

Latest Development of IFRS/HKFRS 2012

21 May 2012



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Effective for 2011 Dec. Year-End

Selected new interpretations and amendments to HKFRSs

- | | |
|---|-------------------------------------|
| • Amendments to HKAS 32 <i>Classification of Rights Issues</i> | ➤ 1 Feb. 2010 |
| • HKAS 24(Revised) <i>Related Party Disclosures</i> | ➤ 1 Jan. 2011 |
| • Amendments to HK(IFRIC) 14 HKAS 19 — <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> | ➤ 1 Jan. 2011 |
| • Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i> | ➤ 1 Jul. 2010 |
| • Annual Improvements to HKFRSs 2010 | ➤ 1 Jan. 2011
(unless specified) |

Effective for periods beginning on/after

- AB 4 *Guidance on the Determination of Realised Profits and Losses in the Context of Distributions under the Hong Kong Companies Ordinance*

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Updated to HKICPA Update No. 116 of 25 April 2012

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Effective for 2012 Dec. Year-End

Selected new interpretations and amendments to HKFRSs	Effective for periods beginning on/after
• Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i>	➤ 1 Jul. 2011
• Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>	➤ 1 Jul. 2011
• Amendments of HKAS 12 <i>Deferred Tax: Recovery of Underlying Assets</i>	➤ 1 Jan. 2012

Effective after 2012 Dec. Year-End

Selected new interpretations and amendments to HKFRSs	Effective for periods beginning on/after
• HKFRS 9 <i>Financial Instruments</i>	➤ 1 Jan. 2015
• HKFRS 10 <i>Consolidated Financial Statements</i>	➤ 1 Jan. 2013
• HKFRS 11 <i>Joint Arrangements</i>	➤ 1 Jan. 2013
• HKFRS 12 <i>Disclosure of Interests in Other Entities</i>	➤ 1 Jan. 2013
• HKFRS 13 <i>Fair Value Measurement</i>	➤ 1 Jan. 2013
• HKAS 1 (revised) <i>Presentation of Items of OCI</i>	➤ 1 Jul. 2012
• HKAS 19 (revised) <i>Employee Benefits</i>	➤ 1 Jan. 2013
• HK(IFRIC) – Int 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	➤ 1 Jan. 2013
• Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>	➤ 1 Jan. 2014
• Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	➤ 1 Jan. 2013
• Amendments to HKFRS 9 <i>Financial Instruments and HKFRS 7 – Mandatory Effective Date of HKFRS 9 and Transition Disclosures</i>	➤ 1 Jan. 2015
• Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>	➤ 1 Jan. 2013

Today's Agenda



Update of Amendments to HKFRS
effective for 2011/12

Update of Amendments to HKFRS/IFRS
effective for 2012/13

Update of Amendments to HKFRS/IFRS
effective after y.e. 31 December 2012

Today's Agenda



Update of Amendments to HKFRS
effective for 2011/12

Effective for 2011 Dec. Year-End

Selected new interpretations and amendments to HKFRSs

- Amendments to HKAS 32 *Classification of Rights Issues*
 - HKAS 24(Revised) *Related Party Disclosures*
 - Amendments to HK(IFRIC) 14 HKAS 19—*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
 - Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
 - Annual Improvements to HKFRSs 2010
- Effective for periods beginning on/after
- 1 Feb. 2010
 - 1 Jan. 2011
 - 1 Jan. 2011
 - 1 Jul. 2010
 - 1 Jan. 2011 (unless specified)

- AB 4 *Guidance on the Determination of Realised Profits and Losses in the Context of Distributions under the Hong Kong Companies Ordinance*

Related Party Disclosures

(HKAS 24)



Key Amendments

- Related party – Definition change
- Government-related entities – Definition and Exemption
- Commitment is included for disclosure



Definition of a Related Party

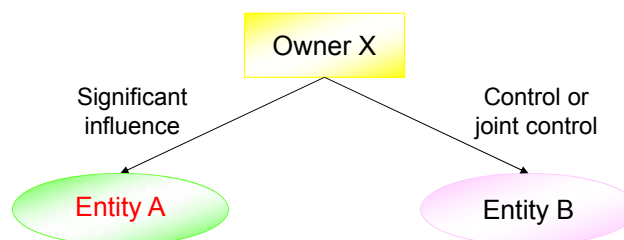
- A **related party** is a person or entity that is related to the entity that is preparing its financial statements (i.e. reporting entity).
 - a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Definition of a Related Party

