IFRS

Summaries of Standards and Interpretations in effect at 1 January 2019 :-

This Section Contains the Standards and Interpretations that an entity preparing financial statements for annual periods beginning on 1 January 2019 would apply if it elected not to apply any new requirements before the mandatory date.

New Standards often include Consequential amendments to other Standards. In the Summaries, only Significant Consequential amendments are identified as new or pending changes.

IAS 1 :-

Presentation of financial Statements :

→ Overview :- Sets out the Overall framework for presenting general purpose financial statements, including guidelines for their Structure and the minimum Content.

→ Complete Set of financial statements :
A Complete Set of financial statements Comprises :

- ☆ A Statement of financial position
- ☆ A Statement of profit and loss and other Comprehensive income.
- ☆ A Statement of changes in equity.
- ☆ A Statement of Cashflows
- ☆ Notes

Entities may use titles for the Individual financial Statements other than those used above.

→ Materiality : IAS 1 defines what makes information material to the primary users of the financial statements.
The IASB issued a practice statement in 2017 that provides guidance on making materiality judgements when preparing general purpose financial statements in accordance with IFRS Standards.

Statement of financial position:

In the Statement of financial position, assets and liabilities are required to be classified as Current or non-Current, Unless presenting them in Order to liquidity provides reliable and more relevant information. Assets and liabilities may not be offset unless offsetting is permitted or required by another IFRS Standard

Statement of profit and loss and other Comprehensive income:-

The Statement of profit and loss and other Comprehensive income includes all items of income and expense. 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. Expenses are presented either by their nature or by function, additional disclosures about their nature are required to be presented in the notes. items Can only be presented in other Comprehensive income if permitted by an IFRS Standard and are grouped based on whether or not they are potentially reclassifiable to profit or loss at a later date.

Statement of changes in Equity:

The Statement of changes in Equity required to show the total Comprehensive income for the period; the effects on each Component of equity of retrospective application or retrospective restatement in accordance with IAS 8; and for each Component of equity, a reconciliation between the Opening and closing balances disclosing each change Separately.

Pending changes: the IASB has amended the definition of material this amendment is effective for annual periods beginning on or after 1 Jan 2020, with earlier application permitted.

History: Issued 1 Jan 2005 revised in 2007 and 2011 revised again in 2014 as part of the disclosure Initiative.

Notes: notes must include information about the accounting policies followed.

Fundamental Principles: IAS 1 also sets Out the fundamental principles for the preparation of financial Statements including the going Concern assumption.

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).

Cost include purchase cost, conversion cost and other cost 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, costs is determined on either a (FIFO) or weighted average basis.

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.

Impairment : Write-downs to NRV are recognised as an expense in the period the loss occurs. Reversals arising from an increase in NRV are recognised as a reduction of the inventory expense in the period in which they occur.

History: Issued in the set of Improved Standards effective for annual periods beginning on or after 1 jan 2005.

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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:
Cash equivalents include investments that are short term, readily convertible to a known amount of Cash, and subject to an insignificant risk of changes in value.

Operating, Investing and financing Cash flows: Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets and other investment not included in cash equivalents.

financing activities are activities that result in changes in the size and Composition of the Contributed equity and borrowings of the entity.

History: Origionally issued 1 Jan 1994
Adopted by IASB and included in the set of Standards.
Amended on 1 Jan 2017.

IAS 36: Impairment of Assets:

Overview: Sets out requirements to ensure that assets are carried at no more than their recoverable amount and to prescribe how recoverable amount and an impairment loss or its reversal are calculated.

Scope: IAS 36 applies to assets that are not in the scope of other standards.

Identifying impairments: At the end of each reporting period assets are reviewed to look for any indication that they may be impaired

Recognition: An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount: Recoverable amount is the higher of an asset's fair value less costs of disposal and its value-in-use.

Cash generating units:

If it is not possible to determine the recoverable amount for an individual asset then the recoverable amount of the CGU is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows from other assets or groups of assets.

Goodwill :- the Impairment test for goodwill is performed at the lowest level within the entity at which goodwill is monitored for internal management purposes.
Interpretations: Refer to IAS 34 for a Summary of IFRIC 10 Interim financial reporting and Impairment.
pending changes: the IASB is exploring whether the existing impairment test for goodwill can be improved or Simplified
History. Origionally issued 31 march 2004 adopted by IASB on 1 Jan 2005

IAS 38 Intangible Assets

Overview: Prescribes the accounting treatment for recognising, measuring and disclosing intangible assets. That are not dealt with in another IFRS.

Definition: An Intangible asset is an identifible non-monetary asset without physical Substance. Examples include Software, brands, music etc.

Recognition: Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the assets will flow to the entity and the cost of the asset Can be measured reliably.

There are Specific recognition Criteria for internally generated intangible assets.

Subsequent measurement:
intangible assets are classified as having either a finite or infinite life.

Cost model: Assets are Carried at Cost less any accumulated amortisation and any accumulated Impairment losses.

Normally, Subsequent expenditure on an intangible asset after its purchase or Completion is recognised as an expense.

History: Issued 31 March 2004 for intangible assets and tangible Assets.
Adopted by IASB on 1 Jan 2005.

IFRS 10 Consolidated financial Statements

Overview: Sets Out the reaQuirments for determining whether an entity Controls another entity. (a Subsidiary)

Control: An investor Controls an investee when it has power over the investee exposure, or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns.

An Investor has power when it has existing rights that give it the Current ability to direct the relevent activities of the investee - the activities that significally affect the investee returns.

Consolidated financial statements:

when a parent Subsidiary relationship exists Consolidate financial Statements are reaQuired.

Investment entities:

An entity that obtain funds from one or more investors for the purpose of providing those investors with investment management Services Commits to its investors that its business purpose is to invest funds Solely for returns from capital appreciation and measures the performance of Substantially of investment on fair value.

Consolidation Procedures:

Intra group balances, transactions, income and expenses are eliminated.

All entities in the group use the same accounting policies and if practicable, the same reporting date.

Changes in the ownership interest:

A change in the ownership interest of a subsidiary when control is retained, is accounted for as an ealuity transaction and no gain or loss is recognised.

IFRS 13 Fair Value Measurement

- Overview: Defines fair value and provides guidance, how to estimate it and the reqluired disclosures about fair value measurements.

→ Fair Value:

fair value is 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.

- Disclosure: the disclosure depends on the nature of the fair value measurement and the level in which it is classified.
- pending changes: None. the IASB Completed its post-Implementation review of IFRS 13 in 2018 and decided that the standard is Operating as intended.

- History:

issued on 1 Jan 2013