-: INTERPRETATION :-

• IFRS 13 Fair Value Measurement:-

IFRS 13 defines fair value, sets out a framework for measuring fair value, and requires disclosure about fair value measurements.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When an entity estimates Fair value, the estimate is classified on the basis of the nature of the inputs the entity has used. When level 3 inputs are used including sinsitivity analysis.

-: INTERPRETATION :-

. IFRS 10 Consolidated Financial Statements:-

IFRS 10 replaces the part of IAS 27 Consolidated and separate financial statements that addresses accounting for subsidiaries on consolidation the aim of IFRS 10 is to establish a single control model that is applied to all entities including special purpose entities.

the objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements IFRS 10 was issued in May 2011 and applies to annual periods beginning on or after 1 January 2013.

INTERPRETATION :-

• IAS 38 Intangible Assets :-

IAS 38 sets out the criteria for recognising and measuring intangible assets and requires disclosures about them. An intangible asset is an identifiable non monetary asset without physical substance examples include software, brands, music & films and development assets.
intangible assets are classified as having either a finite or indifinite life. originally issued to apply to intangible assets acquired in business combination which initial infra-structure development and graphic design costs incurred and development are capitalised.

-: INTERPRETATION :-

• IAS 36 Impairment of Assets:-

IAS 36 applies to all assets except those for which other standards address impairment. IAS 36 also applies to groups of assests that do not generate cash flows individually.

the core principle in IAS 36 is that an assets must not be carried in the financial statements. At the end of each reporting period, assets are reviewed to look for any indication that they may be impaired. An impairment Loss is recognized when The carrying amount of an asset exceeds its recoverable amount.

INTERPRETATION :-

• IAS 18 Revenue :-

IAS 18 defines revenue as the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity.

IAS 18 requires when services are performed by the entity in a continous manner over a specified period of time, then entity will recognize the related revenue on a straight-line basis over the specified period unless some other method is appropriat to determine the stage of completion, therefore XYZ Ltd. will recognize the revenue in respect of this contract over the 5 years period.

-: INTERPRETATION :-

- IAS 38 Accounting for Research and development activities:-

the accounting for research and development involves those activities that create or improve products or processes. the core accounting role in this erea is that expenditures be charged to expense as incurred. the research and development functional area as following.

Research to discover new Knowledge.
applying new research findings.
formulating product and process designs
testing products & processes.
Modifying formulas.
Designing tools that involves new technology.
allocated to research & development activities.

• IAS 7 Statement of cash flows:-
overview:- Requires a statement of cash flows to present information about changes in cash and cash equivalents, classified as operating investing and financing activities.
→ Cash and Cash equivalents:
its include investments that are short term readily convertable to a known amount of cash.
→ Interpretation :- Normally, the higher and positive cash flow the better it is As positive cash flow indicates the company has sufficient funds to meets its debts & liabilities, fund its day to day cash requirements. it is taken as a positive signal by investors.

Last in First out (LIFO) is not permitted.

Inventory plays an important role in the smooth functioning of a company's business. it acts b/w the production and Completion of customer orders.

* Cost of goods Sold:

When inventory is sold The carrying amount is recognised as an expense in The period in which the related revenue is recognised.

• IAS 2 Inventories :-

overview: prescribes the accounting for inventories.

* Initial measurement of inventory:

Inventories are stated at The lower of cost and net realisable value (NRV).

Costs include purchase cost conversion cost (materials, labour, and overheads) and other costs to bring inventory to its present location and condition, but not foreign exchange differences.

For inventory That is not interchangeable, Specific costs are attributed to the Specific individual items of inventory. For interchangeable items cost is determined on either a First in First out (FIFO) weighted average basi

Orignally issued october 1976
IAS 5 Information to be closed
in financial statement issued:
operative for periods beginning
on or after 01 january 1975.
IAS 5 Lists the items to be
disclosed, Including taxes, deprec-
iation, interest Income and
expenses, unusual charges and
credits and net profit or
Loss not to restate comparative
information they may need to
Separately disclose all accou
nting policies that provide
material Information to primary
users of financial statements.
IAS 1 presentation of financial statement
1997 issued. operative for
periods beginning on or after
01 July 1998.

liquidity provides reliable and more relevent information

* **Statement of profit & loss and other Comprehinsive Income:-**

it's includes all items of income and expenses. it can be presented as either a single statement with a sub total for profit or loss or as separate statements of profit or loss and other comprehensive income. this section expenses are presented either by their nature. (e.g depreciation) or by function (e.g cost of sales).

* **Statement of changes equity:-**

it's required to show the total comprehensive income for the period. the effects on each component of equity.

to a company's present financial position and its past earnings record, you are better equipped to guage its future possibilities and this is the essential function and value of security analysis.

IAS 1 defines what makes information material to the primary users of the financial statements. it also sets out the line items to be presented in each of the statements with the exceptions of the statement of cash flows.

* **Statement of financial position:-**

In the statement of financial position, assests and liabilities are required to be classified as current or non-current un-less presenting them in order of

financial statements readers will
learn to analyze a company's
balance sheets and Income statements
and arrive at a true
understanding of its financial position
and earnings record. Graham
provides simple tests any
reader can apply to determine
the financial health and well-
being of any company.
The interpretation of financial
statements gives valuable and
practical lessons for those who
want to perceive and understand
have a company works in
an accounting point of view
the content provided in the
book is extremely practical and
as helpfull as it was in 30's.
If you have precise information as

Complete set of financial Statements.
Statements to comprise a statement of financial position, a statement of profit or loss and other Comprehensive Income a statement of changes in equity and a statement of cashflows.

→ Financial statements are generally prepared annually. if the end of the reporting period changes. and financial Statements are presented for a period other than one year additional disclosures are required.

A third Statements of financial position is required When an accounting policy has been applied retrospectively or item in the financial statements have been reclassified.

Assignments

Detail interpretation of the following IAS and IFRA in hand written.

- IAS 1 presentation of financial Statements, IAS 5 Information to Be DiClosed in Financial Statements - orignally issued october 1976, effective 1 January 1997. Superseded by IAS 1 in 1997.

Ans:- IAS 1 Presentation of financial Stat...

overview:- Sets out the over all framework from presenting general purpose financial Statements, Including guidlines for the structure and the minimum content. overriding concepts such as going concern, the accrual basis of accounting and the current / non current distinction. the Standard requires a Complete set of financial

Assignment : Financial Reporting & Analysis

Submitted By: Gulab Sher

ID # : 6903

programe : MBA (1.5)

Specialization : Finance

Submitted To; Sir, Naveed Azeem Khattak.

Department of Business administration

IQRA NATIONAL UNIVERSITY PESHAWAR