outside Singapore, buying banks in China and properties elsewhere. Many companies are also re-organising to carve-out operations or large assets into investment or business trusts to raise funds. Real estate, infrastructure assets, ships, rigs and other marine assets are typically involved because these asset owning trusts are allowed to distribute cash profits rather than accounting profits. In addition, the Singapore government offers attractive tax incentives to shipping industries.

MD: What challenges does that give the local firm's Accounting Consulting Services group?

PS: Accounting for the complex restructurings that are taking place at the moment. One such challenge is around grooming transactions and re-organisation before disposing of part of the group: accounting for how a

company takes the existing group, re-structures it as two distinct pieces, and then lists the second piece, whether through selling shares in an initial public offering or by distributing the shares to existing shareholders.

Accounting for common control transactions is a challenge. There are differing views as to whether common control applies to separate financial statements or not. It is interesting around the issue of the parent entity, whether recording the investment in group restructures should be done at fair value or some amount other than fair value.

MLK: Presenting carve-out financial statements for big companies that are rationalising their assets to enhance shareholder value is a key one. Activity is high, and the absence of concrete technical literature is a challenge for the capital markets team.

MD: What role does the firm's ACS group play in transactions in your territory?

YK: We've got beyond the challenges of identifying intangible assets. In terms of M&A activity, we are working with the firm's Corporate Finance & Recovery teams, guiding them in doing valuations. In general, the connection between the Valuations teams and Assurance teams in China and in Hong Kong is quite strong. China is more of a 'greenfield site', whereas practices in HK are more established, and there is certainly room to improve links here.

In ACS we also work with Assurance people and Transactions Services (TS) people on buy-side and sale-side due diligence. We are very experienced in this kind of work; to put it into perspective, in HK/China we get between one and three circulars on capital market transactions to review every week.

MLK: We have ongoing dialogue with TS, Valuations & Strategy, and the Capital Markets groups. We all meet for two hours once a month to discuss hot topics and how we can help each other, so they know the areas to look out for and we can flag up where help will be needed. We all sit near each other physically too, and this helps a great deal.

PS: ACS in Australia plays an important role in the transactions space. We like to get involved in deals early on and want to be able to raise issues with TS and Assurance groups so that we can add value rather than being focused on compliance at the back-end.

Our preference is to engage early and address consideration vs compensation in structuring acquisition agreements to ensure we get the best outcome. It also means that if you have all the potential issues identified upfront, there is still time for management to take a different path if necessary.

MD: What are the more challenging areas of disclosure in terms of business combinations?

YK: In HK/China, we need to focus on goodwill disclosure. There is a tendency in the market to copy from pro forma accounts on consolidation issues. More could also be done in impairment disclosures too: what is a CGU, how much 'headroom' is there? Areas that could be improved are the reluctance to disclose the discount rate; insufficient sensitivity analysis; and the use of cash flow and methods – fair value less costs to sell vs value in use.

MLK: In Singapore there is also a lot of 'boiler-plate' type information. There are a lot of disclosures, not necessary high-quality ones.

MD: Why is that?

YK: Companies claim it is because the information is sensitive, but in fact they don't want to be the first in the market to make certain disclosures.

PS: Our clients feel – for example, in recognising an intangible asset separate from goodwill – that if no other companies have recognised the intangible, especially their competitors, why should they?

In Australia we see the use of template disclosures for many disclosures too. There are a lot of companies that do not tailor disclosures to their business.

MD: What we have in financial statements is lots of data aggregated at too high a level. Essentially we need to produce lots of *relevant* information to keep users happy.

Some industries are better at disclosure than others. In the pharmaceutical industry, you have to give the market good information about the drug pipeline, so they are more used to transparency about the important things in the business. Banks are probably better at meaningful financial instruments and risk management disclosures.

It's a global problem. Many countries' regulators produced reports on first-time adoption, and insufficient disclosure was a common theme.

MD: What is the message that teams and clients least want to hear?

