



Financial Statement Presentation Project Update

1. The boards issued a Discussion Paper in 2008 and are now redeliberating with a view to issuing an Exposure Draft in the second quarter of 2010. The final standard is expected in 2011.
2. The project sets the objectives of financial statement presentation. Financial statements should:
 - (a) Portray a *cohesive* financial picture - relationships are clear, statements are complementary.
 - (b) *Disaggregate* information so that it is useful in assessing the amount, timing, and uncertainty of future cash flows - Common sections and categories, more line items.
 - (c) Present information about liquidity and financial flexibility - Ability to meet financial commitments and invest in business opportunities.
3. The key features of the proposed approach are:
 - (a) Management approach to classification
 - (b) Single statement of comprehensive income
 - (i) Current OCI treatment retained
 - (ii) Current tax allocation retained
 - (c) Direct method for presenting operating cash flows
 - (d) Reconciliation schedule

This paper has been prepared for discussion at a public meeting of the Analyst Representative Group and Global Preparers Forum of the IASB.

The views expressed in this paper are those of the authors.

Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRIC or the IASB can make such a determination.

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- (i) Reconciliation of SCF and SCI
 - (ii) Separate identification of remeasurements
4. The following redeliberation decisions have been made, as of October 2009
- (a) Liquidity and flexibility should not be core objectives
 - (b) Cohesiveness not required at line item level
 - (c) Disaggregation both by function and nature
 - (d) Retain discontinued operation presentation
 - (e) Retain financing section (consisting of debt and equity).
 - (f) Categories in the business section (investing and operating) and definitions being revised.
 - (g) Require information about net debt. Net debt = financing section less resources available to service those liabilities
 - (h) Statement of cash flows:
 - (i) present cash flows using direct method
 - (ii) only significant operating cash flows
 - (i) Reconciliation schedule - replace it with an analysis of the changes in balances of all significant asset and liability line items.
5. The following key decisions remain to be made by the boards:
- (a) Cohesiveness - Application to 2 or 3 statements
 - (b) Presentation of statement of financial position
 - (c) Disaggregation - Overall principle and segment reporting
 - (d) Statement of comprehensive income - Disaggregation of remeasurement information
 - (e) Basket transactions - Single line or disaggregation
 - (f) Presentation of net debt information.

IFRIC Update

IFRIC Issues being considered by the IFRIC

Reference number	Topic	Brief description	Progress
IAS 32-7	Debt to equity swap	The issue is how an entity should account for the settlement of debt by the issue of equity.	<p>At the July 2009 meeting the staff presented its analysis of the issues and recommendation on whether the issues should be added to the agenda. The IFRIC added the issue to its agenda and a draft interpretation was issued for public comment in August 2009, with a comment deadline of 05 October 2009.</p> <p>At the November 2009 meeting the IFRIC will consider comments received and decide whether to confirm and issue the interpretation.</p>

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ARG / GPF Meeting Paper

IFRIC Issues being considered for addition to the agenda

Reference number	Topic	Brief description	Progress
IFRS 2-11	Classification of conditions (request received May 2009)	<p>The issues are:</p> <ol style="list-style-type: none"> 1. the reason conditions in share-based payment arrangements should be treated as non-vesting 2. whether a condition that affects only the timing of vesting should be treated as a vesting or non-vesting condition. 	<p>The IFRIC received a request to add to its agenda a project to clarify how the examples of non-vesting conditions in paragraph IG24 of IFRS 2 should be applied.</p> <p>At the July 2009 meeting the staff presented its analysis of the issues and recommendation on whether the issues should be added to the agenda. At this meeting, the IFRIC decided that further research and analysis on the topic were needed.</p> <p>The staff is analysing the issue and will present its analysis and recommendation on whether the issue should be added to the agenda at a future meeting.</p>
IFRS 2-12	Classification of share-based payment arrangements as cash-settled or equity-settled (request received May 2009)	The issue is how a share-based payment should be classified when it may be settled either in equity or in cash dependent of conditions outside the control of both the entity and the counterparty.	At the November 2009 meeting the staff will present its analysis of the issues and recommendation on whether the issues should be added to the IFRIC agenda.
IFRS 2-13	Measurement of employee share-based transactions with cash alternatives (request received in May 2009)	The issue is a request for clarification of the measurement of share-based payment transactions in which the manner of settlement (equity instruments or cash) is contingent on future events.	At the November 2009 meeting the staff will present its analysis of the issues and recommendation on whether the issues should be added to the IFRIC agenda.

