INDEX

A

Accounting
accrual basis of, 12
going concern basis of, 12
policies, 200–202, 281

Accounting and Reporting by Retirement Benefit Plans (IA 26)
benefits, net assets available for, 132–37
defined benefit plans, 131–36
defined contribution plans, 131–35
defined contribution plans vs. defined benefit plans, 132
disclosures required by this standard, additional, 135–36
financial statements, excerpts from published, 136–41
funding, 131–32, 134, 136, 140
introduction, 131
key terms, 131–32
participants, 131–34, 136
retirement benefit plans, 131–32
retirement benefits, actuarial present value of promised, 131–36
scope, 131
vested benefits, 132–33, 135–36

Accounting for Government Grants and Disclosure of Government Assistance (IA 20)
disclosures, 109–10
fair value, 107–8
financial statements, excerpts from published, 110
government, 107–10
government assistance, 107, 109–10
government grants, 107–10
government grants, recognition of, 107–8
government grants, repayment of, 109–10
grants related to assets, presentation of, 108
grants related to income, presentation of, 109
introduction, 107
key terms, 107

Accounting policies. See also Accounting Policies, Changes in Accounting Estimates and Errors (IA 8)
estimates and errors, 386
IAS 1, Presentation of Financial Statements, 24
IAS 34, Interim Financial Reporting, 200–202
IFRS, International Financial Reporting Standards for SMES, 386

IFRS 1, First-Time Adoption of International Financial Reporting Standards, 281
IFRS 4, Insurance Contracts, 325–26
IFRS 6, Exploration for and Evaluation of Mineral Resources, 339
IFRS 7, Financial Instruments: Disclosures, 346

Accounting Policies, Changes in Accounting Estimates and Errors (IA 8)
accounting estimates, changes in, 41, 45
accounting estimates, disclosure for changes in, 45
accounting policies, 41
accounting policies, applying changes in, 43–44
accounting policies, changes in, 43
accounting policies, consistency of, 42–48
accounting policies, disclosure of changes in, 44
accounting policies, selection and application of, 42
accounting policies, voluntary change in, 44–45
errors, 41, 46–47
financial statements, excerpts from published, 48
impracticable, 42–45, 47
International Financial Reporting Standards (IFRS), 41, 46, 48
introduction, 41
key terms, 41
material, 42–43, 46
prospective application, 41–42
retrospective application, 41–42, 44–45
retrospective restatement, 42, 47–48

Accrual basis of accounting, 12
Acquiree, 305–11, 313–15, 319
Acquirer, 306–15

Acquisition
business, 324–25
costs, deferred, 325
date, 306–14, 316
measurement subsequent to, 226
mergers and acquisitions (M&A), 305
method of accounting, 308
reverse, 312–13

Actuarial gains and losses, 99
Actuarial present value of promised retirement benefits, 131–36

Agriculture (IA 41)
agricultural activity, 267
biological asset, 267–76
biological transformation, 267–68
costs to sell, 267–70
disclosures, 270–71
fair value, 267–76
financial statements, excerpts from published, 271–76
gains and losses, 269
government grants, 268, 270–71
IAS 2, Inventories, 267, 269
IAS 16, Property, Plant, and Equipment, 267, 269
IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, 270
IAS 36, Impairment of Assets, 269
IAS 38, Intangible Assets, 267
IAS 40, Investment Property, 267
IFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations, 269–70
introduction, 267
key terms, 267–68
recognition and measurement, 268–69
scope, 267

Amortized cost method, 233–34

Antidilution, 187, 189

Asset
qualifying, 119–22

Assets, 14
classified as held for sale and discontinued operations, 284–85
contingent, 217
exploration and evaluation, 339, 342–43
held for sale, 310, 331–34
IAS 38, Intangible Assets, 223–30
identifiable, 305–8, 311, 316, 319
indemnification of, 310
intangible, 223–30
qualifying, 119–22

Assets and liabilities
classification of, 310–11
derrecognition of financial, 284
held for sale, 20
linked by agreement to changes in prices, 164
offsetting financial, 184–85
recognizing, 308–9
of subsidiaries, associates and joint ventures, 283–84

Associates, 155–60

B
Bargain purchases, 312
Biological asset, 267–76
Biological transformation, 267–68
Black-Scholes model, 295–96
Bonus issue, 189–90

Borrowing costs, 165, 390

Borrowing Costs (IAS 23)
borrowing, general, 120
borrowing, specific, 120
borrowing cost eligible for capitalization, 120
borrowing costs, 119–22
capitalization, cessation of, 121–22
capitalization, commencement of, 120–21
capitalization, suspension of, 121
disclosures, 121
financial statements, excerpts from published, 122
introduction, 119
key terms, 119
qualifying asset, 119–22
recognition, 119
treatment of excess of carrying amount over recoverable amount, 120

Business
acquisitions, 324–25
combinations, 282
combinations and goodwill, 389
IFRS 3, Business Combinations, 305–6
model, 371–72

Business Combinations (IFRS 3)
acquiree, 305–11, 313–15, 319
acquirer, 306–15
acquisition date, 306–14, 316
acquisition method of accounting, 308
assets, indemnification of, 310
assets and liabilities, classification of, 310–11
assets and liabilities, recognizing, 308–9
assets held for sale, 310
bargain purchases, 312
business, 305–6
business combination, 305–16, 318
business combination, accounting for expenses of, 312
contingent consideration, 306, 313–15
contingent liabilities, 309, 316, 319
contractual-legal criteria, 310
control, 306–9, 312–13, 319
disclosures, 313–15
employee benefits, 310
equity interests, 306–7, 313–14
fair value, 306, 308–16, 319
fair value of consideration, 311–12
financial statements, extracts from published, 315–19
goodwill, 305–13, 315–19
goodwill, full and partial, 312
goodwill valuation, 311
IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, 312
IAS 12, Income Taxes, 309
IAS 18, Revenue, 309
IAS 19, Employee Benefits, 310
IAS 27, Consolidated and Separate Financial Statements, 307–8
IAS 32, Financial Instruments: Presentation, 312
IAS 37, Provisions, Contingent Liabilities and Contingent Assets, 309
IAS 39, Financial Instruments: Recognition and Measurement, 311–12
Identifiable assets, 305–8, 311, 316, 319
IFRS 4, Insurance Contracts, 311
Income tax, 309–10
Intangible assets, 306, 309–10, 313, 315–17, 319
Introduction, 305
Key terms, 306–7
Measurement period, 312–13
Measurement principles, 311
Mergers and acquisitions (M&A), 305
Mutual entity, 307
Noncontrolling interest, 305, 307–8, 311–14, 319
Operating leases (lessee), 310–11, 314–15
Present obligation, 309
Reacquired rights, 310
Reverse acquisition, accounting for a, 312–13
Scope, 305
Share-based awards, 310, 314–15