YK: We do a lot of share deals here. The way the stock market is, we have lots of goodwill on day one, and day two we face impairments. In the separate financial statements, you recognise the investment in a subsidiary at fair value; and again, on day one there is a big value, and day two it's impaired.

PS: People are sensitive to share price. I see often that a share deal is announced and – because of due process, especially with hostile takeovers – it takes three or four months to get the information together, and then the share price has moved favourably so the company is spending more than it expected to on the acquisition. People get nervous about that. They have issues about using the price on the day of taking control.

The difficulty comes down to disclosure. Management is embarrassed at times with the price of acquisition that the accounting standards come up with, and they don't know how to explain it to investors. If management had been told up front that they would pay X price, they may never have done the deal.

MD: Management would like to account for what it planned to do and not what it actually did. Nothing new there.

PS: There's also the issue of consideration vs compensation. Management's intent may have been to pay \$Xm to acquire the company, but it structured the deal so that it paid \$Ym up front and \$Ym to the vendor for continuing to work for the entity for the next three years. It's a question of: what was management's intent vs what did it actually do?

MD: How does the market feel about BC2 and the economic entity model?

PS: In Australia, we need to increase awareness of what is coming. People have understood that they have to expense transaction costs going forward, but a lot of the detail – such as holding-period gains, accounting for existing ownership interests and re-fair valuing if you lose control – isn't fully understood. The market is not so aware of the strategic advantage of doing something between now and 2009 or the adverse consequences.

YK: We must try to fight the market's tendency to operate on a just-in-time-basis. The question comes back to how to raise awareness and make people understand they need to prepare now. We don't want surprises at the last moment.

MLK: In Singapore, knowledge of BC2 is good – people are aware of the changes, but they don't like them. There is a consistent dislike of expensing transaction costs. But it is hard to get people to feed back to the standard setter at the appropriate stage of the standard-setting process.

MD: What is the intangible asset least likely to be recognised?

PS: Can we turn that around to: which intangible is most likely to be recognised? I'd say goodwill!

YK: We always query, in financial statement reviews, where we find acquisitions with no magnification of additional intangible assets. What did you pay for? Customer relationships? Customer relationships is a challenging area – the valuation of it, not the identification of it. I ask preparers to go through a list of five types of intangibles and explain why each type is not relevant. In other words, I challenge them to say which ones they don't have as opposed to which ones they do.

MLK: Customer relationships is an issue in Singapore too. We are also challenged around valuations in that there aren't enough good valuers and we find the valuation methodology used by external valuers isn't always suitable for accounting purposes.

MD: Where do we need engagement teams to sharpen up their focus at year end?

YK: What we need to improve in our practice is explaining what goodwill is. It is not acceptable to say that goodwill is due to the higher profitability of the company. We need to educate people on what is behind the goodwill number.

MLK: Our biggest challenge is that there is so much information to read, digest and communicate to engagement teams. We produce a lot of guidance, but we need to motivate engagement teams to read it early and engage clients and consultants early, and then we can talk about solutions later. The question is how to make that information more user-friendly to the teams.

YK: There are so many messages. We don't just receive information on financial reporting, but also risk management, methodology, independence, industry groups, etc.

PS: The key is to empower our staff on engagements, especially senior staff, so that they know the issues to discuss with companies. It's a challenge finding efficient ways of sharing the messages with them. What we want is to get the right information to the team at the right time. We need to find ways of

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communicating effectively – for example, the big BC2 impacts and issues – making teams aware of the areas that will impact them and their clients.



SEC roundtable discussion on adoption of IFRS in the US

Last month the SEC held a roundtable discussion on whether US companies should be allowed to prepare financial statements in accordance with IFRS. Analysts, investors, educators, standard setters, preparers, auditors and other interested parties came together to discuss with the SEC commissioners some of the benefits, concerns and challenges US constituents would face. Dave Kaplan, PwC's Leader of US International Accounting and SEC Services reports on the key messages that emerged from the discussions.

