

ANNUAL INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) WEEK

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LAICO REGENCY HOTEL

PRESENTATION OF FINANCIAL STATEMENTS - IAS 1

BY,

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**Theme: Towards Global Best Practice
in Financial Reporting'**

**Topic: Framework; Presentation of
financial statements - IAS 1**

- Framework
- Practical Issues

Outline



- ” Contents of financial statements
- ” General features
- ” Identification
- ” Statement of financial position (balance sheet)
- ” Statement of comprehensive income
- ” Statement of changes in equity
- ” Notes.

IAS I: Financial Reporting



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Contents of Financial Statements



A complete set of financial statements comprises:

- ” Statement of financial position (balance sheet)
- ” Statement of comprehensive income
- ” Statement of changes in equity
- ” Statement of cash flows
- ” Notes, including a summary of significant accounting policies and other disclosures

And:

- ” Opening statement of financial position when there has been a prior year adjustment or reclassification

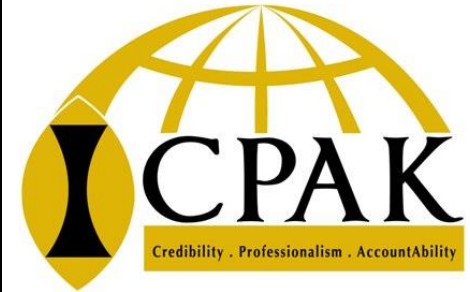
Titles are not mandatory.

General Features



- " Fair presentation
- " Explicit statement of compliance with IFRS
- " Inappropriate accounting cannot be rectified by disclosure
- " Going concern
- " Accrual basis
- " Materiality and aggregation
- " Offsetting
- " Frequency of reporting
- " Comparative information
- " Consistency.

Materiality



Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements.

Identification



- ” Distinguish financial statements from other information in the same document
- ” Clearly identify each financial statement and the notes
- ” Display prominently:
 - . Name of the entity
 - . Whether a single entity or a group
 - . The period covered
 - . The presentation currency
 - . The level of rounding

Statement of financial position



line items - Assets:

- " Property, plant and equipment
- " Investment property
- " Intangible assets
- " Other financial assets
- " Investments accounted for using the equity method
- " Biological assets
- " Inventories
- " Trade and other receivables
- " Cash and cash equivalents
- " Non-current assets and liabilities held for sale

Statement of financial position



line items - Liabilities and equity:

- “ Trade and other payables
- “ Provisions
- “ Other financial liabilities
- “ Current tax assets and liabilities
- “ Deferred tax assets and liabilities
- “ Non-controlling interests
- “ Issued capital and reserves attributable to the owners

Current / non – current distinction



” Definitions

- . A current asset is one that:
- . Is expected to be realised or consumed in its normal operating cycle
- . Is held for trading
- . Is expected to be realised within 12 months; or
- . Is a cash or cash equivalent, unless it cannot be used for at least 12 months
- . All other assets are non-current assets.

Current / non – current distinction



” Definitions

- . A current liability is one that:
- . Is expected to be settled in its normal operating cycle
- . Is held for trading
- . Is due to be settled within 12 months; or
- . The entity does not have an unconditional right to defer settlement of the liability for at least 12 months
- . All other liabilities are non-current liabilities

Con't, ...



“ Present current and non-current assets and liabilities separately, except when a presentation based on liquidity provides information that is reliable and more relevant

“ In both cases disclose amount expected to be recovered or settled after more than 12 months for each asset and liability line that combines amounts expected to be recovered or settled in:

- . Less than 12 months; and
- . More than 12 months.

Deferred tax assets or liabilities shall not be classified as current.