C
Capital and capital maintenance, 15
Capital asset pricing model (CAPM), 214
Capitalization
cessation of, 121–22
Commencement of, 120–21
Suspension of, 121
CAPM. See capital asset pricing model (CAPM)
Carrying amount
IAS 16, Property, Plant, and Equipment, 69, 72–76
IAS 36, Impairment of Assets, 207–14
Cash equivalent, 35–36, 38–40
Cash flows, 35–40
Foreign currency, 38
On a nest basis, reporting, 38
From operating activities, 36–37
Statement of, 24, 168, 199
Cash-generating unit (CGU), 208, 211–14
CGU. See cash-generating unit (CGU)
Chief executive officer (CEO), 364
Chief operating decision maker (CODM), 363–67
Chief operating officer (COO), 364
Close members of the family of an individual, 123
Closing rate, 111, 113, 116–18
Closure or reorganization, 217
Collateral, 347
Compensation, 124, 126
Comprehensive income
Other, 18, 21–23
Restatement of, 166–68
Statement of, 21–23, 197–98
Consolidated and Separate Financial Statements (IAS 27)
Consolidation, process of, 144–46
Control, 143–52
disclosures, 148–49
disclosures required in separate financial statements, 148–49
disclosures required in the consolidated financial statement, 148
Financial statements, accounting for investments in separate, 147–49
Financial statements, consolidated, 143–54
Financial statements, excerpts from published, 149–54
IAS 28, Investments in Associates, 147, 149
IAS 31, Interests in Joint Ventures, 147, 149
IAS 39, Financial Instruments: Recognition and Measurement, 147
IFRS 1, First-Time Adoption of International Financial Reporting Standards, 148
IFRS 3, Business Combinations, 144
IFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations, 147
Consolidated financial statements, 143–54
Consolidation, 168
Consolidation for Special Purpose Entities (SIC 12), 385
Construction Contracts (IAS 11)
Completion, stages of, 55–56
Construction contract, 53, 55–58
Construction contract, effects of change in estimate in, 57
Construction contract can be estimated reliably, outcome of, 55
Construction contract cannot be estimated reliably, outcome of, 56
Contract cost, 54–55
contract options, 53
contract revenue, 54
contracts, cost-plus, 53, 55
contracts, fixed price, 53, 55
disclosures, 57
expected losses, provision for, 56
financial statements, excerpts from published, 57–58
introduction, 53
key terms, 53
revenue and costs, recognition of, 55
Constructive obligation, 216, 218–19
Contingent
asset, 215, 217–18
consideration, 306, 313–15
liabilities, 309, 316, 319
liability, 215–16, 218
Contract
cost, 54–55
cost-plus, 53, 55
fixed price, 53, 55
options, 53
revenue, 54
Contractual cash flow
change in timing and amount of, 375
nature of, 373–74
Contractual-legal criteria, 310
Control
IAS 27, Consolidated and Separate Financial Statements, 143–52
IFRS 3, Business Combinations, 306–9, 312–13, 319
Conversion unit, 164
Convertible debentures, 377–78
Cost
borrowing, 165
elements of, 70–71
IAS 2, Inventories, 27–33
IAS 16, Property, Plant, and Equipment, 69–76
IAS 40, Investment Property, 261–66
measurement, 28–30, 71–72
method, amortized, 233–34
method of accounting, 340, 342
model, 72
Cost to sell, 333–34
IAS 36, Impairment of Assets, 208
IAS 41, Agriculture, 267–70
IFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations, 333–34
Credit risk, 345–46, 351, 353, 355–57
CTA. See cumulative translation difference (CTA)
Cumulative translation difference (CTA), 283
Currently exercisable, 156
Current service cost, 95, 98, 100–102, 105–6
Current tax, 59, 61, 64–65, 67

D
Date of transition to IFRS, 278–79, 282–86
Debit instruments, contractual term of, 375
Deemed cost, 278, 282–83, 285–86
Deferred tax
accounting for, 63
assets, 59, 61–67
liabilities, 59, 61–62, 64, 67
Defined benefit plans
IAS 19, Employee Benefits, 97–102
IAS 26, Accounting and Reporting by Retirement Benefit Plans, 131–35
Defined contribution plans
IAS 19, Employee Benefits, 97
IAS 26, Accounting and Reporting by Retirement Benefit Plans, 131–35
Depreciable amount, 69, 72
Depreciation, 69, 71–76
method, 73
Derecognition, 74
Derivative contracts, 240–45
Derivatives, 239–45
embedded, 231, 249, 256, 259, 324, 377
Development, 223, 225–26, 228–29
Dilution, 187–89
Disclosures
IAS 1, Presentation of Financial Statements, 24
IAS 2, Inventories, 31–32
IAS 7, Statement of Cash Flows, 38–39
IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, 44–45, 47
IAS 11, Construction Contracts, 57
IAS 12, Income Taxes, 64
IAS 16, Property, Plant, and Equipment, 75
IAS 17, Leases, 81
IAS 18, Revenue, 92
IAS 19, Employee Benefits, 96–97, 101, 103
IAS 21, The Effects of Changes in Foreign Exchange Rates, 116–17
IAS 23, Borrowing Costs, 121
IAS 24, Related-Party Disclosures, 123–25
IAS 26, Related-Party Disclosures, 123–25
IAS 27, *Consolidated and Separate Financial Statements*, 148–49
IAS 31, *Interests in Joint Ventures*, 174
IAS 33, *Earnings Per Share*, 192
IAS 34, *Interim Financial Reporting*, 196
IAS 40, *Investment Property*, 264
IAS 41, *Agriculture*, 270–71
IFRS 1, *First-Time Adoption of International Financial Reporting Standards*, 285
IFRS 2, *Shared-Based Payments*, 297
IFRS 5, *Exploration for and Evaluation of Mineral Resources*, 342
IFRS 6, *Exploration for and Evaluation of Mineral Resources*, 342
IFRS 7, *Financial Instruments: Disclosures*, 27, 345–58
IFRS 8, *Operating Segments*, 366–67
SFAS 131, *Disclosures about Segments of an Enterprise and Related Information*, 363

Discontinued operations, 331, 333–37

Discount rate, 209–10

Discretionary participation features (DPF), 321, 326

Disposal group, 331–35

DPF. See discretionary participation features (DPF)

E

Earnings Per Share (IAS 33)

antidilution, 187, 189
bonus issue, 189–90
computation basic EPS for 2008 and restatement of basic EPS for 2007, 190
dilution, 187–88
disclosures, 192
earnings per share (EPS), 187–89, 191–94
earnings per share (EPS), computation of diluted, 189
earnings per share (EPS), diluted, 188–89
financial statements, excerpts from published, 192–94
introduction, 187
key terms, 187
measurement, 188
ordinary share, 187–93
ordinary share, potential, 187–89, 192
preference shares, effect of increasing rate, 191
preference shares, increasing rate, 191

presentation, 191–92
public market, 187
rights issue, 190
scope, 187

ED 9, *Exposure Draft*, 174–75

E&E assets. See Exploration and Evaluation Assets (E&E assets)

The Effects of Changes in Foreign Exchange Rates (IAS 21)
closing rate, 111, 113, 116–18
currency, identification of functional, 111–12
disclosures, 116–17
disclosures when an entity displays financial statement or statements in a currency other than the functional currency, 117
disclosures when an entity presents financial statements in a currency other than the functional currency, 117
disclosures when presentation currency is different from function currency, 117
exchange difference, 111, 114–17
exchange rate, 111, 113–18
exchange rate, spot, 111, 113, 115
financial statements, excerpts from published, 117–18
foreign currency transactions into the functional currency, translation of, 112–13
foreign operation, net investments in a, 112–17
foreign operations, disposal of, 116
functional currency, 111–17
interaction between IAS 21 and IAS 39: segregation of fair value gain/loss from translation difference, 115
introduction, 111
key terms, 111
monetary items, 111, 113, 116–17
presentation currency, 111, 115–17
present currency other than functional currency, use of, 115–16
scope, 111
translation principles for financial assets and liabilities of a foreign operation, 113–15

