- SBR
  - 1. acty. stds
    - 2. Conceptual Framework
    - Financial statement
      - 3. group acty
        - working & discussion
      - 4. Ethics
      - 5. Additional performance measure
      - 6. info to stakeholder

- Exam Technique
  - use the info in ques
  - marks
    - Time mgmt *
    - ① 1 point - 1 mark
    - ② 1 mark - 1.8 mins.
  - writing Technique
    - 3 Steps approach.

- Reporting entity
  - single entity ✓
  - portion of entity ✓
  - group of entities ✓

- Financial statement
  - investors.
  - lenders
  - creditors.
  - Elements
    - Expenses
      - ✓ decrease in economic resource as a result of outflow of asset that resulted in decrease in equity.
    - assets
      - ✓ present economic resource control by entity
      - ✓ a right that has the potential to produce economic benefit.
    - liabilities
      - ✓ a present obligation to transfer economic resource.
      - ✓ a duty of responsibility that entity has no practical ability to avoid.
  - measurement
    - historical cost
    - current value
      - fair value
      - value in use
      - fulfilment value
  - Useful Info.
    - Qualitative characteristic.
      - fundamental
        - relevance
        - Faithful representation
      - enhancing
        - i. comparability
        - ii. verifiability.

relevance

- substance over form
- materiality
  - affect decision of user.

representation

- complete
- free from error
- neutral
  - prudence
  - asymetric prudence.

i. comparability
ii. verifiability.
iii. Timeliness.
iv. understandability

IAS 16

recognition criteria

i. Definition – tangible, > 1yr.
ii. future economic benefits.
iii. costs.

major.

acty. Treatment

- FV
- NBV
  - i. useful life
  - ii. RV reviewed yr.

initial recognition

- cost
  - all exp. to bring asset into working condition
- subsequent cost.
  - capitalised
    - extra.
  - w/o as exp.
    - cannot.

Revaluation

- Surplus
  - Equity/OCI
  - income
- Deficit
  - exp.
  - Set-off Surplus.

IFRS 16

Scope

lessee right to control 'asset'

- lessor substitute asset
- low value asset
- short-term lease
  - ✓ 12 mth
  - ✓ no purchase option.

Treatment

Lessee

Initial recognition.

Dr. Right to use x
Cr. Lease liability x

⇓

PV of lease payment

- guaranteed residual value.
- Fixed payment.
- variable payment
  - ✓ due to int./inflation
  - ✓ due to usage.
- early termination penalty.
  - * probable.

Lessor

i. Finance lease
or
operating lease.

Sales & leaseback.

① sale under IFRS 15

i. contract
ii. Transaction price
iii. Performance obligation satisfied ✓

⇓

Disposal taken place

- gain / loss on disposal
- right to use asset
  - % retained.
  - PV of lease payment

not within IFRS 15

⇓

recognised under IFRS 9 ✓

Dr. Bank x
Cr. FL x

FV - CA

$CA \times \frac{\text{PV of lease payment}}{FV}$

Disposal price below FV

shortfall is the prepayment

Disposal price above FV

excess payment is a loan.

IAS 20

Scope

assistance transfer of resource.

⇓

non-monetary

FV of assets received

Types

asset based

Set-off PPE

Deferred income

⇓

amortised

revenue based

⇓

income

reasonable assurance

↳ meet condition

Grant repayable

revenue based

⇓

W/o as exp.

asset based

Set-off PPE

Add to PPE

Deferred income

W/o to deferred income.

IAS 23

Scope

Borrowing

effective

Scope

Int. on a loan

Qualifying asset

⇓

take time to get ready for intended use.

Borrowing cost

effective Int.

Commencement

i. Int. incurred

ii. Exp. & activities to get asset ready for use started

Stop

ready for use.

Temporary suspension

w/o to P&L.

IAS 36

CA > RA

⇓

RA

higher of

FV less cost to sell

Value in use

Future CF

Disc. to PV

* Pre-tax disc. rate.

When?

Indication

⇓

Information

Yearly

i. G/W

ii. IA indefinite useful life

CGU

group of asset

generating CF

Allocation of impairment

Specifically impaired

G/W

Pro-rata

IAS 37

recognition criteria

present obligation

past event

probable outflow

Best estimate

* EV

* PV

3 scenarios

Future operating losses.