- A **related party** is a person or entity that is related to the entity that is preparing its financial statements (i.e. reporting entity).
- b) An entity is related to a reporting entity if any of the following conditions applies:
 - i. The entity and the reporting entity are members of the same group (which means that each parent, sub. and fellow sub. is related to the others).
 - ii. One entity is an associate or JV of the other entity (or an associate or JV of a member of a group of which the other entity is a member).
 - iii. Both entities are JV of the same third party.
 - iv. One entity is a JV of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled or jointly controlled by a person identified in (a).
 - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Definition of a Related Party – Key Changes

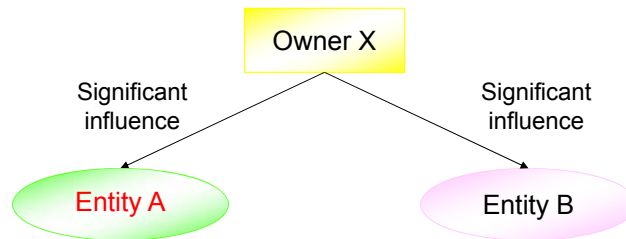
Example



- Entity A and Entity B are related to each other in both Entity A's and Entity B's financial statements
- Previously, they are not regarded as related parties.

Definition of a Related Party – Key Changes

Example



- Entity A and Entity B are not related to each other in both Entity A's and Entity B's financial statements

Today's Agenda



Update of Amendments to HKFRS/IFRS
effective for 2012/13

Effective for 2012 Dec. Year-End

Selected new interpretations and amendments to HKFRSs

Effective for periods beginning on/after

- Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* ➤ 1 Jul. 2011
- Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* ➤ 1 Jul. 2011
- Amendments of HKAS 12 *Deferred Tax: Recovery of Underlying Assets* ➤ 1 Jan. 2012 ◀

Recovery of Underlying Asset

(Amendments to HKAS 12 Income Tax)



Introduction

- HKAS 12 *Income Taxes* requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through
 - use or sale.
- It can be difficult and subjective to assess whether recovery will be through use or through sale
 - when the asset is measured using the fair value model in HKAS 40 Investment Property.
- The amendment provides a practical solution to the problem
 - by introducing a presumption that recovery of the carrying amount will, normally be, be through sale.

No such exemption for PPE using revaluation model under HKAS 16

Recovery of Underlying Asset

- If a deferred tax liability or asset arises from investment property that is measured using the fair value model in HKAS 40,
 - there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.
- Accordingly, unless the presumption is rebutted,
 - the measurement of the deferred tax liability or deferred tax asset shall reflect the tax consequences of recovering the carrying amount of the investment property entirely through sale. (HKAS 12.51C)

i.e. no deferred tax is required when tax on sale is zero!

- This presumption is rebutted if the investment property
 - is depreciable and
 - is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.
- If the presumption is rebutted, the requirements of HKAS 12.51 and 51A shall be followed.



Effective Date and Transition

- An entity shall apply the amendments for annual periods beginning on or after 1 January 2012.
- Earlier application is permitted.
- If an entity applies the amendments for an earlier period, it shall disclose that fact.



Today's Agenda



Update of Amendments to HKFRS/IFRS
effective after y.e. 31 December 2012

Effective after 2012 Dec. Year-End

Selected new interpretations and amendments to HKFRSs

- HKFRS 9 *Financial Instruments* ➤ 1 Jan. 2015
- HKFRS 10 *Consolidated Financial Statements* ➤ 1 Jan. 2013
- HKFRS 11 *Joint Arrangements* ➤ 1 Jan. 2013
- HKFRS 12 *Disclosure of Interests in Other Entities* ➤ 1 Jan. 2013
- HKFRS 13 *Fair Value Measurement* ➤ 1 Jan. 2013
- HKAS 1 (revised) *Presentation of Items of OCI* ➤ 1 Jul. 2012
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- HK(IFRIC) – Int 20 *Stripping Costs in the Production Phase of a Surface Mine* ➤ 1 Jan. 2013
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- Amendments to HKFRS 9 *Financial Instruments and HKFRS 7 – Mandatory Effective Date of HKFRS 9 and Transition Disclosures* ➤ 1 Jan. 2015
- Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans* ➤ 1 Jan. 2013

Effective for periods beginning on/after



Financial Instruments

(HKFRS 9)



Chapters

- 1 Objective
- 2 Scope
- 3 Recognition and Derecognition
- 4 Classification
- 5 Measurement
- 6 Hedge Accounting (*not used yet*)
- ~~7 Disclosures (*not used yet*)~~
- 7 ~~8~~ Effective Date and Transition

Background

- In response to the input received on its work responding to the financial crisis, and following the conclusions of the G20 leaders and the recommendations of international bodies,
 - the IASB announced an accelerated timetable for replacing IAS 39 in April 2009, and
 - finally, IFRS 9 Financial Instruments in Nov. 2009
- HKFRS 9 was issued to maintain international convergence with the issuance of IFRS 9.