Embedded derivatives, 377

Employee benefits, 283, 391

other long-term, 102
short-term, 96
types of, 95–96

Employee Benefits (IAS 19)

actuarial gains and losses, 99
benefit plans, postemployment, 96–97
benefits, terminating, 102–3
defined benefit obligations, present value of, 99
defined benefit plan, accounting for expense or income of the, 100–101
defined benefit plans, 97–102
defined benefit plans, accounting for assets or liabilities of the, 99
defined contribution plan, 97
disclosure, 96–97, 101, 103
employee benefits, other long-term, 102
employee benefits, short-term, 96
employee benefits, types of, 95–96
fair value of plan assets, 99
financial statements, excerpts from published, 103–6
IAS 1, Presentation of Financial Statements, 96, 102–3
IAS 24, Related-Party Disclosures, 96–97, 99, 102–3
IAS 26, Accounting and Reporting by Retirement Benefit Plans, 95
IFRS 2, Share-Based Payments, 95
insurance policies, qualifying, 99
interest cost, 95, 100–102, 105–6
introduction, 95
key terms, 95
multiemployer plans, 95
plan assets, 99
plan assets, return on, 95, 100, 105–6
projected unit credit actuarial method, 99
recognition and measurement, 96–98
scope, 95
service cost, current, 95, 98, 100–102, 105–6
service cost, past, 99
Equity
conversion of, 165
instruments, 180–81
interests, 306–7, 313–14
issue, transaction costs of an, 185
liabilities and, 181–82
method, 155–61
method associates or joint ventures, 165
purchased and written option to buy/sell, 183
shares, investment in unquoted, 380
statement of change in, 198–99
Estimates, 284
Events After the Reporting Period (IAS 10)
authorization date, 49
dividends, 50
financial statements, excerpts from published, 51–52
going concern, 50–51
introduction, 49
key terms, 49–51
reporting period, adjusting events after the, 49–50
reporting period, events after the, 49
reporting period, nonadjusting events after the, 49–50
Exchange
difference, 111, 114–17
rate, 111, 113–18
rate, spot, 111, 113, 115
Exemptions from other IFRS, 282–84
Expected losses, provision for, 56
Expense recognition, 30–31
Explanatory notes, provision for, 199–200
Exploration and evaluation
assets, 339, 342–43
expenditures, 339, 342
Exploration and Evaluation Assets (E&E assets), 339, 341–43
Exploration for and Evaluation of Mineral Resources (IFRS 6)
accounting policies, selection and application of, 339
disclosures, 342
E&E costs, accounting for, 340–41
exploration and evaluation assets, 339, 342–43
Exploration and Evaluation Assets (E&E assets), 339, 341–43
exploration and evaluation expenditures, 339, 342
financial statements, excerpts from published, 342–43
full cost method of accounting, 340, 342
IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, 339–40
IAS 16, Property Plant, and Equipment, 339, 342
IAS 36, Impairment of Assets, 339, 342
IAS 37, Provisions, Contingent Liabilities, and Contingent Assets, 340
IAS 38, Intangible Assets, 339–40, 342
IASB Framework, 340–41
IFRS 8, Operating Segments, 339
impairment, 341–42
initial recognition and presentation, measurement after, 341
introduction, 339
key terms, 339–40
successful efforts, 340, 342
Fair value
disclosures, 349–50
IAS 2, Inventories, 27, 32
IAS 16, Property, Plant, and Equipment, 69, 71, 73–76
IAS 18, Revenue, 87–88, 90–92
IAS 19, Employee Benefits, 99
IAS 21, *The Effects of Changes in Foreign Exchange Rates*, 115
IAS 36, *Impairment of Assets*, 207–12, 214
IAS 40, *Investment Property*, 261–65
IAS 41, *Agriculture*, 267–76
IASB Fair Value Measurement standard, 245
revaluation as deemed cost, 282–83
through profit or loss, 249
Fair value through profit or loss (FVTPL), 232–33, 235–36, 239, 244, 247, 249, 254
IFRS 7, *Financial Instruments: Disclosures*, 346–47
IFRS 9, *Financial Instruments*, 370–72, 376, 379–81
FIFO. See first-in, first-out (FIFO) method
Finance lease, 77–83, 85
Financial guarantee, 239
instruments, compound, 182, 283–84
liabilities, 180
liabilities, accounting for, 238–39
position, restatement of statement of, 164–65
position, statement of, 197
Financial assets
available-for-sale, 231, 236, 248, 252, 255, 257
classification of, 231–32
financial liability at fair value through profit or loss, 232–36
gains or losses on, 379
impairment and uncollectibility of, 248–49
measurement of, 376
recognition of, 375
Financial Instruments (IFRS 9)
business model, 371–72
classification at a glance, 371
classification issues, 369–71
contractual cash flow, change in timing and amount of, 375
contractual cash flows, nature of, 373–74
debit instruments, extension of the contractual term of, 375
embedded derivatives, 377
equity shares, investment in unquoted, 380
fair value through profit or loss (FVTPL), 370–72, 376, 379–81
financial assets, gains or losses on, 379
financial assets, measurement of, 376
financial assets, recognition of, 375
IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, 381
IAS 21, *The Effects of Changes in Foreign Exchange Rates*, 379
IAS 27, *Consolidated and Separate Financial Statements*, 372
IFRS 9, *Financial Instruments*, 369
initial recognition, measurement subsequent to, 376–77
introduction, 369
prepayments, 374–75
reclassification, 378
transition provisions, 380–81
Financial Instruments: Disclosures (IFRS 7)
accounting policies relating to financial instruments, significant, 346
collateral, 347
compound financial instruments with multiple embedded derivatives, 348
credit risk, 345–46, 351, 353, 355–57
defaults and breaches, 348
derecognition of financial assets, disclosures for, 347
disclosures in the statement of comprehensive income, 348
fair value disclosures, 349–50
fair value disclosures, disclosures in lieu of, 350
fair value hierarchy-based disclosures, 350–51
fair value through profit or loss (FVTPL), 346–47
financial instruments by categories, disclosures of, 346
financial statements, excerpts from published, 353–62
hedge accounting disclosures, 348–49
IAS 1, 346
IAS 32, *Financial Instruments: Presentation*, 345
impairment allowance, 348
insurance contracts under IFRS 4.39(D), risk disclosures of, 353
interest rate risk, 345, 351, 353, 355, 360–62
introduction, 345
liquidity risk, 345, 351–53, 358
liquidity risk disclosures, quantitative, 352–53
liquidity risk disclosure through maturity analysis, 352
market risk, 345–46, 351–53
market risk sensitivity analysis, disclosure of, 353
price risk, other, 345, 354
risk, various types of, 345
risk disclosures, 351–52
scope, 345

Financial Instruments: Presentation (IAS 32)
assets and liabilities, offsetting financial, 184–85
equity, purchased and written option to buy/sell, 183
equity instruments, 180–81
equity issue, transaction costs of an, 185
financial assets, 178–80
financial instruments, compound, 182
financial liabilities, 180
financial statements, excerpts from published, 185–86
forward rate agreements (FRA), 177
IAS 19, Employee Benefits, 178
IAS 27, Consolidated and Separate Financial Statements, 178
IAS 28, Investments in Associates, 178
IAS 31, Interests in Joint Ventures, 178
IFRS 2, Share-Based Payments, 178
IFRS 7, Financial Instruments: Disclosures, 177
IFRS 9, Financial Instruments, 177, 182
interest, dividends, losses and gains, 185
introduction, 177–78
liabilities and equity, presentation of, 181–82
puttable instruments, 183–84
scope, 178
treasury shares, 182–83
valuation, 179–80