✓ no prov

✓ no past event

Onerous contract

lower of

penalty

cost of

✓ no prov

✓ no past event

lower of

penalty

cost of meeting contract

Restructuring

When

* detailed & formal plan
* approved & communicated by YE

How

* directly for restructuring
* ongoing activities.

IFRS5

Conditions

Available immediate sale.

Completed within 1 yr. ✓

Committed to a plan to sell

Actively seek buyer.

Unlikely changes to plan

Treatment

no dep

lower of

CA

FV less cost to sell

Impairment.

presented separately from PPE

IAS 38

recognition criteria

i. identifiable.

ii. control

iii. future economic benefit

iv. cost.

research & develop.

research cost

⇓

w/o exp.

cost

future

Develop. cost

⇓

Conditions

i. product identified

iv. cost.

Cost capitalised < future economic benefit

once w/o cannot be recapitalised

Conditions.

i. product identified
ii. technical feasibility
iii. intention to use/sell
iv. use - useful
sell - mkt.
v. adequate resources

Acty. Treatment

purchased IA

initial recognition

at cost.

Subsequently

finite useful life

amortised over useful life.

indefinite useful life.

no amortisation

yearly impairment.

i. CA decline.
ii. useful life.

IA acquired part of BC

identifiable.

yes.

recognised at FV

no

recognised as part of G/W

IFRS 2

Scope

acquire goods in a SBP arrangement

equity settled

cash settled

excluded

Shareholder transaction

↳ bonus issue.

↳ script div.

IFRS 3

sh. given in exchange for controlling Int

cash

↳ Script div.

- Other than employee
  - When: Date of acq.
  - How: FV of goods acquired
- Employee
  - When
    - Vesting: spread across vesting period
    - Non-vesting: grant date
  - How: FV @ grant date.
    - can be determined
    - cannot: IV = Sh. price − Ex. price

- Cash settled
  - liability
  - FV is remeasured at YE

SBP with DT

- Differences due to timing: DTA = (O − Tax deduction) × %
- Differences due to amount
  - Tax deduction less than cumu. exp.
    - Dr. DTA x
    - Cr. P&L x
  - More than ⇓ excess to equity
    - Dr. DTA x
    - Cr. OCI
    - Cr. P&L

FI

1. Any contract
   - FA ⇓ Contractual rights
   - FL / Equity ⇓
2. Contract to purchase
   - non-financial item
   - Settled net: no physical

contractual rights
to received cash

Debt vs equity

settlement in cash

contractual obli.
to deliver cash.

settlement in own equity Ins.

settlement is by an exchange of a fixed* amount of cash with a variable* number of equity ins.

no physical delivery.

③ Derivative

no initial payment

settled in future

value
value
underl
item

Compound FI

host contract

loan

embedded derivative

conversion option.

IAS 32

FL

PV of Int +
PV of redemption

Equity

β

Recognition & measurement

FA

Debt Ins.

equity Ins.

FVTOCI

FL

amortised cost

FVTPL

FVTOCI

i. not HFT. *

ii. designated on initial recognition.

Business model

* objective to collect contractual CF

CF characteristic Test

i. int.

ii. principal

amortised cost.

* However, intention to sell, → FVTOCI

FVTPL

eliminate acctg. mismatch

recognition inconsis... from using other basis.

FVTOCI

if changes in F... is due to chan... in credit risk

impairment of FA

Stage 1

v initial recognition

v expected credit losses.

v 12-mths.

Stage 2

*. Credit risk increases.

* lifetime credit losses. *

ever AA!

Stage 3

* objective evidence.

* impairment review.

*. CA vs PV of future CF

$1000 $5

reduce CA

Expected credit losses.

Dr. P&L. x

Cr. Allowance for Credit losses. x

Derecognition of FA

right to CF expired *.

yes

Derecognised

no

right to CF transferred

yes

transfer substantially risk & reward

not

assume obligat...

risk & reward | obligat

{yes} Derecognised ✓ | {no} cannot.

i. pay when rece
ii. loss control
iii. material dela

Hedge acty. *.

Conditions

i. formal documentation.
ii. Eligible hedged item
iii. Effectiveness hedge *.