SEC Chairman Cox's opening remarks confirmed that IFRS is receiving a high level of attention from the commissioners, and that the goal of the roundtable was to gain a deeper understanding of the impact IFRS has had around the world, and would have on the US markets.

A key benefit to European investors since the 2005 adoption of IFRS in the

European Union has been comparability across national borders. Conversion to IFRS in the US would only help to enhance the global comparability of companies. Panellists agreed that introducing another set of standards in the US might cause confusion in the marketplace, but this may be a short term concern. Investors are already evaluating companies using multiple GAAPs both in the US and when

investing internationally. Therefore adjusting to IFRS reporting in the US is an obstacle that has already been successfully overcome by some.

Almost all panellists observed that the US will inevitably have to convert to IFRS. They noted that a single set of standards would help to drive increased quality, reduce complexity in financial reporting and increase efficiencies in

capital markets. Panellists also viewed the global regulatory environment as an important part of the effort, and encourage the SEC to work with other regulators to ensure consistent attention is paid globally to investor protection. Cooperation, communication, consistent interpretation and respect for professional judgment by regulators are imperatives.

Panellists raised other concerns such as the need for improvements to IFRSs, and ensuring the IASB remains a private, independent organisation. Panellists pointed out that the IASB needs a

sufficient funding source, more technical support to become the single global standard setter and should fairly represent all stakeholders. Many believe the adoption of IFRS in the US would be a powerful endorsement of IFRSs and the IASB, which would encourage continued improvement of the standards.

Panellists recognised the speed with which the Commission eliminated the reconciliation requirement for SEC registrants outside the US who file using IFRS as issued by the IASB, and noted that the transition period to IFRS should

not be longer than necessary. Most felt a mandatory adoption date within five years, permitting early adoption, is a reasonable timeframe to meet the challenges faced, and to allow for the education and training needed to successfully apply IFRS in the US.

Overall the panellists were optimistic about adopting IFRS for use by US issuers. The SEC will need to address many challenges, and a detailed, well considered transition plan is critical for a successful adoption. Despite these challenges and uncertainties, all agreed it was the right next step.



PwC partners take on important regulatory roles

Wayne Carnall leaves to join the Securities and Exchange Commission; Ian Wright leaves to join UK Financial Reporting Council.



Wayne Carnall, senior technical partner in PwC's SEC-FPI Services group, has been appointed chief accountant in the SEC's Division of Corporation Finance. He will be the principal advisor to John White, Director of the Division, on accounting and auditing matters.

Wayne joined PwC in 1981 and became partner in 1997 after spending 10 years at the SEC's Division of Corporation Finance. He held several positions there, including deputy chief accountant and associate director – accounting operations.

During his career at the SEC, he worked with foreign private issuers at a time when there was a substantial increase in the number of non-US companies entering our markets.

Wayne was the senior technical partner in

the SEC-FPI Services group in his last 10 years at PwC. He worked closely with many engagement partners and FPIs during this time, resolving difficult financial reporting and regulatory issues.

He served on a number of international groups in the firm, including the Global International Financial Reporting Standards Board and the Global 404 Steering Committee. He has also been a member of the AICPA International Practices Task Force.

PwC's global IFRS leader, **Ian Wright**, left the firm last month to join the UK Financial Reporting Council (FRC). Ian takes on two roles: FRC director of corporate reporting; and deputy chairman of the FRC's Financial Reporting Review Panel (FRRP).

Ian will lead the work of the FRC

executive on ensuring that corporate reports increasingly meet the needs of investors for relevant, high-quality information. He will be responsible for ensuring effective staff support is provided to the UK's Accounting Standards Board and the FRRP, and for formulating proposals for FRC policy on aspects of corporate reporting. Ian will represent the FRC in discussions with other regulatory bodies in the UK and internationally.

Ian joined PwC in 1979, where he became an audit partner and later global IFRS leader. He has recently retired as a member of the IFRIC but still serves on the Financial Reporting Policy Group of the Fédération des Experts Comptables Européens. Ian is also an adviser to the technical committee of the Hundred Group of Finance Directors.



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