Financial Instruments: Recognition and Measurement (IAS 39)
amortized cost method, 233–34
derivative contracts, common underlying of, 240–45
derivatives, 239–45
derivatives, embedded, 231, 249, 256, 259
fair value measurement, 245–47

fair value through profit or loss (FVTPL), 232–33, 235–36, 239, 244, 247, 249, 254
financial asset or financial liability at fair value through profit or loss, 232–36
financial assets, available-for-sale, 231, 236, 247, 251, 255, 257
financial assets, classification of, 231–32
financial assets, impairment and uncollectibility of, 248–49
financial guarantee, 239
financial liabilities, accounting for, 238–39
financial statements, excerpts from published, 255–59
foreign operation, 255
hedge accounting, 250–55
held for trading, 231–32, 235–36, 247, 256
held to maturity (HTM) investments, 231–37, 247, 251, 255–56
IAS 18, Revenue, 239
IAS 37, Provisions, Contingent Liabilities and Contingent Assets, 239
IASB Fair Value Measurement standard, 245
IFRS 4, Insurance Contracts, 239
IFRS 9, Financial Instruments, 232
incremental costs, 246
internal rate of return (IRR), 234
introduction, 231
loans and receivables originated by the enterprise, 235–36
measurement principles, 236–37
portfolio, 232, 250, 252, 256, 259
reclassification, 231, 233, 247, 255
recognition principles, 236
regular-way purchase or sale contract, 238
settlement date accounting, 238
tainting rule, 232–33
trade date accounting, 238
trading, 231–32, 235–36, 239, 247, 256

Financial Reporting in Hyperinflationary Economies (IAS 29)
assets and liabilities linked by agreement to changes in prices, 164
borrowing costs, capitalization of, 165
cash flows, statement of, 168
comprehensive income, restatement of, 166–68
consolidation, 168
t conversion unit, 164
equity, conversion of, 165
equity method associates or joint ventures, 165
financial position, restatement of statement of, 164–65
financial statements, excerpts from published, 169
financial statements, restatement of, 164
hyperinflationary economy, 163–66, 168
hyperinflationary economy, economy ceases
to be, 168
IAS 1, Presentation of Financial Statements,
164
IAS 12, Income Taxes, 168
IAS 21, The Effects of Changes in Foreign
Exchange Rates, 164
IAS 27, Consolidated and Separate Financial
Statements, 169
IAS 39, Financial Instruments: Recognition
and Measurement, 169
introduction, 163
key terms, 163
monetary items, 163–65, 167
net realizable value (NRV), 165
nonmonetary items, other, 164
nonmonetary items carried at cost, 165
nonmonetary items carried at current price,
164
nonmonetary items that are revalued, 165
recoverable amount, reduction to, 165
restatement process, understanding, 166–68
scope, 163
taxes, 168
Financial statements
complete set of, 18
concepts and principles underlying
preparation of, 384
consolidated, 143–54
consolidated and separate, 385
elements of, 14–15
general purpose, 17–20
identification of, 20
notes to the, 24
objectives of, 11
presentation of, 384–85
qualitative characteristics of, 12–14
restatement of, 164
single statement approach, 22
two statement approach, 22–23
underlying assumptions, 11–12
Financial statements, excerpts from published
IAS 1, Presentation of Financial Statements,
25–26
IAS 2, Inventories, 32–33
IAS 8, Accounting Policies, Changes in
Accounting Estimates and Errors, 48
IAS 10, Events After the Reporting Period,
51–52
IAS 11, Construction Contracts, 57–58
IAS 12, Income Taxes, 65–67
IAS 16, Property, Plant, and Equipment, 75–76
IAS 17, Leases, 85–86
IAS 18, Revenue, 92–93
IAS 20, Accounting for Government Grants
and Disclosure of Government Assistance,
110
IAS 21, The Effects of Changes in Foreign
Exchange Rates, 117–18
IAS 23, Borrowing Costs, 122
IAS 24, Related-Party Disclosures, 127–29
IAS 26, Accounting and Reporting by
Retirement Benefit Plans, 136–41
IAS 27, Consolidated and Separate Financial
Statements, 149–54
IAS 28, Investment in Associates, 160–61
IAS 29, Financial Reporting in
Hyperinflationary Economies, 169
IAS 33, Earnings Per Share, 192–94
IAS 34, Interim Financial Reporting, 203–5
IAS 36, Impairment of Assets, 213–14
IAS 37, Provisions, Contingent Liabilities and
Contingent Assets, 218–21
IAS 38, Intangible Assets, 228–30
IAS 39, Financial Instruments: Recognition
and Measurement, 255–59
IAS 40, Investment Property, 266
IAS 41, Agriculture, 271–76
IFRS 1, First-Time Adoption of International
IFRS 2, Shared-Based Payments, 298–304
IFRS 3, Business Combinations, 315–19
IFRS 4, Insurance Contracts, 328–30
IFRS 5, Noncurrent Assets Held for Sale and
Discontinued Operations, 334–37
IFRS 6, Exploration for and Evaluation of
Mineral Resources, 342–43
IFRS 7, Financial Instruments: Disclosures,
353–62
IFRS 8, Operating Segments, 367–68
Financing activities, 35–40
Finite life, 226
First IFRS financial statements, 277–79, 281,
285
First-in, first-out (FIFO) method, 28–29, 32
First-time adopter (of IFRS), 277–85
First-Time Adoption of International Financial
Reporting Standards (IFRS 1)
accounting policies, 281
assets and liabilities, derecognition of
financial, 284
assets and liabilities of subsidiaries, associates
and joint ventures, 283–84
assets classified as held for sale and
discontinued operations, 284–85
business combinations, 282
cumulative translation difference (CTA), 283
Index
date of transition to IFRS, 278–79, 282–86
deemed cost, 278, 282–83, 285–86
employee benefits, 283
estimates, 284
exemptions from other IFRS, optional, 282–84
fair value, 278, 280, 282–85, 287–88, 293
fair value or revaluation as deemed cost, 282–83
financial instruments, compound, 283–84
financial statements, excerpts from published, 285–93
first IFRS financial statements, 277–79, 281, 285
first-time adopter (of IFRS), 277–85
first-time adoption rule, exceptions to the, 279
Generally accepted accounting practices (GAAP), 278
hedge accounting, 284
IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, 279
IAS 10, Events After the Reporting Period, 281
IAS 16, Property, Plant, and Equipment, 281
IAS 19, Employee Benefits, 283
IAS 21, The Effects of Changes in Foreign Exchange Rates, 283, 285
IAS 27, Consolidated and Separate Financial Statements, 285
IAS 32, Financial Instruments: Presentation, 283
IAS 34, Interim Financial Reporting, 285
IAS 37, Provisions, Contingent Liabilities and Contingent Assets, 280–81, 285
IAS 38, Intangible Assets, 281
IAS 39, Financial Instruments: Recognition and Measurement, 280, 284
IFRIC 12, 282
IFRS 3, Business Combinations, 285
IFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations, 285
IFRS statement of financial position, adjustments required in preparing the opening, 280–81
IFRS statement of financial position, opening, 279–80
initial public offering (IPO), 283
International Accounting Standards Board (IASB) standards, 277
International financial reporting standards (IFRS), 278–85
introduction, 277
key terms, 278–79
national GAAP, 278–81
noncontrolling interests, aspects of accounting for, 285
opening IFRS statement of financial position, 278, 280–81, 284–85
presentation and disclosure, 285
previous GAAP, 279–80, 282–85
reporting date, 279, 281–82, 284
retrospective application of other IFRS, mandatory exceptions to, 284–85
scope, 277–78
First-time adoption rule, exceptions to, 279
Fixed-price contracts, 53, 55
Foreign exchange translation, 391
Foreign operations, 255
disposal of, 116
net investments in a, 112–17
Foreign private issuers (FPIs), 8
Forward rate agreements (FRA), 177
FPIs. See foreign private issuers (FPIs)
FRA. See forward rate agreements (FRA)
Framework, conceptual, 11
Framework for the Preparation and Presentation of Financial Statements, 3
Full cost method of accounting, 340, 342
Functional currency, 111–17
Funding (benefit plans), 131–32, 134, 136, 140
FVTPL. See fair value through profit or loss (FVTPL)
G
GAAP. See generally accepted accounting principles (GAAP)
Gains and losses
IAS 19, Employee Benefits, 99
IAS 32, Financial Instruments: Presentation, 185
IAS 41, Agriculture, 269
IFRS 9, Financial Instruments, 379
Generally accepted accounting principles (GAAP)
about, 2, 8–9, 278
national, 278–81
previous, 279–80, 282–85
United States, 2, 8–9
General purpose financial statements, 18–20
Goodwill
full and partial, 312
IAS 36, Impairment of Assets, 211–12
IFRS 3, Business Combinations, 305–13, 315–19
impairment, 211–12
Government, 107–10
Government assistance, 107, 109–10
Government grants, 390
IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, 107–10
IAS 41, Agriculture, 268, 270–71
International Financial Reporting Standards (IFRS) for SMES, 390