Background

- The three main phases of the project to replace HKAS 39 are:
 - a) Phase 1: Classification and measurement of financial assets and financial liabilities.
 - b) Phase 2: Impairment methodology.
 - c) Phase 3: Hedge accounting.
- HKFRS 9 issued so far includes only the chapters relating to Phase 1 (classification and measurement of financial assets and financial liabilities).

Additions of Financial Liabilities
issued on 25 Nov. 2010 in HK



Chapter 3 Recognition & Derecognition

- An entity shall recognise a financial asset or a financial liability in its statement of financial position when, and only when,
 - the entity becomes party to the contractual provisions of the instrument.
- When an entity first recognises a financial asset, it shall
 - **classify** it in accordance with paragraphs 4.1.1-4.1.5 and
 - **measure** it in accordance with paragraph 5.1.1 and 5.1.2.
- When an entity first recognises a financial liability, it shall
 - **classify** it in accordance with paragraphs 4.2.1 and 4.2.2 and
 - **measure** it in accordance with paragraph 5.1.1. (para. 3.1.1)

Same as before

Amended
(Ch. 4 of HKFRS 9)

Amended
(Ch. 5 of HKFRS 9)

Similar to
HKAS 39

Same para. as
financial assets

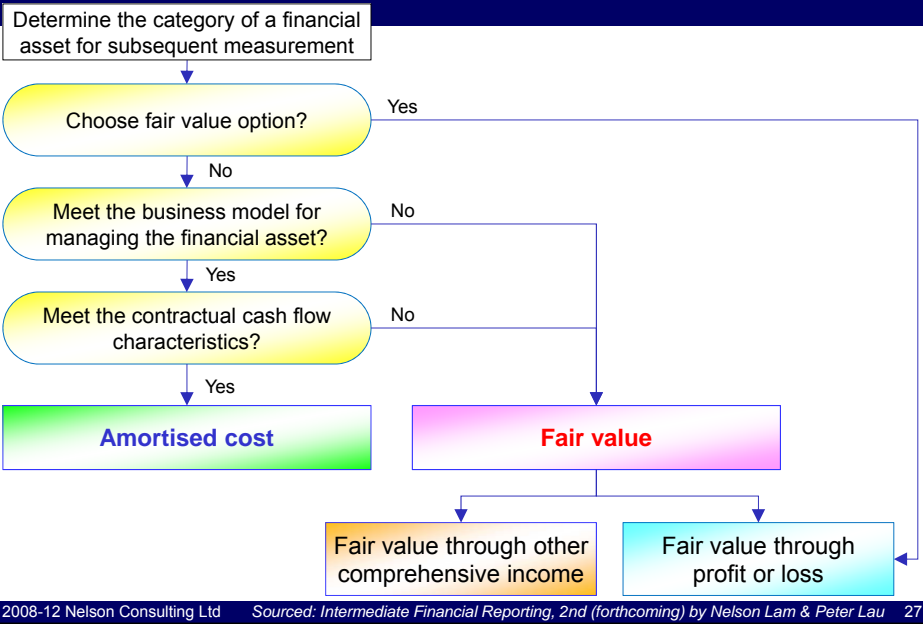
Chapter 4.1 Classification of FA

- Unless para. 4.1.5 of HKFRS 9 (so-called “fair value option”) applies, an entity shall classify financial assets as subsequently measured at either
 - **amortised cost** or
 - **fair value**on the basis of both:
 - a) the entity’s **business model** for managing the financial assets; and
 - b) the **contractual cash flow characteristics** of the financial asset. (para. 4.1.1)