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Reference number	Topic	Brief description	Progress
IFRS 3R-4 (IAS 27-8)	Measurement of non-controlling interest (request received January 2009)	The issue is whether an entity may apply the measurement choice in IFRS 3 to all components of NCI, including those that were not previously included in the definition of MI.	At the July 2009 meeting the IFRIC tentatively decided not to add the issue to its agenda. At the November 2009 meeting the IFRIC will consider comments received and decide whether to confirm that decision.
IFRS 3R-5	Unreplaced and voluntarily replaced share-based payment awards (request received January 2009)	The issue is how an acquirer should measure share-based payment awards of the acquiree that the acquirer does not replace or that the acquirer replaces when there is not contractual obligation to do so.	At the July 2009 meeting the IFRIC tentatively decided not to add the issue to its agenda. However, the IFRIC recommended that the Board amend revised IFRS 3 to address the issues identified as a part of the annual improvements project. At the November 2009 meeting the IFRIC will consider comments received and decide whether to confirm that decision.
IFRS 4-2	Applicability of IFRS 4 to REITs (request received in July 2009)	The issue is whether ownership units issued by Real Estate Investment Trusts (REITs) with specific features are financial instruments with Discretionary Participation Features (IFRS 4).	At the November 2009 meeting the staff will present its analysis of the issues and recommendation on whether the issues should be added to the IFRIC agenda.
IFRS 5-3	Write-down of a disposal group	The issue is how an impairment loss should be recognised and allocated when it exceeds the non-current assets within the scope of the standard.	At the July 2009 meeting the IFRIC decided not to add the issue to its agenda. However, the IFRIC recommended that the Board amend IFRS 5 as a matter of priority to address the issue. At the November 2009 meeting the IFRIC will consider comments received and decide whether to confirm that decision.
IAS 16-4	Accounting for production stripping costs (request received in June 2009)	The issue is how to account for stripping costs when they are incurred in the production phase of the mine.	At the November 2009 meeting the staff will present its analysis of the issues and recommendation on whether the issues should be added to the IFRIC agenda.

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Reference number	Topic	Brief description	Progress
IAS 18-10	Accounting for the receipt of a dividend of treasury shares (request received in October 2009)	The issue is how an investor, specifically when accounting for an investment at cost, should record the receipt of a dividend from the investee of treasury shares.	At the November 2009 meeting the staff will present its analysis of the issues and recommendation on whether the issues should be added to the IFRIC agenda.
IAS 23-1	Meaning of 'general borrowings'	The issue is whether the cost of borrowings for the acquisition of specific non-qualifying assets should be included in determining the capitalisation rate for qualifying assets financed by general borrowings.	At the July 2009 meeting the IFRIC tentatively decided not to add the issue to its agenda. The IFRIC noted that the Board will consider whether to add this issue to the annual improvements project. At the November 2009 meeting the IFRIC will consider comments received and decide whether to confirm that decision.
IAS 27-9	Presentation of comparatives when applying the 'pooling of interests' method (request received in October 2009)	The issue relates to the presentation of prior periods when applying the 'pooling of interests' for business combinations between entities under common control, where the acquiring entity uses the carry-over basis (book value).	At the November 2009 meeting the staff will present its analysis of the issues and recommendation on whether the issues should be added to the IFRIC agenda.

ARG / GPF Meeting Paper

Reference number	Topic	Brief description	Progress
IAS 27-10	Combined financial statements and redefined reporting entities (request received in October 2009)	There are 2 issues under consideration: Issue 1 – the ability to ‘include a selection of entities that are under common control, rather than being restricted to a parent/subsidiary relationship [defined] by IAS 27’ (i.e. ‘combined financial statements’), and Issue 2 – the ability in accordance with IFRS for a ‘reporting entity to be redefined to exclude entities/businesses that have been carved-out of a group’.	At the November 2009 meeting the staff will present its analysis of the issues and recommendation on whether the issues should be added to the IFRIC agenda.
IAS 38-8	Clarification of ‘consumption of economic benefits’ (request received in July 2009)	The issue is whether the “pattern of consumption of economic benefits” reflects values or only quantities?	At the November 2009 meeting the staff will present its analysis of the issues and recommendation on whether the issues should be added to the IFRIC agenda.
IAS 39-25	Unit of account for forward contracts with volumetric optionality (request received in July 2009)	The issue is to provide guidance where a contract has both option and non-option elements – whether the elements can be assessed as 2 separate contracts when applying paragraphs 5 -7 of IAS 39 <i>Financial Instruments: Recognition and Measurement</i>	At the November 2009 meeting the staff will present its analysis of the issues and recommendation on whether the issues should be added to the IFRIC agenda.