H

Hedge accounting
about, 250–55, 284
disclosures, 348–49
Held for sale, 333–34
Held for trading, 231–32, 235–36, 247, 256
Held to maturity (HTM) investments, 231–37, 247, 251, 255–56
Hyperinflationary economy, 163–66, 168, 392

I

IAS. See International Accounting Standards (IAS)
IASB. See International Accounting Standards Board (IASB)
IASC. See International Accounting Standards Committee (IASC)
IASC Foundation. See International Accounting Standards Committee Foundation (IASC Foundation)
IASC Foundation and the Trustees, 5
Identifiable assets, 305–8, 311, 316, 319
IFRIC. See International Financial Reporting Interpretations Committee (IFRIC)
IFRS. See International Financial Reporting Standards (IFRS)

Impairment
allowance, 348
of assets, 207–14, 341–42, 391
goodwill, 211–12
IAS 36, Impairment of Assets, 207–14
IFRS 6, Exploration for and Evaluation of Mineral Resources, 341–42
loss, 69, 71–73, 75–76
loss, recognition of an, 210–11
loss, reversal of an, 212

Impairment of Assets (IAS 36)
assets that may be impaired, identification of, 208
capital asset pricing model (CAPM), 214
carrying amount, 207–14
cash-generating unit (CGU), 208, 211–14
disclosures, 212–13
discount rate, selection of, 209–10
exclusions, 207
fair value, 207–12, 214
fair value less costs to sell, calculation of, 208
financial statements, excerpts from published, 213–14
IAS 2, Inventories, 207
IAS 11, Construction Contracts, 207
IAS 12, Income Taxes, 207
IAS 19, Employee Benefits, 207
IAS 39, Financial Instruments: Recognition and Measurement, 207
IAS 40, Investment Property, 207
IAS 41, Agriculture, 207
IFRS 4, Insurance Contracts, 207
IFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations, 207
IFRS 8, Operating Segments, 211
impairment, 207–14
impairment, goodwill, 211–12
impairment loss, recognition of an, 210–11
impairment loss, reversal of an, 212
introduction, 207
key terms, 207–8
recoverable amount, 207–14
scope, 207
value in use, 207–14
value in use, calculation of, 209
weighted-average cost of capital (WACC) method, 214

Impracticable, 18, 20
IAS 1, Presentation of Financial Statements, 18
IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, 42–45, 47

Income taxes, 391
Business Combinations (IFRS 3), 309–10
International Financial Reporting Standards (IFRS) for SMES, 391

Income Taxes (IAS 12)
accounting profit, 59–60, 64
current tax, 59, 61, 64–65, 67
current tax liabilities and current tax assets, recognition and measurement of, 61
deferred tax, accounting for, 63
deferred tax assets, 59, 61–67
deferred tax liabilities, 59, 61–62, 64, 67
disclosures, 64
financial statements, excerpts from published, 65–67
IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, 59
introduction, 59
key terms, 59
permanent difference, 60
taxable profit (tax loss), 59, 61–62, 67
taxable temporary difference, 60
taxable temporary difference, deductible, 60
tax base, 60–61
tax expense (tax income), 59, 64–67
temporary differences, 59–65

**Index**

Incremental costs, 246
Indefinite life, 226
Initial public offering (IPO), 283
Initial recognition, measurement subsequent to, 376–77

**Insurance contracts**
contracts not classified as, 323
examples of, 322–23

**Insurance Contracts (IFRS 4)**
accounting policies, change in, 325–26
acquisition costs, deferred, 325
acquisitions, business, 324–25
cedant (policyholder under a reinsurance contract), 322
deposits, unbundling, 324
derivatives, embedded, 324
direct insurance contracts, 322
disclosures, 326–28
discretionary participation features (DPF), 321, 326
financial statements, extracts from published, 328–30
IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, 324–26
IAS 17, Leases, 322
IAS 18, Revenue, 321–23
IAS 19, Employee Benefits, 321
IAS 26, Accounting and Reporting by Retirement Benefit Plans, 321
IAS 32, Financial Instruments Presentation, 322
IAS 37, Provisions, Contingent Liabilities and Contingent Assets, 321, 323
IAS 38, Intangible Assets, 322
IFRS 2, Share-Based Payments, 321
IFRS 3, Business Combinations, 322
IFRS 7, Financial Instruments: Disclosures, 321–22, 327
insurance contracts, contracts that are not classified as, 323
insurance contracts, examples of, 322–23
International Accounting Standards Board (IASB), 321
introduction, 321
liability adequacy test (LAT), 325
relevance and reliability, 325
scope, 321–22
split accounting, 325
temporary exemption from application of IAS 8, 324
temporary exemptions from IAS 8, 321

**Intangible Assets (IAS 38)**
acquisition, measurement subsequent to, 226
asset, 223–30
cost model, 226
development, 223, 225–26, 228–29
expenditure, subsequent, 227–28
financial statements, excerpts from published, 228–30
finite life, 226
IAS 2, 223
IAS 11, 223
IAS 12, Income Taxes, 223
IAS 17, Leases, 223
IAS 19, Employee Benefits, 223
IAS 32, Financial Instruments: Presentation, 223
IAS 36, Impairment of Assets, 227
IFRS 3, Business Combinations, 223
IFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations, 223
IFRS 6, Exploration for and Evaluation of Mineral Resources, 223
indefinite life, 226
intangible assets, 223–30
intangible assets with finite lives, 226–27
intangible assets with indefinite lives, 227
introduction, 223
key terms, 223
measurement, initial, 226
recognition, 224–25
recognition for research and development costs, initial, 225–26
reevaluation model, 226
research, 223, 225–26
research and development acquired in a business combination, in-process, 225
scope, 223

**Intangible assets other than goodwill, 389**

**Interest**
cost, 95, 100–102, 105–6
dividends and, 38
rate risk, 345, 351, 353, 355, 360–62

**Interests in Joint Ventures (IAS 31)**
disclosures, 174
Exposure Draft (ED 9), 174–75
financial statements, excerpts from published, 175–76
IAS 27, Consolidated and Separate Financial Statements, 171, 174
IAS 28, Investments in Associates, 174
IAS 39, Financial Instruments: Recognition and Measurement, 171, 174
IFRS 3, Business Combinations, 174
IFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations, 171, 173
joint control, 171–75
jointly controlled assets, 172
jointly controlled entities, 172–73
jointly controlled operations, 172
joint venture, 171–76
joint ventures, types of, 172
key terms, 171–72
net realizable value (NRV) of assets, 174
proposed amendments, 174–75
scope, 171
venturer, 171–74
venturer, financial statements of the, 173–74

Interim financial report
complete, 196
condensed, 196
income tax expense, measurement of, 202–3
periods for which they are required, 197–99