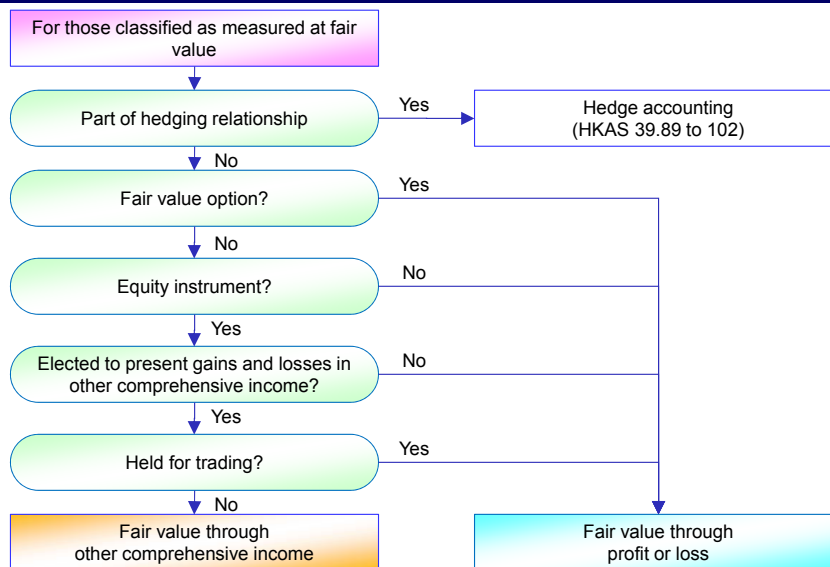
Amortised cost

Fair value

Chapter 4.1 Classification of FA

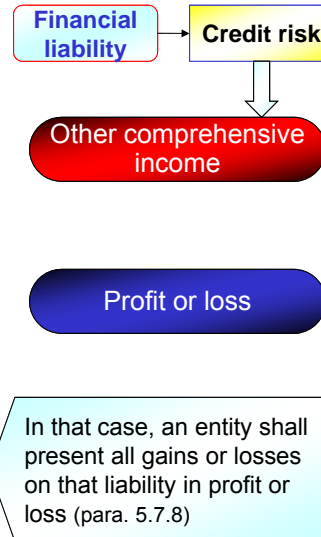


Chapter 5.7 Gains and Losses



Chapter 5.7 Gains and Losses

- An entity shall present a gain or loss on a financial liability designated as at fair value through profit or loss as follows:
 - a. The amount of change in the fair value of the financial liability that is attributable to **changes in the credit risk** of that liability shall be **presented in other comprehensive income** (see para. B5.7.13–B5.7.20), and
 - b. the **remaining amount of change in the fair value** of the liability shall be **presented in profit or loss**
- unless
 - the treatment of the effects of changes in the liability's credit risk described in (a) would **create or enlarge an accounting mismatch in profit or loss** (in which case paragraph 5.7.8 applies). (para. 5.7.7)

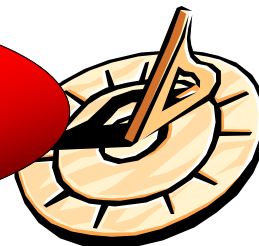


Chapter 7 Effective Date & Transition

Effective date

- An entity shall apply HKFRS 9 for annual periods beginning on or after 1 January 2013.
- Earlier application is permitted.
 - However, if an entity elects to apply HKFRS 9 early and has not already applied HKFRS 9 issued in 2009, it must apply all of the requirements in HKFRS 9 at the same time (but see also para. 7.3.2).

The IASB published on 4 Aug. 2011 for public comment an exposure draft of proposals to adjust the mandatory effective date of IFRS 9 to 1 January 2015



IFRS/HKFRS Issued in 2011

On 12 May 2011

- The IASB issued 4 new IFRS
 - IFRS 10 *Consolidated Financial Statements*
 - IFRS 11 *Joint Arrangements*
 - IFRS 12 *Disclosure of Interests in Other Entities*
 - IFRS 13 *Fair Value Measurement*

On 16 June 2011

- The IASB amended 2 other IFRS
 - IAS 1 *Presentation of Financial Statements*
 - IAS 19 *Employee Benefits*