Equity



- “ For each class of share capital, disclose:
- . Number of shares authorized
 - . Number of shares issued and fully paid, and issued but not fully paid
 - . Par value per share
 - . Reconciliation of shares outstanding at the beginning and end of the period
 - . Rights attaching to each class
 - . Shares reserved for issue under options, etc
- ” A description of the nature and purpose of each reserve

Statement of Comprehensive Income



"The income statement – presents income and expenses other than % other comprehensive income, including reclassification adjustments

" Other comprehensive income – income and expenses that are not recognised in profit or loss (the income statement) as required or permitted by IFRS, including reclassification adjustments

" Reclassification adjustments – amounts previously recognised in other comprehensive income that are reclassified to the profit and loss account.

IAS 1 Examples



- ” Fair value gains or losses on available-for-sale financial assets (IAS 39), or equity instruments at fair value through other comprehensive income (IFRS 9)
- ” Revaluation surplus on property, plant and equipment (IAS 16)
- ” Remeasurements of defined benefit plans (IAS 19)
- ” Translation reserve movements (IAS 21)
- ” Hedging reserve movements (IAS 39)
- ” Tax relating to any of the above.

Con't ...



- ” ~~recycling~~ of fair value gain or loss on disposal of an available for sale financial asset
 - ” ~~recycling~~ of translation reserve on disposal of a foreign subsidiary
 - ” ~~recycling~~ of a hedging reserve on maturity of the hedge
- Transfers to retained earnings of excess depreciation (net of tax) or of a revaluation surplus on disposal of property, plant and equipment are not reclassification adjustments.
- ” Income and expenses can be presented in one statement (a ~~Statement of comprehensive income~~) or in two statements (a separate Income Statement and a Statement of Comprehensive Income)

Statement of Comprehensive Income



Include other line items, headings and sub-totals when such presentation is relevant to an understanding of the entity's performance.

When items of income or expense are material, disclose their nature and amount separately.

But no ~~extraordinary~~ items

Allocation of consolidated income:



Disclose:

“ Profit or loss for the period attributable to:

- . Non-controlling interests
- . Owners of the parent

“ Total comprehensive income for the period attributable to:

- . Non-controlling interests
- . Owners of the parent.

Statement of changes in equity



Show (in the statement):

“ Total comprehensive income (split between attributable to owners of the parent and to non-controlling interests)

“ For each component, the effect of prior period adjustments in accordance with IAS 8

“ For each component, a reconciliation between opening or closing balance disclosing:

- . Profit or loss, Other comprehensive income
- . Transactions with owners in their capacity as

owners

Con;t ...



Show (in the statement or in the notes):

“ The amount of dividends recognised as distributions to owners, and the related amount per share (proposed dividends are disclosed, not recognised . IAS 10 . but can be shown as an appropriation within reserves)

Notes



Notes (not Notes to the Financial Statements!)

Include:

- “ Basis of preparation and significant accounting policies (including measurement basis or bases)
- “ Information required by IFRS not presented elsewhere
- “ Further sub classifications of line items presented in the primary statements, classified in a manner appropriate to the entity's operations
- “ Information relevant to an understanding of the financial statements (judgement required)

Con't ...



” Judgements that management has made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements

” Information about the assumptions and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year (include nature and carrying amount of those assets and liabilities)

Con't ...



“ Information that enables users of the financial statements to evaluate the entity’s objectives, policies and processes for managing capital:

- . Qualitative information including: what it manages as capital; nature of externally imposed capital requirements (if applicable); and how it is meeting its **objectives**
- . Quantitative data about what it manages as capital
- . Changes in the above from prior period
- . Whether it complied with externally imposed capital requirements and, if not, the consequences

Other disclosures



“ Amount of dividends (and amount per share) proposed or declared before the financial statements were authorised for issue, but not recognised as a distribution

“ Amount of any cumulative preference dividends not recognised

Other disclosures (if not disclosed elsewhere in information published with the financial statements):

“ Domicile and legal form of the entity, its country of incorporation and the address of its registered office

“ A description of the nature of the entity's operations and its principal activities

“ The name of the parent and the ultimate parent

THE END – THANK YOU



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