⇓

if cannot meet

△ in FV to P&L.

Types

FV hedge

△ in FV to P&L.

CF hedge

effective portion → OCI

ineffec portion → P&L

SBR

Group CF

Increase

Decrease

Foreign

Increase in share holding

Increase in controlling Int.

Step acquisition

Gain / (loss) on increase in interest

PC	x	Cr. Bank.
(-) NCI @ Date of Increase *		
NCI @ DOA	x	

GW * when achieved control

PC - 50%	x
* FV of previously held Int.	x
NCI	x

(-) NCI @ Date of Increase

NCI @ DOA	X		
(+) pnt - π			
(x) % acquired 10%	X	(x)	Dr. NCI
Gain / (loss) to equity	X	X	Dr. OCI

* ~~FV of previously held Int~~ — X
NCI — X
(-) NA
Gain / (loss) on restatement — (X)
GIW — X

CA* — X
FV — X
— X

Decrease in Controlling Int

Decrease in Shareholding

Disposal of subsi.

Gain / (loss) on decrease in int.

Proceeds.	X
(-) NA @ Date of decrease ~~NA @ DOA~~	X
(+) pnt - π	X
(+) GIW remaining *	X
	X
(x) % decrease %	(x)
Gain / (loss) to equity	X

Gain / (loss) on disposal

Proceeds - 40%	X
FV residual Int - 30%	X
NCI - (30%)	X
	X
(-) NA @ Date of disposal	(X)
(-) GIW remain...	(X)
Gain / (loss) to P&L	X

Disposal of Assu.

Proceeds - 20%	X
FV residual Int - 10%	X
	X
(-) Inv. in Assu.	(X)
	X

Foreign subsi.

GW

gain / loss on exchange diff.

equity

* Foreign currency.
* closing rate.

C - FIS

* closing rate.

equity.

C-FIS

C·P&L

Average rate

C·SOFP

closing rate.

IFRS 11

① Contractual arrangement

Co. A	60%
B.	30%
C.	10%

⇓

ABC Co.

Sharing of control ✓

* all decision considered collectively.

* any decision making need at least 85% approval.

unanimous consent.

all parties must agree or do not object.

⇓

within scope.

Joint operations ✓

no new entity.*

⇓

include our share of assets & liabilities income & exp.

Joint venture.

new entity.

⇓

equity acty.

Inv. in JV.

PC.	x
(+) pnt. π	x
	x

Co. A + Co. B + Co. C

tunnel construct coach builder.

⇓

BID MKT.

Stage 1
- identify contract
- commercial substance.
- probable collection.

IFRS15

recognised revenue Step 5
↳ performance obligation satisfied
→ at point in time.
→ over a period of time.

performance obligation
- promised to transfer goods / services.
- distinct / series of distinct.

Step 3
Transaction price.
- total amount under contract.
- variable consi.
↳ bonus - probable
- significant financing cmt.
↳ use of disc. rate, reflected in separate financing transaction.

Allocate Transaction price.
✓ weighted average.
✓ standalone price.

Contract modification

change in scope, price or both.

separate contract
✓ additional goods / services is distinct. ✓
✓ consideration for additional goods reflects their stand alone price.

not a separate contract.

revenue from long-term

stage of completion ✓
cost incurred
value of work certified

Financial statement
P&L
revenue = Total contract × %.
SOF[P]
Amount

cost incurred

value of work certified

$\% = \frac{\text{cost incurred}}{\text{Total cost}}$

$\% = \frac{\text{value of work certified}}{\text{Total contract price}}$

revenue = Total contract price × %.

cost of sales = Total contract cost × %.

Amou…

cost in…

contra…

(-) pl…

* completion of contract subject to uncertainty.

↳ recognised revenue up to cost incurred

IFRS 13

Hierarchy

Level 1

Level 2 input
observable input.

Level 3 input
unobservable input
⇓
valuation method.

⇓

Types

i. mkt approach
ii. cost approach
iii. income approach.

mkt.
⇓
principal mkt.

greatest volume
⇓
cannot be determine
⇓
highest & best use.

restriction to sell
⇓
different principal mkt

*. Price in mkt less. transaction & transport cost.