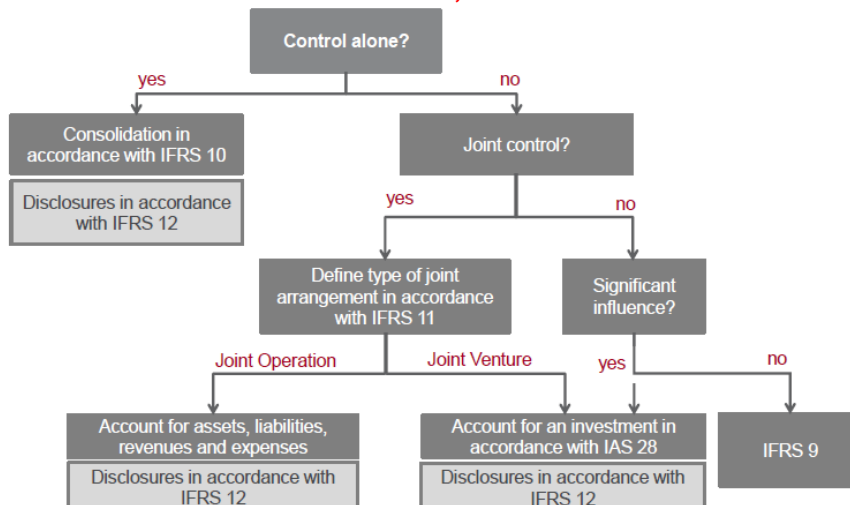
On 24 June and 14 July 2011

- The HKICPA issued the same in HKFRS and HKAS



Briefing on HKFRS 10, 11 and 12

Interaction between IFRS/HKFRS 10, 11 and 12 and IAS/HKAS 28



Consolidated Financial Statements

(HKFRS 10)



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HKFRS 10 Consol. Financial Statements

- While HKFRS 10 become effective,
 - HKAS 27 becomes “separate financial statements”
- Indicator still refers to **“control”** but
- An investor, regardless of the nature of its involvement with an entity (the investee),
 - shall determine whether it is a parent by assessing whether it controls the investee. (HKFRS 10.5)
- An investor controls an investee when
 - it is exposed, or has rights, to variable returns from its involvement with the investee and
 - has the ability to affect those returns through its power over the investee. (HKFRS 10.6)



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HKFRS 10 Consol. Financial Statements

• Thus, an investor controls an investee if and only if the investor has all the following:

- a. **power** over the investee;
- b. **exposure, or rights, to variable returns** from its involvement with the investee; and
- c. the **ability to use its power** over the investee **to affect** the amount of the investor's **returns** (HKFRS 10.7)

Power is defined as “existing rights that give the current ability to direct the relevant activities”

relevant activities are “activities of the investee that significantly affect the investee's returns”

Rights include

- voting rights, potential voting rights, proportionate voting rights, substantive rights, removal rights, decision-making rights, protective rights, contractual rights



HKFRS 10 Summary of Key Changes

HKAS 27 & HK(SIC)-Int 12

HKFRS 10 (and 12)

Control as the basis for consolidation

- HKAS 27 identifies control as the basis for consolidation and focuses on the power to govern the financial and operating policies for assessing control of typical operating entities.
- In contrast, HK(SIC)-Int 12 focuses on risks and rewards for assessing control of special purpose entities.

HKFRS 10 identifies control as the single basis for consolidation for all types of entities.

- There is no separate guidance with a different consolidation model for special purposes entities (as incorporated into the single consolidation model in IFRS 10)
- The new control definition reflects that an investor can achieve power over an investee in many ways, not just through governing financial and operating policies.
- The investor must assess whether it has rights to direct the relevant activities.
- Although exposure to risks and rewards is an indicator of control, it is not the sole focus for consolidation for any type of entity.

HKFRS 10 Summary of Key Changes

HKAS 27 & HK(SIC)-Int 12

HKFRS 10 (and 12)

Control without a majority of voting rights

- Although the idea that an investor could control an investee while holding less than 50% of the voting rights was implicit in HKAS 27, it was not explicitly stated.

HKFRS 10 states that an investor can control an investee with less than 50% of the voting rights of the investee.

- HKFRS 10 provides specific application guidance for assessing control in such cases.

HKFRS 10 Summary of Key Changes

HKAS 27 & HK(SIC)-Int 12

HKFRS 10 (and 12)

Potential voting rights

- Only *currently exercisable* potential voting rights are considered when assessing control.

Potential voting rights need to be considered in assessing control, but only if they are **substantive**.

- Potential voting rights are substantive
 - when the holder has the practical ability to exercise its rights and
 - when those rights are exercisable when decisions about the direction of the relevant activities need to be made.
 - Deciding whether potential voting rights are substantive requires judgement.
- Potential voting rights may need to be considered even if they are not currently exercisable.