Interim financial reporting, 195–204

Interim Financial Reporting (IAS 34)
accounting policies, 200–202
cash flows, statement of, 199
comprehensive income, statement of, 197–98
taxation, 202–3
disclosure, 196
equity, statement of change in, 198–99
explanatory notes, selected, 199–200
financial position, statement of, 197
financial statements, excerpts from published, 203–5
IAS 1, Presentation of Financial Statements, 197, 200
IAS 2, Inventories, 201
IAS 23, Borrowing Costs, 203
IAS 27, Consolidated and Separate Financial Statements, 204
IAS 36, Impairment of Assets, 201, 203
IAS 38, Intangible Assets, 202
IFRS 3, Business Combinations, 200, 204
IFRS 8, Operating Segments, 203
interim financial report, complete, 196
interim financial report, condensed, 196
interim financial report income tax expense, measurement of, 202–3
interim financial reports, periods for which they are required, 197–99
interim financial reporting, 195–204
interim period, 195, 197–205
introduction, 195
key terms, 195
materiality, 200
minimum content, 196
scope, 195
tax rate, applicable, 202

Interim period, 195, 197–205

Internal rate of return (IRR), 234

International Accounting Standards (IAS), 3
International Accounting Standards Board (IASB)
about, 4–5
accounting, accrual basis of, 12
accounting, going concern basis of, 12
assets, 14
capital and capital maintenance, 15
comparability, 12, 14
equity, 15
expenses, 15
financial statements, elements of, 14–15
financial statements, objectives of, 11
financial statements, qualitative characteristics of, 12–14
financial statements, underlying assumptions, 11–12
framework, conceptual, 11
governance and structure of, 5–6
IFRS 4, Insurance Contracts, 321
IFRS Issued by the IASB to December 31, 2009, 6
income, 15
International Accounting Standards Committee (IASC), 5–6
liabilities, 14
qualitative characteristics, constraints and trade-off between different, 14
relevance, 12–13
reliability, 12–14
standards, principles-based, 2
understandability, 12–13

International Accounting Standards Board (IASB) standards, 277
International Accounting Standards Committee (IASC), 5–6
Framework for the Preparation and Presentation of Financial Statements, 3
governance and structure of, 5–7
history of, 2–3
IAS still in force for 2009 Financial Statements, 3
International Accounting Standards (IAS), 3
SIC interpretations still in force for 2009 Financial Statements, 4
standards promulgated by, 3–4
Standing Interpretations Committee (SIC), 3

International Accounting Standards Committee Foundation (IASC Foundation), 4

International Financial Reporting Interpretations Committee (IFRIC)
about, 4–5
governance and structure of, 7
IFRIC 12, 282
Index

IFRIC 13, Customer Loyalty Programs, 91
IFRIC 15, Agreements for the Construction of Real Estate, 89–90
Interpretations Issued to December 31, 2009, 7

International Financial Reporting Standards (IFRS)
accounting and financial reporting standards, need for common set of, 1–2
European Union (EU) and, 7–8
IAS 1, Presentation of Financial Statements, 17–21, 23
IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, 41, 46, 48
IFRIC Interpretations Issued to December 31, 2009, 7
IFRS 1, First-Time Adoption of International Financial Reporting Standards, 148, 278–85
IFRS 2, Share-Based Payments, 69, 95, 124
IFRS 3, Business Combinations, 3, 144, 157
IFRS 4, Insurance Contracts, 87
IFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations, 20–21, 69, 72, 147, 156
IFRS 6, Exploration for and Evaluation of Mineral Resources, 69
IFRS 7, Financial Instruments: Disclosures, 27
IFRS 9, Financial Instruments, 27
IFRS Issued by the IASB to December 31, 2009, 6
IFRS worldwide, popularity and acceptance of, 7–8
principles-based standards, 2
United States, favorable and historic breakthroughs, 8–9
U.S. and the way forward, 9–10
U.S. SEC IFRS road map, 8–10
what are IFRS?, 2

International Financial Reporting Standards (IFRS) for SMEs
IAS 2, Inventories, 387
IAS 8, Accounting Policies, Changes in Accounting Estimates, and Errors, 386
IAS 10, Events After the Reporting Date, 392
IAS 12, Income Taxes, 391
IAS 16, Property, Plant and Equipment, 388
IAS 17, Leases, 389
IAS 18, Revenue, 390
IAS 21, The Effects of Changes in Foreign Exchange Rates, 391
IAS 23, Borrowing Costs, 390
IAS 28, Investments in Associates, 387–88
IAS 29, Financial Reporting in Hyperinflationary Economies, 392
IAS 36, Impairment of Assets, 391
IAS 37, Provisions, Contingent Liabilities, and Contingent Assets, 389
IAS 39, Financial Instruments: Recognition and Measurement, 386
IAS 40, Investment Property, 388
IFRS 2, Share-Based Payments, 390
IFRS 3, Business Combinations, 389
introduction, 383
Section 1: SME, characteristics of, 383–84
Section 2: financial statements, concepts and principles underlying the preparation of, 384
Section 3: financial statements, presentation of, 384–85
Section 9: financial statements, consolidated and separate, 385
Section 10: accounting policies, estimates and errors, 386
Section 11 and 12: financial instruments, 386–87
Section 13: inventories, 387
Section 14: investments in associates, 387
Section 15: investment in joint ventures, 388
Section 16: investment property, 388
Section 17: property, plant and equipment, 388
Section 18: intangible assets other than goodwill, 389
Section 19: business combinations and goodwill, 389
Section 20: leases, 389
Section 21: provisions and contingencies, 389
Section 22: liabilities and equity, 389–90
Section 23: revenue, 390
Section 24: government grants, 390
Section 25: borrowing costs, 390
Section 26: share-based payment, 390–91
Section 27: impairment of assets, 391
Section 28: employee benefits, 391
Section 29: income taxes, 391
Section 30: foreign exchange translation, 391
Section 31: hyperinflationary economy, 392
Section 32: reporting period, events after the end of, 392
Section 33: related parties, 392
Section 34: specialized activities, 392–93
Section 35: transition to IFRS for SMEs, 393
SIC 12, Consolidation for Special Purpose Entities, 385
small and medium entities (SMEs), 383–93

