Accounting 7e

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Chapter 23

Presentation of financial statements

PowerPoint presentation by Anne Abraham
University of Wollongong

EXTERNAL REPORTING REQUIREMENTS

- **Annual financial report** (GPFR's)
  - Profit and loss statement
  - Balance sheet
  - Statement of cash flows
  - Consolidated statements (if required)
- **Concise report**
  - AASB 1039

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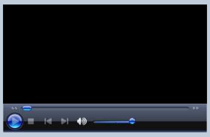
What are some of the changes proposed under AASB 101 'Presentation of Financial Statements'?



Annette Kimmitt
Partner - Technical Consulting Group
Ernst & Young Melbourne

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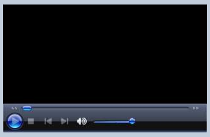
EXTERNAL REPORTING REQUIREMENTS continued

- Interim financial report
  - Disclosing entities
  - AASB 134

EXTERNAL REPORTING REQUIREMENTS continued

- General requirements for annual report
  - AASB 101
  - Presented in English
  - Presentation currency
  - Clear identification
  - Comparative information
  - Period covered
  - Notes presentation
  - Consistency
  - Entity details
  - Reclassified information

Were there any perceived limitations to IAS1/AASB 101 or are these changes a natural, and expected evolution, of the standard?



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STATEMENT OF COMPREHENSIVE INCOME

- AAASB 101
  - Format suggested not required
  - All-inclusive approach to profit determination
  - Adjustments directly to equity
  - Total income and expenses
- Disclosure of income and expenses
  - AASB 118
  - AASB 1004
  - AASB 101

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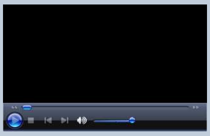
Will a 'Statement of Comprehensive Income' tell stakeholders anything different from the 'Income Statement'?



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Suggested format of statement of comprehensive income to satisfy requirements of IAS 1/AASB 101

ABC LTD
Statement of Comprehensive Income
for the year ended 30 June 2011

	*Note**	2011	2010
Revenue	2	$ x	$ x
Other income	2	x	x
Expenses, excluding finance costs	3	(x)	(x)
Finance costs	3	(x)	(x)
Share of profit of associates**	4	x	x
Profit (loss) before income tax		x	x
Income tax expense	5	(x)	(x)
Profit (loss) from continuing operations		x	x
Profit (loss) from discontinued operations†	7	x	x
PROFIT (LOSS) FOR THE PERIOD		x	x
Other comprehensive income:			
Gains on asset revaluations	8	x	x
Exchange differences on translating foreign operations	9	x	x
Gains (losses) on available-for-sale financial assets	10	x	x
Income tax relating to components of other comprehensive income‡	8,9,10	(x)	(x)
Other comprehensive income for the period, net of tax		x	x
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		$ x	$ x

* Note numbers are illustrative only.
** This line appears only if the company has associates or joint ventures, which require the preparation of information in line with the equity method of accounting. The equity method is not covered in this book.
† This means profit (loss) from discontinued operations after tax in accordance with IFRS 5/AASB 5 *Non-current Assets Held for Sale and Discontinued Operations.*
‡ The income tax relating to each component of other comprehensive income must be separately disclosed; in this case it would be done in the notes.

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STATEMENT OF FINANCIAL POSITION

- AASB 101
  - No specified format
  - Current/non-current classifications
  - Specific disclosures
- Formats
  - Current/Non-current
  - Liquidity

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Current/non current format of statement of financial position to satisfy requirements of IAS 1/AASB 101

ABC LTD
Statement of Financial Position
as at 30 June 2011

	Note	2011	2010
ASSETS			
Non-current assets			
Property, plant and equipment	11	$ x	$ x
Goodwill	12	x	x
Other intangible assets	13	x	x
Investments in associates	14	x	x
Available-for-sale financial assets	15	x	x
		x	x
Current assets			
Inventories	16	x	x
Trade receivables	17	x	x
Other current assets	18	x	x
Cash and cash equivalents	19	x	x
		x	x
Total assets		$ x	$ x
EQUITY AND LIABILITIES			
Equity			
Share capital	20	$ x	$ x
Retained earnings		x	x
Other components of equity	21	x	x
Total equity		x	x
Non-current liabilities			
Long-term borrowings	22	x	x
Deferred tax	23	x	x
Long-term provisions	24	x	x
Total non-current liabilities		x	x
Current liabilities			
Trade and other payables	25	x	x
Short-term borrowings	26	x	x
Current portion of long-term borrowings	27	x	x
Current tax payable	28	x	x
Short-term provisions	29	x	x
Total current liabilities		x	x
Total liabilities		x	x
Total equity and liabilities		$ x	$ x

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Liquidity format of statement of financial position to satisfy requirements of IAS 1/AASB 101

ABC LTD
Statement of Financial Position
as at 30 June 2011

	Note	2011	2010
ASSETS			
Cash and cash equivalents	11	$ x	$ x
Trade receivables	12	x	x
Inventories	13	x	x
Available-for-sale financial assets	14	x	x
Property, plant and equipment	15	x	x
Investments in associates	16	x	x
Goodwill	17	x	x
Other intangible assets	18	x	x
Other assets	19	x	x
Total assets		x	x
LIABILITIES			
Trade and other payables	20	x	x
Short-term borrowings	21	x	x
Current portion of long-term borrowings	22	x	x
Short-term provisions	23	x	x
Current tax payable	24	x	x
Long-term borrowings	25	x	x
Long-term provisions	26	x	x
Deferred tax	27	x	x
Total liabilities		x	x
Net assets		$ x	$ x
EQUITY			
Share capital	28	$ x	$ x
Retained earnings		x	x
Other components of equity	29	x	x
Total equity		$ x	$ x

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STATEMENT OF CHANGES IN EQUITY

- AASB 101
- Statement to disclose
  - Profit or loss for the period
  - Income/expense items recognised directly in equity
- Transactions with equity holders
- Movements during the period

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Statements of changes in equity – based on the Implementation Guidance accompanying IAS 1/AASB 101

ABC LTD
Statement of Changes in Equity
for the year ended 30 June 2011

	Share capital	Retained earnings	Revaluation surplus*	Total equity
Balance at 1 July 2009	$ x	$ x	$ x	$ x
Changes in equity for year				
Dividends		(x)		(x)
Total comprehensive income for the year		x	x	x
Balance at 30 June 2010	x	x	x	x
Changes in equity for the year				
Issue of share capital	x			x
Dividends		(x)		(x)
Total comprehensive income for the year		x	x	x
Transfer to retained earnings		x	(x)	
Balance at 30 June 2011	$ x	$ x	$ x	$ x

* Also called a 'revaluation reserve' in some AASB standards, such as AASB 116.

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