HKFRS 10 Summary of Key Changes

HKAS 27 & HK(SIC)-Int 12 HKFRS 10 (and 12)

Agency relationships

- HKAS 27 has no specific guidance regarding situations when power is delegated by a principal to an agent.

HKFRS 10 contains specific application guidance for agency relationships.

- When decision-making authority has been delegated by a principal to an agent, an agent in such a relationship does not control the entity.
- The principal that has delegated the decision-making authority would consolidate the entity.
- The application guidance offers a range of factors to consider and contains examples.

HKFRS 10 Summary of Key Changes

HKAS 27 & HK(SIC)-Int 12 HKFRS 10 (and 12)

Disclosures

- HKAS 27 and HK(SIC)-Int 12 contain limited disclosure requirements for consolidated entities and no disclosure requirements for unconsolidated structured entities.

HKFRS 12 expands the disclosure requirements for both consolidated entities and unconsolidated structured entities.

- The disclosure objectives in HKFRS 12 will give preparers flexibility to tailor their individual disclosures to meet these objectives.
- HKFRS 12 presents a single disclosure standard for reporting entities with special relationships with other entities, including subsidiaries, joint ventures, associates and unconsolidated structured entities.

HKFRS 10: Effective Date

- An entity shall apply HKFRS 11 for annual periods beginning on or after 1 January 2013.
- Earlier application is permitted.
- If an entity applies HKFRS 10 earlier, it shall disclose that fact and apply HKFRS 11, HKFRS 12, HKAS 27 (as amended in 2011) and HKAS 28 (as amended in 2011) at the same time. (HKFRS 10.C1)



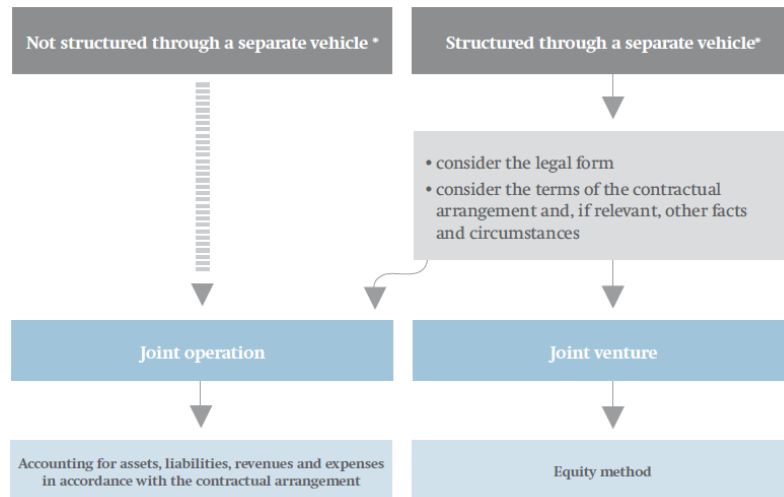
Joint Arrangement

(HKFRS 11)



HKFRS 11 Joint Arrangements

Introduced and amended in HKFRS 11



HKFRS 11 Joint Arrangements

- **Joint Arrangement,**

- a new name to subrogate joint venture, simultaneously, joint venture has another meaning now
- is defined to be an arrangement of which two or more parties have **joint control**.
- has the following characteristics:
 - a. The parties are bound by a contractual arrangement.
 - b. The contractual arrangement gives two or more of those parties joint control of the arrangement. (HKFRS 11.4-5)

Joint control is defined as

- the contractually agreed sharing of control of an arrangement,
- which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.



HKFRS 11 Joint Arrangements

Joint Operation

A joint operation is

- a joint arrangement whereby the parties that have joint control of the arrangement have rights to **the assets, and obligations for the liabilities**, relating to the arrangement.

Those parties are called joint operators (HKFRS 11.15).

Joint Venture

A joint venture is

- a joint arrangement whereby the parties that have joint control of the arrangement have rights to the **net assets** of the arrangement.

Those parties are called joint venturers (HKFRS 11.16).