International Organization of Securities Commissions (IOSCO), 5
Inventories, 27–33, 387
Inventories (IAS 2)
cost, 27–33
cost measurement, 28–30
disclosures, 31–32
expense recognition, 30–31
fair value, 27, 32
financial statements, excerpts from published, 32–33
first-in, first-out (FIFO) method, 28–29, 32
IAS 11, Construction Contracts, 27
IAS 23, Borrowing Costs, 28
IAS 32, Financial Instruments: Presentation, 27
IAS 39, Financial Instruments: Recognition and Measurement, 27
IAS 41, Agriculture, 27
IFRS 7, Financial Instruments: Disclosures, 27
IFRS 9, Financial Instruments, 27
introduction, 27
inventories, 27–33
key terms, 27
net realizable value (NRV), 27, 30–33
scope, 27
valuation, basis of, 27–28
weighted-average cost method, 28–30
Investing activities, 35–37, 39–40
Investment
in associates, 387
in joint ventures, 388
property, 388
Investments in Associates (IAS 28)
accounting, method of, 156–58
accounting for investments in separate financial statements, 158–59
associates, 155–60
control, 155–56, 160
currently exercisable, 156
disclosures, 159–60
equity method, 155–61
financial statements, excerpts from published, 160–61
IAS 1, Presentation of Financial Statements, 156
IAS 27, Consolidated and Separate Financial Statements, 157
IAS 36, Impairment of Assets, 157
IAS 39, Financial Instruments: Recognition and Measurement, 155, 158
IFRS 3, Business Combinations, 157
IFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations, 156
introduction, 155
joint control, 155
key terms, 155
significant influence, 155–56, 158, 160
Investment Property (IAS 40)
cost, 261–66
disclosures, 264
disposals, 264
fair value, 261–65
fair value and cost model, 264–65
financial statements, excerpts from unpublished, 266
IAS 2, Inventories, 261
IAS 16, Property, Plant, and Equipment, 262, 265
IFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations, 265
introduction, 261
investment property, 261–66
measurement of, 262–63
transfers to and from, 263
investment property, measurement of, 262–63
investment property, transfers to and from, 263
key terms, 261
owner occupied property, 261–65
scope, 261–62
IOSCO. See International Organization of Securities Commissions (IOSCO)
IRR. See internal rate of return (IRR)
J
Joint control
IAS 28, Investment in Associates, 155
Interests in Joint Ventures (IAS 31), 171–75
Jointly controlled
assets, 172
entities, 172–73
operations, 172
Joint venture, 171–76
K
Key management personnel, 123–25
L
Lease payments, minimum, 77–83, 85
Leases, 389
Leases (IAS 17)
disclosures, 81
finance lease, 77–83, 85
financial statements, excerpts from published, 85–86
IAS 16, Property, Plant, and Equipment, 79, 81
IAS 38, Intangible Assets, 79, 81
IAS 40, Investment Property, 77
IAS 41, Agriculture, 77
initial recognition, 78
introduction, 77
journal entries in the books of Jerry Inc., 83–84
key terms, 77
lease, 77–86
leases, classification of, 77–78
leases in the financial statement of lessees, 78–80
leases in the financial statement of lessors, 80–84
minimum lease payments, 77–83, 85
operating lease, 77–85
sale and leaseback transactions, 81–82
solution, 79
subsequent measurement, 78–79, 81
unearned financial income, computation of, 82–83
Liabilities
  contingent, 217, 309, 316, 319
equity and, 389–90
Liability, 215–16, 218–20
Liability adequacy test (LAT), 325
Liquidity risk, 345, 351–53, 358
Loans and receivables originated by the enterprise, 235–36
Long-term employee benefits, other, 102
Losses
  expected, 56
  provision for expected, 56
Loss of control, 146–47

M

M&A. See mergers and acquisitions (M&A)
Management compensation, 124
Management personnel, key, 123–25
Market risk, 345–46, 351–53
Material, 42–43, 46
Materiality
  IAS 1, Presentation of Financial Statements, 19
  IAS 34, Interim Financial Reporting, 200
Measurement principles, 236–37
Mergers and acquisitions (M&A), 305
Minimum lease payments, 77–83, 85
Monetary items, 163–65, 167
  Financial Reporting in Hyperinflationary Economies (IAS 29), 163–65, 167
  IAS 21, The Effects of Changes in Foreign Exchange Rates, 111, 113, 116–17
Multiemployer plans, 95
Mutual entity, 307

N

National GAAP, 278–81
Net assets available for benefits, 132–37
Net realizable value (NRV), 27, 30–33, 165, 174
  IAS 2, Inventories, 27, 30–33
  IAS 31, Interests in Joint Ventures, 174
Noncash transactions, 38
Noncontrolling interest (minority interest)
  IAS 27, Consolidated and Separate Financial Statements, 143–46, 150–51
  IFRS 1, First-Time Adoption of International Financial Reporting Standards, 285
  IFRS 3, Business Combinations, 305, 307–8, 311–14, 319
Noncurrent assets, 331, 333–34
Noncurrent Assets Held for Sale and Discontinued Operation (IFRS 5)
  assets held for sale, 331–34
cost to sell, 333–34
disclosures, 334
disposal group, 331–35
disposal group assets, 333
fair value, 331, 333–34, 337
financial statements, extracts from published, 334–37
held for sale, changes in classification of, 333–34
IAS 36, Impairment of Assets, 333
introduction, 331
key terms, 331
measurement of noncurrent assets held for sale or disposal group, 333
noncurrent assets, 331, 333–34
operations, discontinued, 331, 333–37
reclassify, when to, 331–32
research and development (R&D), 332
scope, 331
Nonmonetary items
  carried at cost, 165
carried at current price, 164
other, 164
that are revalued, 165
Norwalk Agreement, 8
NRV. See net realizable value (NRV)

O

Obligating event, 215–16
Obligation, present, 309
Onerous contract, 216
Opening IFRS statement of financial position, 278, 280–81, 284–85
Operating activities, 35–37, 39–40
Operating lease, 77–82, 85
Operating leases (lessee), 310–11, 314–15
Operating losses, future, 217
Operating Segments (IFRS 8)
  alternative quantitative thresholds, 365–66
Index

chief executive officer (CEO), 364–65
chief operating decision maker (CODM), 363–67
chief operating officer (COO), 364
core principle, 363
disclosures, 366–67
financial statements, excerpts from published, 367–68
IAS 14, 363
IFRS 8, Operating Segments, 363
introduction, 363
key performance indications (KPIs), 364
operating segments, identifying, 365
reportable segments, 365–66
scope, 363
segment information, measurement of, 366
segments using IFRS 8, identifying, 364–65
SFAS 131, Disclosures About Segments of an
Enterprise and Related Information, 363

Operations, discontinued, 331, 333–37
Ordinary share, 187–93
Owner occupied property, 261–65
Owners, 18, 21–24