HKFRS 11 Joint Arrangements

Joint Operation



- A joint operator shall recognise in relation to its interest in a joint operation:
 - a. its assets, including its share of any assets held jointly;
 - b. its liabilities, including its share of any liabilities incurred jointly;
 - c. its revenue from the sale of its share of the output arising from the joint operation;
 - d. its share of the revenue from the sale of the output by the joint operation; and
 - e. its expenses, including its share of any expenses incurred jointly. (HKFRS 11.20)

HKFRS 11 Joint Arrangements



Joint Venture

- A joint venturer
 - shall recognise its interest in a joint venture as an investment and
 - shall account for that investment using the equity method in accordance with HKAS 28 *Investments in Associates and Joint Ventures*
 - unless the entity is exempted from applying the equity method as specified in HKAS 28 (HKFRS 11.24).
- HKAS 28 is renamed as “Investments in Associates and Joint Ventures”

HKFRS 11: Effective Date

- An entity shall apply HKFRS 11 for annual periods beginning on or after 1 January 2013.
- Earlier application is permitted.
- If an entity applies HKFRS 11 earlier, it shall disclose that fact and apply HKFRS 10, HKFRS 12, HKAS 27 (as amended in 2011) and HKAS 28 (as amended in 2011) at the same time. (HKFRS 11.C1)



Fair Value Measurement

(HKFRS 13)



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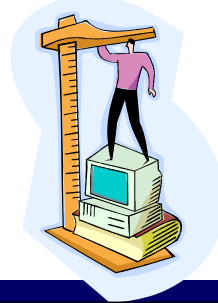
1. Introduction

- HKFRS 13 is a single standard to address the measurement fair value used in many other HKFRSs:
 - a. defines fair value;
 - b. sets out in a single HKFRS a framework for measuring fair value; and
 - c. requires disclosures about fair value measurements. (HKFRS 13.1)

Definition of Fair Value

Single Framework for FV Measurement

Disclosure



2. Definition of Fair Value

- Fair value is defined in HKFRS 13 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. (HKFRS 13.9)
 - i.e. an exit price
 - It is a market-based measurement, not an entity-specific measurement
- Historically, fair value is normally defined as:
 - The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Definition of Fair Value

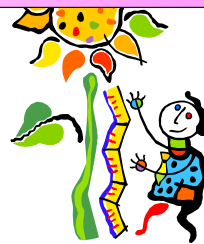


2. Definition of Fair Value

The IASB considered the previous definition of fair value:

- a. did not specify whether an entity is buying or selling the asset;
- b. was unclear about what is meant by settling a liability because it did not refer to the creditor, but to knowledgeable, willing parties; and
- c. did not state explicitly whether the exchange or settlement takes place at the measurement date or at some other date (HKFRS 13.BC30)

- Historically, fair value is normally defined as:
 - The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.



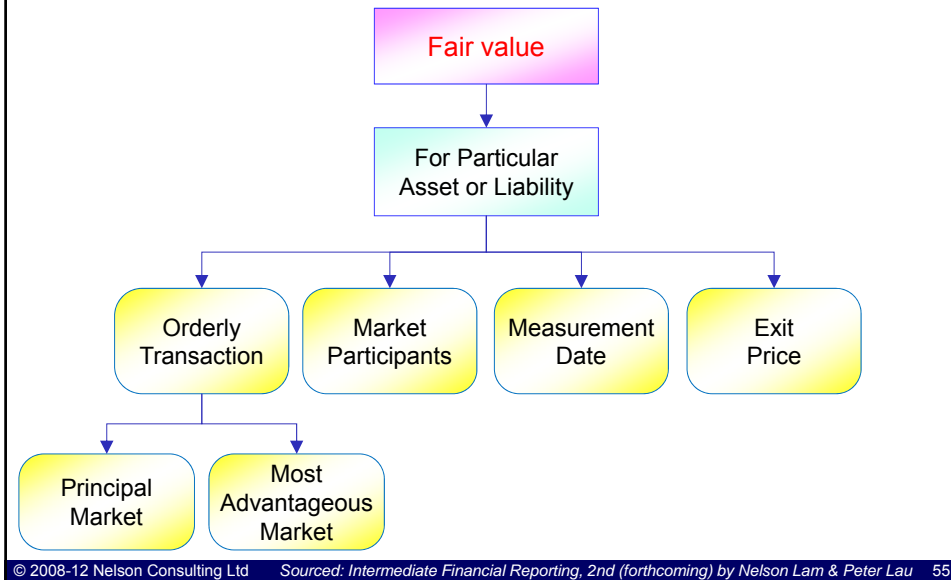
3. Fair Value Measurement

- HKFRS 13 explains that a fair value measurement requires an entity to determine the following:
 - a. the particular asset or liability being measured;
 - b. for a non-financial asset, the highest and best use of the asset and whether the asset is used
 - in combination with other assets or
 - on a stand-alone basis;
 - c. the market in which an orderly transaction would take place for the asset or liability; and
 - d. the appropriate valuation technique(s) to use when measuring fair value.
 - The valuation technique(s) used should maximise the use of relevant observable inputs and minimise unobservable inputs.
 - Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability. (HKFRS 13.IN10)

Single Framework for FV Measurement

Fair Value Hierarchy (3 levels)

3. Fair Value Measurement



HKFRS 13: Effective Date

- An entity shall apply HKFRS 13 for annual periods beginning on or after 1 January 2013.
- Earlier application is permitted.
- HKFRS 13 shall be applied prospectively as of the beginning of the annual period in which it is initially applied.
- The disclosure requirements of HKFRS 13 need not be applied in comparative information provided for periods before initial application of HKFRS 13. (HKFRS 13.C1)



Presentation of Financial Statements

(HKAS 1 Revised)

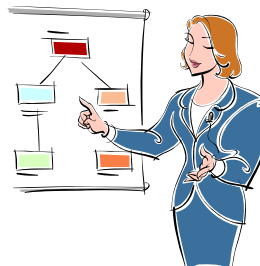


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Presentation of Financial Statements

- In June 2011, the IASB further amended IAS 1 for annual periods beginning on or after 1 July 2012 in order to
 - Distinguish different items of other comprehensive income, and
 - Align with the accounting practices in US.
- The presentation of other comprehensive income in IFRS and accounting practices in US will be aligned.
- HKICPA issued the same amendment in July 2011.



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Presentation of Financial Statements

- The main amendment of HKAS 1 requires an entity to
 - Classify line items for amounts of other comprehensive income (OCI) in a period by nature,
 - Group and present them in accordance with other HKFRSs into:
 1. Those items of OCI that will not be reclassified subsequently to P/L; and
 2. Those items of OCI that will be reclassified subsequently to P/L when specific conditions are met (HKAS 1.82A).

OCI not reclassified

OCI may be reclassified

Presentation of Financial Statements

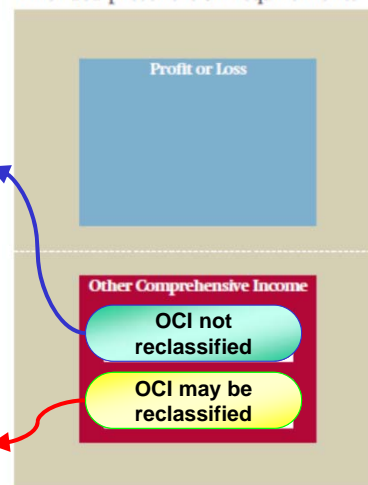
Those items of OCI that will not be reclassified subsequently to P/L include:

- Changes in revaluation surplus of PPE recognised under HKAS 16;
- Changes in revaluation surplus of intangible assets under HKAS 38;
- Actuarial gains and losses on defined benefit plans under HKAS 19; and
- FV changes of investment in equity instrument recognised in OCI under HKFRS 9.

Those items of OCI that may be reclassified subsequently to P/L include:

- Translation reserves under HKAS 21;
- FV changes on available-for-sale financial assets under HKAS 39; and
- Cash flow hedge reserves under HKAS 39.

Amended presentation requirements



Presentation of Financial Statements

- In addition to the main amendment, HKAS 1 is also amended and updated with the following points:
 1. A new statement title, **statement of profit or loss and other comprehensive income**, is introduced and it can be used to distinguish from statement of comprehensive income which may be used to present comprehensive income only (HKAS 1.10 revised in 2011);
 2. Similar to the above title, another new statement title, **statement of profit or loss**, is also introduced to formally replace income statement, or separate income statement, to present items of profit or loss only (HKAS 1.10A);
 3. Components of other comprehensive income is formally described as **items of other comprehensive income**; and
 4. A term, i.e. **comprehensive income**, is formally introduced and represents the total of profit or loss and other comprehensive income (HKAS 1.81A).

HKAS 1: Effective Date

- *Presentation of Items of Other Comprehensive Income* (Amendments to HKAS 1), issued in July 2011, amended paragraphs 7, 10, 82, 85–87, 90, 91, 94, 100 and 115, added paragraphs 10A, 81A, 81B and 82A, and deleted paragraphs 12, 81, 83 and 84.
- An entity shall apply those amendments for annual periods beginning on or after 1 July 2012.
- Earlier application is permitted.
- If an entity applies the amendments for an earlier period it shall disclose that fact.(HKAS 1.139J)



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