P
Parent, 143–49, 153–54
Participants, 131–34, 136
Past service cost, 99
Portfolio, 232, 250, 252, 256, 259
Potential ordinary share, 187–89, 192
Preference shares, 191
Prepayments, 374–75
Presentation currency, 111, 115–17
Presentation of Financial Statements (IAS 1)
accounting policies, disclosure of, 24
accrual basis of accounting, 19
assets, 20
assets and liabilities held for sale, 20
cash flows, statement of, 24
comparative information, 20
comprehensive income, other, 18, 21–23
current assets, 21
current liabilities, 21
current/noncurrent distinction, 20–21
disclosed, how information is, 20
disclosures, other, 24
equity, 20
equity, statement of changes in, 23
financial statement, single statement approach, 22
financial statement, two statement approach, 22–23
financial statements, complete set of, 18
financial statements, excerpts from published, 25–26
financial statements, general purpose, 17–18
financial statements, identification of, 20
financial statements, notes to the, 24
general requirements of, 18–20
going concern, 19
IAS 7, Statement of Cash Flows, 21
IAS 8, Accounting Policies, Changes in
Accounting Estimates and Errors, 23
IAS 27, Consolidated and Separate Financial
Statements, 17
IAS 32, Financial Instruments: Presentation, 17
IAS 34, Interim Financial Reporting, 17
IFRS 5, Noncurrent Assets Held for Sale and
Discontinued Operations, 20–21
impracticable, 18, 20
International Financial Reporting Standards
(IFRS), 17–21, 23
introduction, 17
key terms, 18
liabilities, 20
materiality and aggregation, 19
objectives, 17
offsetting, 20
owners, 18, 21–24
presentation or classification, changes in, 20
profit or loss, 18, 21, 23
profit or loss for the period, 23
reporting, frequency of, 20
scope, 17–18
total comprehensive income, 18, 21–23
Present obligation, 309
Previous GAAP, 279–80, 282–85
Price risk, 345, 354
Principles-based standards, 2
Prior period errors, 41, 47
Profit or loss, 18, 21, 23
Projected unit credit actuarial method, 99
Property, Plant, and Equipment (IAS 16)
carrying amount, 69, 72–76
cost, 69–76
cost, elements of, 70–71
cost, measurement of, 71–72
cost model, 72
depreciable amount, 69, 72
depreciation, 69, 71–76
depreciation method, 73
derecognition, 74
disclosures, 75
fair value, 69, 71, 73–76
financial statements, excerpts from published, 75–76
IAS 2, Inventories, 72
IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, 73
IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, 72
IAS 21, The Effects of Changes in Foreign Exchange Rates, 75
IAS 23, Borrowing Costs, 71
IAS 41, Agriculture, 69
IFRS 2, Share-Based Payments, 69
IFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations, 69, 72
IFRS 6, Exploration for and Evaluation of Mineral Resources, 69
impairment loss, 69, 71–73, 75–76
introduction, 69
key terms, 69–70
property, plant, and equipment, 69–76
recognition, 70–72
recoverable amount, 69
residual value, 69–70, 72, 76
revaluation model, 73–74
scope, 69
useful life, 69–70, 72, 76
Property, plant and equipment, 388
Prospective application, 41–42
Provision, 215–21
Provisions
contingencies and, 389
IAS 37, Provisions, Contingent Liabilities and Contingent Assets, 215–21
measurement of, 216
recognition of, 216
remeasurement of, 216–17
Provisions, Contingent Liabilities and Contingent Assets (IAS 37)
assets, contingent, 217
closure or reorganization, 217
constructive obligation, 216, 218–19
contingent asset, 215, 217–18
contingent liability, 215–16, 218
disclosures, 217–18
financial statements, excerpts from published, 218–21
IAS 11, Construction Contracts, 215
IAS 12, Income Taxes, 215
IAS 17, Leases, 215
IAS 19, Employee Benefits, 215
introduction, 215
key terms, 215
liabilities, contingent, 217
liability, 215–16, 218–20
obligating event, 215–16
onerous contract, 216
operating losses, future, 217
provision, 215–21
provision, recognition of, 216
provisions, measurement of, 216
provisions, remeasurement of, 216–17
restructuring, 217
sale of operation, 217
scope, 215
Puttable instruments, 183–84
Q
Qualifying asset, 119–22
R
R&D. See research and development (R&D)
Reacquired rights, 310
Recognition, 70–72, 224–26
Recognition principles, 236
Recoverable amount, 69
IAS 16, Property, Plant, and Equipment, 69
IAS 36, Impairment of Assets, 207–14
Recoverable amount, reduction to, 165
Regular-way purchase or sale contract, 238
Related parties, 123–25, 127–29, 392
Related-Party Disclosures (IAS 24)
close members of the family of an individual, 123
compensation, 124, 126
disclosures, 124
financial statements, excerpts from published, 127–29
IAS 19, Employee Benefits, 124
IAS 28, Investments in Associates, 123
IAS 31, Interests in Joint Ventures, 123
IFRS 2, Share-Based Payments, 124
introduction, 123
key terms, 123
management compensation, 124
management personnel, key, 123–25
parents and subsidiaries, relationships between, 124
related parties, 123–25, 127–29
related-party transaction, 123–27
standard, recent amendments to the (November 2009), 126–27
substance over form, 124–26
transactions that are disclosed if they are with a related party, 125–26
Related-party transaction, 123–27
Reportable segments, 365–66
Reporting date, 279, 281–82, 284
Reporting period
adjusting events after the, 49–50
events after the, 49
events after the end of the, 392
Index

nonadjusting events after the, 49–50
Research, 223, 225–26
Research and development (R&D), 332
acquired in a business combination, in-process, 225
costs, initial, 225–26
Residual value, 69–70, 72, 76
Restatement process, 166–68
Restructuring, 217
Retirement benefit plans, 131–32
Retrospective application, 41–42, 44–45, 284–85
Retrospective restatement, 42, 47–48
Return on plan assets, 95, 100, 105–6
Revaluation model, 73–74
Revenue, 390
Revenue (IAS 18)
disclosures, 92
fair value, 87–88, 90–92
financial statements, excerpts from published, 92–93
IAS 11, Construction Contracts, 89
IAS 17, Leases, 87
IAS 28, Investments in Associates, 87
IAS 37, Provisions, Contingent Liabilities, and Contingent Assets, 89, 91
IAS 39, Financial Instruments: Recognition and Measurement, 87
IAS 41, Agriculture, 87
IFRIC 13, Customer Loyalty Programs, 91
IFRIC 15, Agreements for the Construction of Real Estate, 89–90
IFRS 4, Insurance Contracts, 87
interest, royalties, and dividends, 91–92
introduction, 87
key terms, 87
rendering of services, revenue from, 90–91
revenue, 87–93
revenue, measurement of, 87–88
sale of goods, revenue on, 88–90
scope, 87
SIC 31, Revenue—Barter Transactions Involving Advertising Services, 90
transaction, identification of a, 88
Revenue and costs, 55
Reverse acquisition, 312–13
Rights issue, 190
Risk
credit, 345–46, 351, 353, 355–57
disclosures, 351–52
interest rate, 345, 351, 353, 355, 360–62
liquidity, 345, 351–53, 358
liquidity, disclosures, quantitative, 352–53
liquidity, maturity analysis of, 352
market, 345–46, 351–53
market, sensitivity analysis of, 353
price, 345, 354
various types of, 345
S
Sale of operation, 217
Service cost
current, 95, 98, 100–102, 105–6
past, 99
Service cost, current, 95, 98, 100–102, 105–6
Settlement date accounting, 238
Share-based
awards, 310, 314–15
payment transaction, 295
Share-based payment, 390–91
Shared-Based Payments (IFRS 2)
accounting for equity-settled share-based payments, 295–96
Black-Scholes model, 295–96
cash-settled transactions, accounting for, 296–97
disclosure, 297
financial statements, excerpts from published, 298–304
IAS 32, Financial Instruments: Presentation, 295
IAS 39, Financial Instruments: Recognition and Measurement, 295
introduction, 295
key terms, 295
scope, 295
share appreciation rights (SAR), 296–97
share-based payment transaction, 295
vesting, 295–303
SIC. See Standing Interpretations Committee (SIC)
SIC 13, Jointly Controlled Entities—Nonmonetary Contributions by Venturers, 174
SIC 31, Revenue—Barter Transactions Involving Advertising Services, 90
Significant influence, 155–56, 158, 160
SME, characteristics of, 383–84
Specialized activities, 392–93
Split accounting, 325
Spot exchange rate, 111, 113, 115
Standards, principles-based, 2
Standards Advisory Council (SAC), 6
Standing Interpretations Committee (SIC), 3
Statement of Cash Flows (IAS 7)
cash, 35–40
cash and cash equivalent, 39
cash equivalent, 35–36, 38–40
Index

cash flows, 35–40
cash flows, foreign currency, 38
cash flows from operating activities, 36–37
cash flows on a nest basis, reporting, 38
disclosures, 38–39
financing activities, 35–40
interest and dividends, 38
introduction, 35
investing activities, 35–37, 39–40
key terms, 35
noncash transactions, 38
operating activities, 35–37, 39–40
statement of, presentation of a, 36–40
taxes on income, 39
Subsidiary, 143–51, 154
Successful efforts, 340, 342

T

Tainting rule, 232–33
Taxable profit (tax loss), 59, 61–62, 67
Taxable temporary difference, 60
Tax base, 60–61
Taxes, 168
Taxes on income, 39
Tax expense (tax income), 59, 64–67
Tax rate, applicable, 202
Total comprehensive income, 18, 21–23

Trade date accounting, 238
Trading, 231–32, 235–36, 239, 247, 256
Transition provisions, 380–81
Transition to IFRS for SMES, 393
Treasury shares, 182–83

U

Useful life, 69–70, 72, 76
U.S. GAAP, 2, 8–9
U.S. SEC, 5, 8–9
U.S. SEC IFRS road map, 8–10

V

Valuation, 179–80
Valuation, basis of, 27–28
Value in use, 207–14
Venturer, 171–74
Vested benefits, 132–33, 135–36
Vesting, 295–303

W

WACC. See weighted-average cost of capital (WACC) method
Weighted-average cost method, 28–30
Weighted-average cost of capital (WACC) method, 214